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The Impact Of Deposit Money Banks (DMBs) On The Survival Of Micro Scale Enterprises (Catering And Outdoor Services) in Nigeria

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ABSTRACT

The study focused on the impact of Deposit Money Banks (DMBs) on the survival of micro scale enterprises (outdoor catering services) in Nigeria. It would be difficult to discuss outdoor catering services without considering the pivot that assists its operations; the fulcrum of its operation is the informal sector of the economy. It is however obvious that catering is a good example of micro scale entrepreneurial business that supports the development of the nation's national growth. The economy of any nation depends on the contributions of all sectors particularly the micro scale enterprises (MSEs). The important role of MSEs in the national economy cannot be over emphasized given their enormous role in the transformation of rural economy. Primary source of data i.e. questionnaire and interview were used in the study. A simple Ordinary Least Square (OLS) method was further adopted to statistically analyze the responses of the respondents gathered through the research instrument so as to achieve a reasonable conclusion for the study. The paper concluded that the growth of MSEs does not depend significantly on the support and activities of Deposit Money banks (DMBs) in Nigeria because of the stringent lending conditions and other funding requirements by most banks. The paper recommended that there is urgent need by government to review the reform in the banking sub-sector so that DMBs can effectively fund MSEs' activities with long-term, low interest rate facilities; in order to assist the its survival both in short and long run to meet long-term plans, and to enhance national economic growth and development.

Keywords: Deposit Money Banks, Micro Scale Enterprises, Informal Sector, Banking Sub-Sector, Catering services.

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INTRODUCTION

Though, banks play a significant role in financing investment projects of the MSEs, and it benefits from this process. The numbers of financial institutions (banks) are very insignificant compared to the total /number of MSEs that need such assistance. It is however, believed that the situation is either due to lack of awareness or MSE's inability to present project proposal in the manner acceptable by the banks, and while other MSEs are not able to provide the minimum acceptable asset-based collaterals. Other reasons includes: incomplete information about the business, financial indiscipline and internal management problems etc. In view of MSEs' significance, these enterprises are being given increasing policy attention in recent years in world over Ogujiuba, et al (2013). The continuous interest and attention in this informal sector could be attributed not only to the significant role of MSEs in the economy but also to the fact that the performance of MSEs particularly in sub-Saharan Africa has been quite below average expectation. The expectation of MSEs are enormous and their impact are supposedly felt in areas such as the greater utilization of local raw materials, employment generation, encouragement of rural development through economic empowerment, development of entrepreneurial abilities and skills on the teeming and able population, provision of balance by spreading investments more evenly in all parts of

the nation, provision of avenue for self-employment and sustainability, increase in food production and reduction in import dependent goods etc. (Agene, 2006; Adeyemi, 2008).

Since early 60s, many developing countries and emerging markets have shown greater interest in the promotion and development of MSEs in the area of outdoor catering; this is because people are always organize parties to meet merry purposes. But some micro entrepreneurs are responsible for organizing the 'get -to -gether' party (Adeyemi, 2008). Though, Nigerian government at various instances has enacted laws to ease the establishment of various micro credit schemes for the development of outdoor catering services in the informal sector of the economy yet the performance often below expectation due to unavailability of funds from DMBs to finance the operations of catering entrepreneurs. More importantly, public sector funding of MSEs through the capital and bond market is not quite encouraging. Given this funding predicaments, genuine small business owners are now turning to DMBs for external funding of their business operations (Berger, 2002).

