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OWNER FINANCIAL LITERACY CHARACTERISTIC: IMPLICATION FOR ACCESS TO FINANCE AMONG SMEs IN KWARA STATE NIGERIA

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Abstract

Active participation of Small and Medium Enterprises (SMEs) in the financial market, through easy access to financial products and services, does not only enhance their growth but also leads to financial development which is widely recognized as an important determinant of economic growth. The extent of complexity of the current financial landscape, which has unfolded a wide variety of financial products and services, behoves SME owners' financial literacy for its exploitation. The study investigated the impact of financial literacy on financial access among SMEs in Kwara State, Nigeria. Data were drawn from the primary source through the use of questionnaire to elicit response from sampled SMEs owners or managers. Pearson's correlation and Multiple Regression were adopted for inferential statistical analysis. The results revealed a significant positive relationship between financial knowledge and financial access; financial attitude and financial access; and financial behaviour and financial access. Based on these findings, the study concluded that financial literacy determines financial access of SMEs in Kwara State. The study therefore recommended branded and SME-targeted financial literacy programmes and schemes, instilling sound financial knowledge and positive financial attitude and behaviour, with emphasis on new technologies with a view to sustaining the sector financially and technically. Also, as there exist many unbanked SMEs in rural areas, penetration of the areas by opening more credit windows together with rolling off literacy training programmes to instill confidence and better usage could go a long way in enhancing financial access.

Keywords: *Financial literacy, Financial access, Financial knowledge, Financial attitude and owner characteristic*

1. INTRODUCTION

Small and Medium Scale Enterprises (SMEs) occupy a center stage in the transformational activities of most national economies, developing and developing, world over. This is not unconnected with the fact that Small and Medium Scale Enterprises (SMEs) are, no doubt, important catalysts for employment generation, poverty reduction and economic growth and development. In fact, the sector is universally considered the lifeblood of most economies (Chittithaworn, Islam, Keawachana, & Yusuf, 2011; Kasum & Oke, 2014; Lighthelm, 2011; Mahembe, 2011; Makhubela, Nyapfungwe & Dhliwayo, 2015; Okechukwu and Emeti, 2014). It

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is on record that private businesses, majorly SMEs, have been dominating the European economy prior to 19th century (Akogu, 2003). On the average SMEs represent over 90% of the enterprises and account for 50 to 60% of employment in most African countries (Ahiawodzi & Adade, 2012). For instance, in Tanzania the contribution of SME to Gross Domestic Products (GDP) is ranked about one third and the sector represents 98% of the total Tanzanian enterprises which is estimated at approximately 2.7 million (Kira, 2013). Similarly, Maina (2006) reported that SMEs in Kenya employ about 5.1 million people representing 74% of the total employment and that 88% of the total jobs at any time are created by the sector. The sector also contributes approximately 24.5% to the Kenyan GDP. Adelaja (2007) observed that about 80% of Nigerian labour force is employed by SMEs. It has been equally documented that SMEs provide 70% of the industrial sector employment and 60% of the agricultural sector employment (Lawal & Ijaiya, 2007).

Nevertheless, ability of the SME sector to contribute immensely to any economy is a function of its performance and growth (Olutunla & Obamuyi 2008). Improved firm's performance ensures higher earnings, increment in sales volume, creation of employment and wealth maximization (Kira & He, 2012). However, firm performances can be unattainable if SMEs fail to access and easily use financing to support their investment opportunities (Mohamed, Sadek, Ghee, Abdullahi, Ismail, & Mustapha (2015). The implication of this is that the ability of SMEs to live up to performance and growth expectation depends heavily on the extent of financial inclusion of the sector. From the supply side perspective, Triki and Faye, (2013) elucidate financial inclusion as that which includes provision of appropriate, affordable and widely accessible quality financial services to the marginalized group in society. Whereas, at demand side financial inclusion may be viewed as the ability for every economic agent to access financial services which include opportunity to save, make payments, transfer and insurance (Hannig & Jansen, 2010). In simple terms, financial inclusion is the individuals' and firms' ability to access and use formal financial services (Demirgüç-Kunt, Klapper, & van Oudheusden 2015). However, a battery of academic literature (Adewale, 2011; Fatoki and Odeyemi, 2010; Kira and He, 2012; Musamali and Tarus, 2013; Solari, Morini-Marrero and Hernandez-Estarico, 2014 and so on) have blamed SMEs low or non-performance to financial exclusion- voluntary or involuntary. While the voluntary exclusion is borne out of self-induced induced factors on the part of the users of financial services, involuntary financial exclusion is caused by other general factors beyond their control.

