Digital financial literacy and services among agricultural produce marketers in Oyo state, Nigeria

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Abstract

Access to basic financial services has proven to improve welfare and resilience to financial shocks of the low-income earners in developing countries. A large percentage of Nigeria's adult population have been financially excluded due to low level of digital financial literacy (DFL), particularly in the agriculture sector. Hence, this study examined effect of DFL on choice of digital financial services amongst agricultural produce marketers. Primary data used for this study was obtained with the aid of a semi-structed questionnaire administered to 200 agricultural produce marketers across markets in the peri-urban and urban areas in the state. Data collected were analysed using Principal Component Analysis (PCA), Multivariate Probit and Tobit regression models.

In access to financial services, Point of Sale (POS) was the most (93.3 %) accessed, followed by Automatic Teller Machine (ATM) service (74.9 %) while the least was the online banking (19.5 %). Forty eight percent of the respondents had a low level of DFL. The findings from the Tobit regression model showed that digital financial literacy index along with years of business experience had positive and significant effects on the level of use of the chosen digital financial services amongst agricultural produce marketers in the area. The significance of the DFL index on internet banking could also be traced to the low volume of transactions (₦208,335.3 on average monthly) which could be easily carried out on the POS and ATM by the marketers.

Therefore, it was recommended that there should be a development and implementation of comprehensive DFL training programmes to enhance the level of DFL among agricultural produce marketers in the State.

Keywords: Digital financial choices, digital financial literacy, PCA, tobit regression

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