Attitudes of Coordinators towards the Formalization of Rotating Savings and Credit Associations in Ilorin Metropolis: An Econometrical Analysis

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Abstract
This paper reports an empirical study of the Attitude of Coordinators of Rotating Saving and Credit Associations (ROSCAS) towards the formalization of ROSCAS in Ilorin Metropolis. It is conducted because of the need to bring ROSCAS under the control and benefit of the Monetary Policy of the nation and foster the attainment of Sustainable Development Goals (SDGs). Literatures on the coordination and formalization of ROSCAS are reviewed. One hundred Questionnaires are administered on respondents but seventy-three of the returned ones are good for descriptive and inferential analyzes using the Boone and Boone (2012) approach. It is found that coordinators get involved in labor market before financial market, average income of members coordinated are greater than average income of coordinators, the desire of female coordinators for formalized ROSCAS (FROSCAS) is greater than that of male coordinators, and the desire of Civil-Servants for FROSCAS is greater than that of the Self-Employed. In addition, there is a positive relationship between the years of employment and the years of coordinating ROSCAS; between the average income of ROSCAS Coordinators and ROSCAS Members' contributions; and between the female and male respondents; but there is a negative relationship between the desires expressed for FROSCAS by Civil-Servants and Self-Employed coordinators. It is suggested that ROSCAS Coordinators shall make efforts at formalizing ROSCAS under the Conventional Banks which shall be ready to accommodate the FROSCAS and Muslim Nations can establish Islamically Permissible Savings and Credit Associations (IPSACA) among themselves.

Key Words: Conventional Banks, Formalization, ROSCAS' Coordinators and Sustainable Development.
JEL Classification: C 19, G13, G 14
1. Introduction

Every worker earns income; consume from them; store and trade with the remnants, make profits and become rich or losses and become poor. Development cannot be attained without financing. Savings or unexpended income may be hoarded, given out to be consumed by other sector(s) as gifts, or used as loans to finance other sector(s) of the economy.

Sambe, Korna, and Abanyam (2013) discovers that Informal Financial Institutions (IFI) are effective in promoting social-economic development of Adikpo Town and recommends their inclusion in the poverty reduction programs of government. However, the informal organizations have to register with formal institutions before getting government assistance.

Everybody lives as brothers and sisters in Ilorin Metropolis. No full-fledged Islamic Bank yet in Ilorin Metropolis. Islamic Welfare Foundation (IWF) is about opening a Welfare Microfinance Bank which may likely have all the facilities to propagate Islamic Banking. ROSCAS are known to be informal financial institutions. Formalization, according to Dictionary.reference.com, is to make formal, especially for the sake of official or authorized acceptance. The IFI taken for this study is ROSCAS for Aliero (2004) contends that ROSCAS have principles that are acceptable in Islam.

Conventional Financial Institutions provide services to only 35% of the economically active population of Nigeria where the rest obtain financial services from informal financial institutions like Non-Governmental Organization (NGOs), Microfinance Institutions, money lenders, friends, relatives and credit union (CBN/NDIC, 1995). Cooperative societies failed in countries like India, Philippines and Thailand due to absence of sense of ownership among the members (Huppi and Feder, 1990). ROSCAS are obtained everywhere in the world but are scantily studied by economists (Besley, Coate and Loury; 1994). The peculiar problem at hand is the existence of inadequate Financial Inclusion in Ilorin Metropolis.

The period of this study is the last year dedicated for the attainment of Human Development Indices via the Millennium Development Goals. It is in the aspect of researches enjoined by the United Nations on the attainment of the eighth goal of the MDGs (Promoting Global Partnership for Development). Brundtland and Report (1983) defines Sustainable development as development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

Acronyms used in this paper are FFI, FROSCA, IFI, ROSCAS, SACA and WAM which means ‘Formal Financial Institutions’, ‘Formalized Rotating Savings and Credit Association’, ‘Informal Financial Institutions’, ‘Rotating Savings and Credit Association’, ‘Savings And Credit Account’ and Weighted Arithmetic Means’, respectively.