Much as financial inclusion is desirable for SMEs' better performance and in turn economic growth and development, financial literacy is no doubt, an essential precondition for optimizing it. Financial exclusion is a major problem that has inhibited the growth of SMEs in the country. Inability to obtain the needed funds to pursue new businesses and finance expansion hampers the ability of the sector to grow as expected and as a result, leading to collapse of many SMEs in countries world over (Atieno, 2009; Kauffmann, 2006). Inadequate access to formal financing is a common place among businesses in the SME sector especially in Sub Sahara Africa including Nigeria.

This scourge, perhaps, could be related to the development of the modern financial market which has unfolded a wide variety of financial products and services (Szafrńska & Matysik-Pejas,

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2012). Although the new products and services, as products of dynamic development of financial markets, create better opportunities, it also places upon the owners or managers of firms the necessity to upgrade their financial knowledge and develop positive financial attitude and behaviour to be able to exploit the opportunities. Gardeva and Rhyne (2011) noted that for a full inclusion to take place, the clients of financial services ought to be financially literate. Financial exclusion in Nigeria, which stands at 80% level, could invariably be blamed on hard core poverty and low level of financial literacy (Credit Awareness Nigeria.com, 2013; Faboyede, Ben-Caleb, Oyewo & Faboyede, 2015).

Although plethora of studies, for instance, Mishi, Vacu and Chipote (2012), Musamali and Tarus (2013), Kira and He (2013), and Hieltjes and Petrova (2013), have delved into the determinants of SMEs' financial access there seems to be paucity of empirical evidence linking SMEs' access to finance to financial literacy in the Nigerian literature. Hence, the main thrust of this study is to examine the impact of financial literacy (in terms financial knowledge, financial attitude and financial behaviour) on access to finance among SMEs in Kwara State, Nigeria. To achieve this objective, the following hypotheses were tested;

H₀₁: Financial knowledge has no significant relationship with SMEs' financial access.

H₀₂: Financial attitude has no significant relationship with SMEs' financial access.

H₀₃: Financial behaviour has no significant relationship with SMEs' financial access.

2. LITERATURE REVIEW

Claessens (2006) perceives financial access as the ability of a firm to get and use financial services that are affordable, useable and meet their financial needs. However, the moment an individual or enterprise cannot access and use basic financial services in a manner that is reasonably convenient, reliable and flexible then such an individual or enterprise is said to be financially excluded (Adewale, 2011). Financial exclusion as thus been viewed as the existence of price and non-price barriers in the use of financial services (Demirguc-Kunt & Levine, 2008). Financial exclusion is often of two categories vis-à-vis, exclusion from payment system and exclusion from formal credit market (Mishi, Vacu & Chipote, 2012). While the former represents non access to bank account the latter is a scenario of confinement of access to informal/ exploitative markets with a debt lock in effect due to unjustifiably high repayment burden.

