European Journal of Economic and Financial Research
ISSN: 2501-9430
ISSN-L: 2501-9430
Available on-line at: http://www.oapub.org/soc

doi: 10.5281/zenodo.1143751
Volume 3 | Issue 1 | 2018

THE ROLE OF COMMERCIAL BANKS IN FINANCING SMALL & MEDIUM SIZE ENTERPRISES IN NIGERIA: A STUDY OF SELECTED BANKS AND FIRMS IN ANAMBRA STATE, NIGERIA

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Abstract:
The study examined the role of commercial banks in financing small and medium size businesses in Nigeria. The main objective of the study is to examine the role of commercial banks in financing SMEs in Nigeria. Structured questionnaire were distributed to the respondents which includes the commercial banks staff and selected SMEs staff in Anambra State Nigeria. Three research hypotheses were tested using the chi-square. However, the 109 questionnaire administered to the bankers and SMEs were analyzed and presented in tables with the use of percentage and chi-square method. Therefore, the study found that small and medium size businesses encounter problem in the procurement of loans from commercial banks; also, commercial banks have contributed immensely to the development of SMEs through their loans and advances. The research therefore recommended that for small & medium enterprises to survive, there have to be collective effort between them and banks. Also the government should engage more in the development of small & medium size enterprises by creating and embarking on various incentives to encourage both small scale enterprises and commercial banks.

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JEL: G21, G17, E24

Keywords: correlation, organizational culture, promulgation, strategy and strategic plans

1. Introduction

1.1 Background of the Study

Overtime, small & medium size enterprises had received little attention whereas they provide employment for approximately triple the number engaged in large scale manufacturing as well as playing their roles of crucial importance to our developing economy. There have been numerous opinions and write-ups on the roles banks should play in financing and advising the small and medium size enterprises since the federal government shift in policy with greater emphasis towards small & medium enterprises in the achievement of self-reliance.

Small and Medium Enterprises (SMEs) have been recognized as driving force for economic growth and development in any nation. Empirical evidences have shown that they contribute to employment, poverty alleviation and increase productivity level in a nation. In recognition of the role of SMEs in the economic growth process of Nigeria, government has taken concerted efforts to foster the growth of SMEs and also develop entrepreneurship. SMEs are of necessity to a nation's industrialization process. One foremost way of promoting SMEs is by having easy access to finance. Afolabi (2013) noted that a major gap in Nigeria's industrial development process in the past years has been the absence of a strong and virile SMEs sector attributable to the reluctance of banks especially commercial banks to lend to the sector. Commercial banks through their intermediation role are meant to provide financial succor to SMEs. For SMEs to perform their role in the economy, they need adequate funds in terms of short and long term loans (Olachosim, Onwuchekwa & Ifeanyi, 2013). It is pertinent to know that financing strength is the main determinant of small and medium enterprises growth in developing countries. There is no gainsaying that finance would boost the performance of SMEs if adequately and optimally utilized. The financial systems in every country play a key role in the development and growth of the economy, although the ability to play this role effectively largely depends on the degree of development of the financial system. The traditional commercial banks which are key players in the financial systems of nearly every economy, have the potential to pull financial resources together to meet the credit needs of SMEs, however, there is still a huge gap between supply capabilities of the banks and the demanding needs of SMEs.

1.2 Statement of the Problem

Lack of education on the part of SME owners and inadequate facilities in agricultural, purchasing and supply sector has been a big challenge to SME's (Ukwuagu 2002). Onwuka (2015) saw the problem facing SMEs as inadequate funding on the part of the commercial banks and other financial institutions and poor management on the part of small business owners. On the other hand, government has failed to provide stable macro-economic environment and adequate physical infrastructural facilities to the SMEs. Having known all these, the study embark on identifying the various problems faced by SMEs in the procurement of loans from commercial banks, the contribution of commercial banks to SMEs as well as the contribution of SMEs towards the growth and development of Nigeria's economy. These and many other reasons prompted the researcher to embark on the course to study the role of the commercial banks in financing small and medium enterprises in Anambra State, Nigeria.

1.3 Objectives of the Study

The main purpose of this study is to examine the role of commercial banks in financing small and medium enterprises in Nigeria. The specific objectives are to:

1. Examine the problems encountered by small and medium enterprises in procurement of loans from commercial banks.
2. Examine the degree at which commercial banks loans and advances have contributed to SMEs development in Anambra State
3. Identify the level of contribution of small and medium size industries towards Nigeria's economic growth and development.

1.4 Research Questions

The following research questions were formulated to guide the research objectives;

1. To what extent can SMEs encounter problems in the procurement of loans from commercial banks?
2. To what degree have commercial banks loans and advances contributed to small and medium enterprises development in Anambra State?
3. To what level has SMEs contributed to the growth and development of Nigeria's economy?

1.5 Research Hypotheses

To answer the three research questions posed for the study the following hypotheses were formulated in a null form.

Ho1: To a large extent SMEs do not encounter problems in the procurement of loans from commercial banks.

Ho2: To high degree commercial banks loans and advances have not contributed significantly to the development of small and medium enterprises in Anambra State.

Ho3: To a high level SMEs has not contributed to the growth and development of Nigeria's economy.

1.6 Significance of the Study

The result of this study will be of immense benefit to the banks. It will help the commercial banks recognize the role SMEs play in the economy and when to provide them with enough funds so as not to hinder the growth and development of the economy.

Through this study, the small business owners will be able to recognize the best or appropriate means to procure loans and be educated on the various ways loans can be obtained and the equivalent collateral to give in exchange for loan.

Also, the study will enable the government to know the necessary areas to improve in terms of funding to small businesses and the areas of SMEs that needs enlightenment through programmes and seminars etc.

Lastly, the study will also serve as a guide to any person(s) carrying out a similar research work.

2. Review of Related Literature

2.1 Introduction

This section deals with Conceptual framework, Theoretical framework and Empirical Literatures. The conceptual framework guides the study and summarizes the dependent and independent variables. The theoretical framework enhances overall framework of the research and deals with the theory that this study anchored on while empirical literature reports on the previous research done by different authors on related topic, how the research was conducted, their observations, findings and their recommendation.

2.2 Conceptual Framework

2.2.1 Overview of Commercial Bank

Grimsley (2003) defined a commercial bank as a financial institution that is authorized by law to receive money from businesses and individuals and lend money to them. Commercial banks are open to the public and serve individuals, institutions, and businesses. A commercial bank is certainly the type of bank that most people regularly use. Banks are regulated by federal and state laws depending on how they are organized and the services they provide. Commercial banks are also monitored through the Federal Reserve System.

