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Impact Of Credit Administration And Financial Control On Cooperative Thrift And Credit Society In Ekiti State

[1]Adegoke, T. D., [2]Onugu, C. U. & [3]Anigbogu, T. U.

[1]Ekiti state University, Ado-Ekiti
Department of Finance (Cooperative Economics and Management Unit)
[2&3] Nnamdi Azikiwe University,
Awka, Anambra State.
Department of Cooperative Economics and Management
Corresponding Author: Adegoke, T. D.
Email: adegoke.temitope@eksu.edu.ng

Abstract: *The study examined the impact of credit administration and financial control among cooperative thrift and credit society in Ekiti State, Nigeria. Specifically, the objectives are; to determine the extent to which credit worthiness influence allocation of credit from Cooperative thrift and credit societies and assess the extent to which loan recovery influence monitoring of credit from Cooperative thrift and credit societies in Ekiti State. Data used for the study were obtained using structural questionnaire administered to 307 respondents who were members of the Cooperative society in Ekiti State University, Ado-Ekiti. A probability sampling technique was employed in selecting the participating members from each of the cooperative society and data was analysed. Descriptive statistics (such as frequencies and percentage) was used to analyse the data generated from the socio-demographic variables. To achieve the stated objectives grand mean analyses was adopted to measure the effect of the variations of the independent variable (credit worthiness and loan recovery) on the dependent variable (financial control of credit thrift cooperative society). Findings reveal that credit worthiness have significant effect on allocation of credit among Cooperative thrift and Credit Societies in Ekiti State and the study also showed that loan recovery positively relate with monitoring of funds in Ekiti State. It is suggested that CTCS should be proactive on loan recovery and monitoring measurements and plans with the aim of reducing loan delinquency among the members.*

Key words: Thrift and Credit Cooperative societies, Cooperative societies, Credit Management, Financial Control

INTRODUCTION

Cooperative can be said to be one of the veritable institutions that is deeply involved in financial activities within the system of the office environments in developing countries and Nigeria inclusive. Cooperative is a business owned and controlled by the people who use its services. Cooperative society operates and finances the business or service for mutual benefits. By working together, they can reach an objective that would be unattainable if acting alone. A cooperative is an autonomous association of persons united voluntarily to meet their common economic social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise (International Cooperative Alliance (ICA), 1995). Cooperatives are voluntary organizations without gender, social, racial, political or religious discrimination. They are democratic organizations controlled by their members who actively participate in management decisions and policies (Akerele, 2010).

Cooperative Thrift and Credit Societies (CTCS) are member-based organizations that help members to address economic problems. They are not banking institutions because of their goal. The ultimate goal is to encourage thrift among the members and to meet credit needs of people who might otherwise fall prey to loan sharks and other predatory lenders (Adekunle & Hensen, 2007). The motivation behind the formation of Cooperative Thrift and Credit Society (CTCS) is to encourage thrift among their members and to pool these savings into a fund so that members can borrow from this should they need to do so. Their depositors are also their borrowers who know one another through some common bond and this pre-existing social connection helps circumvent problems of imperfect information and enforceability (Adetiloye, Taiwo, Okoye, Achugamonu, 2020). The Cooperative Thrift and Credit Society mobilize funds for use in the sectors where funds are needed and also create in the members the spirit of savings. With its simple operations, the CTCS have been known to be of assistance to members in the achievement of goals and fulfilment of dreams (Aribaba, 2013).

The Cooperatives Thrift and Credit Societies are spawned in virtually every community where interested members can be found. Otto and Ukpere (2011) alludes to the importance of the CTCS in the household capital formation process in particular and generally for the economy in addition to the significant impact on poverty reduction in the country. By combining their efforts, members gain from one another's ideas, talents, skills and energies. In this way, they are able to achieve things they could not do as well (or at all) alone in the areas of production, marketing, distribution, thrift and education (Mammud, 2019). CTCS play an important role in facilitating access to credit, procurement and storage distribution of input and, marketing of products, these create employment opportunities particularly in the rural areas and allow disadvantaged groups to be organized for social and economic benefit (Akerele & Adekunmbi, 2018).

