Access to Credit and Loan Repayment by Households of Non-Farmers in Nigeria: New Evidence from Binary Logit Regression

Obed I. Ojonta University of Nigeria, Nigeria obed.ojonta@unn.edu.ng

Jonathan E. Ogbuabor University of Nigeria, Nigeria jonathan.ogbuabor@unn.edu.ng

Anthony Orji University of Nigeria, Nigeria anthony.orji@unn.edu.ng

Onyinye I. Anthony-Orji University of Nigeria, Nigeria onyinye.anthony-orji@unn.edu.ng

Ndubuisi Chukwu University of Nigeria, Nigeria ndubuisi.chukwu@unn.edu.ng

Emmanuel T. Ideba University of Nigeria, Nigeria tochukwuideba@gmail.com

Abstract

Access to credit is a key aspiration for developing economies and serves as an important strategy for starting and expanding businesses. This study critically examines the relationship between access to credit and loan repayment among non-farming households in Nigeria. To achieve this objective, the study incorporates key variables including expenditure on transportation, other business costs, salaries and wages, rent, age, and location into a binary logistic regression model.

The findings reveal that loan repayment behaviour and the place of residence of non-farming households are significant determinants of access to finance in Nigeria. In contrast, other household characteristics, such as spending on transportation, business costs, salaries and wages, rent, and age, do not have statistically significant effects on access to credit.

The study contributes new empirical evidence on the determinants of credit accessibility among non-farming households in Nigeria and provides insights that can inform financial inclusion policies and lending practices.

Keywords: Credit Access, Household Finance, Non-Farmers, Loan Repayment, Binary Logistic Regression, Financial Inclusion, Nigeria, Household Economics.