

The Impact of Informal Capital Market on the Economic Development and Health of Rural Areas

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Abstract: This study investigates empirically the impact of informal capital market on the economic development and health of rural areas. The study chose Akoko North-West Local Government area of Ondo State, Nigeria as a case study. The primary data utilized for the study was collected through questionnaire administered on the study area. Random sampling technique was used. The study employed both qualitative and quantitative techniques to analyse the data collected from the survey. The qualitative techniques include the use of frequency tables and percentages. The chi-square statistic was also employed to test the formulated hypotheses of the study with the aid of Statistical Package for Social Sciences (SPSS, Version 20). The study revealed that there is a significant relationship between informal capital market and economic development health and wellbeing of rural areas. The study further posited that cooperative societies contribute meaningfully to the economic, health and well-being of an average rural dweller. The hypotheses tested showed that through facilitating access to credit, informal capital market contributes immensely to economic development and health of rural areas in general and to the economic development of Akoko North-West Local government area of Ondo state in particular. The study recommended among others that cooperative principles and by-laws be strictly followed to safeguard loans granted and to minimize loans default.

Keywords: Capital Market, Cooperative Societies, Economic Development, Health and wellbeing, Financial Liberalization.

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I. INTRODUCTION

In every modern society, the financial system plays a significant role. It serves as a channel through which funds are mobilized from surplus units to units in need of such funds for investment purposes, thereby stimulating the economic growth and development and health of the society.

Like in most developing economies of the world, the Nigerian financial market is categorized into two. On one hand is the formal capital market, which is directly under government control. The activities of the formal capital market are directly regulated by the government through regulatory authorities such as the Central Bank of Nigeria (CBN). The Formal Capital Market comprises of the organized financial institutions such as Commercial Banks, Insurance Companies and Mortgage Banks that accept deposit and savings from the customers. On the other is the informal capital market. Unlike the formal market, the operations of the informal capital market are not regulated by the government.

The informal capital market has been described in various ways by researchers in the field of finance. It has been viewed as the parallel, unstructured, unrecorded and the underground sector of the economy (Olowu et al. 1991, cited in Adeusi&Ogunmakin, 2014). The informal market is dominated by the low income earners and rural and semi-urban dwellers, who pool their resources together as a medium of informal source of finance. The informal capital market, through informal financial institutions such as rotating savings and credit associations (ROSCAs) or (Esusu), the daily contributions scheme (Ajo), the money lenders, and traders associations assists rural dwellers in providing effective savings opportunities and offering loans to its market participants (Oloyede, 2008). It is a creation of the indigenous people with the aim of making credit/loan facilities more accessible to enable them meet their socio-economic and health needs. Jones (1994) acknowledges the impact of the wider social, economic and political environment on an individual's health, and if health needs are to be identified then an effective intervention should be available to meet these needs and improve health.

A number of reasons have been identified for the proliferation of informal capital market. It has been argued that higher interest rates charged by formal financial institutions such as banks; neglect of some sectors

and lack of opportunities in formal sector are among the major reasons that pave ways for the expansion of the informal financial market and concentrate a large share of the population in the informal sector (Onyenechere, 2010; Adeusi et al. 2012). Poor access to credit facilities by rural dwellers has great impact on economic development, health and well-being (Musah&Okeya, 2013). While banks have continued to increase their lending to rich individuals and large enterprises, they fail to cater for the needs of the poor and small and medium enterprises. Bank loans are granted on collateral and this makes it difficult for the poor majority of rural dwellers to obtain credit from banks

In view of the significant role informal capital markets play in mobilizing savings and granting loans to participants, especially rural dwellers, this research paper focuses on the impact of activities of capital market on the economic development and health of rural areas, using Akoko North- West Local Government as a case study.

1.1 Research Objectives

The study has the following objectives:

- 1.1.1 To find out whether informal capital market has impact on the economic development and health of rural areas.
- 1.1.2 To find out whether informal capital market facilitate access to credit in the study area.
- 1.1.3 To proffer policy recommendations based on the findings of the study.