Credit policy stands as a guide to successful credit administration, however benefits and advantages of credit policy must be weighed against the cost of administering credit to ensure that the benefits are worth the effort of administering the credit. The credit policy of an institution affects the capital adequacy, asset quality, management quality, earnings and liquidity of such institution either positively or negatively depending on how well the policies are made and implemented. Weakness in credit risk management among other factors, has been cited as the main cause for lending in informal institutions (Richard, Chijoriga, Kaijage, Peterson & Bohman, 2008; Nyawera, 2013). So, it is in the interest of the management and members of cooperative societies to fashion best credit administration such as credit worthiness, credit selection risk and loan recovery which will have a bearing on the direction the CTCS takes and its ability to survive in the industry (Nyawera 2013).

The problem of financial control which is as a result of poor credit policies reduces the lending capacity of Cooperative Thrift and Credit Society (Ndumai, 2013). In Ekiti State, there are over 15,673 registered CTCS with different credit administration, policies and characteristics which affect their performances (Ministry of Investment, Trade and Industries, 2019). These policies are different because of the different lending terms and conditions with their various products. Aside these credit policies, there are industry's standards on what a good credit administration is and what it is not (Nyawera, 2013). A Cooperative Thrift and Credit Society may be forced to adjust its credit policy in line with other informal sector in the market where a certain behaviour is practiced. In the Nigerian financial sector, for instance, while market risk is a great business concern for all institutions, credit risk is cited as a major concern by 95 per cent of the financial institutions (CBN, 2011). Challenges such as inadequate amount of capital, lack of managerial talent, bad leadership, lack of mutual training and exposure to modern management techniques, ambiguous government role in the cooperative movement, as well as the challenges of the changing world. Others include, faulty loan policy which may sometimes emphasize credit worthiness of borrowers and not viability of projects, absence of regular monitoring and supervision of loans, inefficient management of loans, inadequate trained staff also contributed to organizational and management mal-function whereby leading to inefficient management of loans given out to members, also, low level of education of members has contributed to ineffectiveness of the CTCS. All these problems have resulted in low welfare packages for members as a result of negligence on proper credit administration.

Nonetheless, CTCS have been advantageous to members especially in term of sudden loan and emergency which erodes unnecessary documentations against financial institutions as may be demanded from members/customers. The CTCS also provide a platform for members to purchase equipment, food materials and to acquire loan at no or minimal interest over a lengthy period of time. Despite these numerous benefits of the cooperative societies, many cooperators seem not to gain or reap substantially from their membership of various co-operative societies in terms of capital formation and the improvement of their welfare status which has raised question on the its credit administration policy.

Therefore, the study specifically looked to examine the extent to which credit worthiness influence allocation of credit from Cooperative thrift and credit societies and assess the extent to which loan recovery influence monitoring of credit from Cooperative thrift and credit societies in Ekiti State.

Review of Related Literature

Credit Administration

Financial and informal institutions mobilize deposits and utilize them for lending. Generally lending business is encouraged as it has the effect of funds being transferred from the system to productive purposes which results into economic growth. The borrower takes fund from bank in a form of loan and pays back the principal amount along with the interest. Sometimes in the non performance of the loan assets, the fund of the banks gets blocked and the profit margin goes down. To avoid this situation, bank should manage its overall credit process (Nwite, 2010). Financial and informal institution should deploy its credit in such a way that every sectors of economy can develop. Credit administration comprises two aspects; from one angle, it is how to distribute credit among all sectors of economy so that every sector can develop and banks/cooperative also get profit and from the other angle, how to grant credit to various sectors, individuals and businesses to avoid credit risk (Wong & Tong, 2012).