The study is presented in five sections where this section introdices the work. Section two reviews the relevant literature. Section three contains research methodology: description of
the place studied, statement of the problem and data analysis. Section four accommodates data results and discussion; and section five stands for conclusion, recommendations and outlook.

2. Literature Review

While writing on why Savings matter, Rutherford (2000) opines that the poor people urgently need financial services more than that of the non-poor. He continues by arguing that poor people have smaller, more irregular, and often more unreliable sources of incomes; and the great bulk of their income may be spent as soon as they are received on food and the means to consume it. On Three Ways to Save, Rutherford (2000) discovers three basic patterns through which savings can be converted into useful and large sums of money for spending. The types of savings pattern are “savings-up” which means having enough money stored until they have accumulated into a sum large enough to meet some expenses needed; “savings-down” which connotes borrowing before repaying the loan; and “savings-through” which is a mix of savings-up and savings-down. The third type of savings is exhibited by the poor people who form ROSCAS.

Ishola (2010) asserts that it is unrealistic to have an economy where all income is spent on consumer goods and services and no saving and investment takes place. This is not accepted for Keynes (1936) proves that there can be Autonomous Consumption which means Negative Savings, and Rutherford (2000) uncovers the concept of "savings-down". Negative Savings and/or savings-down is a situation where consumption expenditure is above consumer's income. Most, at-times, Deficits of poor people are got from IFIs (say, ROSCAS)

Contributions to ROSCAS began in ancient times and it was in cowries before the advent of British currencies (Ardener, 1964). ROSCAS have been in existence since the time immemorial, (Schreiner, 2000). Geertz (1962) says the basic principle upon which the rotating credit association was founded was everywhere the same: a lump sum fund composed of fixed contributions from each member of the association is distributed, at fixed intervals and as a whole, to each member in turn. Adams (1992) views a ROSCA as an association which explicitly pool savings and tied loans to deposits where members are highly familiar with each other; contributed a certain sum every day, week or month after which the fund are given to each and every one of their members. Ardener (1964) defines ROSCA as an association formed upon a core of participants who agree to make regular contributions to a fund which is given, in whole or in part, to each contributor in rotation. ROSCAS are described as the poor man's bank, where money is not idle for long but changes hands rapidly, satisfying both consumption and production needs (Bouman, 1983).
ROSCAS are the unofficial, irregular and informal associations for savings and obtaining credits on rotational basis (Olowe, 2011). The definition of ROSCAS by Olowe (2011), is the marriage of all previous definitions and accepted for this study.

World Bank (1989) identifies three types of ROSCAS based on the ways they compensate their coordinators. As such we have Common, Commission and Promotional ROSCAS. There are four types of ROSCAS as shown in Chit Fund of India (Ardener, 1964). The four types of Chit Fund are based on the ways they allocate ROSCAS funds to members. These are allocation by lottery, auction, benevolent and gambling. According to Besley, et al (1994) we can also have Bidding and Random ROSCAS based on the ways they allocate their funds. Impliedly, these writers opined that we have "Market-Place ROSCAS" but do not write that there could be "Offices and/or Workshops ROSCAS", in addition to formalized ROSCAS (FROSCAS) which can be formed by workers on the fields.

Khan and Lightfoot (2013) made a qualitative research study of Microfinance and Rotating Saving and Credit Associations (ROSCAs) in Pakistan to explore how local enterprises used the fund available with them to finance their businesses and they discover that ROSCAS do have president (Coordinators) who are richer than other members, used to take the first bundle, and responsible for everything that happens in the financial union. It opines that savings and loans from friends and relatives can provide start-up funding, they are not always appropriate for enduring business problems, such as smoothing cash flow and local moneylenders can charge extortionate interest rates. It continues by saying that ROSCAS have simple and flexible financial management system that involves little or no documentation and can provide stable funding over the longer term. It concludes that ROSCAS are the solutions to financial gaps that small firms use to face for they do help in resolving some of their problems, and policy-makers are encouraged to develop them for the growth of businesses.

