

CREDIT ADMINISTRATION PRACTICES OF DEPOSIT MONEY BANKS AND THEIR EFFECTS ON SMALL AND MEDIUM ENTERPRISES IN NIGERIA

Ibrahim Idris

Department of Accounting, Nassarawa State University.

Abstract

Bank credit administration involves the process of lending credit to business operators. Small and Medium Enterprises (SMEs) are recognized as key drivers of economic growth in any nation. However, the impact of bank credit administration on improving SME performance remains a critical issue for entrepreneurs, scholars, and practitioners, especially in developing economies such as Nigeria. This study aims to examine the determinants of deposit money bank credit administration and its effect on the performance of SMEs in Benue State, Nigeria. A survey research design was adopted, using primary data. A sample of 363 SMEs was drawn from a population of 6,131 SMEs, all of which were expected to benefit from a business support scheme provided by six purposively selected deposit money banks: Access Bank Plc, Fidelity Bank Plc, First Bank Plc, Guaranty Trust Bank Plc, Union Bank, and Zenith Bank. The sample size was determined using Krejcie and Morgan's (1970) sampling formula. A total of 360 valid questionnaires were returned for analysis.. The data were analyzed using both descriptive statistics (mean scores) and inferential statistics (Pearson Product Moment Correlation Coefficient [PPMCC] and multiple regression analysis). All tests were conducted at 95% confidence level. The mean score analysis revealed that bank interest rates, collateral security, and loan repayment periods are key determinants of SMEs' access to deposit money bank credit (BIR = 3.99, CS = 4.01, BCRP = 4.77). PPMCC analysis indicated significant correlations between bank interest rates and SMEs' performance ($r = -0.263$, $r = 0.160$, $r = 0.305$, $P < .0.05$). Additionally, multiple regression analysis ($R^2 = 0.818$, $Adj R^2 = 0.813$, $P < .0.05$) showed that bank credit administration significantly influences SMEs' performance. The study concludes that bank interest rates, collateral security, and loan repayment periods are significant factors influencing SMEs' access to bank credit and are closely linked to their performance in Benue State. Additionally, the findings highlight that bank credit administration variables have a significant effect on SMEs' performance. Based on these results, it is recommended that SME operators undergo appropriate training in risk management to enhance their ability to manage operational risks, as SMEs are crucial to the economic development of the nation.

Keywords: *Bank credit administration, SMEs Performance. Bank Interest Rate, Collateral Security, Bank Credit Loan Repayment Period*

Introduction

Small and Medium Enterprises (SMEs) have been recognized as driving force for economic growth in any nation. SMEs are of necessity to a nation's industrialization process. One foremost way of promoting SMEs is by having easy access to finance. Finance is of high importance to the growth of SMEs. 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. Prior researchers have identified lack of finance as a threat to the performance of SMEs. For SMEs to perform their role in the economy, they need adequate funds in terms of short and long-term loans (Ohachosim, Onwuchekwa

and Ifeanyi, 2013). According to SMEDAN and National Bureau of Statistic collaborative Survey (2019) inadequate financing of SMEs has been recorded as the main reasons for SMEs failure in Nigeria.