Financial exclusion may thus be voluntary and involuntary. To better explain voluntary exclusion. Elucidating voluntary exclusion, Corr, (2006) noted that some self-exclusion barriers exist due to personal, cultural and religious inclinations. These self-induced factors culminate into voluntary financial exclusion of individuals or enterprises. However, Adewale (2011) laying credence to evidence in Owuallah (2002) and Beck & De la Torre (2006) observed that "when micro-entrepreneurs do not voluntarily exclude themselves financially, other factors relating to financial illiteracy, eligibility and affordability barriers still impede their access to requisite financial resources for micro-entrepreneurial development" (p.2). These sources of involuntary financial exclusion has further been broken down in the literature to include lack of capital market access, prohibitive loan cost, collateral demand, inadequate business financial

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records, Risk averse nature of fund providers, information asymmetry, High interest charged among others (Kira & He, 2012; Koko, 2013; Musamali & Tarus, 2013).

It appears there is no unanimity regarding a clear and precise definition of what exactly financial literacy means (Huston, 2010), neither is there a consensus on its dimensions and components (Titko & Lace, 2013). The concept has been defined severally by a number of authors and/or researchers. Worthington (2005) views financial literacy as the ability to make informed judgments and to take effective decisions regarding the use of management and money.

In conformity with the view point of Worthington (2005) financial literacy has been described as a yardstick for the determination of competence of an individual in terms of understanding and usage of personal finance related information (Huston, 2010). It also includes the ability and confidence of applying financial knowledge in making informed financial decisions (Fatoki, 2014). Lusardi and Mitchell (2013) defined financial literacy as the ability of individual to process economic information and make informed decisions regarding financial planning, wealth accumulation, pension and debt. Wołowiec (2011) views financial literacy as the skill to obtain and process information and use it in practice of the enterprise finances management. In the opinion of The United States Financial Literacy and Education Commission (2007), financial literacy has been described as the ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial well-being.

In a more comprehensive sense, The Organisation for Economic Cooperation and Development (OECD) (2013) defined financial literacy as the consumers understanding of financial products and concepts, ability to appreciate financial risks and opportunities and to make informed actions to improve one's financial wellbeing. Hence this study adopts the OECD definition due its comprehensiveness. Therefore, for the purpose of this study financial literacy is regarded as the SME owners' knowledge of financial products and concepts; and the willingness and ability to make informed financial decisions based on the financial knowledge to improve their business' financial wellbeing. Also, in line with this position, a financially literate SME owner/manager has been described as a personality who knows the most suitable financing and financial management options for his/her business at various growth stages, where to obtain the most suitable financial products and services and interacts with confidence with the suppliers of these products and services (USAID, 2009).

However, Cole and Fernando (2008) opined that the concept of financial literacy has not enjoyed any standardized measure. This situation, perhaps, has been attributed to the inconsistency of the proposed definitions of financial literacy notions and dimensions (Titko & Lace, 2013). According to Widdowson and Kim (2007) measurements of financial literacy for an individual include sound possession of basic numeric skill and basic arithmetic ability, understanding of the benefit and risk associated with particular financial decision, ability to understand basic financial concepts and the capacity to know where to seek professional advice. Orton (2007) identified three broad yardsticks for measuring financial literacy viz-a-viz, financial knowledge and understanding, financial skills and competence and financial responsibility. Oseifuah (2010) employed mathematical and computer literacy, financial attitude, financial knowledge and financial behaviour as barometers to measure financial literacy. Remund (2010) measures

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financial literacy in terms of knowledge of financial concepts, ability to communicate about financial concepts, aptitude in managing finance, skills in making financial decisions and confidence in planning effectively for future financial needs. Also, Atkinson and Messy (2011) provided a five-dimension measure of financial literacy. This includes individuals' financial awareness, financial knowledge, financial skill, financial attitude and financial behavior. However, Atkinson and Messy (2012) collapsed financial awareness and financial skill and housed them in financial knowledge as these components were viewed as complimenting each other. Laying credence to this position, Robson (2012) uses financial knowledge, financial attitude and financial behavior to measure financial literacy. For the purpose of this study financial literacy has been measured by the three broad domains of financial literacy around which other sub dimensions revolve. These include the financial knowledge and skill, financial attitude and financial behavior.