Chiteji (2002) examined the ROSCAS' ability to enforce its terms of membership, found that it was strong and had great implication on the economy where it existed. He recognizes the existence of financial dualism in an under-developed economy and suggests that policy makers must prepare to face the challenges involved in handling the “un-banked population”. Gugerty (2005) studied the reasons why people could not save alone in Kenya and discovered that this was due to intra-household conflicts and that people joined ROSCAS, made group monitoring and control because they wanted to make purchases off bulky goods and insure their funds. Therefore, he recommends a collective mechanism for individual self-control.

Abdul-Yakeen, Gatawa and Na-Allah (2014) theorizes that ROSCAS can be formalized by Islamic Banks which can open windows of Savings' And Credit Accounts (SACA) for them. Faleel Jamaldeem says "Although Islamic commercial banks have many products similar to those offered by conventional banks, the two entities differ conceptually. One key difference
is that conventional banks earn their money by charging interests and fees for services, whereas Islamic banks earn their money by profit and loss sharing, trading, leasing, charging fees for services rendered, and using other sharia contracts of exchange”. The absence of Islamic Banks but existence of Conventional Banks in Ilorin Metropolis necessitated this study.

3. Methodology

3.1 Description of the Place Studied

The study area was Ilorin Metropolis. Historically, Ilorin Emirate was founded in the third decade of nineteen century (Danmole, 2012). The Metropolis, currently, covers most of the parts of three local governments (Ilorin West, Ilorin East and Ilorin South Local Governments) as parts of the five local governments known as Ilorin Emirate in Kwara State of Nigeria.

3.2 Research Questions

This study has four research questions which are set to know the relationship between the: years people spent at work and the years spent to coordinate ROSCAS; income of coordinators and the average contribution of members to their ROSCAS; desire for FROSCAS expressed between male and female respondents; and how the occupation of respondents influence their desire to formalize ROSCAS?

3.3 Objectives of the Study

The study objectives were to measure the level inclusion of ROSCAS Coordinators into the labor and financial market; determine the relationship between income of ROSCAS’ Coordinators and Average Contributions made to ROSCAS: assess the influence of gender; and occupation of ROSCAS Coordinators on the desire to Formalize the ROSCAS in Ilorin Metropolis.

3.4 Research Hypotheses

Assumptions of this work are four in number and presented in null form, H₀, Hₐ: x - µ = 0. They are to find if there is any significant difference between the years of employment and the years of coordinating ROSCAS; Income of Coordinators of ROSCAS and average contributions of their ROSCAS Members; level at which Male and Female Coordinators want ROSCAS to be formalized; and the level at which Civil-Servant and Self-Employed Coordinators want ROSCAS to be formalized in Ilorin Metropolis.

3.5 Modeling Volatility

For any study to earn credence, Econometrics is the rave of the moment. Thus, the study adopts econometric method. According to Tintner (1968) Econometrics is the application of mathematical and statistical tools on the measurement of economic data in order to construct models and obtain numerical figures that could earn empirical support. Cross-sectional data is
obtained for the study using deliberate sampling. The questionnaire administered on coordinators was one hundred but seventy three was useful for analyses. The study obtained data on the period, income, genders, and occupations of coordinators with respect to proximity to Formalization of ROSCAS. Inferential models and descriptive models are employed for data analysis. The inferential model involves simple regression analysis, students-t-test and Regression Sum of Squares (R²) for the usage of regression analysis to analyze cross-sectional data is in conformity with Upender (2008) which cites Ernst Engel, a German statistician who constructed a regression data on cross-sectional data in his (Engel) book published in 1895.