More so, literature (CBN, 2005; Micah and Manzo, 2014) review that the roles of small and medium scale enterprises in the socio-economic transformation in any country cannot be undermined. These enterprises have been recognized as the driver of economic growth, agent of industrial development and promoter of poverty eradication in both the developing and advanced economies (Ayanda and Adeyemi, 2011; Micah and Manzo, 2014; Yaya, 2015; Aderemi, 2019 Aderemi 2020). The important contributions of small and medium scale enterprises to the sporadic growth of GDP in developed economies motivated the policy-makers in developing countries like Nigeria to provide an enabling environment such as technical and financial assistance toward success of Small and Medium enterprises. The availability of credit is a vital ingredient in both the starting and expanding of business ventures in which the role of financial institutions cannot be overemphasized (Abu 2012; Onyeneke and Iruo 2012; Owenvbiugie & Igbinedion 2015). In an attempt to facilitate the inflows of financial services towards the small and medium business enterprises subsector, the Nigerian government has embarked on a number of policies and programs targeting these businesses (Emmanuel and Daniya, 2012). In spite of these efforts, small scale enterprises have not experienced appreciable development in Nigeria due to the lack of attention from the Nigerian government (Akinbode & Imhonopi, 2015). Meanwhile, it has been observed over the time that one of the serious limiting factors to the development of businesses in Nigeria is lack of access to finance (Babajide, 2012; Evbuomwan, Ikpi, Okoruwa & Akinyosoye, 2013; Bakare and Babatunde (2014); World Bank, 2015). Meanwhile, achieving the sustainable development goals in developing countries like Nigeria has redirected the focus of the nation towards sustainable economic growth via the development of small and medium-sized business enterprises. In view of the above, financing small and medium enterprises has become highly imperative in Nigeria in recent times. The role of the Financial Institution in mobilizing and channeling of funds to the real sectors of the economy cannot be taken for granted. Sound financial system is recognized as a necessary and sufficient condition for rapid growth and development for every modern economy (Sanusi, 2012). In Nigeria, the banking sector is an important part of the financial system. The banking sector dominates the Nigerian financial system as it accounts for about 90% of the total assets in the system and about 65% of market capitalization of the Nigeria Stock Exchange (Soludo, 2009). Despite this, SMEs entrepreneur access to deposit money banks facilities is inadequate.

Finance has been identified as one of the major factors militating against the development of small and medium-scale enterprises in Nigeria. Financing for SMEs remains problematic because their borrowing requirements are usually small and frequently do not appeal to financial institutions in many developing countries, including Nigeria as well. In particular, SMEs face considerable difficulty in sourcing start-up finance. Given the risk involved at this stage, most deposit money banks are very reluctant to go into such ventures. For instance, it was observed that the major gap in Nigeria's industrial development process in the past years was the dearth of long-term finance for small-scale industries (SMI) in Nigeria. More so, studies (Galac, 2001; OlokBenue, 2006; OlokBenue, 2011) revealed that if banks cannot grant loans to the deficit economic units within their immediate

operational environment, the business sector will not grow, deposits will be limited, and this will hinder the ability of banks to generate income. This form points toward the relevance of deposit money bank loan facilities on SME performance. The availability of deposit money banks' credit toward effective operational activities of SMEs has not been well explored in the Nigerian context. Hence, the extent to which Nigeria deposit money banks' credit facilities can improve SME performance calls for empirical investigation and form the aim of this study

Research Questions

This study aims to address the following research questions in order to achieve its objectives:

- i. What are the determinant factors for SMEs accessibility to deposit money bank credit administration in Nigeria?
- ii. What is the relationship between deposit money bank credit administration and performance of SMEs in Nigeria?
- iii. What are the effect of deposit money bank credit administration on performance of SMEs in Nigeria?

Research Hypotheses

The hypotheses for the study were formulated in line with the research objectives and slated in null form as follows:

H₀₁: There is no significant relationship between Deposit money bank Credit Administration and performance of SMEs in Nigeria

H₀₂: Deposit money bank Credit Administration have no significant effect on performance of SMEs in Nigeria.

Literature Review and Conceptual Underpinning

Small and Medium Enterprises (SMEs)

Small and Medium Scale Enterprises (SMEs) All over the world small business enterprises are different collection of organization concerns engaged with financial exercises traversing from rural enterprises and small-scale to modern industrial association that utilizes highly technologies (Oke and Aluko, 2015). Small and Medium Enterprises have been defined in several forms by different authors. The classification of a business as SME usually follows the general criteria as recommended by United Nation (UN) and Organisation for Economic Cooperation and Development (OECD) using turnover asset base and a number of employees. The management of small and medium s enterprises takes measures concerning the use of human and non-human resources effectively and efficiently achieving the objectives and set goals in organizations.