LITERATURE REVIEW

The hope of the catering entrepreneurs was kindled since the failure of erstwhile era of specialized banking where each type of bank was required to adhere strictly to its core business areas. The Deposit Money Banks participate on a level playing field in all financial transactions irrespective of their status and content of the legal licensing instruments establishing them. Over the years, the government has supported a number of programs via the establishment of institutions to promote and develop MSEs (i.e. welder, barbing saloon, caterer etc.). The programmes include the National Economic Reconstruction Fund (NERFUND), Small and Medium Enterprise Equity Investment Scheme (SMEEIS), Small and Medium Enterprise Development Agency of Nigeria (SMEDAN) etc. NERFUND is an apex credit delivery system to channel credit to MSEs through selected participation banks. NERFUND obtained equity capital and soft naira loans from the Federal Government and foreign lines of credit from the African Development Bank (ADB). SMEEIS requires all banks in the country to put aside 10% of their profit before tax into a fund for equity investment in MSEs as directed by Central Bank of Nigeria (CBN). As such, the DMBs are providing micro-financing support either through their rural and urban branches or independent subsidiaries such as the SMEEIS. It was observed that over N60 billion has been realized over few years, but 40% of these funds had been used for few projects in the country. SMEDAN was established to promote the development of MSEs with the objective of establishing a structured and efficient micro, small and medium enterprise sector that will enhance sustainable economic development in Nigeria (Adeyemi, 2008; Bashir, 2008; Ogujiuba et al, 2013).

The roles of programmes established by government to promote MSEs were limited (Adejumo & Olaoye 2012). Thus NERFUND was unable to on-lend enough funds to the participating banks to back up approved projects of MSEs. (Adeyemi, 2008; Ogujiuba, et al (2013). Under the Rural Banking Programme of the Central Bank of Nigeria (CBN), Banks were required to establish a specified number of branches in identified rural locations. A major setback to rural banking was the liquidation of many regional banks between 1993 and 2003, without recourse to its oversight functions of providing banking services to the poor (Adeyemi, 2008). Services provided by DMBs comprises of deposit taking and lending, trading of financial instruments and foreign exchange transactions, underwriting of new debt and equity issues, brokerage, investment and asset management etc. However, the wide range of financial services undertaken by DMBs showed that DMBs does not constitute the right source of short term funding of outdoor catering services. This is because these banks consider the catering services as risky ventures mostly due to the problem of fund diversion and lack of appropriate, accurate and updated records (Berger 2002; Ihyembe, 2000; Anyaoku, 2002, Christen, et al, 2010; Ogujiuba, et al (2013).

Programmes and Financial Institutions Established to promote MSEs in Nigeria

MSEs in many developing and developed countries, as well as emerging markets (Nigeria inclusive) have since shown importance in the industrialization process (Bashir, 2008). But it must be understood that many developing countries and emerging markets have been making concerted efforts to promote the development of MSEs via increased funding (Aruwa, 2007). In Nigeria, the low credit rating of outdoor catering services are attributable largely to such features as low productivity, weak capital base etc. It is obvious that for outdoor catering services to play their role effectively, a new and appropriate approach to financing them must be put in place. Bell (1990) argues that catering services always account for the majority of firms and substantial proportion of employment in both developing and developed economic because one of the three major necessities (i.e. Food, clothing and housing) food / nutrition must be met on daily basis as well as the other two.

Christen, et al, (2010) opine that catering is a good process of creating value by managing resources to exploit opportunities in the informal sector. Berger (2002) claims that catering services are subset of

MSEs, which have been identified as the means via which the rapid industrialization and other economic development goals of a country can be realized through hotel and particularly tourism; MSEs constitute the best avenue for governments at all levels to achieve their poverty alleviation programs, undoubtedly, MSEs is highly labour intensive (i.e. by this unemployment could be reduced, control and managed, if not completely eradicated).