A broadened financial access is said to be deepened when the outcome is an accelerated economic growth, in which case potential entrants realise their entrepreneurship goals as the existing businesses become more productive (Mohan, 2006). However, the spate of financial markets' growth across the world in the recent years has created a great deal of opportunities by facilitating the development of new financial products, greater capital flows across countries and easy access to credit (Deepa, 2014). While the new products and services, as products of dynamic development of financial markets, create better opportunities, they have also increased the risks that could affect the global financial system and financial stability (Deeper, 2014; Szafrńska & Matysik-Pejas, 2012). This development thus, places upon the owners or managers of firms the necessity to upgrade their financial knowledge to be able to exploit the opportunities (Szafrńska & Matysik-Pejas, 2012). In a bid to justify the significant of financial literacy, Gardeva and Rhyne (2011) noted that a situation of full financial inclusion requires the clients of these services, SMEs in this case, to be financially literate.

Zia (2009) also noted that financial literacy is a powerful predictor of demand for formal savings, loans and insurance services in Indonesia. Financially literacy enhances consumers' demand and responsible use of financial products and services which in turn helps to provide support for financial market stability, and consequently contributes to wider economic growth and development (Miller et al., 2009). SME owners' financial literacy has been identified as a major factor in providing explanation on the utilization of financial products and services by the SMEs (Andoh & Nunoo, 2011). This implies that low level of financial literacy could hamper SMEs' understanding and accessibility to financial products and services from banks and other financial institutions.

Life cycle theory of consumption and saving has a long standing history in the economics' literature and can be linked to the works of Modigliani and Brumberg (1954) and Friedman (1957). In line with the life cycle hypothesis, consumers derive utility from consumption/saving over their life time. The means that the consumer has a life time expected utility, which represents the expected value of the sum of per period utility discounted to the present from the consumer's current age to his or her oldest attainable age. Endogenous determination of per period assets and consumption is achieved by maximizing this utility function subject to an inter-temporal budget constraint, which represents the present discounted value future resources vis-à-

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vis earnings, social security and pensions. The position of this theory is that economic agent holds conjectures as regards discount rates, earnings, investment returns, inflation, pension and social security among other variables and it uses that information in the formulation and execution of optimal consumption/saving plans. This theoretical model, incorporating such key aspects of consumer behaviour (for example, risk aversion and discount rate) and economic environment (for example, risky returns on investments and liquidity constraints), implicitly holds on the assumption that people are able to formulate and execute saving and spend-down plans, all of which requires expertise in dealing with financial markets, knowledge of purchasing power, and the capacity to undertake complex economic calculations.

Economic decision theory underscores the significance of product knowledge in making effective consumer choices. In view of this, the desire for financial services may only remain a potential demand where it is impossible to be actualized due market impaction occasioned by information asymmetry (Aryeetey, Baah-Nuako, Duggbeby, Hettige & Steel, 1994). This underlines the fact that information is central to the demand for and use of financial services. This suggests that financial literacy can be used to explain financial inclusion.

Much as financial inclusion is desirable for better performance of SMEs, financial literacy is widely recognized as essential linking cord to better a financial access. Fatoki (2014) investigated the level of financial literacy of the owners of new micro-enterprises in South Africa. Using descriptive statistics on the data elicited via the survey, the study found, among other, that owners of new microenterprises lack understanding of equity finance and the requirements to obtain a loan indicating a low level of financial literacy. The study therefore recommended the necessity for the business owners to upgrade their financial knowledge.