The term Small and Medium Scale Enterprises (SME's) has no generally established definition. Kadiri (2012) noted that the criteria for classification of an enterprise as small, medium or large varies from one country to another, depending on whether it is developed or developing country. A small business for example to one country may be a large-scale business to another. Thus, SME's in Nigeria, as defined by Small and Medium Industries Equity Investment Scheme (SMIEIS), are enterprises with a total capital employed not less than ₦1.5 million, but not exceeding ₦200 million, including working capital, but excluding cost of land and/or with a staff

strength of not less than 10 and not more than 300. Esuh and Adebayo (2013) noted that they are firms or businesses arising as a result of entrepreneurial activities of individual.

According to Muriithi (2017); Xuan, Thur & Anh (2020), there is no unified definition of small and medium enterprises, and that each country and organization has a different definition based on classification criteria. However, Tewari, Skilling, Kumar, & Wu, (2013) stated that identifying small and medium-sized enterprises frequently uses the following primary criteria: employee count, annual revenue/assets/level of investment, and industry of operation (ownership).

Financial Institution Credit Lending Practices

Small and Medium Enterprises (SMEs) are critical to the development of any economy as they possess great potentials for employment generation, improvement of local technology, output diversification, development of indigenous entrepreneurship and forward integration with large-scale industries. In Nigeria, there has been gross under performance of the SMEs sub-sector and this has undermined its contribution to economic growth and development. The key issues affecting the SMEs in the country can be grouped into four namely: unfriendly business environment, poor funding, low managerial skills and lack of access to modern technology (SME Sector Report, 2019;FSS 2020).

Deposit Money Banks' Credit Lending Practice

Provision of credit is a major function that deposit money banks perform. Deposit money banks in playing their intermediation role do give their deposits mobilized out to the deficit economic unit as loan, which may be on short, medium or long-term basis. This assists them in achieving their profitability principles and other ends for which they are setup. A lot has been reviewed in terms of deposit money banks credit lending activities of various deposit money banks in Nigeria. Some opinions deliberated on the factor responsible for banks willingness to extend much credits to some sector of the economy, while some discussed effect of such extension of credits on productivity and output. Most of these earlier studies agreed on the fact that it is logical for banks to have some basic lending principles or consideration to act as a check in their credit lending activities. Since there are many studies in respect of bank's lending behavior, it is therefore imperative to highlight and consider some factor that economist and professionals alike have proposed as virtually significant in explaining the determinant's of deposit money banks' credit lending behaviour. (OlokBenue, 2006). In the process of securing loans, Nigeria banks impose the following "processing, insurance and administrative" fees on the amount requested which frightened the SMEs borrowers to benefit from the facilities. As a result, the Nigeria SMEs businesses will continue to lack funding, since the rate given to the borrowers in their various branches was not in tandem with the CBN rate as stated in section 23 of the Financial Institutions Act which was different from what most of them impose on customers. The current trend in Nigerian banking and finance sector, suggest that the days of cheap profits are now over and only banks with well-conceptualized lending and credit administration policies and procedures can survive the emerging competition. (OlokBenue, 2011). Bank credit lending decisions generally are fraught with a great deal of risks, which calls for a great deal of prudence and tact in this aspect of banking

operations. The extent to which Nigeria's deposit money bank credit lending policy can influence SMEs performance toward the effective driving of Nigeria's economy is a subject of debate among the players and calls for urgent attention.

Empirical Review

Iniodu and Udomesiet (2019) carried out a research on commercial bank efficiency and financing of small scale enterprises in the 21st century. A survey design was employed on SMEs operator in Nigeria. Their research shows that the Nigerian commercial banks are not measuring well in this aspect and it therefore, recommends the design of a supportive policy and institutional effort or frame work to enhance capital formation, product innovation, technological advancement and growth for the development of SMEs in Nigeria. Aremu and Adeyemi (2017), examined the role of small and medium-sized enterprises as a survival strategy for employment generation in Nigeria. The study observed that the SME sector is the main driving force behind job creation, poverty reduction, wealth creation, income distribution, and a reduction in income disparities in Nigeria, and that most of the government's interventions failed to create a much-needed transformation due to poor coordination and monitoring and policy inconsistencies. Mamman and Aminu (2013) examined 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 of 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. 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 growth of SMEs in the Ho Municipality.