Credit administration is concerned mainly with using the bank's resource both productively and profitably to achieve a preferable economic growth (Mohammed, 2012). At the same time, it also seeks a fair distribution among the various segments of the economy so that the economic fabric grows without any hindrance as stipulated in the national objectives, in general and the banking objectives, in particular (Mohammed, 2012). Credit administration is the process to ensure that customers will pay for the products delivered or the services rendered. Many entities face liquidity and inadequate working capital problems due to slack credit standards and inappropriate credit policies. According to Pike and Neale (2009), a sound credit policy is the blueprint for how the company communicates with and treats its most valuable asset, the customers. Scheufler. P (2019) proposes that a credit

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policy creates a common set of goals for the organization and recognizes the credit and collection department as an important contributor to the organization's strategies. If the credit policy is correctly formulated, carried out and well understood at all levels of the financial institution, it allows management to maintain proper standards of the bank loans to avoid unnecessary risks and correctly assess the opportunities for business development.

Bwoma, Muturi and Mogwambo (2017) state that credit policy of any organisation may be a lenient or stringent one depending on its approach. Accordingly, lenient credit policy refers to a situation where financial institutions tend to give credit facilities to customers very liberally, that is, credits are granted even to those customers whose credit worthiness are not known or are doubtful. On the other hand, stringent credit policy is one in which financial institutions offer credit facilities to their customers who have proven credit worthiness. The banks or organisations with stringent credit policy follow tight credit standard and terms and as a result, minimise cost, risks, and chances of bad debts and problem of liquidity (Bwoma, Muturi & Mogwambo, 2017).

Each of the components of a company's credit policy is used as a tool for monitoring account receivables which is the outcome of credit sales; it covers the kind of customers that credit may be extended to when actual collections would be made (Ojeka, 2012). Ojeka (2012) further states that there is no particular universal credit policy that should be adopted by an organisation; instead, each organisation should come up with its own credit policies depending on the cash-flow circumstances, industry standards, current economic conditions, and the degree of risk involved.

Credit Worthiness

Mehta (1972) writes that in advancing loans, credit worthiness and standard must be emphasised such that the credit supplier gains an acceptable level of confidence to attain the maximum amount of credit at the lowest as possible cost. Credit worthiness can be tight or loose (Van-Horne, 2008). Tight credit standards make a firm lose a big number of customers and when credit are loose the firm gets an increased number of clients but at a risk of loss through bad debts. A loose credit policy may not necessarily mean an increase in profitability because the increased number of customers may lead to increased costs in terms of loan administration and bad debts recovery. In agreement with other scholars Van-Horne (2008) advocates for an optimum credit policy, which would help to cut through weaknesses of both tight and loose credit standards so, the firm can make profits. This is a criteria used to decide the type of client to whom loans should be extended. Kakuru (2003) notes that it is important that credit worthiness be based on the individual credit application by considering character assessment, capacity, condition, collateral and security capital.

Collateral is the property, fixed assets, chattels, pledged as security by clients. Collateral security is what customers offer as saving so that failure to honour his/her obligation the creditor can sell it to recover the loan. It is also a form of security which the client offers as a form of guarantee to acquire loans and surrender in case of failure to pay; if borrowers do not fulfill their obligations the creditor may seize their asset (Girma, 2020). According to Chan and Thakor (1987), security should be safe and easily marketable. Securities apart from land building, keep on losing value as to globalisation where new technology keeps on developing therefore lender should put more emphasis on it. Capital portends the financial strength, more so in respect of net worth and working capital.

Credit Selection

A credit selection is an arrangement whereby a firm selects the best among loan applicants for possible disbursement. It is a contractual stipulation under which a firm grants credit to customers (Wamasembe, 2002); furthermore these selections give the credit period and the credit limit. The firm should make selection more attractive to act as an incentive to clients without incurring unnecessary high levels of bad debts and increasing organisations risk. Credit selection normally stipulates the credit period, interest rate, method of calculating interest and frequency of loan installments. Kakuru (2003) explains the significance of discounts in credit terms. Discounts are offered to induce clients to pay up within the stipulated period or before the end of the credit period .This discount is normally expressed as a percentage of the loan. Discounts are meant to accelerate timely collection to cut back on the amount of doubtful debts and associated costs.