3.5.1 Explanation of the Descriptive Models Employed to Analyze Data

Usage of a single number to describe some features of a frequency distribution is known as Descriptive Statistic (Gupta, 2005). Weighted Arithmetic Means (WAM) is employed to make content analyzes of the data for all variables tested. WAM applies Quantitative Values to the Qualitative Data obtained. WAM is adopted from the work of Spiegel and Stephens (2008). WAM is consistent with the work of Likert (1932) who scaled the attitudes of respondents in his study.

With WAM, \( \bar{U} = (\sum W_iX_i + \sum W_iX_{ii} + \ldots + \sum W_iX_n) / N = \bar{u} \). Consistently, “WAM ≈ 1” means that WAM approaches one or a whole number. That is to say, where options are five in number, option A, B, C, D, and E earns 1, 4/5, 3/5, 2/5, and 1/5 mark; respectively. But if options are four in number they earn 1, ¾, 2/4 and ¼, if the respondents choses options A, B, C, and D respectively.

A respondent (ROSCAS Coordinator) is assumed to be ‘X’, Scale or weight of the option taken is ‘Y’, Number of respondent is ‘i’ and Number of issues tested is ‘j’. The value of ‘i’ ranges from one to seventy-three. i.e, i = 1, 2, … , 73. n = 73.

The ‘j’ consists of thirty five questions concerning the proximity of respondents’ actions/options to FROSCAS. That is to say, j = 1, 2, … , 35. m = 35.

Thus, the score of respondent ‘Xi’ in the proximity of respondents’ actions/options to FROSCAS is ‘XiYj’. Therefore, ‘XiYj’ value ranges from ‘0.1’ to ‘1’, i.e. 0.1 ≤ i ≤ 1. Total score of a respondent ‘Xi’ in all questions, ‘Yj’, is

\[ \sum_{i=1}^{m} XiYj \]

Where, ∑ is a Greek Letter, Sigma which means summation. Summation of all scores of a respondent is written in rows of the Microsoft Excel Spreadsheet. His average scores \[ \frac{\sum_{i=1}^{m} XiYj}{m} \]. Number of questions on issues discussed about FROSCAS is thirty-five. Therefore, m = 35. Minimum average score of a respondent is ‘0.1’ in a question while his maximum score is ‘35’ in all questions.
As the value of ‘i’ ranges from one to seventy-three. Thus, total score of all respondents in all questions is

$$\sum_{i,j=1}^{nm} X_i Y_j$$

where ‘n’ is the total number of respondents.

Thus, the average score of all respondents is

$$\frac{\sum_{i,j=1}^{nm} X_i Y_j}{mn}.$$ 

3.5.2 Explanation of Inferential Method Employed to Analyze Data

Inferential Model of Analysis is also used to analyze the data obtained from coordinators according to their years of employment, income, gender and occupation. This is in compliance with Boone and Boone (2012) which opines that Likert Scaling method can be extended to cover inferential analysis of the scaled data as done below.

3.5.2a Explanation of the Inferential Method adopted to analyze data according to the Period of Employment and Coordinating ROSCAS

The equation expected here is “Yemp = C_0 + C_1 Ycrd + e_i,” where: ‘Yemp’ implies Years of Employment, ‘Ycrd’ means Years of Coordination, and ‘C_0’ represents the constant or the value of Yemp when Ycrd equals zero.

‘C_1’ is the derivative of Yemp to Ycrd, and ‘e_i’ is the disturbance variable.

3.5.2b Explanation of the Inferential Method adopted to analyze data According to Income of Coordinators and Average Contribution of ROSCAS’ Members

The mathematics of relationship between Income of Coordinators and Average Contributions to their ROSCAS is as follows:

“ICrd = g_0 + g_1 Ammb + e_i,” where: ‘ICrd’ is the income of coordinators, ‘Ammb’ is Average Contribution of members in a ROSCA, and ‘g_0’ denotes the income of ROSCAS Coordinator when the Average Contribution of Members is zero.