1.2 Research Hypotheses

In other to achieve the foregoing objectives of the study, the following hypotheses will be tested:

- 1.2.1 **H₀₁**: Informal Capital Market does not contribute to the economic development and health of rural areas
- 1.2.2 **H₀₂**: Informal capital market does not facilitate access to credit in the study area.

II. LITERATURE REVIEW

2.1 The concept of informal capital market

The concept of informal capital market has no universal definition. It has been defined in various ways by previous researchers in the field of finance. A reason for the non-existence of a universal definition of the concept is the wide spread of activities involved in the concept, which span into all economic areas.

According to Jacques (1969), an informal capital market is a group of people who voluntarily associate to pool their resources together for mutual self-help on the basis of equity. They organize and manage their capital by engaging in such economic activities that will promote the standard of living and quality of health of members. Aryeetey&Hyuha (1991) cited in Adeusi&Ogunmakin (2014) defined informal capital market as a highly heterogeneous grouping, a residual incorporating all financial transactions that take place beyond the functional scope of various countries banking and financial regulation. In the views of Adeusi, Azeez&Olanrewaju (2012), the informal capital market is a subsector of the informal sector. Challenging the definition Hart in 1973, that an informal capital market is one where income is derived from self-employment; Adeusi&Familoni (2004) argued that the conceptualization is clearly defective as there is no clear demarcation between formal and informal activity sector which is regulatory.

The informal sector itself refers to the economic activities in all sectors of the economy that are operating outside the preview of government regulation. It is categorized into three principal sub-sectors namely: productive, service and financial sub-sectors (Magbagbeola, 1996; Umoh&Ekpoh, 2012; Adeusi, Azeez&Olanrewaju, 2012). An informal market is not directly controlled by the Government and its authorities unlike the formal capital market. It is a creation of the indigenous people with the aim of making credit/loan facilities more accessible to people and a community-led approach to health improvement which is concerned with supporting communities experiencing disadvantage and poor health outcomes to identify and define what is important to them about their health and wellbeing (Labonte, 1998).

2.2 Characteristics of the informal Capital Market

The followings are some of the features of an informal capital market

- 2.2.1 It is not directly under the control of government and its authorities, although the activities of the informal capital market have pierced through government institutions and organizations (Sambe, Korna&Abanyam, 2013).
- 2.2.2 The informal capital market is not controlled directly through major monetary and fiscal policy instruments unlike the formal capital market. However, policies formulated by the monetary authorities affect them indirectly, whether favourably or unfavourably.
- 2.2.3 The market emanates from the grassroots bottom up demand of the poor for an appropriate financial service (Bouman, 1988).

- 2.2.4 The informal market complements the formal capital market, facilitating savings and making it easier for members to access credit
- 2.2.5 It is parallel, unstructured, underground, as well as an unrecorded sector of the economy (Adeusi&Ogunmakin, 2014).
- 2.2.6 Informal Capital market activities according to Olowu et al. (1991) cited by Adeusi&Ogunmakin (2014), include:
- Savings mobilization units that do little or no lending
 - Lending units that seldom engage in savings mobilization
 - Units that combine both deposit mobilization with some amount of lending to members
- 2.2.7 The operations of informal capital market are flexible and sometimes contract terms are not written. Other characteristics of the informal capital market include free entry, free exist, lending is done mainly on personal recognition. Also, deposit taking and lending are often done among kin and kinsmen with a lot of peer pressure to maintaining compliance (Iganiga and Assemot, 2008 cited by Adeusi, Azeez and Olanrewaju, 2014).

2.3 Composition of the Informal Capital Market

The informal capital market exists and is known all over Africa. It is made up of Professional Money Lenders, Part-time Money Lenders such as estate owners, traders, grain millers, small holder farmers, employers' relations and farmers. In Ghana, the Informal capital market composed of Money Lenders, Savings and Credit Association (SCAs) or SUSU groups, Savings and Credit Cooperation (SCC), SUSU collectors, mutual assistance groups, Land lords, neighbours, friends, family members, etc. Elsewhere in Ethiopia, the informal capital market consists of Mutual Assistance Associations called "Iddir" and "Iggub" (Mauri, 1992; Adeusi&Ogunmakin, 2014).