Loan Recovery

McNaughton (1996) defines a loan recovery as the procedure an institution follows to collect past due account. Loan recovery policy refers to the procedures financial and non-financial institutions use to collect due accounts. The collection process can be rather expensive in terms of both product expenditure and lost good will (Brighan, 1997). Loan recovery may include attaching mandatory savings, forcing guarantors to pay, attaching collateral assets, and courts litigation. Methods used by formal and non-formal institutions could include letters, demand letters, telephone calls, visits by the firm's officials for face to face reminders to pay and legal enforcements. Dickerson Pandey I. M (2010) assert that loan recovery is a guide that ensures prompt payment and regular collections. The rationale is that not all clients meet their obligations, some just take it for granted, others simply forget while others just do not have a culture of paying until persuaded to do so. Many financial institutions may send a letter to such individuals (borrowers) when say ten days elapse or phone calls and if payment is not received within thirty days, it may turn over the account to a collection agency. Collection procedure is required because some clients do not pay the loan in time; some are slower while others never pay. Thus, collection efforts are aim at accelerating collections from slower payers to avoid bad debts.

Financial Control

After the comprehensive design and implementation of strategies and plans, it is essential that they are systematically reviewed, evaluated and controlled. Controls are the task to ensure that strategies and plans are executed as agreed and/or adjustments are effected where it becomes necessary. Control has, therefore, become a vital function of management. Control could be seen as a 'system' as viewed by the system theorist which is likened to a system where feedback information is obtained, possible adjustment made to the system to attain its goal. Control could be a 'management function' which plan and take corrective action where necessary or a 'process' that ensures that anticipated results are achieved (Uwuigbe, Uwalomwa & Egbide, 2011; Harley & Emery, 2016). The framework for control consists of four distinct parts namely: the setting of standards, measuring performance, comparing the performance against standards and taking appropriate corrective action when and where necessary (Ajonbadi, Lawal, Badmus & Otokiti, 2014). However, some researchers have viewed control as influence exercised on the subordinates to induce compliance with organizational goals (Levine, 2012; Osadchy & Akhmetshin, 2015).

Financial control has been construed as the analysis of a firm's actual results, compared to its short, medium and long-term objectives and business plans. These analyses require adjustment processes to ensure that business plans are being adhered to and that they are also amended in the event of any anomalies, irregularities or unpredicted circumstances. The need for control as opined by Prempeh (2015) is that organizations operate in an imperfect world where strategies do not always work as planned, hence control becomes inevitable because of the dynamism in the environment and behavioral factors associated with employees' motivation. Also it therefore, becomes essential that control measures are incorporated in business strategies to accomplish planned performance. Financial control is a management tool that allows for quick identification and elimination of factors that are not conducive for efficient attainment of goals. These tools could be budgetary control, improved financial reporting, reducing administrative cost reduction and improving efficiency, eliminating or managing unnecessary business risk. (Becker, Baltzer & Urlich, 2011; McCrindell, 2015).

Credit Risk Theory

The theory of credit risk was propounded by Merton (1974) which explains a default incident obtained from the evolution of a firm's asset demonstrated by a process of distribution with persistent parameters. Merton (2018) notes that the class of models is referred to as structural models courtesy of variables connected to a particular issuer. This type of evolution is typified by an asset of models where the conditional loss on defaulting is specific. In this case, the default can happen endlessly during a corporate bond lifetime not only upon maturity (Longstaff & Schwartz, 1995).

Although credit risk has been in existence from time immemorial, it is an area that has yet to be broadly explored until the recent years. Pre 1974 literature on credit predominantly utilizes customary credit risk actuarial techniques; the challenge being reliance on past data. Three quantitative credit risk analysis tactics exist to date (Crosbie, 2013): operational techniques, reduced appraisal form and incomplete information method. There is a risk of nonpayment when a bank grants credit to its customers. Therefore, the systems, procedures, and controls established by a bank to ensure an efficient collection of loan repayments hence reducing the risk of non-payment are called credit risk management (Naceur & Goaied, 2013).