Szafrańska and Matysik-Pejas (2012) conducted a study on a group 150 enterprises to investigate not only the level but also the factors determining the level of financial literacy of the persons responsible for the realization of financial policy in SME sector in Poland. Using Chi-square nonparametric statistical test, the study found that the level of financial literacy, though average, vis-a-vis the use of innovative financial services, depends largely on the gender, age, education and length of years in employment of SME managers. The study thus, lent credence to the fact that the development of enterprises in the face of financial markets' dynamism requires constant upgrading and updating of financial knowledge. The study also recommended planned educational measures which consider appropriate selection of financial knowledge distribution channels. Furthermore, the study call for specialized courses and trainings adjusted to the needs and requirements of SMEs.

Olima (2013) established the effect of financial literacy on personal financial management vis-à-vis saving practices and social security planning taking Kenyan Revenue Authority employees as case study. The study employed multiple regression analysis on the primary data garnered and found that financial literacy had significant effect on personal financial management of the Kenyan respondents. In the light of this, the study recommended the need for elaborate and detailed education programmes in the aspects of effects of estate planning, insurance planning tax planning and effects of good credit and other liabilities where respondents demonstrated little awareness. In a related study, Ade (2013) used similar methodology and found a significant relationship between the level of financial literacy and pension preparedness among members of

informal sector in Kenya. Based on this finding, the study recommended, among other, the necessity for extensive financial education campaign and policy and institutional reforms to make access to retirement pension services easily accessible to informal sector workers.

In their study, Hieltjes & Petrova (2013) undertook a randomized controlled trial to investigate the impact of financial literacy and transaction costs on bank account uptake and use in Ethiopia. The study found that reduction of transaction costs does influence financial inclusion and savings among the Ethiopian poor while no evidence of positive relationship was found to subsist between financial literacy and financial inclusion. Nonetheless, Mishi, Vacu & Chipote (2012) investigated the impact of financial literacy on financial inclusiveness of marginalised populace within the Eastern Cape Province of South Africa. The study adopted the household survey data provided by Southern Africa Labour Development Research Unit (SALDRU) supplemented by self-administered survey among beneficiaries of various financial literacy training programmes in Eastern Cape.

Using quantile regression model, the study found that financial inclusion had been surged by the improvement in the literacy level. The study therefore recommended, inter alia, penetration of the rural unbanked with financial literacy training, especially in the use of modern technologies and instilling of confidence by building trust that would make individuals comfortable to use financial services. Also, drawing from the fact that about 44 percent of Ghanaians are financially excluded, Andoh and Nunoo (2011) investigated the linkage between financial literacy and utilization of financial services by 556 SMEs using a direct measure of financial knowledge. The study used Ordinary Least Square equation (OLS) to estimate the level of financial literacy and logistic regression to estimate utilization of financial services taking financial literacy as an endogenous variable and found that better and more financially literate entrepreneurs were more likely to utilize financial service. The study recommended intensified and well-targeted financial literacy campaign especially for the unbanked rural populace in Ghana.

3. METHODOLOGY

The research adopted cross sectional survey design. This method is usually adopted when the researcher does not intent to control any of the samples used for the study (Asika, 2006). The population of interest of the study consists of all the SMEs operating in Kwara State who are members of Kwara Chamber of commerce, Industry, Mines and Agriculture (KWACCIMA). KWACCIMA registered SMEs are chosen because Corporate Affairs Commission (CAC) registration and business operations within the standard required by Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) are preconditions for KWACCIMA Membership. As at December, 2016, two hundred and eighty (280) SMEs had registered with KWACCIMA and these constitute the study population.

A sample size of one hundred and sixty two (162) SMEs was chosen based on the recommendation of Krejcie and Morgan (1970) using stratified sampling technique. This sampling method was informed by the relative homogeneity of SMEs characteristics and the residential structure of the enterprise under study.