As mentioned earlier, the activities of the informal capital market in Nigeria are mostly underground, unofficial, irregular, shadowy and parallel. There exist different types of institutions in the informal capital market in Nigeria. The most predominant among these include: The "Esusu" or "Ajo" among the Yorubas, "Isusu" or "Utu" in the Igbo land, "Osusu" among the Edos, "Adashi" or "Asusu" among the Hausas, "Dashi" among the Nupes, "Etibe" among the Ibibios, and "Oku" among the Kalabaries (Ekpo&Umoh, 2011; Adeusi, Azeez &Olanrewaju (2012). Oloyede (2008) classified these institutions into five major groups namely Rotating Savings and Credit Associations (ROSCAs), Daily Contribution Scheme/Institution, Cooperative Thrift and Credit Societies, Professional Money Lending Institution (PML), and Professional Traders Association. It should be noted that the aforementioned institutions are predominant in Nigeria, however, cooperative societies and mutual credit unions are more formalized and they are registered under the Cooperative Association Act. The umbrella of the credit unions in Nigeria is the Cooperative Federation of Nigeria (CFN).

2.4 Cooperative societies

According to Abu (2005), a cooperative society is a human business organization (association) formed to meet the socio-economic and health needs of its members. Jones (2004) sees a cooperative society as a bounded group which maintains formal criteria for decision-making and membership, and whose members possess some common interest, including mutual economic and health, benefit. A cooperative society may also be seen as a society established with the object of facilitating the operation of such society (Cooperative Decree No.90 of 1993). For the purpose of this study, a cooperative society is a form of organization where persons voluntarily associate together as human beings on the basis of equity for the promotion of economic, health and well-being of themselves (Musah, and Okeya, 2013). The maintenance and promotion of health is achieved through different combination of physical, mental, and social well-being, together sometimes referred to as the "health triangle" (Nutter, 2003).

The origin of cooperative societies can be traced back to the Rochdale Society of Equitable Pioneers, which was 1844, and is believed to be the first cooperative enterprise. In Nigeria, the Cooperative Federation of Nigeria was formed in 1945 and got registered in 1967. The background of cooperatives in Nigeria can be traced to the traditional savings and loan system. Cooperatives are registered under the Cooperative Association Act, they are not regulated. They are required to be registered under the Companies and Allied Matters Act (CAMA) 1990 in order to enjoy corporate and legal status (Ekpo&Umoh, 2011).

The objectives of cooperatives vary according to the various types. However, a common objective among the various types is the socio-economic advancement of members through the discharge of functions ranging from production, procurement, processing, marketing etc. they are formed to provide some form of social security in times of need, and to amass social capital for farm help, disaster relief, illness, counseling, and moral support (Jones, 2004; Onyeiwu&Jones, 2003; Fukuyama, 1995, Putman, 1995; Jongur et al. (1997).

There is no limitation to cooperative types. However, Jones (2004) summarily categorized cooperatives into two main groups. They are Agricultural Cooperatives and Common Pool resources user groups. In Nigeria,

Marketing societies (groups) were the earliest form of cooperatives, later on, Consumer societies and Agricultural manufacturing societies emerged (Odunbanjo, 1981). Gbenediche (1981) further elaborated on the agricultural cooperatives by categorizing them as follows: Agricultural supply Cooperatives (for input distribution and machines), Group farming, Livestock, Food processing and storage, Food production, Marketing and distribution, and Credit cooperatives.

Cooperatives help in the education and health promotion of members through workshops, seminars and orientation. They encourage the habit of saving sensitizing them on the numerous benefits derivable from saving. Cooperatives make easier for members to obtain loans. They are democratic in administration and management hence, each member has equal voice in the management of the society. In addition, cooperative societies improves its members standard of living, prevents fluctuation of prices of goods and services and help in reducing unemployment. The Ottawa Charter commitment to health promotion recognises health and its maintenance as a major social-economic investment to strengthen healthy public policy, supportive environments, building healthy alliances and bridging the equity gap (World Health Organization, 1986).