The theory informs the study on the risk of guaranteeing credit to customers by CTCS who may failed to repay if care and measures are not taken. Hence, for CTCS to reduce loan default, technical measures should be adhered to by members and borrowers of funds to minimise risk of non-payment. The theory informs the study in that the CTCS largely earn income from interest on loans borrowed by customers and from investment on customer savings. Therefore, systems on managing credit must be effective and efficient to be able to consider customer ability to repay credit facility thereby benefiting both the institution and the customer. Time and cash-flows are important factors to be considered whenever a credit facility is to be offered. This theory informs the study on the need for Cooperative thrift and credit societies to advance financial resources to its member on a low/minimum interest rate, when CTCS advances credit at lower interest rate, issues associated with default rate will not be a major concern of CTCS because the borrowers will be willing to pay back as and when due.

Empirical Review

Otaokpukpu, Ogbu and Okonkwo (2017) evaluated the effect of type and participation on cooperative financial performance in Orumba South L.G.A of Anambra State. The specific objectives are to; identify the types of cooperatives in Orumba South L.G.A., evaluate the relationship between type of cooperatives and cooperative financial performance, to estimate the relationship between member participation and cooperative financial performance. The descriptive survey design was adopted for the study. The sample size of 318 was determined using Taro Yamani formula. The simple random sampling technique was adopted in questionnaire distribution. The data collected was analysed using simple descriptive statistics such as averages, percentages and frequency counts. Pearson moment correlation was used. Findings revealed that cooperative types and participation of members are factors that contribute to the cooperative societies' financial performance. Cooperative types has positive relationship with cooperatives financial performance. Also, members' participation has negative correlation with cooperatives financial performance measured by their gross margin.

Akerele and Adekunmbi (2018) determined the effects of cooperative thrift and credit facilities on members' business output in Ogun State, Nigeria. Both primary data and secondary data were used for the study. Multi–stage random sample was used to sample 108 cooperative members. Data collected were analysed using descriptive tools, budgetary analysis, logit and multiple regression model. The results showed that startup capital, labour and credit obtained were significant to cooperative members' access to credit. The study concluded that cooperative credit societies is very productive and effective in helping members achieving their goals and also improve their standard of living.

Abdullahi (2018) discussed the potentials of cooperative societies as vehicle for funding micro and small-scale enterprises, or small businesses, it further explained the role of cooperatives in financing new venture growth and microenterprises through microfinance banks towards creating a robust framework for proper government policy intervention in the cooperative system in Nigeria. A literature approach was adopted using multiple sources of data involving a review of published reports, journal articles and relevant case studies. The study showed that cooperative societies have a significant role to play in funding and delivery of government policy interventions to micro and small-scale enterprises.

Aribaba, Ahmodu and Yusuf (2018) examined the effect of funding given to small-scale business by cooperative thrift and credit societies on employment generation in Ondo State. Primary data were employed using questionnaires while secondary data were obtained from unpublished book of accounts and old receipts of selected small-scale business entrepreneurs from selected town in Ondo State. A total of 142 small-scale businesses registered with the National Association of Small Scale Industrialists (NASSI), Ondo State chapter were selected. Data collected were analyzed using inferential statistical techniques which involved regression estimate. The results revealed that there was an increase in loan facilities percentage from cooperative societies resulted to about 30% increase in employment generation within the sector.