To obtain the required data, a detailed questionnaire was prepared and administered to the SME owners or managers who constitute the study respondents. The questionnaire was partitioned into two major sections. Section A, designed in both ordinal and nominal scales, captured the profile of the respondents. Section B which was a combination of dichotomous and 5- point Likert scale {from strongly disagree (1) to strongly agree (5)} was designed to elicit responses on questions relating to data on relevant variables, that is, SMEs’ financial inclusion and Financial literacy in Kwara State. On financial inclusion, questions were couched in statement forms on access and use of financial services. On financial literacy, questions were coined on financial knowledge, financial attitude and financial behavior adapting checklist of questions embedded in questionnaire of Organization of Economic Cooperation Development (OECD) 2012 survey. Both descriptive and inferential statistics (correlation and regression) for the analysis of data

3.1 Model Specification

Following Mishi, Vacu and Chipote (2012) with modification, the model of relationship among the variables for the regression takes the following form:

$$\text{FinI} = f(\text{Financial literacy}) \dots\dots\dots(1)$$

$$\text{SFinAi} = \beta_0 + \beta_1\text{FinK}_1 + \beta_2\text{FinA}_2 + \beta_3 \text{FinB}_3 + \varepsilon \dots\dots\dots(2)$$

- Where SFinA = SMEs Financial access
- FinK = Financial Knowledge
- FinA = Financial Attitude
- FinB = Financial Behaviour
- $\beta_0, \beta_1, \beta_2, \beta_3$ = Regression Coefficients
- ε = error term

The a-priori expectation of the model is a positive relationship between the dependent variable and all the independent variables. That is $\text{FinK} > 0$; $\text{FinA} > 0$; $\text{FinB} > 0$. The analysis is however carried out with the aid of SPSS 20.

4. FINDINGS AND DISCUSSION

Table 4.1 presents the characteristics of the respondents and their business profile. 97 percents of the respondents were male while 53 percent of the respondents were female whose ages range fall majorly within the age group of 41-50 years, a very active and matured group. The percentage distribution of the respondents’ educational status shows that majority of them representing 30.7 percent and 29.3 percent hold Secondary School Certificates and B. Sc./ HND certificates respectively. Majority of the sampled firms representing 48.7 percent of the entire sampling frame belong to trading industry while 30 percent of the firms are operating in the agric, agro allied, manufacturing and food processing industry. Also, 19.3 percent and 2 percent of the firms belong to service industry and other category respectively. More so, with respect to staff strength and assets’ size the survey reveals that most of the sampled SME businesses (that is 52 percent) have number of staff that ranges between 10-49 while almost half of them have

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assets' size that ranges between 5-50 million naira. Overall, the demographic presentation actually reflected the characteristics and business operations peculiar to small scale industries.

Table 4.1: Profile of respondents and their businesses

Description	Characteristics	frequency	Percentage(%)
Gender of Respondents	Male	97	64.7
	Female	53	35.3
	TOTAL	150	100
Age of Respondents	21-30	14	9.3
	31-40	40	26.7
	41-50	78	52.0
	51-60	18	12.0
	TOTAL	150	100
Highest qualification	Primary	7	4.7
	Secondary/Technical	46	30.7
	OND/NCE	21	14.0
	BSC/HND	44	29.3
	M. Sc./MBA	25	16.7
	Others	7	4.6
TOTAL	150	100	
Industry	Agro-allied /Manufacturing/food	45	30.0
	Trading	73	48.7
	Service	29	19.3
	Others	3	2.0
TOTAL	150	100	
Staff Strength	Less than 10	45	30.0
	10-49	78	52.0
	50-199	27	18.0
	TOTAL	150	100
Asset Size (N'm)	Less than 5	38	25.3
	5-50	74	49.3
	51-200	26	17.4
	200-500	12	8.0
	TOTAL	150	100

Source: Author's Survey, (2018)

4.1 Normality Test

As shown in the Table 4.2 below, the skewness and kurtosis indicates that the data relating to each of the research variables are normally distributed as these values were within the cut of point of -3 and 3 (Peck et al., 2008). The Kolmogorov-Smirnov test produced K-S statistics of 0.233, 0.292 and 0.262 for financial knowledge, financial attitude and financial behavior respectively which was

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not significant at 0.005 ($p=0.06$; 0.201; 0.16). In the light of this, the researcher found parametric statistical analysis very appropriate in the study.