Gaps in Literature

The review of existing literature reveals a significant gap in understanding the impact of poor lending rates and high interest rates of financial institutions on SMEs in Nigeria. While prior studies have focused on factors like cash reserve ratio, interest rates, and foreign exchange rates, there has been limited research on how deposit money banks meet the borrowing needs of small-scale enterprises. This study aims to fill this gap by exploring the effect of bank credit administration on SME performance, using credit rationing and supply-leading finance theories.

Methodology

This study employed a survey research design, utilizing primary data to investigate the impact of deposit money bank credit administration on SMEs' performance. A sample size of 363 SMEs was selected from a population of 6,131 SMEs, all of which were expected to benefit from a business support scheme offered by six purposively selected deposit money banks: Access Bank Plc, Fidelity Bank Plc, First Bank Plc, Guaranty Trust Bank Plc, Union Bank, and Zenith Bank. The sample size was determined using Krejcie and Morgan's (1970) method. A total of 360 valid questionnaires were returned for analysis. Descriptive statistics were used to identify the

determinant factors for SMEs' accessibility to bank credit, and Pearson Product Moment Correlation (PPMCC) was employed to analyze the relationship between credit administration and SME performance. Furthermore, multiple regression analysis was used to assess the effect of deposit money bank credit administration on SME performance. All statistical tests were conducted at a 95% confidence level, ensuring the robustness and reliability of the findings. This methodology provides a comprehensive and accurate assessment of the impact of credit administration on SME performance in Nigeria.

Results and Discussion

Analysis of Components of Deposit Money Bank Credit Administration

Table 1 below shows the components of deposit money bank credit administration in the study area. The result reveals that bank credit loan repayment ranked first (1st) as the components of deposit money bank credit administration, with weighted mean score (WMS) of 4.77; collateral security (CS) ranked second (2nd) with weighted mean score (WMS) of 4.01; and bank's interest rate (BIR) ranked third (3rd) as the components of deposit money bank credit administration, with weighted mean score (WMS) of 3.99. The result indicates that the components of deposit money bank credit administration had a positive impact on the small and medium enterprises (SMEs) entrepreneurs' accessibility of credit loan from their respective banks. The result implies that there is optimization in the credit optimization of various deposit money banks, in which small and medium enterprises (SMEs) entrepreneurs may experience improved access to credit, and provide them with the necessary funding to expand their operations, invest in new projects, hire more employees, and innovate.

Table 1: Components of Deposit Money Bank Credit Administration

Components of Deposit Money Bank Credit Administration	SA	A	U	D	SD	WMS	Rank
Bank's Interest Rate (BIR)	52(14.4)	252(70.0)	56(15.6)	-	-	3.99	3 rd
Collateral Security (CS)	53(14.7)	258(71.7)	49(13.6)	-	-	4.01	2 nd
Bank Credit Loan Repayment Period (BCRP)	276(76.7)	84(23.3)	-	-	-	4.77	1 st

Source: Field Survey, 2024

Descriptive analysis of Entrepreneurial perception on Bank Credit Lending Administration and SMEs Performance

Analysis in table 2 shows the deposit money bank credit lending administration and the SMEs performance in the study area. The result reveals that the perceptions that bank credit administration has no significant effect on sales revenue, SME's are given grace period before starting to repay the loans, and that the interest rate reduces the profits of SME owner/operator ranked first (1st) as the deposit money bank credit lending administration and the SMEs performance, with weighted mean score (WMS) of 4.82 respectively; the perception that the use of

bank credit facilities enhance efficient of SMEs operational activities, and that the interest rate charged on loan is too high for the SMEs owner/manager to borrow ranked fourth (4th) respectively, with weighted mean score (WMS) of 4.79; the perception that the presence of collateralizable assets in SMEs helps in business growth ranked third (6th), with weighted mean score (WMS) of 4.77.