Financial Times Lexicon (2011) defined a commercial bank as a bank whose main business is deposit-taking and making loans. World Bank dictionary in 2003, defined commercial bank as "*anything having to do with a business, made to be sold for a profit*". Investor words in 2016 defined commercial bank as an institution which accepts deposits, makes business loans, and offers related services. Commercial banks also allow for a variety of deposit accounts, such as checking, savings, and time deposit. These institutions are run to make a profit and owned by a group of individuals, yet some may be members of the Federal Reserve System. While commercial banks offer services to individuals, they are primarily concerned with receiving deposits and lending to businesses.

2.2.2 Functions of Commercial Banks

The principal function of commercial banks according to Ukwuagu [2002] is as follows;

1. Acceptance of deposits on fixed, current and savings account. They concentrate on short-term deposit and operate accounts through the use of cheques.
2. Advancing loans by ways of loans, overdraft and discounting bills of exchange. Commercial banks give short-term loans.
3. They act as agent to their customers by buying and selling of shares and stocks on behalf of their customers, issuing travelers cheque and draft, remittance of funds and buying foreign exchange.
4. They act as trustees, executors and also as referees to firms and individuals.
5. They provide facilities for safe keeping of wills and other documents and also jewelries.
6. They also render services to customers and the public by selling of JAMB, GCE, and NECO forms.
7. They also sell mobile cards and collect PHCN bills from the public on behalf of the principal.

2.3 Challenges Facing the Banking Industry in Nigeria

According to Martin [2001] the current banking sector reform in Nigeria was designed to promote the viability, soundness and stability of the system to enable it adequately meet the aspirations of the economy in terms of accelerated economic growth and development. The reform agenda was motivated by the need to proactively put the

Nigerian Banking Industry on the path of global competitiveness to enable it effectively respond to the challenges of globalization. The overall objective is to guarantee that the economy and Nigerians do not remain fringe players in the context of a globalizing world.

2.4 The major challenges that the reform was targeted at include the following:

- **Weak Capital Base**: Most banks in Nigeria had a capital base that was less than $10 million while the largest bank in the country had a capital base of about $240 million. This compared unfavourably with the situation in Malaysia where the smallest bank had a capital base of $526 million. The small size of most local banks, coupled with their high overheads and operating expenses, has negative implications for the cost of intermediation. It also meant that they could not effectively participate in big-ticket deals, especially within framework of the single obligor limit.
- **The Challenge of Ethics and Professionalism**: In a bid to survive the stiff competition in the market, a number of operators had resorted to unethical and unprofessional practices. Strictly speaking, some even went into some businesses that could not be classified as banking. In appreciation of the enormity of the problems caused by the failure to adhere to professional and ethical standard, the Bankers' committee set up a sub-committee on "ethics and professionalism" to handle complaints and disputes arising from unwholesome and sharp practices.
- **Poor Corporate Government Practices**: There were several instances where Board Members and Management Staff failed to uphold and promote the basic pillars of sound corporate government because they were preoccupied with the attainment of narrowly defined interests. The symptoms of this included high turnover in the Board and Management Staff, inaccurate reporting and non-compliance with regulatory requirements.
- **Cross Insider Abuses**: One area where this was pronounced was the credit function. As a result, there were several cases of huge non-performing insider-related credits.
- **Insolvency**: The magnitude of non-performing risk assets was such that it had eroded the shareholders' funds of a number of banks. For instance, according to the 2004 NDIC Annual Report, the ratio of non-performing credit to shareholders' funds deteriorated from 90% in 2003 to 105% in 2004. This meant that the shareholders' funds had been completely wiped out industry-wide by the non-performing credit portfolio.

- **Over-Reliance on Public Sector Deposits:** These deposits accounted forever 20% of total deposits in the system. In some institutions, such public sector funds represented more than 50% of total deposit. This was not a healthy situation from the viewpoint of effective planning and plan implementation, given the volatile nature of these deposits. On account of the huge reliance on public sector funds, a number of players did not pay adequate attention to small savers who normally constitute a major source of stable funds which should be channeled to finance the real sectors. Instead, they concentrated on a few high network individual, government parastatals and blue chip companies. It was in response to this situation coupled with the need to accord the small and medium enterprises sub-sector the priority it deserves that the Bankers' committee came up with the Small and Medium Enterprise Equity Investment Scheme [SMEEIS] with a view to redirecting credit flow to the sub-sector.

2.5 Concept of Small and Medium Enterprises

The extract definition of small and medium size enterprises depend from country to country as well as which economic scheme is involved. In Nigeria, the definition of small and medium size enterprises are taken from the meeting of the Nigeria council of industry held on July 2001 in Markurdi Benue state (Ositayo 2001). Adigwe (2012) defined SME as any industry with a labour size of 11-100 workers or a total cost of not more than N50 million, including working capital and excluding cost of land. Small and Medium Size Enterprises (SMEs) as defined by the National Council of Industries (2009) refer to business enterprises whose total costs excluding land is not more than two hundred million naira (N200,000,000) only. Although, there exists no consensus among policy makers and scholars concerning the point at which a business firm is deemed to be small or medium.

The United Nations Industrial Development Organization (UNIDO) identified fifty definitions of small scale business in seventy-five different countries based on parameters such as installed capacity utilization, output, employment, capital, type of country or other criteria, which have more relevance to the industrial policies of the specific country. However, it has been suggested that the SMEs sub-sector may comprise about 87% of all firms operating in Nigeria, excluding informal-enterprises. USAID (2004) defined enterprises as informal businesses employing fewer workers including unpaid family labour. Small scale enterprises are those operating in a formal sector with five to twenty employees; and medium enterprises are those employing 21 to 50 employees.

The Nigerian concepts of SMEs are somewhat divergent but the Central Bank of Nigeria agrees with the Small and Medium Industries and Equity Investment Scheme (SMIEIS) in their definition of SME as any enterprise with a maximum asset base less than N200 million (equivalent of about $1.43 million) excluding land and working capital, and with the number of staff employed not less than 10 (otherwise will be a cottage or micro-enterprise) and not more than 300 (Sanusi 2003, Udechukwu 2003, Akubueze 2002, SMIEIS 2002, and Sanusi 2004). Moreover, this definition for SMEs was based on the revised definition by the National Council of Industry in 2001.