The dynamic financing role of MSEs in emerging market (Nigeria inclusive) via various government-financing schemes with less attention to the development of MSEs in the past, the experience of the recently industrializing countries (i.e. Brazil, Russia, India, China and South-Africa -BRICS) of the world that suddenly found the MSEs as the avenue for industrial transformation and development, have aroused necessary change of attitude towards the development and support of MSEs in the informal sector. The emerging economies on the verge of increase in economic growth via industrialization include Mexico, Indonesia, Nigeria and Turkey (MINT). The Federal government has established the Nigeria Industrial Development Bank (NIDB) and the Nigeria Agricultural Development Bank (NADB, Nigeria Agricultural Development and Credit Bank (NADC), etc. to assist catering entrepreneurs and other entrepreneurs to make loans available to them at very reasonable interest rates. Because of their specialized nature, they can make loans available to entrepreneurs rejected by DMBs. An entrepreneur looking for loan must shop around for the lender that will make the loan available to him at the period that will suit his unique circumstances. Although, people and institutional evidence agree that inadequate finance is a problem inhibiting development of catering services in Nigeria. Okhiria (2015) asserts that some critical problems of outdoor caterers include poor access to credit, under- capitalization, infrastructural deficiencies, low entrepreneurial skills and poor management practices, over- bearing regulatory and operational environment etc.

It must be noted that from independence in 1960, Nigeria has based industrialization policies on the widespread use of improved raw materials to produce substitute for the imported finished goods (Onwumere, 2000). The policy focus was aimed at large- scale multinational companies (e.g. Nigerian Breweries Plc) which are preferred by the Nigerian authorities. Such policy initiative invariably undermined the establishment and growth of (MSEs) and indigenous industries without which no meaningful industrialization for economic growth will be initiated; by the mid- 1980s, the biased industrial policy focus on Large Scale Industries (LSIs) at the expense of the MSEs. Nnanna (2001) claims that this has created a sector- related gap and sustained an imbalance in industrial growth and development in Nigeria for over four decades. Obitayo (2001) asserts that the Nigerian Government, like most of her counterparts in emerging economies has not realized the importance of MSEs in economic growth and development. The government had no option but to begin to formulate strategies to empower the MSEs to enable fulfill expected roles in industrialization, economic growth and national development. There has been little or nothing to show in Small Scale Industries (SSIs) development and improvements. Industrialization in Nigeria has remained at the level it was before post-independence, i.e. Oil- boom Era of the 1970s.

The Role of MSEs in Economic Development in Nigeria

The most important role of MSEs in economic development is the establishment of an industrial foundation on which the industrial sector of any nation must be built. Without a properly developed Small Scale Industrial (SSIs) base, there can be no industrialization of any sound foundation. It is the Small-Scale Enterprises (SSEs) of today that grow gradually over time into large scale enterprises a few years later. At any point in time any nation's industrialization process, MSEs constitute as much as 75% of the industrial facility set- up and employing at least 60% of the total employment in the entire industrial environment, (Onwumere, 2000; Nnanna. 2001).

MSEs produces a greater part of the raw material, intermediate goods and partly finished goods used for manufacturing in the entire industrial sector, thereby contributing to the strengthening of industrial linkages. They help in training the large proportion of the semi- skilled and unskilled labour force for the entire industrial sector. Evidence around the world indicate that Small Scale Industries provide an effective means of stimulating indigenous entrepreneurship, enhancing greater employment opportunities per unit of capital invested, and aiding the development of local technology (Onwualah, 1999: Nnanna. 2001). Outdoor catering services that has quality of MSEs do enjoy a competitive advantage over large enterprises in servicing dispersed local markets and production of various goods with low- scale economics. Outdoor catering services enhance regional economic balance through industrial dispersal, particularly in urban areas where large industries are willing to be located for various infrastructural and market potential reasons. They moderate rural- urban migration by providing employment and productivity in the rural areas, thereby keeping the able- bodied employable youths engaged and busy. MSEs promote effective domestic resource utilization (Obitayo, 2001). MSEs

contribute to the integration of industry with other sectors of the economy through the production of intermediate products such as raw materials, spare parts and machinery. This is achieved through the promotion of competition, technology adoption and sub-contracting arrangements for supply of raw materials and spare parts to large industries (Nnanna, 2001).

