

The Challenges and Prospects of Financial Dualism in Modern Economies of West African States

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Abstract: *The study investigates the factors responsible for the survival and growth of the informal financial market in West African (WA). The objective was to identify the meaning of the term “Financial Dualism” and why it has persisted in developing economies. A descriptive and ex post facto research method was adopted. Relevant literature was collated, classified, and analyzed. The findings reveal that the banks and other financial institutions find it difficult to extend credit facilities to individuals and small and medium enterprises (SMEs). Sources of funding mostly available to SMEs and individuals in WA and other developing countries is the Informal financial market. Hence there is the prospect that financial dualism will continue to exist in the economies of the developing nations. The study recommends among others that the central banks of the various countries that make up WA should fund all the registered informal financial institutions.*

Keywords: *Financial dualism; Economic dualism; informal money market; formal money market; financial system*

1. INTRODUCTION

Finance plays a major role in the economic development of nations. Cavalcante, Crocco, Santos, and Mogiveira (2018)[6], asserted that the level of economic growth in developed nations and developing nations is depended on the level of development of their financial system. It is the recognition of the pivotal role of finance that accounted for the top priority given to the financial system in most countries of the world. It has been argued that the money market is one of the main components of the financial system. It is the market where business organizations obtain short and medium-term finances.

On the contrary, Abdezaher (2019)[2] and Sayedi (2018) [24] argued that the financial needs of corporate entities are better served by the market while the small and medium enterprises (SMEs) find it difficult to obtain loans and overdraft from the money market due to the stringent conditionality for granting credits in the market. Operators in the market are mainly commercial banks and investment banks. One of the conditions for a loan in these banks is the demand for collateral securities. Most SMEs and individuals in West Africa (WA) are unable to provide the collateral securities demanded by the banks due to the high poverty rate in the region. Consequently, SMEs and individuals are compelled to look for alternative means of funding. The most readily available option is to borrow from friends, relatives, local cooperatives (called Ensusu in local parlance), and other operators in the unorganized money market.

In a country where there are two parallel and independent financial markets operating side by side, such a system is called financial dualism. Dualism is a concept which signifies the existence of two parallel policies, approaches, or methods of executing a particular activity

in a country. It is the idea that there are two opposite parts or principles in everything. The co-existence of two or more economic systems in a country at the same time is known as economic dualism (Matsongoni and Mutambara, 2018[16]; Yuri, 2015)[25]. For example, it has been argued that the economy of most West African nations and other emerging economies are dualistic by nature. This is due to the co-existence of the rural and urban centers. While the educated and rich people live mostly in the towns and cities, the villages are mostly inhabited by poor and uneducated people in West Africa. Several studies have identified two types of dualism – economic and financial dualisms as the most popular among other forms of dualistic system.

Economic dualism is referred to as a concept which classified the economy into two sectors, the traditional and modern sectors (Effiom & Edet, 2020[11]; Barbier, 2013)[4]. “The traditional sector also known as subsistence sector consists of small – scale agriculture, handicraft, and petty trade. It is also labour intensive with small use of capital and little division of labour. On the other hand, the modern sector is capital-intensive, industry-based, and plantation agriculture which is aimed at massive production for the world market (Osugwu, 2020[23]; Yuri, 2015)[25].

According to Ebdelzaher (2019) and Ebele and Reginald (2015)[10], financial dualism means having two different money markets operating side by side in the same country. Meghana (2018) [17] opines that financial dualism means the co-existence of the organized and unorganized money market in the less developed countries (LDC). Participants in the organized money market include Central Bank of Nigeria (CBN), Nigerian Deposit Insurance Corporation (NDIC), Deposit Money Banks, Micro Finance Banks, Merchant Banks, Insurance

companies, Discount houses, business entities, individual and Bureau de change. The role of the money market is very important in any economy because it partly determines the rate of economic growth of the nation. The money market is a market for short term credits, usually between one month, three months, and one year. It is a place where industrialists, small and medium-scale entrepreneurs obtain working capital to finance inventories, bills payables, and short-term liabilities. Sayedi (2018)[24] and Ofonyelu (2011)[21], posits that the Nigerian financial system is made up of formal and informal sectors. Activities in the formal sector are regulated by government agencies while there are no regulations in the informal sector. Thus, the money market in Nigeria comprises of two parallel markets, the formal and the informal money markets. The formal money market is recognized by law. It comprises of the following:

- (1) The regulatory agencies, such as the Central Bank of Nigeria and the Federal mortgage bank.
- (2) The market participants: Deposit Money banks, Microfinance banks, Primary mortgage banks, Cooperative societies, and Credit Unions.
- (3) Laws, rules, and regulations that govern operations in the markets and the conduct of the market participants.

Similarly, activities in the informal money market are not subjected to any existing laws, neither is the market itself recognized by any law. Operations in the market are mostly dependent on the existing personal relationship between the lender and the borrower. In the case of default in repayment of a loan granted, there is no formal lay down recovery procedure. Participants in the market are: money lenders, market associations, town union associations, ensusu, and many others with different names, depending on the local environment. The general objective of this study is to identify the challenges and prospects of financial dualism in modern economies of the West African States. While the specific objective is to identify the factors responsible for the survival and growth of the informal financial sector in the West African sub-region.

The literature on financial dualism is scanty. Although some studies have been carried out on this subject matter. Most studies on the subject matter acknowledge the existence of two different financial marks – informal financial mark and formal financial market as financial dualism. They also argue that as the economy grows the formal financial mark absolves the informal financial market. Thereby leading to the natural disappearance of the informal financial market from the scheme of economic activities. In contrast, the reverse is the case in West Africa where the informal market has continued to grow and serve as a source of funding to individuals and SMEs.

To the best of the researchers' knowledge and information, none of the available literature has addressed the survival and growth of the informal money market in

the face of well- established formal money markets. This is the gap in literature, which informed this study.

It has been observed that even though there is more money in the formal money market, people still patronize the informal money market in West Africa due to the rigid legal requirements for obtaining loans in the formal markets and the demand for collateral which many rural dwellers, small and medium enterprise owners cannot afford. The term money market is narrower in scope than the financial system. In this study, however, the term money market and financial system are used interchangeably meaning the same thing.

2. REVIEW OF RELATED LITERATURE

Relevant literature was reviewed in this section under the following: Conceptual review and empirical review following the objectives of the study.

2.1. Conceptual Review

Nguyen and Canh (2020)[19], in their study, titled "Formal and informal financing decisions of small businesses" argues that there are well-defined policies in corporate literature as to which financing option to be adopted by corporate entities. On the contrary small and medium firms in developing countries are not likely to have access to bank loans due to their small nature and lack of proper documentation about their business activities. Furthermore, other sources of business finance, such as venture capital and initial public offering (IPO) are also not accessible to SMEs. They further argue that no study clearly explains the relationship between informal credit and bank credit.

Accordingly, informal finance refers to a small and unsecured amount of capital with a short repayment period sourced from relatives, friends, and money lenders. They opine that informal finance has contributed to the growth of SME in developing economies, such as India, Madagascar, China, Vietnam, Egypt, Thailand, and Nepal. The same conclusion could be made about West Africa (WA) where informal finance is the main source of funding of SMEs in the countries of Nigeria, Ghana, Serial Lone, Liberal, and the Gambia.

Thus, Abdelzaher (2019)[2], carried out: A comparative study between informal and formal financing. The author asserts that financial dualism (informal and formal finance) is found in markets that have weak financial institutions, weak regulations, with poor income levels. The writer argues that in the countries of Indian and Hyderabad, the poor who leave below \$20 a day prefer to obtain individual and business loans from informal finance – institutions.