2.6 Small and Medium Businesses in Nigeria

Agbaje, Osho and Abiodun [2015] observed that SME has a long history like every other part of the world. Historically, "Small and Medium enterprises have its origin in the eastern and Mediterranean", small and medium enterprises, all over the world is divergent arrays of business concerns involve in economic activities sparring from micro and rural enterprises, to contemporary industrial organizations that uses sophisticated technologies. As a result of their relevance aid contribution i.e. small and medium enterprises to national economics, policy planners, academic and national government have shown interest in issues pertaining to small and medium scale enterprises [SMES] all over the world. It was the means of survival for the people since ages; it has managed to save many poor homes that have the innovation to start a unique business but with different problems with establishment or survival. In Nigeria there is no generally acceptable definition of SMEs but it varies over time from organization to organization.

The NCI [National Council of Industry] in 2001 include the capital investment band of SMEs at between NGN 150 to 200 million, excluding land but including working capital and also the working force band between 11 and 300 inclusive. But on the other hand, the [NASME] National Association of Small and Medium Scale Enterprises also defined small scale enterprises as a business with less than fifty employed people by the enterprise and with an annual turnover of NGN 100 million. NASME came up with another definition, which states that small and medium scale enterprises is a business with less than 100 employees and an annual turnover of NGN 500 million.

The Central Bank of Nigeria [CBN] defined SME as an enterprise with a maximum asset base of NGN 200 million, without land and working capital, also the number of employees is not less than 10 and not more than 300. Due to the flexible nature, SMEs are quite able to withstand economically diverse situations. SMEs in Nigeria can be categorized into urban and rural enterprises, but in a more formal way, they can be called organized and unorganized enterprises. The organized enterprises have paid employees with a registered office while the unorganized enterprises rely mostly on apprentices or family members and mostly low rate or no salary paid workers. Rural enterprises are made up artisans who work in open spaces. Operating in temporary wooden workshop or structures, the unorganized enterprises rely mostly on apprentices or family members and mostly low rate or no salary paid workers. Rural enterprises are made up of family groups, women that are engaged in food production from local farm crops and individual artisans. The major activity and leather, local blacksmith, tinsmith, ceramic, clothing and tailoring, timber and winning, bricks and cement, food processing, wood furniture, beverages, bakeries, electronic assembly, agro processing, chemical based products and mechanics. [Source: www.cenbank.org accessed online 20-05-09]

According to history, SMEs in Nigeria have existed since the country's independence in 1960, probably before independence but since independence, Nigeria has had series of seminars, studies and workshops, each of which appraise the excellence, importance and need to facilitate the establishment and sustainability of SMEs. All the National four year development plans from 1962-63 to 1984-85 have laid strong emphasis on strategies of government-led industrialization mount on import as substitution. In addition the structural adjustment program [SAP] initiation in 1986, the state did not appreciate the structural adjustment program active involvement in industrialization by a process of commercialization and privatization. Special attention was then shifted from large scale industries to small and medium scale enterprises, which has a prominent potential for developing domestic linkages for effective growth, sustainable industrial development. Bigger and greater learning were then placed on the organized private sector [OPS] to head previous industrialization programmes.

2.7 Importance of Small and Medium size Enterprises

According to Chukwuma (2010), the objective of SMEs in Nigeria is to produce and distribute goods and services to their customers at a reasonable price and reasonable profit. This aspect of small business can be classified under the following;

a. **Acceleration of Economic Growth:** Small businesses are seen in every part of Nigeria engaged in one business or the other providing services for the masses. These services help in no small measure in improving living standard of the people.
b. **Creation of Employment:** Small and medium size industries create employment for about 40% or more people in Nigeria. Not only that they create jobs for seekers but also provide employment for the owners.

c. **Skill Acquisition:** Some of the big businesses in Nigeria started as small size enterprises. For instance, Rimco Nigeria limited started as a small business until they acquired wealth and expanded to a big company.
d. **Increase Standard of Living:** SMEs provide goods and services both to the rural and urban areas of this country; by so doing increase the standard of living of the people.
e. **Increase Government Earnings:** Most of these small businesses pay taxes and fees for registration of business names. Even their employees pay personal income tax to the government, therefore earns money through this means.
f. **Accelerate Large Production:** Most small businesses are found in big cities. They help the big firms in distributing goods and services and supply them with raw materials needed in their production.

2.8 Characteristics of Small and Medium Size Enterprises

Some small businesses eventually grow to the size of large corporation. Some businesses are ideally suited to operate on a small scale for years, often serving a local community and generating just more profit to take care of company owners. Small scale businesses display a distinct set of identifying characteristics that set them apart from their large competitors.

a. **Revenue and profitability:** Small business revenue is generally lower than companies that operate on a large scale. The small business administration classifies small businesses as companies that bring in less than a specific amount of revenue, depending on the business type. The maximum revenue allowance for the small business designation is set at $21.5 million per year for service businesses. Lower revenue does not necessarily translate into lower profitability. Established small scale businesses often own their facilities and equipment outright, which, in addition to other factors, helps to keep costs lower than more leveraged businesses.
b. **Employees:** Small businesses employ smaller teams of employees than companies that operate on larger scales. The smallest businesses can often get away with employing fewer than one hundred employees, depending on the business type.
c. **Market area:** Small and medium businesses serve as much smaller areas than corporations or larger private businesses. The smallest businesses serve single communities, such as a convenient store in a rural township. The very definition of small scale prevents these companies from serving areas much larger than a

local area, since growing beyond that would increase the scale of a small business' operations and push it into a new classification.

d. **Ownership and taxes:** The corporate form of business organization is not well-suited to small-scale operations. Instead, SMEs prefer to organize as sole proprietorships, partnerships or limited liability companies. These forms of organization provide the greatest degree of managerial control for company owners, while minimizing the hassle and expense of business registration. These generally do not file their own taxes; instead, company owners report business income and expenses on their tax returns.
e. **Locations:** A small size business, by definition, can be found only in a limited area. These companies are not likely to have sales outlets in multiple states or countries. For example, a large number of small scale businesses operate from a single office, retail store or service outlet. It is even possible to run a small business directly out of your home, without any company facilities.

2.9 Contribution of SMEs in Nigeria economic development

Agbaje and Abiodun et al [2015] posit that it is important to note that the development of entrepreneurs cannot be overemphasized and the role they play in economic development and how they are financed through both formal and informal sources. The development experience of many countries indicates that SMEs can meaningfully contribute to the attainment of many development objectives. These include output expansion, employment generation, even location of industries among regions of the countries, income redistribution, and promotion of indigenous entrepreneurship and technology as well as production of intermediate goods to strength inter and intra industrial leakage [Nnanna 2000].