Brief History of Outdoor Catering Services and its Benefits on the Nigerian Economy

The earliest major functions being catered in the United States was 1778 to honour the departure of British General, William Catering. The catering business started to grow towards 1820, in Philadelphia catered by Caesar Cranshell to celebrate in Philadelphia. Catering being a respectable and profitable business, the early catering industry was disproportionately founded by African-Americans. The industry began to professionalize under the reigns of Robert Bogle who was recognized as "the originator of catering. By 1840, a second generation of Philadelphia black caterers formed, that began to combine catering businesses with restaurants they owned. Common usage of the word "caterer" came about in the 1880s at which point local directories began listing numerous caterers. White businessmen eventually moved into the industry and by the 1930s, the black businesses had virtually disappeared. In the 1930s, the Soviet Union, creating more simple menus, began developing state public-catering establishments as part of its collectivization policies. A rationing system was implemented during World War II, and people became used to public catering. By the 1960s, home-made food was overtaken by eating in public-catering establishments (Chastein, 1987; Smith, 2006; Walker, 2009).

Outdoor Catering Services provide platform in these areas: contribution to the economy in terms of output of goods and services; creation of jobs at relatively low capital cost, especially in the fast growing service sector; develop a pool of skilled and semi-skilled workers on the basis for the expected future industrial expansion; provide opportunities for developing and adapting appropriate technological approaches to uplift entrepreneurial skills and talents etc. (Macqueen, 2004; Emeni & Okafor, 2008)

Oluremi, and Anyanwu (2000) argued that catering services are believed to be engine room for the development of the food sector because they form the bulk of business activities in a growing economy. Catering services have contributed to the growth of the food and beverage sector which has also contributed to the Nigerian Economy since several years ago. The evidence is simply that various ethnic groups in the country always involve in one party activities (i.e. birthday, marriage etc.) or the other mostly every weekend. The monetary value of this yearly could result #1.5 billion. It represents about 35 percent of the industrial sector in terms of number of enterprises and furthermore they contribute a scanty less than 1 percent of gross domestic product.

Ogujiba, Ohuche, and Adenuga, (2004) further argued that MSEs contribute almost 40 percent of the GDP in Nigeria as well as in other countries like Indonesia, Mexico etc. MSEs help to form an important part of the business landscape, but could be faced with significant challenges and obstacles that compromise their efficient ability to function significantly and to contribute to the Nigerian economy. Another significant role of MSEs in Nigeria is poverty alleviation. MSEs provide a veritable large scale employment because it is characterized as labour intensive, which further provide training grounds for entrepreneurs to be more efficient during performance.

Deposit Money Banks (DMBs) and MSEs' Financing

The establishment and operation of DMBs started in Nigeria in late 19th century. It was introduced by colonial masters to provide a safe haven for the keeping of cash and obtaining credit in case of need till today. The reform in banking sub-sector led to significant policy on DMBs to offer a broader spectrum of financial services including financial advisory, stock broking, insurance, mortgages, retail banking, merchant banking and bureau de change services. Further, the minimum share capital of Nigerian banks was raised to twenty five billion naira (N25billion) in 2005. This resulted in several mergers and acquisitions as banks struggled to meet this capital requirement, thereby reducing the number of banks operating in Nigeria to twenty five. Also, no foreign investor was allowed to acquire more than 10% of banks which had majority Nigerian shareholding.

The control rights of owner-banks are further enhanced by the fact that they can vote the shares of other agents which they hold in trust. This according to Akabueze, (2002) creates serious moral hazards problems for the financing of DMBs. Moral hazard problems are associated with the possibility of DMBs diverting funds made available to them to fund alternative projects or develop the propensity to take excessive risks due to some pervasive incentive structure in the system. Moral hazard in banking can clearly take either or both of two forms. Moral hazard problems can easily arise in the relationship between banks and the agents to whom they provide funds. In addition, it has long been recognized that the presence of deposit insurance gives rise to a moral hazard problem between banks and the providers of deposit insurance. When banks are allowed to take equity positions, and to assume some control rights, Kroszner, and Raghuran, (2007) in Medium Scale Enterprises (MSEs)' assessment of moral hazard under

commercial banking in Germany revealed that their incentives to control moral hazard problems can be substantially attenuated. Indeed, banks can share more easily in the benefits of “misallocating” funds, and they can more easily pass loss on MSEs onto the Central Banking Authority. This exacerbates problems of moral hazard along both dimensions. Moreover, by exercising their control rights, banks can force firms to “misallocate” funds even when this is beneficial neither to the firm nor to society (although clearly it is beneficial to the bank). This alteration in the allocation of funds also has adverse consequences.