The perception that shorter repayment period affects SMEs owner's profitability positively ranked seventh (7th), with weighted mean score (WMS) of 4.76; the perceptions that SMEs owner/manager prefer loans that have longer repayment period to short ones, and that banks usually process and give the loan within the expected period ranked eighth (8th) respectively, with weighted mean score (WMS) of 4.74; the perception that the interest rates on loans have been increasing over the years ranked tenth (10th), with weighted mean score (WMS) of 4.73; the perception that the interest rate affects borrowing decision of SMEs operator ranked eleventh (11th), with weighted mean score (WMS) of 4.27; the perception that loan repayment period is an important factor to consider when applying for a loan by the SME owner/manager ranked twelfth (12th), with weighted mean score (WMS) of 4.26.

Also, the perception that the credit terms period to SMEs is always too short ranked thirteenth (13th), with weighted mean score (WMS) of 4.11; the perception that bank interest rates are always fixed ranked fourteenth (14th) with weighted mean score (WMS) of 4.03; the perception that high interest rate increases the SME's owner's financial risk ranked fifteenth (15th), with weighted mean score (WMS) of 4.01; the perception that high interest rate increases the SME's owner's financial risk ranked sixteenth (16th), with weighted mean score (WMS) of 3.45; the perception that high interest rate increases the SME's owner's financial risk ranked seventeenth (17th), with weighted mean score (WMS) of 3.44; the perception that the SMEs operator has sufficient collateral to get credit from deposit money bank ranked eighteenth (18th), with weighted mean score (WMS) of 2.26.

Furthermore, the perception that the lenders consider most collateral to determine the amount of loan one can get ranked nineteenth (19th), with weighted mean score (WMS) of 2.24; the perception that the lenders consider most collateral to determine the amount of loan one can get ranked twentieth (20th), with weighted mean score (WMS) of 1.52; the perception that the interest rates charged by the bank can be revised over time, and that collateral required by lending institutions is favorable to SMEs ranked least, with weighted mean score (WMS) of 1.49 and 1.26 respectively, as the deposit money bank credit lending administration and the SMEs performance in the study area. The study indicates that the various deposit money bank lending administrations had effects on the small and medium enterprises entrepreneur. This implies that there is a strong relationship between how various deposit money banks administer their lending practices and the outcomes experienced by SMEs, as some lending practices are more favorable to SMEs' credit access and growth and improve their enterprise performance.

Table 2: Perception of Entrepreneurs on Bank Credit Lending Administration and SMEs Performance