‘g_1’ is derivative of ICrd to Ammb, and ‘e_i’ is the error term.

3.5.2c Explanation of the Inferential Method adopted to analyze data According to the Gender of Coordinators of ROSCAS

Analysis of the desires for formalized ROSCAS between the male and the female coordinators is explained through:

“MC = g_0 + g_1 Fc + e_i,” where: ‘MC’ implies Male Coordinators, ‘Fc’ means Female Coordinators and ‘g_0’ represents the constant or the value of ‘MC’ when ‘Fc’ equals zero.

‘g_1’ is the derivative of ‘MC’ to ‘Fc’, and ‘e_i’ is the white noise.

3.5.2d Explanation of the Inferential Model Adopted to Analyze Data according to the Occupation of Coordinators

The model adopted to analyze the relationship of the desires for FROSCAS between Self-Employed and Civil-Servant coordinators is
“Semp = j_o + j_1 Csrv + e_i, where ‘Semp’ stands for Self Employed, ‘Csrv’ represents Civil Servants, and ‘j_o’ goes for the time when self-employed coordinators want FROSCAS but the Civil-Servants do not.

‘j_1’ is the derivative of Semp to Csrv and ‘e_i’, as usual, is the error term.

3.6 Data Analysis and Interpretation

This section contains the analysis and interpretation of the years spent at work and the number of ROSCAS coordinated; relationship between the income of coordinators and average income of members; and desires to formalize ROSCAS according to respondents’ gender and job. These go thus:

3.6.1 Data Analysis According to Period of Employment and Coordinating ROSCAS

Table 1: Table of Relationship between Years of Employment (Ye) and Years of Coordinating (Yc) ROSCAS

<table>
<thead>
<tr>
<th>Years of Employment</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>11.833</td>
<td>7.5284</td>
<td>72</td>
</tr>
<tr>
<td>Years of Coordinating ROSCAS</td>
<td>10.722</td>
<td>18.0705</td>
<td>72</td>
</tr>
</tbody>
</table>

Source: SPSS Print-Out, 2014

Based on the table above the years of employment (11.833) is greater than years of coordinating ROSCAS (10-722).

Table 2: Table of Coefficients of Years of Work and Number of Coordinated ROSCAS

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
<th>95.0% Confidence Interval for B</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td>Lower Bound</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Upper Bound</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>11.537</td>
<td>1.039</td>
<td></td>
<td>11.108</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>9.466</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>13.608</td>
</tr>
<tr>
<td>1</td>
<td>Years of Coordinating ROSCAS</td>
<td>.028</td>
<td>.050</td>
<td>.066</td>
<td>.556</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.580</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-.071</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.127</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Years of Employment

Source: SPSS Print-Out, 2014

Table 3: Table of Summary of the Model of Relationship between Years of Employment (Ye) and Years of Coordinating (Yc) ROSCAS

<table>
<thead>
<tr>
<th>Model</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Change Statistics</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R Square Change</td>
<td>F Change</td>
<td>df1</td>
<td>df2</td>
<td>Sig. F Change</td>
</tr>
<tr>
<td>1</td>
<td>.066</td>
<td>.004</td>
<td>-.010</td>
<td>7.5652</td>
<td>.004</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Years of Coordinating ROSCAS
b. Dependent Variable: Years of Employment

Using Descriptive Statistics, it is found out that the average years of employment and average years of coordinating ROSCAS is almost twelve and eleven, respectively.

Based on the tables above, it is discovered that the equation of the relationship between year of employment and year of coordinating ROSCAS is as follows:

Yemp = 11.537 + 0.028 Ycoord
Based on the result of t-test conducted we accept the null hypothesis that says there is no significant relationship between the years of employment and years of coordinating ROSCAS. However, the fact that $R^2$ is below one percent means that we cannot use the equation obtained to make prediction of up to one percent of the relationship between years of employment and years of coordinating ROSCAS.