2.5 Cooperative Principles and Bye-Laws

Cooperative principles are fundamental truth about cooperatives. Abu (2005) identified the following basic principles of cooperatives: Open and voluntary membership, Democratic control of business enterprise (members have equal rights – one man one vote), Political and religious neutrality (member can belong to any political or religious group of their choice but they should not influence the running of the society with their political or religious inclination), Limited return on capital and patronage rebate, Cooperation among members etc. McBride (1986) earlier summarized these principles to include: Open membership, One person, one vote; Membership education, Political and religious neutrality, No usual risk assumption, Limited return on stock, Goods sold at regular retail price, Net-Margin distributed according patronage. All these are in line with the recommendations by the International Cooperative Alliance (ICA).

Apart from cooperative principles, there are some laid down policies by government for cooperative societies. They include but not limited to the policy of voluntary and open membership, domestic members control, and the Policy of Autonomy and independence.

Cooperative societies are sponsored and supported by the Government. Government support is justifiable on the basis of the general poverty and illiteracy of the people. Among the contributions of government to cooperative societies are:

- Cooperatives are exempted from paying tax on their surplus
- They are given easy registration mode
- Government assist cooperatives by granting them loans to start capital projects
- Issuance of grants and subsidies to cooperative societies.

2.6 Informal capital market: economic development and health

A number of researchers have attempted to identify the reasons for the expansion of the informal capital market in Nigeria. Adeusi, Azeez&Olanrewaju (2012) in their study, argued that higher prices charged by banks and other formal financial institutions, neglect of some sectors is a major reason for the expansion of the informal capital market. Onyenechere (2010) further asserted that lack of opportunities in the formal capital market is a major reason for the concentration of a large section of the population in the informal sector.

Adeusi&Ogunmakin (2014) asserted that the informal capital market has been in a “black box” which can only be brought out through research. Using chi-square statistic, they find that environmental factors (Economic factors, Political factors, and Socio-cultural factors) affect the performance of informal capital market in Nigeria. On their part, Adeusi, Azeez and Olanrewaju (2012) employed the Ordinary Least Square (OLS) method of multiple regression analysis to study the effect of financial liberalization on the performance of informal capital market. They find out that there exist a negative relationship deposit (savings) mobilized by informal capital and savings rate of banks, meaning that as savings rate decreases, deposits mobilized by the market increases. Also, they find a positive relationship between savings and loans. This, they asserted, stems from the fact that members reciprocate by saving more as loan increases. Their result agrees with an earlier assertion by Aryeetey&Gockel (1990) cited by Adeusi, Azeez and Olanrewaju (2012), that people save where they think they can find credit.

Sambe, Korna&Abanyam (2013) used chi-square statistic to study the effect of informal financial institutions on the socio-economic development of Adikpo Town. They find that local bankers, Rotational Savings and Credit Association (ROSCAs) (known as “Adashi” in the area), Cooperatives, Mobile Bankers, Thrift and Money lenders exist in the area. They found that these institutions are influential in reducing poverty and improve health and well-being through their credit facilities, especially among members as compared to non-members. Also, these institutions were found to be effective providing access to credit facilities to almost all members, as revealed by the chi-square test.

Several empirical evidences also exist as to the positive effect of informal capital market on the welfare of people. They reduce poverty, increase women empowerment, improve health and well-being and in relation to WHO (2012) first global target on communicable disease reduce premature mortality from cardiovascular disease, cancer, diabetes, chronic respiratory disease, and other non-communicable diseases by 25% by 2025. It also improve savings and purchase of agricultural inputs and ensure easy access to loans with considerable lower interest rates. Loans provided by ROSCAs increase people's income and stimulate building of assets (Zamman, 1999, Ghazala, 2006).