Table 4.2: Assessment of Normality (Skewness and Kurtosis /Kolmogorov-Smirnov^a)

SMEs Financial Access	0.257	0.787
Financial Knowledge	0.411	0.264
Financial Attitude	0.157	0.851
Financial Behaviour	0.663	1.254

Variables	Statistics	Df	Sig.
Financial Knowledge	0.233	150	0.061
Financial Attitude	0.292	150	0.201
Financial Behaviour	0.262	150	0.160

Lilliefors Significance Correction

Source: Author's Survey, (2018)

4.2 Reliability Test

Table 4.3 showed that the cronbach alpha statistics is relatively high at 77%, 74%, 73% and 75% for financial access, financial knowledge, financial attitude and financial behaviour respectively. Overall, the value derived from Cronbach's alpha test is 75% for all the items in the instrument implying an acceptable internal consistency among the variables. (Devellis, 1991). To further buttress this, a value of 0.7 to 0.8 is considered an acceptable reliability value for Cronbach's Alpha; values substantially lower indicate an unreliable scale (Field, 2006). Therefore, the instrument used in gathering the data is reliable.

Table 4.3: Reliability Test using Cronbach's Alpha

Variables	Cronbach's Alpha	N
SMEs' Financial Access	0.77	12
Financial Knowledge	0.74	8
Financial Attitude	0.76	7
Financial Behaviour	0.73	5
Overall	0.75	32

Source: Author's Survey, (2018)

4.3 Multicollinearity Test

The correlation analysis as shown in Table 4.5 addressed the multicollinearity concerns among the independent variables. The Table shows that none of the independent variables have a correlation coefficient above 0.7 with financial knowledge and financial attitude, financial knowledge and financial behaviour and financial attitude and financial behaviour having correlation coefficients of 0.377, 0.099 and 0.357 respectively. Consequently, the result suggests that multicollinearity problem is not severe or nonexistent (Field, 2005; Kenedy, 2008).

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Table 4.5: Correlation Coefficient Matrix among the Variables

Variables	Financial Access	Financial Knowledge	Financial Attitude	Financial Behaviour
Financial Access	1			
Financial Knowledge	0.231**	1		
Financial Attitude	0.566**	0.377**	1	
Financial Behaviour	0.335**	0.099	0.357**	1

******, indicates Significant at 1%

Source: Author's Survey, (2018)

As shown in Table 4.5, a multiple correlation coefficient (R) of 0.81 indicated a strong relationship between the dependent variable and the set of predictors as a whole. The coefficient of determination (R^2) is 0.72 which means that 72 percent of variation in the dependent variable can be explained by the independent variables while 28 percent are taken care of by the error term. The F-Statistics (25.27) is equally significant at 1% which implies that the overall regression model is fit. The analysis also shows a Durbin Watson statistics of 2.1 which seems slightly higher than average benchmark of 2. (Feild, 2005). Consequently the model is devoid of autocorrelation concern. Overall, the model possesses an averagely higher predictive power.

Table 4.5: Regression Analysis

Variables	Coefficient	Std Error	t-statistics	Sig
FinK	0.013	0.036	0.360	0.020*
FinA	0.323	0.050	6.482	0.000**
FinB	0.130	0.061	2.139	0.034*
Constant	2.091	0.213	9.806	0.000**
R				
		0.81		
R²				
		0.72		
Adjusted R²				
		0.63		
F-ratio; F (prob)statistics				
		25.27; p=0.000		
Durbin Watson				
		2.1		

Note: **, * indicates significance at 1% and 5% respectively

Source: Author's Survey, (2018)

4.4 Financial Knowledge and Financial Access

The result of the multiple regression conducted as depicted in Table 4.5 showed a significant positive relationship between Financial Knowledge (FinK) and Financial Access (SFinA) at 5% level of significant. In terms of regression coefficient, a unit increase in financial knowledge resulted in 0.013 increase in financial access. This confirmed the positive a priori expectation