### 3.6.2 Data Analysis According to Income of Coordinators and Average Contribution of ROSCAS’ Members

#### Table 4: Table of the relationship between Income of Coordinators and the Average Income of the Members of ROSCAS coordinated

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income of Coordinator</td>
<td>36.7463</td>
<td>25.75723</td>
<td>67</td>
</tr>
<tr>
<td>Average Income of Members</td>
<td>85.4209</td>
<td>85.32950</td>
<td>67</td>
</tr>
</tbody>
</table>

Source: SPSS Print-Out, 2014

The table above shows that Average income of ROSCAS members (85.421) greater than that of Coordinators (36.746).

#### Table 5: Table of Coefficient of Income of Coordinators and the Average Income of the Members of ROSCAS coordinated

<table>
<thead>
<tr>
<th></th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
<th>95.0% Confidence Interval for B</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td>Lower Bound</td>
</tr>
<tr>
<td>(Constant)</td>
<td>24.522</td>
<td>3.965</td>
<td>6.184</td>
<td>.000</td>
<td>16.603</td>
</tr>
<tr>
<td>Average Income of Members</td>
<td>.143</td>
<td>.033</td>
<td>.474</td>
<td>4.341</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>4.341</td>
<td></td>
<td>.077</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.209</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Income of Coordinator

From the table above, one can see that there is a positive relationship between income of coordinators and average income of member. This implies that there is a positive relationship between income of coordinators and contributions of members.

### 3.6.3 Data Analysis According to the Gender of Coordinators of FROSCAS

#### Table 6: Table of Influence of Gender of Coordinators on the desire for formalized ROSCAS

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Males Total Score</td>
<td>20.610</td>
<td>14.0280</td>
<td>36</td>
</tr>
<tr>
<td>Females Total Score</td>
<td>21.662</td>
<td>11.4370</td>
<td>36</td>
</tr>
</tbody>
</table>

Source: SPSS Print-Out, 2014

#### Table 7: Table of Summary of Influence of Gender of Coordinators on the desire for FROSCAS

<table>
<thead>
<tr>
<th>Model</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Change Statistics</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

www.globalbizresearch.org
The table on descriptive analysis shows that the female coordinators want FROSCAS than their male counterparts.

The discovery of the tables on inferential analysis via the SPSS lead to the derivation of the following equation:

\[ F_c = 12.617 + 0.359M_c \]

\[ \text{Std Error} = (4.309) \quad (0.176) \]

\[ t = 2.928 \quad 2.092 \]

\[ \text{Sig.} = 0.005 \quad 0.042 \]

\[ R^2 = 0.091 \]

There exists positive relationship between the level at which Male and Female Coordinators want ROSCA to be formalized. However, the ability of using the model to predict the future event is expressed by \( R^2 \) which is equal to 0.091 or nine percent.

### Table 8: Table of Coefficients of Influence of Gender of Coordinators on the desire for FROSCAS

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
<th>95.0% Confidence Interval for B</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td>Lower Bound</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>12.617</td>
<td>4.309</td>
<td>2.928</td>
<td>0.005</td>
</tr>
<tr>
<td></td>
<td>Females Total Score</td>
<td>.369</td>
<td>.176</td>
<td>.301</td>
<td>2.092</td>
</tr>
</tbody>
</table>

Data Analysis According to Occupation of Coordinators of ROSCAS

### Table 9: Table of Descriptive Analysis of Coordinators’ Desire for Formalized ROSCAS with respect to their Occupations

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-Employed Total</td>
<td>22.003</td>
<td>4.9388</td>
<td>36</td>
</tr>
<tr>
<td>Civil-Servants Total</td>
<td>24.254</td>
<td>9.7296</td>
<td>36</td>
</tr>
</tbody>
</table>

The above table shows that civil-servants want FROSCAS than the self-employed coordinators.