Bank Credit Lending Administration and SMEs Performance	SA	A	U	D	SD	WMS
SMEs operator has sufficient collateral to get credit from deposit money bank	-	-	92(25.6)	268(74.4)	-	18 th
Collateral required by lending institutions is favourable to SMEs	-	-	-	92(25.6)	268(74.4)	22 nd
Lenders consider most collateral to determine the amount of loan one can get	-	-	87(24.2)	273(75.8)	-	19 th
Presence of collateralizable assets in SMEs helps in business growth	276(76.7)	84(23.3)	-	-	-	6 th
Low risk borrowers willing to offer a better collateral	-	159(44.2)	201(55.8)	-	-	17 th
The interest rate charged on loan is too high for the SMEs owner/manager to borrow	304(84.4)	50(13.9)	-	-	-	4 th
High interest rate increases the SME's owner's financial risk	53(14.7)	256(71.7)	49(13.6)	-	-	15 th
The interest rates on loans have been increasing over the years	264(73.3)	96(26.7)	-	-	-	10 th
The interest rates charged by the bank can be revised over time	-	-	-	175(48.6)	185(51.4)	21 st
Bank interest rates are always fixed	58(16.1)	256(71.1)	46(12.8)	-	-	14 th
The interest rate reduces the profits of SME owner/operator	296(82.2)	64(17.8)	-	-	-	1 st
The interest rate affects borrowing decision of SMEs operator	114(31.7)	230(63.9)	16(4.4)	-	-	11 th
The loan repayment period enables SMEs owner/manager to pay all pending loans in time	-	163(45.3)	197(54.7)	-	-	16 th
SMEs owner/manager prefer loans that have longer repayment period to short ones	268(74.4)	92(25.6)	-	-	-	8 th
Banks usually process and give the loan within the expected period	267(74.2)	93(25.8)	-	-	-	8 th
Shorter repayment period affects SMEs owner's profitability positively	272(75.6)	88(24.4)	-	-	-	7 th
SME's are given grace period before starting to repay the loans	294(81.7)	66(18.3)	-	-	-	1 st
Loan repayment period is an important factor to consider when applying for a loan by the SME owner/manager	109(30.3)	236(65.6)	15(4.2)	-	-	12 th
The credit terms period to SMEs is always too short	72(20.0)	256(71.1)	32(8.9)	-	-	13 th
Bank credit administration has no significant effect on sales revenue	295(81.9)	65(18.1)	-	-	-	1 st
Lack of credit accessibility significantly influence the sales revenue of SMEs	-	-	-	186(51.7)	174(48.3)	18 th
The use of bank credit facilities enhance efficient of SMEs operational activities	286(79.4)	74(20.6)	-	-	-	4 th

Source: Field Survey, 2024

Test of Hypotheses

Correlation analysis on the relationship between deposit money bank Credit administration and small and medium enterprises (SMEs) performance

Pearson Product Moment Correlation (PPMC) was used to test the relationship between selected deposit money bank credit administration components and small and medium enterprises (SMEs) performance. The results from the analysis of correlation coefficient between deposit money bank Credit administration variables and SMEs Performance presented in table 3 revealed that some of the selected components of deposit money bank credit

administration variables such as Bank Interest Rate (BIR) ($r = -0.263$; $p < 0.004$, collateral security (CS) ($r = 0.160$; $p < 0.002$), and bank credit loan repayment (BCLR) ($r = 0.305$; $p < 0.001$) are correlated to SMEs performance. As shown in table 4.5, bank interest rate (BIR) exerts negative and statistically significant on the selected SMEs performance while holding other variables constant. This implies that an increase bank loan interest reduces turnover of selected entrepreneurs. The result imply that bank of interest has a negative significant relationship with selected Small business entrepreneur in Benue state.

More so, collateral security (CS) and bank credit loan repayment (BCLR) exhibited positive significant relationship with the SMEs entrepreneur performance from selected deposit money banks. Collateral Security (CS) ($r = 0.160$; $p < 0.002$), indicates that the relationship between collateral security and SMEs entrepreneur performance is statistically significant. The result implies that small and medium enterprises (SMEs) entrepreneur that provide higher collateral security by their respective deposit money bank might have better access to funding or favorable loan terms from the deposit money banks, which could potentially enhance their financial stability and ability to invest in business operations, which in turn could lead to improved performance. Bank Credit Loan Repayment (BCLR) ($r = 0.305$; $p < 0.001$), indicates that the relationship between bank credit loan repayment and SMEs entrepreneur performance is highly statistically significant. The result implies that SMEs that have a history of consistently repaying their bank credit loans are likely to be perceived as financially responsible and reliable borrowers by deposit money banks, in which the positive credit history may lead to increased trust from banks, potentially resulting in access to larger loans, better interest rates, and more favorable terms. These benefits can contribute to improved business performance. Collectively, the deposits money bank credit administration variables such Bank interest rate (BIR), collateral security (CS) and bank credit loan repayment (BCLR) are significantly related to SMEs performance in Benue State. Thus, we reject the null hypothesis stated earlier: that there is no significant relationship between Deposit money bank Credit Administration and performance of SMEs in Nigeria.