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between the two variables. Hence, the null hypothesis is rejected. The result is an indication that the financial knowledge of SME owner/manager has direct linkage to financial inclusion among SMEs in Kwara state. This underscores the fact that the utilization of financial services, for instance opening of savings and current accounts, depositing and borrowing decision, presupposes that the user has understanding of these services. Most SMEs are either voluntarily or involuntarily excluded due to paucity of their financial knowledge. Hence, in conformity with the life cycle hypothesis, the more financial knowledge. This findings is in conformity with the findings in Andoh & Nunoo (2011) and Mishi, Vacu & Chipote (2012) who also saw financial knowledge as critical in enhancing financial inclusion.

4.5 Financial Attitude and Financial Access

The regression analysis result in Table 4.5 shows that there is a significant positive relationship between the financial attitude (FinA) and financial Access (SFinA) at 1% significance level. In terms of regression coefficient, a unit increase in financial attitude resulted in 0.323 increase in financial access. Hence, the rejection of the null hypothesis and the acceptance of the alternative hypothesis. Therefore, the result is a confirmation of the a priori positive relationship between the two variables such that the SME owner/manager's financial attitude, developed from enhanced and sound financial knowledge and skills, can influence financial inclusion for the SME businesses. Atkinson and Messy (2012) noted that individuals who have preference for short term needs (that is risk averse) are less likely to demand for long term financial products and this will definitely have effect on their uptake of these products. Positive attitude towards the long term financial products is positively related to financial access.

4.6 Financial Behaviour and Financial Access

The result as shown in Table 4.5 indicated a significant positive relationship between the financial behaviour and financial inclusion at 5% level of significance. In terms of regression coefficient, a unit increase in financial knowledge resulted in 0.13 increase in financial access. Hence, the null hypothesis is rejected. This automatically signifies the acceptance of the alternative hypothesis. Therefore, financial inclusion of SMEs is a function of financial behaviour of owners/managers of the business. Cole, Sampson & Zia (2009) had found a strong correlation between financial literacy and behaviour in Indonesia and India. The study is a confirmation of the findings in Anim, Arun & Kostov (2012) who also found a strong positive association between financial behaviour and access to and use of financial services in South Africa.

5. CONCLUSION AND RECOMMENDATION

Financial inclusion is desirable for sustainability of SMEs that have been recognized as veritable catalysts of economic growth and development. This is so because active participation of SMEs, as economic agents, in the financial services market results into financial development that is widely recognized as determinant of economic growth and development. Nevertheless, financial decisions, in the face of dynamic, advanced and complex financial landscape, perhaps, requires

reasonable level of financial literacy. It is against the backdrop that this study investigated the nexus between financial literacy and financial access among SMEs in Kwara State, Nigeria. Specifically, financial knowledge, financial attitude and financial behaviour were employed as proxies for financial literacy and significant positive association was found between each of these financial measures and financial access. Overall, the study concluded that financial literacy is an important determinant of financial access. This is predicated upon the fact that increased financial literacy implies that SME owners have better understanding of their financial circumstances, would be able to plan their future finances better, hence make more informed financial decisions which surge their level of financial access. Being financially literate enhances financial access through rational financial decisions and improved financial market's participation which would not only improve individual SMEs' well-being but also foster better performance of the economy.

The study therefore recommended branded and SME-targeted financial literacy programmes and schemes, instilling sound financial knowledge and positive financial attitude and behaviour, with emphasis on new technologies with a view to sustaining the sector financially and technically. Also financial institutions penetrate rural areas by developing personalized banking relationships and opening more SME oriented micro credit windows, as there exist many unbaked SMEs. Such penetration should be coupled or preceded with rolling off financial literacy training programmes to boost and instill confidence and better usage of the services.

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