Several studies including Feijo (2001) and Oyeyinka&Bolarinwa (2009) have identified the positive impacts of credit in the operations of rural farmers. It has also been suggested by researchers that small scale farmers have mostly been locked out of the formal financial system. This is primarily due to the lack of 'bankable' collateral, high administrative costs and perceived high risks associated with agricultural and small scale farmers (Awoke, 2004; Dadson, 2012 cited by Anigbogu, Onugu, Onyeugbo&Okoli, 2014).

Ghazala (2006) cited by Sambe, Korna&Abanyam (2013), found positive effects of informal capital market through informal financial institutions such as micro-credit programmes on the welfare of the people. The study showed that the programme reduced poverty through microfinance and thrift societies. It also increased women empowerment, improve health and well-being,, improved savings and purchase of agricultural inputs and ensured easy access to loans with considerably lower interest rates.

Making reference to Rotational savings and Credit Association (ROSCA), Zamman (1999) cited by Sambe, Korna&Abanyam (2013), found that loans provided by the ROSCA increased people's income and stimulated building of assets. It also improves the economic condition of subsistence rural farmers through easy availability of finance for adequate storage facilities to protect their farm products from seasonal price dangle. This enables the farmers to store their product until the prices are reasonable enabling farmers to reap the reward of high profits. Tsai (2004) assert that informal sector represents a major source of finance for traders and farmers which invariable ensure socio-economic development in China.

III. RESEARCH METHODOLOGY

3.1 A Brief Description of the Study Area

Akoko North-West Local Government Area was created in on 23rd September, 1991 following the creation of 89 additional local governments by the Federal Government of Nigeria. The local government is bounded in the East by Kogi state, West by Ekiti State and in the South by Akoko North-East LGA of Ondo state. The local government has it's headquarter at Arigidi.

Considerable portions of the population of Akoko North-West are peasant farmers, who significantly rely on farm produce for their livelihood (food and income). Popular cash crops in the local government area are cocoa, kola nuts, coffee, plantain, oil palm, citrus and bananas (all on small scale basis). Other food crops in the area include yam, maize, rice, and cassava. Of the mentioned food crops, cassava is the dominant, creating market opportunity for garri traders from Lagos and other neighbouring states.

Akoko North-West has five zones, namely Oke-agbe-oyin, Irun-ogbagi, Ikaram-Arigidi, Akunu-Ajowa and Igasi, Ese and Afin Zone. The local government spans across an area of about 520km. The predominant inhabitants of the Local government area are the Yorubas.

3.2 Research Design

The researcher employed a survey research approach under the Quantitative research design. Data was collected from primary source through the administration of Questionnaires to selected participants in informal market activities in Akoko North-West Local Government Area. The questionnaire administered consists of close-ended question.

3.3 Samples and Sampling Technique

The researcher adopts a random sampling technique in which every member of the population under study is given the chance of being selected for the study.

3.4 Technique of Estimation

The study employed both qualitative and quantitative techniques to analyze the data collected from the survey. The qualitative techniques include the use frequency tables and percentage. The Chi-square statistic was employed with the aid of Statistical Package for Social Science (SPSS) version 20 to test the two stated hypotheses.

Model Specification: The Chi-square formula is stated as follows:

$$X^2 = \sum \frac{(O_f - E_f)^2}{E_f} \dots\dots\dots(1)$$

Where, Θ_f = observed frequency, E_f = Expected frequency, and X^2 = chi-square statistic.

The degree of freedom is calculated as:

$$d_f = (R_n - 1)(C_n - 1) \dots\dots\dots (2)$$

Where, d_f = degree of freedom, R_n = Number of rows and C_n = Number of columns.

Decision Rule: Accept the null hypothesis (H_0), if the calculated X^2 is greater than or equal to the table value of X^2 at 0.05 (or 5%) level of significance.

IV. RESULTS AND DISCUSSION

A total number of 70 questionnaires were administered to selected members of informal financial institutions in Akoko North - West, out of which 62 were returned.