Table 3: Correlation analysis on the relationship between components of deposit money bank credit administration and small and medium enterprises (SMEs) performance using Pearson Product Moment Correlation Analysis

Components of Deposit Money Bank Credit Administration	Correlation coefficient (R-value)	P-value	Decision	Remark
Bank Interest Rate (BIR)	-0.264	0.004	S	Reject Ho
Collateral Security (CS)	0.160	0.002	S	Reject Ho
Bank Credit Loan Repayment (BCRP)	0.344	0.000	S	Reject Ho

Source: Data Analysis, 2024

Ho: Null Hypothesis

Estimate of regression parameters on effect of deposit money bank credit administration on the small and medium enterprises (SMEs) performance in Nigeria using Multiple Regression Analysis.

Analysis presented in table 4 revealed the multiple regression result for effect of deposit money bank credit administration on the small and medium enterprises (SMEs) performance in Nigeria. From the result, the coefficient of bank interest rate (BIR), collateral security (CS), and bank credit loan repayment (BCLR) of the deposit money bank with positive sign shows positive effect between the deposit money bank credit administration and the small and medium enterprises (SMEs) performance i.e the deposit money bank credit administration has a direct effect on the small and medium enterprises (SMEs) performance. The result of the bank interest rate (BIR) indicates that an increase in bank interest rate of the deposit money banks will increase the small and medium enterprises (SMEs) entrepreneurs' performance. This implies that despite the higher borrowing costs from the deposit money banks, the small and medium enterprises (SMEs) entrepreneurs' performance improves, that is, the small and medium enterprises (SMEs) entrepreneurs are generating returns from their investments or operations that outweigh the increased borrowing expenses of their respective deposit money banks. The result of the collateral security (CS) indicates that an increase in collateral security of the deposit money banks increases the small and medium enterprises (SMEs) entrepreneurs' performance. This implies that small and medium enterprises (SMEs) with higher levels of collateral security might be perceived as less risky by banks, leading to more favorable lending terms, such as lower interest rates or higher loan amounts. The result of the bank credit loan repayment (BCLR) indicates that an increase in bank credit loan repayment of the deposit money banks will increase the small and medium enterprises (SMEs) entrepreneurs' performance. This implies that small and medium enterprises (SMEs) entrepreneurs that repay their bank credit loans effectively are more likely to have access to future financing opportunities. Banks are more inclined to lend to businesses with a proven track record of timely loan repayment, indicating a level of financial responsibility and stability. Following the result of the analysis, the null hypothesis that, Deposit money bank Credit Administration have no significant effect on performance of SMEs, Given the coefficient of determination (R^2) of 0.818 (approximately 82%) and also supported by high value of Adjusted (R^2) at 0.813 (approximately 81%), the result indicates that Independent variables incorporated into this model have been able to reveal that Deposit money bank Credit Administration have significant effect on performance of SMEs. The F-Value (6.165) and P-Value (0.000) also confirmed the significance of the model. The constant and coefficient are statistically significant, due to this result, the null hypothesis is rejected while the alternative hypothesis is accepted.

Table 4: Estimate of regression parameters on effect of deposit money bank credit administration on the small and medium enterprises (SMEs) performance in Nigeria

Model	R ²	Adjusted R ²	F-value			
1	0.818	0.813	6.165			
Explanatory variables	B	Std error	t-value	p-value	Remarks	
Constant	75.340	1.274	59.152	0.000		
BIR	1.844	0.266	6.927	0.000	S	
CS	1.815	0.263	6.927	0.003	S	
BCRP	0.629	0.209	3.006	0.000	S	

Source: Data Analysis, 2024

Conclusions and Recommendation

The study concludes that bank interest rates, collateral security, and loan repayment periods are significant factors influencing SMEs' access to bank credit and are closely linked to their performance in Benue State. Additionally, the findings highlight that bank credit administration variables have a significant effect on SMEs' performance. Based on these results, it is recommended that SME operators undergo appropriate training in risk management to enhance their ability to manage operational risks, as SMEs are crucial to the economic development of the nation.

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