The commercial banks have several ways to get involved in MSEs growth, ranging from the creation or participation in MSEs finance investment funds, to the creation of a special unit for financing MSEs within the bank. Adeyemi (2005) claims that banking sector services provided to MSEs may take various forms, such as (1) short term loans, compatible with MSEs business and income patterns (2) repeated loans, where full repayment of one loan brings access to another, and where the size of the loan depends on the client's cash flow (3) very small loans, or bank overdraft facilities are also appropriate for meeting the day to-day financial requirements of MSEs (4) factoring and invoice discounting, asset finance (including commercial mortgages), and equity finance, all being within the framework of a customer-friendly approach.

In providing all these services, Ituwe, (2005) recommended that DMBs must take into consideration that (a) outlets are located close to entrepreneurs, (b) to use extremely simple loan applications, (c) to limit the time between application and disbursement to a few days (d) as well as to develop a public image of being approachable to low-income people. These are all among the characteristics that should be available in DMBs serving the MSEs in the informal sector.

Adama (1992) argues that DMBs have several advantages over non-bank financial institutions (NBFIs) and Non- governmental organizations (NGOs) when it comes to financing MSEs as they have (a) Clear Regulations illustrating the conditions of ownership, financial disclosure, and capital adequacy that help them ensure prudent risk management (b) Physical Infrastructure, including a large network of branches, which enables them to reach a substantial number of small and medium sized clients (c) Well-Established Internal Controls, Administrative and Accounting Systems which facilitate keeping track of a large number of transactions (d) Ownership structures increasingly dominated by private sector which tends to encourage sound governance practices, seeking cost-effectiveness and profitability. This ownership structure also usually leads to sustainability in funding sources - mainly relying on deposits and equity capital - rather than depending on scarce and volatile donor resources, as NGOs do. All of these advantages give commercial banks a special edge over NBFIs and NGOs in providing financial services to MSEs. Moreover, the computerization of accounting software used by DMBs could make great headway in increasing transparency which leads to attracting private investors to the MSEs sector (Anyaoaku, 2002).

DMBs have so expanded in providing financial services to this important sector of the economy, but DMBs are not the sole actors providing finance to outdoor catering services. However, through their particular refinancing capacities, their potential to affect the volume and quality of catering services' finance goes beyond the direct granting of loans. Providing a back-up line to MSEs, for example, or to business owners in their individual quality, may indirectly loosen the knot for a number of MSEs (Oluremi & Anyanwu, 2000). DMBs are interested in entering the MSEs finance market, which has proven to be profitable by the experience of several banks. As far as direct loan support to MSEs, banks are increasing their involvement but remain discreet about it. DMBs are increasingly viewing MSEs as a business opportunity and a way to attract new customers. Banks benefit from their involvement in MSEs finance, by increasing their client base and thus diversifying into new areas of business that will eventually reflect positively on the banks' portfolio, since MSEs provide a good opportunity for the growth of banks' assets and liabilities. This gives banks a greater opportunity to grow with their customers, and thus reap long term benefits. This is in addition to the positive outlook on the banks, as they are seen to be playing a role in developing the community and the economy (Adeleke, 2008).