Table 1: Demographic Profile of Respondents

Gender	No. of Respondents	Percentage (%)
Male	29	47
Female	33	53
Age Distribution		
20 – 30	4	6
31 – 40	10	16
41 – 50	24	39
51 – 60	15	24
61 & above	9	15
Marital Status		
Single	7	11
Married	46	74
Divorced	3	5
Widow(er)	6	10
Educational qualification		
No formal Education	8	12
Primary	24	39
Secondary	16	26
Tertiary	14	23
Occupation		
Farmer	26	42
Teacher	11	18
Trader	18	29
Others	7	11

Field Survey, 2016

Table 1 shows that majority of the respondents are female, representing 53%, about 74% of the respondents are married, 16%, 39%, 24% and 15% fall within the ages of 31 – 40, 41 – 50, 51 – 60 and 61 & above respectively. By implication, middle aged individuals (41- 50 years) are the highest participants in the informal capital market in the study area. The table also reveals that majority of participant of informal capital market in Akoko North-West are farmers (42%), followed by traders (29%), teachers (18%) and other groups (11%). From the table, it can also be said that minimum level of education among participants of informal capital market in Akoko North-West primary school level.

Table 2: Whether respondents’ economic wellbeing have improved since they join the informal capital market

RESPONSE	FREQUENCY	PERCENTAGE (%)
YES	51	82
NO	11	18
TOTAL	62	100

Field Survey, 2016

Table 2 indicates that the economic wellbeing of majority (82%) of the respondents do improve after they join the informal capital market.

Table 3: Whether the respondent join the informal capital market to enjoy economic benefit

RESPONSE	FREQUENCY	PERCENTAGE (%)
YES	46	74

NO	16	26
TOTAL	62	100

Field Survey, 2016

From **Table 3**, it can be seen that 74% of the respondents join the informal market for economic reasons (to enjoy economic benefits).

Table 4: Whether Respondents have ever sourced for loan from bank either to expand/start a business or for health care

RESPONSE	FREQUENCY	PERCENTAGE (%)
YES	8	13
NO	54	87
TOTAL	62	100

Field Survey, 2016

Table 4 demonstrates that majority of the respondents have never obtained loan from formal banks for business purposes or health care. This is represented by 87%, against 13% who agreed that they have ever obtained loans from formal banks for business purposes.

Table 5: Whether Respondents' informal financial institution extend loans to non-members

RESPONSE	FREQUENCY	PERCENTAGE (%)
YES	19	31
NO	43	69
TOTAL	62	100

Field Survey, 2016

Table 5 above shows that most (about 69%) informal financial institutions in the informal capital market in Akoko North – West do not grant credit to non-members.

Table 6: Whether collateral security is a necessary requirement for obtaining loan

RESPONSE	FREQUENCY	PERCENTAGE (%)
YES	2	3
NO	60	97
TOTAL	62	100

Field Survey, 2016

Table 6 indicates that almost all (about 97%) informal financial institutions in the informal capital market in the study area do not base their loans on the availability of collateral security.

3.5.1 Hypotheses Testing

Hypothesis 1

The first hypothesis states that Informal Capital Market does not contribute to the economic development and health of rural areas.

Table 6: Chi-square (X^2) Tests 1

	Value	df	Asymp.sig. (2-sided)
Pearson Chi-Square	11.013 ^a	5	.051
Likelihood Ratio	10.719	5	.057
Linear-by-Linear Association	.395	1	.530
N of valid cases	372		

SPSS Version 20 Output

a: 0 cells (0%) have expected counts (frequency) less than 5. The minimum expected count is 13.67.

From table 6, it can be seen that the calculated value of $X^2 = 11.013$, with a degree of freedom of 5. The table value of X^2 at 5% level of significance and degree of freedom of 5 = 9.236. Since X^2 calculated > X^2 tabulated, the null hypothesis (H_{01}) that, Informal Capital Market does not contribute to the economic development and health of rural areas is rejected and the alternative hypothesis (H_1) is accepted.

Hypothesis 2

The second hypothesis states that Informal capital market does not facilitate access to credit in the study area.