Ohen, Ofem and Arikpo (2018) evaluated the efficiency of cooperative thrift and credit societies on credit delivery to agricultural enterprises in Yakurr Local Government Area, Cross River State. Data were obtained using well structured questionnaire and were analyzed using descriptive statistics and queue theory. Results from the study showed that most of the cooperatives were formed in 2011 with 16-20 members at inception, which stood currently at 21-40 members. The benefits derived from the society ranges from, provision of input for production, accessibility of loan and marketing of products. The large proportion of the amount disbursed to member's ranges from 11000-31000naira. The result revealed that the sources of finance available to members was mainly from members contributions. The result further showed that cooperatives were not effective and efficient in queue management because the average idle time (-0.26) and the average traffic intensity was more than one (1.26). Also, findings showed that insufficient funds for disbursement (3.33), lack of qualified personnel (3.23), insincerity of members in credit management (3.16) and changes in government credit policies (3.16) were serious challenges that affected efficient delivery of credit by cooperative societies to agricultural enterprises in the study area,

Duguma and Han (2018) conducted a research on the effect of deposit mobilization on the financial sustainability of rural saving and credit cooperatives: evidence from Ethiopia and the results of the panel regression estimates showed that, among the deposits mobilization variables, the deposit to loan ratio, deposit to total asset ratio, the volume of deposits, and demand deposit ratio had a significant direct impact on financial sustainability.

Awofeso and Ademuson (2019) provided an understanding of the lending activities and criteria of obtaining a loan from co-operative societies in Ibadan, Nigeria as well as the social factors influencing how people access these loans. Data were gathered through the usage of unobtrusive observation by attending weekly meetings of the cooperative (comprising of 102 members), asking questions during discussion times in the meeting as well as interacting with members of the co-operative society for 18 months. Additionally, 10 key informant interviews were done. Using descriptive analysis, findings show that a strong social capital is needed and vital in obtaining loans in a co-operative society. The study concluded that cooperative societies are effective in lending business loans and supporting entrepreneurship but intending members must plan to join alongside others who can stand as guarantors for them in order to access loans easily and quickly.

Olaore and Alao (2019) examined the roles of cooperative society on the promotion of small and medium scale enterprises in Osun State, Nigeria. The purpose of the study was to investigate the operation of cooperative society, its business environment and socio-economic impact on the promotion of small enterprises. The survey was done between early December 2018 and late March 2019 while the technique of simple random sampling is used to select the sample of 30 respondents from each cooperative society making a total sample size of 90. Analysis of chi-square was employed and it was found that the promotion of cooperative societies can lead the renaissance for the revival of the national economy. Results of the study demonstrated that members who were active in participating in their own cooperatives societies activities have meaningful contributions to the share increment and SME promotion.

Jokka (2019) investigated factors influencing the profitability of saving and credit cooperatives: the case of Boloso Sore District, Wolaita Zone, southern region, Ethiopia. The findings of this study showed that, from the eleven independent variables, seven of them significantly affect the profitability of savings and credit cooperatives were age, educational status, training access, family size, loan repayment, saving habit and service delivery. From these variables , training access and service delivery system highly affect the profitability of savings and credit cooperatives.

Mishra and Mohapatra (2020) carried out an analysis on profitability and financial health of Sambalpuri Bastralaya Handloom Co-Operative Society Limited in Bargarh district and the study on SBHCSL revealed that inspite of being an apex institution and a largest cooperative society; it is still facing the burn of declining handloom market. There are number of reasons for its poor financial health, like, lack of marketing, more of credit, low sales at exhibition and retail Showroom, insufficient budget, need for more customization of products, increase in operating expenses.

Sotonye. (2020) examined the profitability of fish production by co- operative society members in Rivers State, Nigeria. The study revealed that fishery investment and revenues contribute positively to the profit of cooperative fish farmers in the state, and high cost of fishing inputs; lack of sufficient capital; poor catch; poor sales, and oil/industrial pollution are the major fish production constraints in Rivers State.

Dada and Adefulu (2021) examined the effect of cooperative credit facilities on member's business profitability in Remo division of Ogun State, Nigeria. Survey research design was adopted. The population was 1,331 registered cooperative societies in Remo, in Ogun State, Nigeria. A sample size of 387 was determined using Cochran formula. Mix sampling was adopted. A validated questionnaire was used to collect data. Cronbach's alpha reliability coefficients for the constructs ranged from 0.71 to 0.94. The response rate was 88.2%. Data were analyzed using descriptive and inferential statistics. Findings revealed that cooperative credit facilities had significant effect on member's profitability in Remo Division, Ogun State, Nigeria. The study concluded that cooperative credit facilities had significant effect on member's business profitability in Remo, Ogun State, Nigeria.