Arguably, "informal finance is a contract or agreement being made without resorting to a legal system for the exchange of money at present or in the future". Formal finance on the other hand is considered as a "formal plan designed to improve individuals creditworthiness by providing between savings opportunities through many services and loss". Other characteristics of informal credit

are high-interest rates and lack of information symmetry. It is argued that the interest rate in the market is high when compared with the interest rate obtainable in the formal market. As a result of the high-interest rate, informal credit is not an attractive source of financing to large organizations and listed entities (Nguyen 2019)[20]. **Afangideh (2012)[1]**, in his study, classified dualism into different categories and forms. Among which are economic and financial dualism. According to him, economic dualism is the existence of two separate economic sectors operating at two different levels of development within a country. For instance, the agricultural sector and the industrial sector. While the agricultural sector uses traditional instruments (cutlass and hoe) for the cultivation of crops, the industrial sector uses modern machines for production. Consequently, growth is slow in the agricultural sector while it is fast in the industrial sector. He opines that the original idea of economic dualism is associated with Herman Boeke who presented a paper in 1954, describing the co-existence of the traditional and modern economic sector in the colonial Indonesian society. It has been observed that the majority of dual economies are mostly in developing nations. In these nations, while a sector concentrates on producing for local production, the other sector concentrate on production for export. Furthermore, a real dual economy consists of two sectors, a big rural agricultural sector, and a small urban industrial sector. Problems associated with dualism include uneven development of both sectors, the industrial sector is characterized by payment of higher wages to workers, higher productivity, higher capital requirement, and a higher rate of unemployment. On the other hand, the agricultural sector is associated with low wages, primitive methods of production, and absorption of large labour forces.

Financial dualism, having given a detailed account of economic dualism, the author proceeded on a discussion of financial dualism. He asserted that finance does not only imply the provision of credit but also includes the mobilization of savings. For credit and savings to achieve the desired goals, they have to be interconnected through a system. That system is referred to as the financial system. The system can convert savings to credit among the economic units. Also, there are legal systems and laid down procedures for recovering the savings converted to credit in case of default. The system that possesses these characteristics in a country is known or referred to as a formal financial system. On the contrary, when the conversion of savings to credit passes through an unrecognized, uncontrolled system with no legal backing, it is referred to as an informal financial system. The co-existence of both the formal and informal systems in a country is referred to as a dual financial system. He pointed out that the concept of financial dualism is a subjective one because formality and informality are relative terms, with no clear cut line of demarcation between the systems, some savings and credits flow through the formal financial system that cannot be

classified as formal or informal. This in-between group is referred to as a semi-formal financial system (SFFS). Activities of the SFFS is not regulated by any particular law, rules, and regulations that control the activities of the formal financial sector.

Issues: It is generally believed that the financial system of the low-income economies is dualistic. Secondly, it has been argued that the disadvantages and excessive regulation of the formal financial system are responsible for the thriving of the informal financial system. Another reason adduced is that the informal financial system results from the dualism of the economies of the low-income nations.

Ofonyelu (2011)[21], argued that the Nigerian financial system has continually been dualistic despite its negative effect on monetary policy implementations and hindrances to the growth of the finance industry. He classified the Nigerian financial market into formal and informal. The formal market comprises of the regulatory agencies, markets participants, laws, rules, and regulations. Even though there are many participants in the money market the deposit money banks dominate the market.

The informal market comprises of local credit institutions, unions, and associations. They are mostly patronized by petty market traders, artisans, and many others. The market is unregulated. Reasons why the informal market will continue to exist include: the close contact enjoyed by members of the group make them extend loans and other financial services to members without demanding collateral as a condition.

The interest rate in the market is very high compared to what is obtained in the formal market. The market is mostly patronized by those who leave in the rural areas and others within the urban communities who are unable to meet up the stringent loan requirements demanded by the formal sector.

2.2. Empirical Review

Effiom and Edet (2020) opine that the Nigerian Financial System was highly regulated before the introduction of the Structural Adjustment Programme (SAP) in 1986. Some of the regulations include fixed exchange and interest rate control. Another form of regulation included the selected allocation of credit to the preferential sector of the economy. The authors argued that the deregulation of the Nigerian Financial System changed the method of transaction within the system while at the same time introduced novel financial products into the market. Furthermore, the liberalization of the market gave birth to the use of modern technology. Specific instruments such as automated Teller Machine (ATM), point of sales (POS), and mobile banking among others were introduced. These innovations further widen the gap between the formal and informal markets. However, the informal has continued to thrive and exist side by side with the formal market, a sign that financial dualism will

continue to survive in the Nigerian Financial environment.