Table 7: Chi-square Tests 2

	Value	df	Asymp.sig. (2-sided)
Pearson Chi-Square	77.446 ^a	4	.000
Likelihood Ratio	78.024	4	.000
Linear-by-Linear Association	36.842	1	.000
N of valid cases	310		

SPSS Version 20 Output

a: 0 cells (0%) have expected counts less than 5. The minimum expected count is 16.20.

The calculated X^2 from the SPSS output in **table 7** is 77.446. This is greater than the table value of X^2 at 5% level of significance and degree of freedom of 4, which is 9.488. Since $77.446 > 9.488$, the null hypothesis (H_{02}) that, Informal capital market does not facilitate access to credit in the study area is rejected. The alternative hypothesis that informal capital market facilitates access to credit in the study area is therefore accepted. The Chi-square test is significant at 5% level of significance, since $.000 < .05$.

From the results of this study, it can be said that the majority of people in Akoko North-West, who participate in the informal capital market do so for economic and health benefits and that their economic, health and wellbeing improves as a result of their participation in the market. The study also reveals that to obtain loan from the informal capital market in the study area does not necessarily require collaterals. However, membership of a particular informal financial institution gives one a better chance of obtaining credit from the financial institution compared to non-members.

The two hypotheses tested showed that through facilitating access to credit, informal capital market contributes immensely to economic development of rural areas in general and Akoko North-West in particular. This finding conforms to the findings of Zamman (1999), Ghazala (2006), Oyeyinka&Bolalarinwa (2009) and Sambe, Korna&Abanyam (2013). The result also provide empirical support to the assertions by Onyenechere (2010) and Adeusi et al. (2012), higher interest rates charged by formal financial institutions such as banks; neglect of some sectors and lack of opportunities in formal sector are among the major reasons that pave ways for the expansion of the informal financial market and concentrate a large share of the population in the informal sector.

V. CONCLUSION

From the results and discussions above, it can be concluded that informal capital market is a major contributor to economic development, and health of rural areas in general and Akoko North-West Local Government Area of Ondo in particular. The market achieves this through facilitating access to credit by rural dwellers and low income earners in urban and semi-urban areas, since they cannot obtain loans from the formal capital market due to high interest rates and lack of opportunities given to them by the market.

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APPENDIX

CROSSTABS 1

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent

QUESTION No. * RESPONDENTS' ANSWER	372	100.0%	0	0.0%	372	100%
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SPSS V.20 Output

QUESTION NO. * RESPONDENTS' ANSWER Crosstabulation

		RESPONDENTS' ANSWER		Total
		NO	YES	
QUESTION NO. 6	Count	16	46	62
	Expected count	13.7	48.3	62.0
19	Count	11	51	62
	Expected count	13.7	48.3	62.0
21	Count	12	52	62
	Expected count	13.7	48.3	62.0
22	Count	13	49	62
	Expected count	13.7	48.3	62.0
23	Count	22	40	62
	Expected count	13.7	48.3	62.0
24	Count	8	54	62
	Expected count	13.7	48.3	62.0
Total	Count	82	290	372
	Expected count	82.0	290.0	372.0

SPSS V.20 Output

CROSSTABS 2

Case Processing Summary

			Cases					
			Valid		Missing		Total	
			N	Percent	N	Percent	N	Percent
QUESTION RESPONDENTS' ANSWER	No.	*	310	100.0%	0	0.0%	372	100%

SPSS V.20 Output

QUESTION NO. * RESPONDENTS' ANSWERS Crosstabulation

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			RESPONDENTS' ANSWERS		Total
			NO	YES	
QUESTION NO. 8	Count		21	41	62
	Expected Count		45.8	16.2	62.0
10	Count		50	12	62
	Expected Count		45.8	16.2	62.0
12	Count		55	7	62
	Expected Count		45.8	16.2	62.0
15	Count		43	19	62
	Expected Count		45.8	16.2	62.0
17	Count		60	2	62
	Expected Count		45.8	16.2	62.0
Total	Count		229	81	310
	Expected Count		229.0	81.0	310.0

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