Amusat, Alasiri, Sannie, Sanyaolu, Olawore and Oyeleye (2022) examined how cooperative societies can be restructured for enhanced socio-economic benefits and entrepreneurship development. The study adopted a descriptive and survey design using a structured research instrument to elicit relevant data from 316 cooperatives in Ikeja and Lagos Island local government and its LCDAs of Lagos State. Random sampling technique was adopted for the study. Hypotheses were validated using regression analysis for SPSS v. 23, while descriptive statistics of obtained data were presented in frequency tables and percentages. Findings showed that members of cooperatives hold a strong belief that accessible link road and regular power supply will promote that aspect of business sector. Also, the much-desired sustainable development can be enhanced through friendly regulations.

Hamsatu, Mohammed and Gajibo (2023) evaluated how cooperative societies affect Maiduguri residents' financial wellbeing, with a focus on the Rice Farmers Cooperative Society according to the stated criteria, which include; ease of access to credit facility, low interest rate on loan, saving opportunity, business advice and entrepreneurial training and social activities support. Questionnaire which was structured on Likert format was distributed to three hundred and ninety five respondents who have been purposively selected from two groups within the cooperative societies in Maiduguri. Data collected from the respondents were analyze using t-test. Majority of the respondents affirm that cooperative societies have strongly assist members both directly and indirectly in acquiring assets thereby improve their wellbeing. The study concludes that cooperative societies have impacted positively on the wellbeing of the people and hence recommended that Cooperative society activities should be properly regulated by government so that it will continue to impact positively on the wellbeing of its members.

Methodology

Descriptive research design was employed in determining the impact of credit administration and financial control on cooperative thrift and credit societies in Ekiti State. Descriptive research design is a scientific method which involves observing and describing the behaviour of a subject without influencing it in any way.

The population of the study is 15, 673, comprising the total members of registered CTCS in Ekiti state. There are sixteen (16) Local Government Areas in Ekiti State, which has 2,935 cooperative societies, with a membership strength of 47,594 members in Ekiti State which served as the population of the study (Source: Ekiti State Ministry of Commerce, Industry and Cooperatives, 2021). Furthermore, based on proximity, the study considered Ado local government which has Ekiti Central Cooperative Multipurpose Ltd, EKSU ASUU Cooperative society and EKSU Senior Staff Cooperative Multipurpose Society Limited (EKSU SSCMS) as a functional and active cooperative. Nonetheless, the researcher further opted to focus attention in EKSU ASUU, EKSU SSCMS which jointly has 1328 membership cooperators, this selection is because the 2 cooperative societies are contagious. Hence, the 2 cooperative societies domicile on campus in Ekiti State University, Ado-Ekiti became the centre of attraction in this study.

The study employed probability sampling technique to select 307 members of cooperative societies in Ekiti State University Ado-Ekiti (Ekiti Central Cooperative Multipurpose Ltd, EKSU Senior Staff Cooperative Multipurpose Society Limited (EKSU SSCMS) and EKSU ASUU Cooperative society). This was ascertained via the Taro Yamane probability method which was used to select the representatives from the population. It is calculated as:

$$n = \frac{N}{1+N(e)2}$$

$$n = \frac{1328}{1+1328\,(0.05)^2}$$

$$n = \frac{1328}{1+1328\,(0.0025)}$$

$$\frac{1328}{4.32}$$

n = 307

Model Specification

In order to determine the relationship between the dependent variable of financial control of credit thrift cooperative society (allocation of credit, usage of credit and monitoring of loan) and the independent variable of credit administration (credit worthiness, credit selection and loan recovery), the study adapted Nwayera (2013) model.