Ebele and Reginald (2015)[10] investigated the impact of the informal sector on economic growth in Nigeria. Their findings revealed that the informal financial sector has a negative effect on the gross domestic product (GDP), other variables identified to have a negative effect on the GDP includes real interest rate and degree of financial debt. On the contrarily, total savings have a positive but non-significant relationship. The writers then recommend the strengthening of the linkage between the formal and informal sectors towards the complete elimination of a dualistic financial market.

Meghana (2018)[17], posits that financial dualism means “the co-existence of organized and unorganized money market in the less developed countries. The organized money market consists of the central bank, the commercial banks, the cooperative societies, and microfinance banks. Others foreign banks, and other financial institutions like the bank for Agricultural, Cooperative, and development bank like Bank of Industry (BOI)

The author approached the subject matter from three perspectives: meaning, effects, and control of financial dualism. The writer’s discussion was based mainly on the Indian background. However, there were similarities between the organized and unorganized money markets in India and Nigeria. Some of the Characteristics common to both India and Nigeria unorganized money markets are:

- Personal touch between the money lenders and borrowers
- Informality in dealing with borrowers by the money lenders and
- Utmost secrecy in maintaining accounts and lending procedures.

Personal touch between the moneylender and the borrower refers to the private relationship existing between the two parties. For example, if both of them have been friends or members of the same town union or religious body. The private or informal relationship is what mostly determines whether the credit proposal submitted by the borrower will be accepted by the lender or not. Credit proposals in the informal market could either be in writing or oral. In most cases it is oral. Unlike the formal money market where the credit proposal must be in writing and answer provided to some laid down questions before a decision as to acceptance or rejection of the loan proposal is taken. Some of the questions are:

- (i) How much do you need?
- (ii) What is the purpose of the loan?
- (iii) When do you want to pay back the loan and what is your re-payment plan?

A potential borrower must provide satisfactory answers to the above questions and similar ones in the formal sector before a loan proposal will be accepted, but in the informal sector, the reverse is the case. Most times, loans are granted in the informal sector without documentation.

Informality in dealing with borrowers by the money lenders, there are no laid down rules and regulations for the lender to follow in case of default by the borrower. When there is a default in loan re-payment, the lender in some cases will simply add any percentage of his choice to the outstanding loan balance and impose it on the borrower and that becomes the new value of the loan. In some other cases, the lender will confiscate whatever asset the borrower deposited as collateral. In most cases, the value of such an asset usually outweighs the value of the loan

Utmost secrecy in maintaining accounts and lending procedures, transactions between the moneylender and borrower are always kept secret. It is only when there is trouble before other members of the family will get to know.

Effects: on the effects of financial dualism on the economy, he identified the following issues

- (1) Interest rate differential. Financial dualism gives rise to the existence of different rates of interest in the organized and unorganized money market. It was observed that the rate of interest in the informal money market is much higher than what is obtained in the formal market.

Others are:

- (2) Inflation and balance of payment pressures
- (3) Adverse effects of fiscal and monetary policies
- (4) Adverse effect of control
- (5) Inimical public policies and
- (6) Retards the growth of capital market control

Among the suggestions put forward to mitigate the effects of financial dualism on the economy of Least Developed Countries (LDCs) are:

- a) Integration of Organized and unorganized money market.
- b) Strengthening of cooperatives
- c) Multi-agency approach
- d) Raising the official interest rate
- e) Creation of integrated capital market

Ifionu & Ibe (2015)[14], studied financial dualism, the informal sector, and economic growth in Nigeria for the period of 33 years, 1987 – 2013. Their findings revealed that the informal financial sector impacts negatively on the gross domestic product (GDP) per capita in Nigeria. Even though so many financial transactions pass through the informal sector, the data is not included in the GDP. According to the author’s other variables that impact negatively on the economy are real interest rate, degree of financial depth among others. On the contrary, total savings has a positive but insignificant impact on the GDP. To make the financial inclusiveness of the LDCs, they recommended: the linkage between formal and informal sectors in Nigeria should be strengthened toward full elimination of dualistic market. Deposit Money banks and the monetary authority should evolve policies aimed at reaching the unbanked informal sectors, especially the rural households and the urban informal production units, they concluded.