Nevertheless, the extent to which the opportunities offered by SMEs are exploited and their contributions maximize many economy depend on the enabling environment created through the provision of requisite infrastructure facilities such as roads, telecommunication, power etc and pursuit of policies such as concretionary financing that encourage and strengthen the growth of the sector. Although the recognition of the economic importance of SMEs to the Nigerian economy is only a recent development, today the contributions of the sector to the economy are no longer contestable.

The contributions of SMEs to manufacturing output and Gross Domestic Product (GDP) is appreciable, in the area of employment generation SMEs accounted for about 70 per cent of the industrial employment in 1987 and the situation has remained largely the same (Omwumere, 2000), the same is the case in other developing economy as it is estimated that SMEs employ 22 per cent of the adult population in those countries, specifically, the sector employs about 15.5 per cent and 13.9 per cent of the labour force, which is higher employment growth than micro and large scale enterprises (5 per cent and 11 per cent) in Ghana and Malawi respectively [Kayanula and Qaurtey, 2000].

SMEs are divided into Medium Size Enterprise (MSE), Small Scale Enterprise (SSE) and Micro Enterprises [ME]. The federal ministry of Industries defined a Medium Scale Enterprise as any company with operating assets less than 200 million and employing less than 200 persons. A Small Scale Enterprise on the other hand, is one that has total assets less than 50 million, with less than 100 employees. Annual turnover is not considered in its definition of a SME. The National Economic Reconstruction Fund (NERFUND) defined a SSE as one whose total assets is less than 10 million but made no reference to either it annual turnover or the number of employee (WORLD BANK, 2010). Two fundamental financing concepts in the development of SMEs, the formal and informal forms of financing have been identified by the previous research scholars and practitioners (Gelinas, 1998, Anima, 2004). The findings were that among the most popular of the formal sources of financing, the commercial banks and the development banks remains the formal sources of finance for enterprises. The informal source comprises of personal savings, borrowing from friends and relatives and comparatives credits has also been identified as potential sources of financing SMEs.

2.10 Theoretical Framework

No specific theory describes how firms access external formal financing. Romano (2001) mentioned that "financial theories do not adequately explain financial behavior". Thus, researchers have used different theories to explain how small firms access external financing. Various theories have been developed based on this information. These theories investigate factors that influence the application of SMEs for external formal financing.

Abdesamed and Wahab (2014) propounded a theory known as **Information Asymmetry.** This theory identifies the relationship between variables and SMEs in the application of bank loans. Thus, this study adopts the information asymmetry theory to understand how firms apply for bank loan.

The main formal financing source for SMEs is the bank. According to the European Central Bank (2011), 40% of respondent firms use their overdraft facilities or credit lines, and more than one-third of firms have used bank loans. Longenecker (2012) mentioned that commercial banks are the primary providers of debt capital to firms. Commercial banks prefer firms with proven track records and sufficient collateral in the form of hard assets. Proven track records and collaterals are difficult to obtain for small businesses.

The lack of access to bank loans of SMEs is attributed to information asymmetry. Finance gap hypothesis suggests that SMEs suffer from a shortage of financing, which is caused by information asymmetry (Ed Vos 2007, Berger and Udll, 1998). Behr (2011) mentioned that lending in developing economies, specifically lending to micro and small enterprises, is particularly affected by information asymmetries between borrowers and lenders. Thus, startups and expansion potentials cause difficulties in obtaining intermediate external financing, which depend mainly on internal financing or informal external financing such as friends and family. Constraints on external financing are significant issues, and SMEs use internal financing as a fallback option (Pissarides 2003).

Considerable progress has been attained in the last two decades in advancing theoretical knowledge on the influence of information asymmetry on optional loans (Peltoniemi and Vieru, 2013: Nofsinger and Weichang, 2011, Ed Vos et al, 2007; Bester 1985, and Stightz and Weiss, 1981). Information asymmetry refers to a situation where owner-managers possess more knowledge about the prospects and risks facing their business than lenders. Verrecchia (2001) defined information asymmetry as "*the difference in the cost of capital in the presence/absence of an adverse selection problem that arises from information asymmetry*".

Banks require certain information on firm performance before approving loans to ensure that the project is commercially viable. However, this information is not readily available from SMEs and owners of small businesses possess more and better information about the performance of their businesses than banks. Thus, banks do not have ample management information on SMEs. The high cost of resolving information asymmetry can increase the difficulty of small firms to obtain loans (Ridings 2010). This phenomenon results in small firms being offered with less capital or capital at higher rates compared with large firms. Inadequate information affects the willingness of banks to supply debt financing to small firms because of uncertainty. This problem leads to the existence of a "debt gap" wherein commercially viable projects do not obtain funding (Binks 1992).

The following are the roles of collaterals when the owner possesses more information on the probability of success of a firm than a bank (Storey, 1994): (i) collaterals limit downside losses by providing assets to banks in the event of project failure (ii) collaterals provide incentives to entrepreneurs to commit him or herself to the project; (iii) collaterals provides signals to the bank that the entrepreneur believes the project is likely to succeed because the owner will not commit their personal resources to the project if otherwise.

Collateral creates a problem for small firms because they often have no significant fixed assets to use as collateral in their early years of establishment. Therefore, the lack of collateral is often one of the main reasons that prevent small businesses from applying for bank loans. The World Business Environment Survey is a cross-sectional survey on investment climates and business environments that covers 10,000 firms in 80 countries from 1999 to 2000. The Business Environment and Enterprise Performance Survey (BEEPS) is a joint effort of the World Bank and the European Bank for Reconstruction and Development. BEEPS collect data on ease of access to financing.

The ability and desire of SMEs to borrow from formal financing is often restricted, thus forcing SMEs to borrow from informal financing sources (non-banks). This type of financing does not require collateral and comprehensive business information. Bhaird and Lucey (2010) confirm that the personal funds of firm owners and funds from friends and family are extremely important in firms with low turnovers. This situation suggests that the collaterals required by banks may act as an indicator of owner-manager decisions to apply for bank loans.

2.11 Relevance of the Theory

The above theory adopted for this research work shows the relevance of information in the relationship between firms and banks. The banks require adequate information from the firms in order to be able to render assistance in terms of loans. But there are problems or obstacles in the way. This information is usually not readily available by the firms and also small businesses do not possess adequate collateral to offer the banks in exchange for loan. Voordeckers and Steijvers (2006), Degryse and Layseele (2000) and Harhoff and Korting (1998) find that collateral requirements decrease with increasing bank-borrower relationships. Borrowers with more concentrated and long-lasting bank relationships have less stringent collateral requirements.