Nwayera (2013) model is stated as

$$ROA = f\,(CS, CT, CE) \qquad 3.1$$

Where:

ROA = Return on asset

CS = Credit standard

CT = Credit terms and conditions

CE = Collection effort

f = functional term

Hence, with modification, the proposed model for the study is stated in line with the objectives as:
Objective I: determine the extent to which credit worthiness affect allocation of fund from Cooperative thrift and credit societies in Ekiti State

$$CA = f\,(CW) \qquad (3.2)$$

$$CA = \alpha_o + \beta_1 CW + e \qquad (3.3)$$

Where:
CA = Credit allocation

CW = Credit worthiness

Objective II: assess the extent to which loan recovery impacts monitoring of fund from Cooperative thrift and credit societies in Ekiti State

$$MC = f\,(LR) \qquad (3.4)$$

$$MC = \alpha_o + \beta_1 LR + e \qquad (3.5)$$

Where:

MC = Monitoring of credit
LR = Loan recovery

Data Presentation and Analyses

Members Perception of the Relevance of CTCS Credit Administration of credit worthiness and loan recovery on financial control (n=307)

S/N	Question Number	Mean	Remark
	Credit worthiness and allocation of credit among cooperative thrift and credit societies		
1	Members credit worthiness determines the degree of funds allocation to the recipient	3.6283	Agree
2	Credit will be allocated to a member if he/she has not been found default at any point in time	3.7690	Agree
3	Credit worthiness makes it difficult for credit thrift cooperative society to allocate funds to her members	3.2737	Agree
4	Members pass through the backdoor to access funds	2.9896	Disagree
5	Credit worthiness assist credit thrift cooperative societies in profit maximization	3.1897	Agree
	Grand Mean	**3.3697**	Agree
	Loan recovery and monitoring of credit among cooperative thrift and credit societies		
1	Loan recovery may include attaching mandatory savings, forcing guarantors to pay, attaching collateral assets, and courts litigation	3.8699	Agree
2	Loan recovery mechanism aid members to pay as and when due without necessary monitoring	2.9496	Disagree
3	Monitoring of project/business is required because some members do not pay the loan in time; some are slower while others never pay.	3.1763	Agree
4	Unavailability of credit facility for the members has caused the credit thrift cooperative society to properly monitor the usefulness of such credit	3.4093	Agree
5	Accessibility to credit facility and loan monitoring has decreased level of loan delinquency	3.4696	Agree
	Grand Mean	**3.3749**	Agree

Source: Researcher's computation using SPSS version 20, 2024

The table shows mean response of each of the respondents on each of the statement in the research tool. All the mean responses were higher than 3.0 with exception of initial capital mean (2.9896) and (2.9496) which led to the decision in the last column of the table. The analysis above indicated that CTCS credit worthiness, credit selection and loan recovery produce a grand mean of 3.3697 and 3.3749 respectively. This implies that credit worthiness and loan recovery have positive contribution toward financial control of Cooperative thrift and credit societies in Ekiti State, Nigeria.

Summary of findings

The primary aim of the study is to investigate the effect of credit administration on financial control among Cooperative thrift and credit societies in Ekiti State, Nigeria. In specific terms, the study determined the extent to which credit worthiness influence allocation of credit from Cooperative thrift and credit societies and assessed the extent to which loan recovery influence monitoring of credit from Cooperative thrift and credit societies in Ekiti State. It was revealed that credit worthiness and loan recovery have positive contribution toward financial control of Cooperative thrift and credit societies in Ekiti State, Nigeria.

The study concluded that efforts at formulating an effective credit administration and policies in the state will significantly increase financial control of Cooperative thrift and credit societies in Ekiti State.

The study recommended that effort should be made by the cooperative administrators to ensure that funds from Cooperative Thrift and Credit Societies (CTCS) are allocated to members who are credit worthy with no default records after proper scrutiny and examination and the executives of CTCS need to be proactive on loan recovery and monitoring measurements.

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