### Table 10: Table of Coefficients of Coordinators desire for FROSCAS with respect to the Occupation of Coordinators

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
<th>95.0% Confidence Interval for B</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td>Lower Bound</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>23.288</td>
<td>2.258</td>
<td>10.31</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Civil-Servants Total</td>
<td>-.053</td>
<td>.087</td>
<td>-.104</td>
<td>-.612</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Self-Employed Total.
b. Source: SPSS Print-Out, 2014

Table 11: Table of Summary of the Model of Relationship between Civil-Servants and Self-Employed on desire for FROSCAS

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Change Statistics</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>R Square Change</td>
<td>F Change</td>
</tr>
<tr>
<td>1</td>
<td>.104a</td>
<td>.011</td>
<td>-.018</td>
<td>4.9835</td>
<td>.011</td>
<td>.375</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Civil-Servants Total  
b. Dependent Variable: Self-Employed Total  
Source: SPSS Print-Out, 2014.1

Model of relationship between the desires of different workers for FROSCAS is:

Semp = 23.288 – 0.053Cserv  
Std. Error (2.258) (0.087)  
t 10.313 0.612 Sig. 0.545  
R² is 0.011.

The model implies that there is significant difference between the rate at which the civil-servants and the self-employed people will want ROSCAS to be formalized. In addition, the smallness of the R² indicates that the equation can explain only 11% of the relationship between the variables. There is also a negative relationship between the rate at which civil-servants and self-employed coordinators want FROSCAS.

4. Results and Discussion

i. The respondents do spent more years in the labor than the financial market. This shows that Schreiner (2000) is right to say that ROSCAS started from time immemorial.

ii. Income of Coordinators is lesser than the Average Income of Members’ contributed to ROSCAS. This means that Coordinators are not richer than their Members and ROSCAS Members need richer, better and formal coordinators. This finding contradicts the discovery of Khan and Lightfoot (2013) which presumes that Coordinators are richer than their members.

iii. The desire of Male Coordinators for FROSCAS is lesser than that of Female Coordinators. This shows that male coordinators have more confidence in themselves than their female counterparts. Therefore, women need men’s help and the suggestions of Abdul-Yakeen, Gatawa and Na-Allah (2014) for the Islamic Banks to create Savings and Credit Account (SACA) is justified.

iv. There is a negative relationship between the rate at which Civil-Servants want FROSCAS and the rate at which Self-Employed respondents want FROSCAS. The fact that Civil-Servants want FROSCAS than the Self-Employed workers shows that the Civil-Servants would always work towards the success of FROSCAS than the Self-Employed Coordinators. This result confirms the existence of financial dualism in the Developing Economies as popularized by Chiteji (2002).
5. Conclusion, Recommendations and Outlook

Conclusively, ROSCAS can be converted to FROSCAS for the respondents have started working in the labor market before coordinating ROSCAS in the financial market, the income of Coordinators is lesser that the average contribution of members, female coordinators expresses more desire for FROSCAS than male coordinators, and respondents who work for government prefer FROSCAS to ROSCAS. Above all, the creation of FROSCAS will not stop the existence of ROSCAS.

Workers are advised to get secured employment that and gear them towards the success of FROSCAS. Banks shall open FROSCAS windows and advertise it on the Print, Electronic and Social Media. The charges of bank on the SACA must be bearable. The Religious Leaders, especially the Islamic and Christian Religion Preachers shall be informed and advised to preach the virtues of FROSCAS to their disciples. ROSCAS Coordinators and other well informed people should express their views on the FROSCAS on all Media. Chairmen of Ilorin Emirate Local Governments shall promulgate FROSCAS’ Laws like the Chit Fund Act in India and the *Mujin Ko* in Japan; and set aside some money for the propagation promotion and administration of ROSCAS within their domain. Governments may be giving to private sector loans to FROSCAS.

The Outlook of this study is the likely of establishment of FROSCAS. These are: it may foster financial inclusion, reduce fear of default, and allow the monetary policy of the government to be extended to the informal financial sector, especially, ROSCAS.

References


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