Therefore, a strong firm-bank relationship will increase the willingness of owner-manager to apply for bank loans. Bonfirn and Daniel (2012) indicate that firms with previous relationships with banks can regain access to such banks. Daskalakis (2013) mentioned that "firms that use short-term debt also employ long term debt, and firms that do not use short-term debt do not use long term debt. Firms that have relationships with banks are able to apply both short and long term debt, whereas firms that do not have such a relationship are not capable of applying and accessing any form of funds from banks.

On this ground, this theory happens to be or has proven to be relevant in this study because it examines the relationship between the bank and the firm, the collateral problem faced by the SMEs and the gap that exists in terms of information. The theory went further to identify the relationship between variables and SMEs in the application to banks loan.

2.12 Empirical Review

A lot of studies have been carried out on SMEs access to financing. For instance, Charles (2002) through interview technique investigated the factors that influence the growth, performance and development of SMEs in Nigeria and other implication on policy. He found that accessibility to finance and good management are central to SMEs growth and development.

Mamman and Aminu (2013) assessed the effect of 2004 banking reforms on loan financing of SMEs in Nigeria. A sample size of 500 was randomly chosen and chi-square test provided analysis on the survey data. The study indicated that there is no significant effect to 2004 banking reform on loan financing of SMEs in Nigeria and suggested that there are some constraints which restricted access to loans from the banks for SMEs in Nigeria.

Nwosa and Oseni (2013) examined the impact of banks loan to SMEs on manufacturing output in Nigeria for the period spanning 1992 to 2010. Employing error correction modeling technique, the study deduced that bank loans to the SME sector had significant impact on manufacturing output both in the long and short run.

Omah, Duruwoju, Adeoye and Elegunde (2012) examined the impact of post-bank consolidation on the performance of SMEs in Nigeria, with special reference to lagos state. A sample size of 50 was drawn from the supra-population of the study within ikeja local government in lagos state. Applying mean, standard deviation and coefficient of variation in its data analysis, the study revealed that SMEs do not have better access to finance through banks, due to neo-reorganisation in banks as a result of post-bank consolidation and SMEs do not have absolute rapport with the financial institutions due to their financial background in Nigeria.

Ahiawodzi and Adade (2012) examined the effect of access to credit on the growth of SMEs in the Ho Municipality of Volta region of Ghana by using both survey and econometric methods. The survey involved a sample of 78 SMEs in the manufacturing sector. Both the survey and econometric results showed that access to credit exerts a significant positive effect on the growth of SMEs in the Ho Municipality. Obamuyi (2011) compared the performance of loans granted to SMEs by banks with that of micro-credit institutions in Nigerian, using Ondo state as a case study.

Analyzing through descriptive statistics, the study revealed that the average repayment rate for banks was 92.93% and 34.06% for micro-credit schemes; hence, suggested that banks performed at much higher levels than micro-credit schemes.

Olutunla and Obamuyi (2008) in their study using fixed effects regression model based on a balanced panel data on 115 SMEs randomly selected in Ondo State, Nigeria examined the relationship between profitability, bank loans, age of business and the size of SMEs. The results revealed that there is interdependence between bank loans and profitability of SMEs and a significant relationship between profitability and size of business.

Obasan and Arikewuyo (2012) investigated the effects of pre-post bank consolidation on the accessibility of finance to SMEs in Nigeria. Using the ordinary least square, the study found out that banks' consolidation has failed to foster a vibrant and competitive SMEs sector that could enhance job creation and economic growth in Nigeria. Ishmael (2012) study based on a survey Neolithic literation and dissemination of questionnaires on a sample size of 50 SMEs within Ikeja Local Government Area of Lagos State using random sampling technique, revealed that SMEs do not have better access to finance through banks, do not have absolute rapport with the financial institutions due to their financial background and are financially handicapped which limits their size and capacity to embark on bank loans with high interest rate arising from the neo-reorganisation in banks occasioned by consolidation.

According to Nzotta (2002), he identified the factors that determine a lending in Nigeria to include contact position of the bank, risk and profitability of various types of bank credit, sterility of deposit, economic condition, monetary policies, ability and exposure of bank personnel, credit need of the area served and the nature of the source of bank. Nzotta said bank credit is said to mean the act of a bank giving out advances to a debtor after considering the risk and profitability that must follow such lending decision.

3. Research Methodology

3.1 Introduction

According to Olakunori (2000) research methodology is defined as the systematic process or procedure designed for generating, collecting, and analyzing the data required for solving a specified problem. This chapter discusses the ways and means through which the study was carried out. It also presents the research design, details on the population of the study and the sampling technique. Other areas covered are; instrument for data collection, sources of data collection, validity of instrument, reliability of instrument, method of data collection and method of data analysis adopted for the study.

3.2 Research Design

This study used a descriptive survey design. The purpose of this design is to collect detailed and factual information that describes an existing phenomenon (Ezeani 1998). Data was collected based on the concepts defined in the research model (survey model) and hypothesis tested from the responses on Likert-type questionnaire which were distributed amongst the selected sample for the study.

3.3 Area of the Study

The area of the study covers Union Bank, UBA and First Bank and 10 small and medium size enterprises in Onitsha, Anambra State. Onitsha is a commercial city, educational, and religious centre and river port on the Eastern Bank of the River Niger in Anambra State North East Nigeria (Wikipedia 2016). The researcher considered this area because Onitsha is one of the main cities in Anambra state.

3.4 Population of the Study

A population is made up of all conceivable elements or observations relating to a particular phenomenon of interests to the researcher (Asika, 1991). The population for this research study was the staff of small and medium size enterprises and the banks staff in Onitsha. The SMEs include; Five Star Food And Restaurant, Dorin Stores Limited, Chicken Republic Restaurant, Kas Chicken Fastfood, Raymond Sawmill, C-Mark Pharmaceutical Stores, Ginpat Aluminium, Uchelink Communications, Rico and Haco Limited, Omile Ventures, while the banks are: First Bank, Uba And Union Bank. The population size of staff of the SME's is 118 while the staff of the banks is 32. The total population size for this research study is one hundred and fifty (150). The table below shows the following figures of the aforementioned SMEs and Banks in Onitsha, Anambra state.