METHODOLOGY

In this study, both primary and secondary data were adopted. Primary data were collected from outdoor catering services owners in order to identify their perceptions about the DMBs' finance assistance towards the development direction of catering services in their vicinity via a questionnaire. Secondary data were obtained from the internet, newspapers, books, financial reports of selected outdoor catering services in Ondo state. Data collected from the questionnaire were analysed and interpreted accordingly. The questionnaire consisted of ten (10) statements drawn from the research questions under headings. Each statement had five scales ranging from strongly agree (SA) to strongly disagree (SD). Each respondent was expected to rate himself or herself. The scales and their ratings were provided on the questionnaire as indicators for appropriate respond. The questionnaire was administered to the

respondent on a one-on-one basis, and was collected after the respondents have completed and thereafter properly and carefully analyzed it. The sample was selected randomly over a period of six days, about 90 questionnaires were delivered to selected respondents. Only 70 were correctly filled and returned correctly, some of the questionnaires were completed on the spot, and other respondent's questionnaires were collected in the later days via phone calls monitoring. The collected data through the questionnaire was analysed by using the Social Packaging Statistical System (SPSS), where frequencies, percentages were calculated. The OLS was further adopted to predict the relationship between the variables under consideration via the responses of the respondents.

RESULTS

The linear regression estimated the coefficients of the linear equation that best predicted the value of the dependent variable. To validate the statistical results from linear regression analysis; it was summarily presented on table I below. The table I showed that banks and MSEs were significantly associated for the latter to survive with the assistance of the former; it further showed that banks preferred to lend to other sectors of the economy rather than the MSEs, but whenever banks lend, it would be a short term and at high interest rate. The informal sector was regarded as the mainstay of economic development at 0.01 level of significance. The intercept, 0.521 was categorically representing the estimated average value to ensure the survival of MSEs via DMBs system in Nigerian informal sector, particularly when considering the operations of both sectors at zero. Thus, it must be noted that despite the enormous benefit of catering and outdoor services), its activities were however, constrained by inadequate funding occasioned by stringent lending conditions of operated banks which was supposedly to provide the bulk of external credit needed for large scale economic development.

However, results from the table ii, iii and iv below further buttressed by the R^2 at 0.925, it implied that the survival of MSEs and perception of informal sector, could explain approximately about 93% of the variation in overall relevance of Banking Sector in the survival of MSEs. F-value of 453.1; it implied that the overall equation was relevant, consistent and significant where ($p < 0.01$) while Durbin Watson (DW) of 0.561 (which was less than 1) showing the presence of auto-correlation among the dependent and independent variables. This further emphasized huge potentials of relationship between banks and Informal sector; but banks rely mostly on asset based collateral lending policy. Banks often attributed reason for high interest rate on short-term credit to lack of basic infrastructure (energy and power) by government as shown by standard beta of 1.5; which was also followed by MSEs have opened-up the Nigerian market to global competing forces and given rise to the need for standardization of processes and systems in line with global trends, with beta of 0.061. Based on these results, it has further shown that MSEs could contribute more to equitable income distribution among individuals and regions, as well as mitigate rural-urban migration via a thorough collaboration with bank; and achieving great industrial explosion, particularly in the newly industrialized countries. Also, with a strong mean (19.2) and standard deviation (4.52), MSEs have the capacity to create opportunities for strengthening industrial linkages and provided the mechanism for stimulating indigenous entrepreneurship and enhancing great employment opportunities per unit of capital invested.

DISCUSSION

In accordance with the findings in this study, most MSEs (i.e. outdoor catering services are not exceptional) find it difficult if not impossible to access credit from banks because of outrageous demand for collateral security, high interest and comprehensive detailed of accounting of information. These have had adverse effect on working capital requirements, long-term planning, and dwindling operation. The lack of long-term, low interest rate credit facilities has compelled micro scale operators to either finance their investment projects with internal sources, or depend directly on informal external sources of finance which are highly unsustainable.