Choudhury and Goswami (2019)[8], evaluated micro, small and medium enterprises (MSME) financing gaps from 2005 to 2016, in India and other emerging markets. They argued that MSME contribution to the economic development of developing economies is significant. Especially in the areas of employment and entrepreneurship. The study revealed finance as a major barrier to the growth of small enterprises. Finance is considered an issue because banks and well established financial institutions find it difficult to extend credit facilities to these set of business. Hence the major source of finance available to individuals and MSMEs in developing countries like the West Africa region is informal finance.

3. METHODOLOGY

A descriptive and ex post facto research method was adopted in this study. Various literature on financial and economic dualism were collated, classified, and analyzed in line with the objective of the study. Opinions of the various authors were carefully noted. The above was complimented with personal observations and experience of the researchers in the management of informal financial institutions. The data for the bar and line chart were partly compiled from the Central Bank of Nigeria Statistical bulletin and the records of the informal financial markets. The data were considered adequate and suitable because the Central Bank of Nigeria is the regulatory agency in charge of financial institutions in Nigeria. All the financial institutions operating in the money market submit a quarterly report of their operation to the CBN.

4. DISCUSSION

Types of Dualism

The different types of dualism are:

- (i) Traditional and modern
- (ii) International
- (iii) Rural and urban migration
- (iv) Formal and informal
- (v) Economic and
- (vi) Financial

Traditional and modern form of dualism is the oldest type of dualism. It is also referred to as economic dualism. Under this system is assumed that there are only two sectors in the economy. The traditional agricultural society is labour intensive and the modern industrial society which is capital intensive. The proponent of this school of thought Authur Lewis in 1954, argued that the net agricultural sector in the least developed countries has surplus labour which it releases to the modern industrial sector as society grows. Economic dualism belongs to the field of developmental economics as an academic discipline.

Rural and urban migration is a form of dualism that used geographical location in classifying the economy as either rural or urban. A rural economy is associated with low

income, subsistence means of production and large population, on the contrary, the urban center is associated with low population density, use of machines and other modern equipment as a method of production as well as higher wages. Those in urban or cities are better paid than those in the rural areas within the same country.

International dualism: Singer (1970), defined international dualism as the existence and persistence of increasing divergence between the rich and poor countries and rich and poor people on various levels. For the purpose of this study, international dualism is when we compare two States or countries with similar features across intercontinental boundaries. For example, Texas an oil-producing State in the USA and Delta an oil-producing State in Nigeria. It also includes the standard of living of the individual in the USA and Nigeria.

Formal and informal, also known as financial dualism refer to a system where the financial institutions in a country and their operation are classified either as formal or informal. Informal institutions are the oldest form of financial institution. It could be argued that formal institutions evolved from informal institutions. In the developed nations as the formal institutions grow, they absorb the informal institutions. This is not the case in the developing nations, Nigeria inclusive. Generally, formal and informal dualism is called financial dualism in modern times; under this system, there are two different parallel money markets existing in the same country with a different mode of operation and characteristics. The market is grouped into formal and informal money market. The formal money market is made up of the central banks, credit unions and cooperative societies. Others are laws, rules and regulations that govern operation in the market. Among the market participants, the deposit money banks dominate the market.

The informal money market is very close to people in rural areas and some urban dwellers. It could be described as a grassroots market because of its popularity among the small and medium-income earners. Operations in the market are not subjected to the laws of the land, but dependent on the relationship between the lender and the borrowers.