Table 1: Population Size of the selected SMEs in Onitsha

Name of Industry	Staff	Total
Five star food and restaurant	16	16
Dorin stores limited	13	13
Chicken Republic restaurant	10	10
Kas chicken fast food	20	20
Raymond sawmill	10	10
C-Mark pharmaceutical	10	10

Ginpat Aluminum	11	11
Uchelink communication	10	10
Omile Ventures	8	8
Rico and Haco	10	10
	118	118

Source: Field survey, 2017.

Table 2: Population size of the selected Banks in Onitsha

Banks	**Staff**	**Total**
First Bank	11	11
UBA	12	12
Union Bank	9	9
	32	32

Source: Field survey, 2017.

Therefore, the total population figure is 150 consisting of 118 staffs of the SMEs and 32 staff of the Banks, all under Onitsha Anambra state.

3.5 Sample Size and Sampling Technique

This study settled for a sample size since it was unable to study the whole population. The sample size for this study was determined using Taro Yamani formula (1967). However, the sample size for the research work is 109 comprising of 88 SME staff and 21 bank staff under study in Onitsha, Anambra state.

Hence, the sample size determination is stated below:

$$n = \frac{N}{1+N[e]^2}$$

Where; N = Population of the study [150]

n = sample size

e = level of significance [0.05]

1 = constant

Therefore;

$$n = \frac{150}{1+150[0.05]^2}$$

$$n = \frac{150}{1+150[0.0025]}$$

$$n = \frac{150}{1+0.375}$$

$$n = \frac{150}{1.375}$$

$$n = 109$$

3.6 Method of Data collection

The information gathered for the research work was collected from primary and secondary sources. The primary source was mainly through the questionnaire distributed to some selected bank staff and SME's staff in Onitsha and also backed up with personal observations, and interviews, while the secondary data was from the available related literature, textbooks, journals, magazines, newspapers, and periodicals which were very informative. A Likert-type questionnaire was used. A likert scale measures the extent to which a person agrees or disagrees with the question (information technology services, 2010). The scale ranges from (4) Strongly Agree (SA), (3) Agree (A), (2) Disagree (D), (1) Strongly Disagree (SD). The questionnaire was to the respective banks staff and SME owners. Also, interviews and personal observations were conducted in order to help gather information.

3.7 Method of Data Analysis

The response gotten from the questionnaires were presented in tabular forms. The responses were converted to frequencies and percentages. Interpretation was based on the findings and the research question of the study. The hypothesis formulated in this work was tested with the use of chi-square method, which shows the magnitude of the discrepancy between the variables, expectation and observation. The test was carried out at 5% level of significance. Chi-square is represented as follows:

$$X^2 = \frac{\sum £\{0 - £\}_2}{£}$$

Here Σ = Summation

0 = Observed frequency

X^2 = Calculated = chi-square calculated

£ = Expected frequency

3.8 Validity and Reliability of Instruments

To ensure that the structured questionnaire instrument developed for this study measures what it is expected to measure, that is to certify the requirement of validity, content validity was adapted to adequately measure coverage of the research topic. The instrument was submitted to the supervisor for criticisms and suggestions. The corrected copy was validated by the supervisor from which final copies were reproduced.

4. Data Presentation and Analysis

4.1 Introduction

In this chapter, data were collated, presented and analyzed so as to proffer answers to research question. The response from the staff of banks and SME's in Onitsha, Anambra State was effectively addressing the problem of concern.

4.2 Presentation of Data

After the administration and collection of instrument, the 109 questionnaire sampled were staff of the three banks and ten SME's in Onitsha, Anambra State (First Bank, UBA, Union Bank, Five Star Food and Restaurant, Dorin stores limited, Chicken Republic Restaurant, Kas Chicken Fast Food, Raymond Sawmill, C-Mark Pharmaceutical, Ginpat Aluminium, Uchelink Communication, Omile Ventures, Rico and Haco Ltd). The one hundred and nine (109) copies of questionnaire administered were properly filled and returned. Below is the presentation of data in frequency table.

4.3 Characteristics of the Respondents (Bio-data)

Table 4.1: Characteristics of the Respondents

S/N	Variables	Frequency	Percentage
1	Sex		
	Male	69	63
	Female	40	37
	Total 109 100		
2	Age		
	Below 25 years	59	54
	26-36 years	42	39
	37-47 years	7	6
	48-58 years	1	1
	Above 59 years	___	___
	Total	**109**	**100**
3	Mantal Status		
	Single	86	79
	Married	23	21
	Divorced	___	___
	Total	**109**	**100**

4	Educational qualification		
	First school leaving certification	___	___
	WAEC	55	50
	OND/NCE	14	13
	HND/B.SC	38	35
	Masters	2	2
	Total	**109**	**100**
5	Income Level		
	Below 30,000	55	50
	31000-40000	15	14
	41000-50000	10	9
	51000-60000	13	12
	61000-70000	3	3
	71000-80000	13	12
	Total	**109**	**100**

Source: Field Survey, 2017.

The table above shows that 63% of the respondents are male while 37% of them are female. The respondent's age brackets are below 25 years, 26-36 years, 37-47years, and 48-58 years. This represents the percentage value of 54%, 39%, 6% and 1% respectively. Again, the table reviewed that 79% of the respondents are single, while 21% are married. More of the respondents obtained Waec which represents 50%, OND/NCE 13%, HND/B.SC 35%, and Masters 2%. The table also revealed the income levels of the respondents which are 50%, 14%, 9%, 12%, 3%, and 12% respectively.

Table 4.2 Respondent's opinion on whether SMEs encounter problems in accessing loan from the banks

Responses	**Frequency**	**Percentages**
Strongly Agree	21	19
Agree	64	59
Undecided	16	15
Disagree	8	7
Strongly Disagree	____	____
Total	**109**	**100**

Source: Field Survey, 2017.

The above table indicates that 19% of the respondents strongly agreed that small scale businesses encounter problems in accessing loan from the banks, 57% Agreed, 15% Undecided while 7% disagreed.

Table 4.3: Respondent's opinion on whether banks are indispensable sources of capital to SME's

Responses	Frequency	Percentages
Strongly Agree	12	11
Agree	46	42
Undecided	45	41
Disagree	6	6
Strongly Disagree	____	____
Total	**109**	**100**

Source: Field Survey, 2017.

The above table shows that 11% of the respondents strongly agreed that banks are indispensable sources of capital to SME's, while 42% agreed, 41% neither agreed nor disagreed and 6% disagreed to the assertion.