Table I: Regression Result: Coefficient

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.521	.163		.753	.712
	DMSES Development Of MSES in Nigeria	1.458	.053	.826	72.521	.000
	PIS Perception of Informal Sector	.061	.016	.691	1.243	.000
	RBS Relevance of Banking Sector	-.026	.082	-.013	-1.571	.083

a. Dependent Variable: SIBS Survival of Informal and Banking Sector in Nigeria

Table II: Regression Result: Model Summary

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.962 ^a	.925	.992	.30142	.561

a. Predictors: (Constant), RBS Relevance of Banking Sector
DMSES Development of MSES in Nigeria, PIS Perception of Banking Sector

b. Dependent Variable: SIBS Survival of Informal and Banking Sector in Nigeria

Table III: Regression Result: Anova

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1023.631	5	204.762	453.01	.000 ^a
	Residual	29.257	64	.452		
	Total	1052.888	69			

a. Predictors: (Constant), RBS Relevance of Banking Sector, DMSES Development of MSES in Nigeria, PIS Perception of Banking Sector

b. Dependent Variable: SIBS Survival of Informal and Banking Sector in Nigeria

Table IV: Regression Result: Residual Statistics

Residuals Statistics^a

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	12.5984	24.0701	19.1933	4.51971	70
Residual	-1.35772	.57383	.00000	.39840	70
Std. Predicted Value	-1.459	1.079	.000	1.000	70
Std. Residual	-3.373	1.426	.000	.990	70

a. Dependent Variable: SIBS Survival of Informal and Banking Sector in Nigeria

CONCLUSION

The paper focused on the impact of deposit money banks (DMBs) on the survival of micro scale enterprises (outdoor catering services) in Nigeria. It was affirmed that MSEs plays a significant role in the transformation of rural and urban economy through a greater utilization of raw materials, employment generation, empowerment and development of entrepreneurial abilities and increase in food production.

MSEs are increasingly becoming the engine room for development of any economy because they form the bulk of business activities in a growing economy such as Nigeria. In recognition of the strategic position and importance of MSEs in the developmental process of the nation, the federal and states governments as at various times established institutions and agencies including policies to take care of the financing needs of MSEs. However, the present research shows that these institutions have failed in their various responsibilities towards providing external funding to outdoor catering services. It was discovered that until the government of Nigeria take steps to develop MSEs sector like in the newly industrialized countries of the world (e.g Brazil, China, South Africa etc.), industrialization in Nigeria will remain a day-dream.

In Nigeria, it is particularly difficult for MSEs (catering and outdoor services) to survive with banking system because most of the DMBs provide a long term credit facilities unlike the expected short-term expectation of micro catering service owners. Also, the study discovered that if not impossible to get reliable information about informal businesses from official governmental sources, it would assist to understand the viability of informal retail in Nigeria in more depth. A central concern of developmental entrepreneurial policy is to create an economical viable enterprises, which would generate satisfactory living standards and do not require direct government subsidies. Yet, because of relatively low barriers to entry, the Nigerian informal sector attracts millions of entrepreneurs.

ABBREVIATION

- Deposit Money Banks (DMBs)
- Small Scale Industries (SSIs)
- Small and Medium Enterprise Equity Investment Scheme (SMEEIS)
- Small and Medium Enterprise Development Agency of Nigeria (SMEDAN)
- National Economic Reconstruction Fund (NERFUND)
- Non-Bank Financial Institutions (NBFIs)
- Non- Governmental Organizations (NGOs)
- Central Bank of Nigeria (CBN)
- African Development Bank (ADB)
- Micro Scale Enterprises (MSEs)
- Ordinary Least Square (OLS)
- Large Scale Industries (LSIs)
- Medium Scale Enterprises (MSEs)
- Durbin Watson (DW)
- Strongly Agree (SA)
- Strongly Disagree (SD)
- Brazil, Russia, India, China and South-Africa (BRICS)
- Financing Small And Medium Enterprises (SMEs)
- Nigeria Industrial Development Bank (NIDB)
- Nigeria Agricultural Development Bank (NADB)
- Nigeria Agricultural Development and Credit Bank (NADCB)
- Mexico, Indonesia, Nigeria and Turkey (MINT)

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