Table 4.4: Respondents opinion on whether SME's contribute to the growth of the country through employment creation

Responses	Frequency	Percentages
Strongly Agree	16	15
Agree	80	73
Undecided	____	____
Disagree	13	12
Strongly Disagree	____	____
Total	**109**	**100**

Source: Field Survey, 2017.

From the above table, 15% of the respondents strongly agreed that SME's contribute to the growth of the country through employment creation, while 73% agreed and 12% disagreed.

Table 4.5: Respondents opinion on whether SME's are engine driver for economic development

Responses	Frequency	Percentages
Strongly Agree	27	25
Agree	75	69
Undecided	7	6
Disagree	____	____
Strongly Disagree	____	____
Total	**109**	**100**

Source: Field Survey, 2017.

The above table indicates that 25% of the respondents strongly agreed that SME's are engine driver for economic development, 69% agreed while 6% were indecisive.

4.4 Test of Hypotheses

In this study, three hypotheses were empirically tested. This was aimed at verifying the validity of the proposition and to find out the relationship existing between the variables under study. Hence chi-square often denoted as X^2, was used to test the research hypothesis.

Thus: $X^2 = \sum \frac{[Fo-Fe]^2}{Fe}$

Where,

X^2 = Calculated Chi-square

Fo= Observed Frequency

Fe = Expected Frequency

$\sum$ = Summation

A. Hypothesis One

Ho1: To a large extent SMEs do not encounter problems in the procurement of loans from commercial banks.

In testing this hypothesis, responses from table 4.2 will be used.

Computation of Expected Frequency

Fe = $\frac{RT \times CT}{GT}$

Where,

Fe = Expected Frequency

RT= Row Total

CT= Column Total

GT= Grand Total

The figures in brackets are the expected frequency for each of the options.

Table 4.6: Contingency Table for Hypothesis One

Question	SA	A	U	D	SD	Total
1	21(12.5)	64(60.75)	16(23.75)	8(11.25)	________	109
2	8(12.5)	55(60.75)	28(23.75)	15(11.25)	3(0.75)	109
3	12(12.5)	59(60.75)	30(23.75)	8(11.25)	________	109
4	9(12.5)	65(60.75)	21(23.75)	14(11.25)	________	109
Total	**50**	**243**	**95**	**45**	**3**	**436**

Sources: Field Survey, 2017.

Table 4.7: Computation of Chi-Square Distribution Table

Cells	Fo	Fe	Fo-Fe	$(Fo-Fe)^2$	$(Fo-Fe)^2/Fe$
A1	21	12.5	8.5	72.25	5.78
A2	64	60.75	3.25	10.56	0.17
A3	16	23.75	-7.75	60.06	2.52
A4	8	11.25	-3.25	10.56	0.93
B5	8	12.5	-4.5	20.25	1.62
B6	55	60.75	-5.75	33.06	0.54
B7	28	23.75	4.25	18.06	0.76
B8	15	11.25	3.75	14.06	1.24
B9	3	0.75	2.25	5.06	6.74
C10	12	12.5	-0.5	0.25	0.02
C11	59	60.75	-1.75	3.06	0.05
C12	30	23.75	6.25	39.06	1.64
C13	8	11.25	-3.25	10.56	0.93
D14	9	12.5	-3.5	12.25	0.98
D15	65	60.75	4.25	18.06	0.29
D16	21	23.75	-2.75	7.56	0.31
D17	14	11.25	2.75	7.56	0.67
Total					**25.19**

Source: Authors Computation 2017.

Therefore, chi-square calculated = 25.19

Determination of the critical value

Df = (R-1) (C-1)

Df = (4-1) (5-1)

Df = (3) (4)

Df = 12

Level of significance =5% = 0.05

Therefore, the critical value $X^2 = 21.026$

Decision

The decision rule state that null hypothesis should be rejected if the chi-square calculated (25.19) is greater than the critical value of chi-square (21.026), otherwise accept. Since the computed chi-square is greater than the critical value of chi-square, we reject the null hypothesis and accept the alternate hypothesis which states that the SMEs do encounter problems in the procurement of loans from commercial banks.

B. Hypothesis Two

H_{O2}: To high degree commercial banks loans and advances have not contributed to the development of small and medium enterprises in Anambra State.

In testing this hypothesis, responses from table 4.3 will be use Computation of Expected Frequency:

$$Fe = \frac{RT \times CT}{GT}$$

Where,

Fe = Expected Frequency

RT= Row Total

CT= Column Total

GT= Grand Total

The figures in brackets are the expected frequency for each of the options.

Table 4.8: Contingency Table for Hypothesis Two

Question	SA	A	U	D	SD	Total
5	12 (11)	46 (48.5)	45 (30.3)	6 (17.16)	________	109
6	9 (11)	46(48.5)	30(30.3)	20(17.16)	4(2)	109
7	5 (11)	43(48.5)	22 (30.3)	33(17.16)	6(2)	109
8	8 (11)	64(48.5)	24(30.3)	13(17.16)	________	109
9	12 (11)	38 (48.5)	38 (30.3)	21(17.16)	________	109
10	20 (11)	54 (48.5)	23 (30.3)	10(17.16)	2(2)	109
Total	**66**	**291**	**182**	**103**	**12**	**654**

Sources: Field Survey, 2017

Table 4.9: Computation of Chi-Square Distribution Table

Cells	Fo	Fe	Fo-Fe	$(Fo-Fe)^2$	$(Fo-Fe)^2/Fe$
A1	12	11	1	1	0.09
A2	46	48.5	-2.5	6.25	0.12
A3	45	30.3	14.7	216.09	7.13
A4	6	17.6	-11.6	134.56	7.64
B5	9	11	-2	4	0.36
B6	46	48.5	-2.5	6.25	0.12
B7	30	30.3	-0.30	0.09	0.00
B8	20	17.16	2.84	8.0656	0.47
B9	4	2	2	4	2
C10	5	11	-6	36	3.27
C11	43	48.5	-5.5	30.25	0.62
C12	22	30.3	-8.3	68.89	2.27
C13	33	17.16	15.84	250.9	14.62
C14	6	2	4	16	8

D15	8	11	-3	9	0.81
D16	64	48.5	15.5	240.25	4.95
D17	24	30.3	-6.3	39.69	1.30
D18	13	17.16	-4.16	17.30	1,00
E19	12	11	1	1	0.09
E20	38	48.5	-10.5	110.25	2.27
E21	38	30.3	7.7	59.29	1.95
E22	21	17.16	3.84	14.74	0.85
F23	20	11	9	81	7.36
F24	54	48.5	5.5	30.25	0.62
F25	23	30.3	-7.3	53.29	1.75
F26	10	17.16	-7.16	51.26	2.98
F27	2	2	0	0	0
Total					**72.64**

Source: Authors Computation, 2017

Therefore, chi-square calculated = 72.64

Determination of the critical value

Df = (R-1) (C-1)

Df = (6-1) (5-1)

Df = (5) (4)

Df = 20

Level of significance =5% = 0.05

Therefore, the critical value X^2 = 31.410

Decision

The decision rule states that null hypothesis should be rejected if the chi-square calculated (72.64) is greater than the critical value of chi-square (31.410), otherwise accept. Since the computed chi-square is greater than the critical value of chi-square, we reject the null hypothesis and accept the alternate hypothesis which states that commercial banks have contributed to the development of small and medium size enterprises through their loans and advances.

5. Summary of Findings, Conclusion, Recommendation and Suggestions for further studies

5.1 Introduction

This chapter discusses the result analyzed in previous chapter and from the result drew up conclusions. It also recommended solutions to the problems and made possible suggestions for further studies.

5.2 Summary of Findings

From the analysis of the study, the following findings were made;

1. The SMEs encounter problems in the procurement of loans from commercial banks because most of them doesn't have collateral and requirements from the banks in assessing loan and advances
2. Commercial banks have contributed to the development of small scale businesses through their loans and advances.
3. Small and medium size enterprises have contributed to the development of Nigerian economy.

5.3 Conclusion

This work examined the roles of commercial banks in financing small scale businesses using Onitsha as the case study. The data generated were analysed using simple percentage analysis and the hypothesis formulated were tested using chi-square statistical technique at five per cent level of significance. The study revealed among others that SMEs encounter problems in the procurement of loans from commercial banks. The study also revealed that commercial banks have contributed significantly to the development of small and medium size enterprises through their loans and advances. Also, the study revealed that SMEs have significantly contributed to the development of Nigerian economy. It is seen from the study that the role SMEs play in the process of economic growth and development are;

1. SMEs act as a catalyst for growth and development.
2. They are the major source of employment.
3. Provide training avenues for local entrepreneurs in several areas of economic activities.
4. Aid the process of income redistribution
5. Sound development of SMEs has positive implication for improving the standard of living of the citizen.

Although this list of the roles of SMEs in the process of economic growth and development is limited, the sub-sector in Nigeria is still faced with a lot of bottle-necks, which retard the pace of their growth and development. Apart from finance, other factors hindering the growth and development of SMEs are;

1. Inadequate infrastructure
2. Unstable power and water supply
3. Poor road and rail network
4. Inefficient water and air transport system
5. Modern communication facilities

6. Poor governance
7. Unfriendly tax system

For the country's SMEs to survive the competitive drive, the Nigerian government and the banking industry will have to improve upon the factor highlighted above.

5.4 Recommendations

Having highlighted the problems and shortcomings of the small and medium enterprises (SMEs) in Nigeria, the following recommendations aimed at correcting and eliminating those constraints are put forward for consideration. In order to reduce the risk in small and medium enterprises (SMEs) lending, the central bank of Nigeria and the government must ensure that they keep on regulating properly their current initiative of requiring all commercial banks to set aside 10 percent of their profit before tax for equity investment in small and medium size enterprises.

Rediscounting by the central bank of Nigeria (CBN) can sample possibility for encouraging commercial banks to gain experience in medium and long term building operation. A number of procedures can be adopted such as preferential discount rates, multiple discount rates or quotas favouring certain purposes. The banks themselves can ensure maximum risk of the loan losses by providing technical and managerial resources to various kinds of small enterprises customers. This would assist them in project preparation, implementation, financing and management. At the same time, small scale enterprises can avail themselves to such services provided by the government at the entrepreneurial development centre. In order to make credit available to SMEs sector, the banks and the government should make use of the rural banking program. The branches of each bank in the rural community should be given free hand to take certain decisions concerning advancement of these loans and advances to rural small scale enterprises. They should be able to act as 'management consultants' identifying problems and suggesting solutions.

Banks would also need to be encouraged to find the working capital requirements of SMEs. In the face of limitations and inadequacies already enumerated in this project, small size enterprises are high risk for banks to lend. Consequently, part of the government programs for small enterprises would be to devise a means of providing incentives and management to banks to be able to freely lend to small enterprises.

Central bank of Nigeria (CBN) should license more micro finance banks to be able to extend more loans to small and medium enterprises. We also recommend that SMEs should not base only in urban areas. This is because the numbers of small enterprises in urban areas are alarming and commercial banks cannot give loans to all.

This is why they should be encouraged to reside more in rural areas i.e rural small enterprises should be encouraged. If this is achieved, the government should ensure that it provides more infrastructural facilities in rural areas so as not to discourage these small businesses in achieving their objectives.

Finally, a major impediment to growth generally in Nigeria has been the state of economic and social infrastructure. This has been an over-flogged issue in the discussion of Nigeria's economic development. Provision of necessary infrastructural facilities and the enabling environment for business operations generally is an imperative. Uninterrupted power supply, good roads and transportation networks, rural development, efficient, effective and cheap communications etc. are the basis to competitive performance of enterprises. Their provision will definitely reduce the funding needs of small enterprises as they would no longer require funds to provide electricity, water, telephone and other infrastructures on their own.

5.5 Suggestions for Further Research

In a research work like this, which is quite broad 'the role of commercial banks in financing small scale businesses in Onitsha', cannot be easily exhausted and that is why the researcher has identified other areas of further research in greater details. The areas are as follows;

1. How the government can improve the provision of basic infrastructure and provide entrepreneurial extension services to train these small scale entrepreneurs and their staff in order to improve the poor technical know-how of these enterprises.
2. How the central bank of Nigeria in conjunction with the government can establish decrees that will enable development banks to be reviewed in allowing them maintain current accounts and attract deposit from the general public. This will afford them the opportunities to provide loans.
3. The study also wishes that banks can act as financial consultant to small scale enterprises (SSEs) in the form of regular guidance on the preparation of financial records and proposals for banks facilities.
4. Finally, how commercial banks can assist small and medium size entrepreneurs in having access to foreign exchange and also ensuring that they do not misuse such opportunities. If this is achieved, it will help in the reduction of cost and will lead to an increase in their working capital.

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