4.1. Challenges Of Financial Dualism

Several issues have been attributed to financial dualism. The major ones are:

- (a) Interest rate, a dual financial system has two interest lending rates, one obtainable in the formal financial market and the other one in the informal financial market. Interest in the informal market is arbitrarily and always higher than what is obtainable in the formal market. There are many interest lending rates in the market, depending on who is granting the loan. The interest lending rates for both markets from 1981 to 2020 is represented in the diagrams below:

Bar Chart of Weighted Average Interest lending Rate
(Percentage) of Informal and Formal Financial Sector:
1981-2020

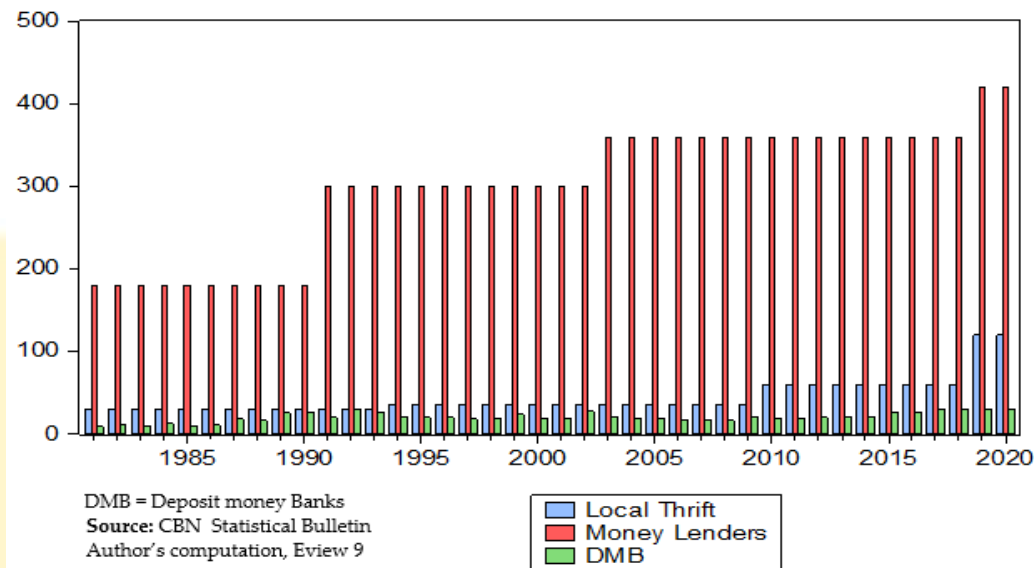


Figure 1

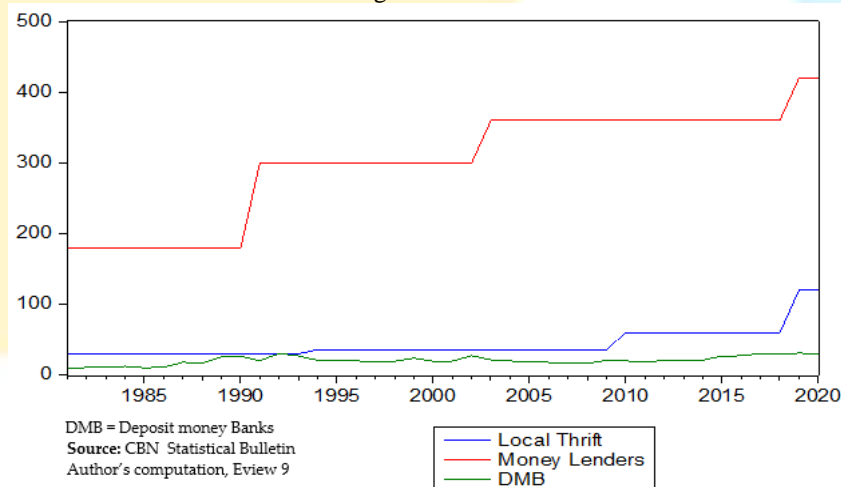


Figure 2: Line Graph of Weighted Average Interest lending Rate (Percentage) of Informal and Formal Financial Sector: 1981-2020

From the above diagrams, the interest lending rate by Deposit Money Bank (DMB) grew steadily from 8.88 percent in 1981 to 11.25 percent in 1986. During this period the interest was low and grew at a minimum rate because the interest rate was regulated. By 1986 the federal government through the regulatory agencies deregulated the financial market. With deregulation, it means the interest rate is no longer controlled but subject to the forces of demand and supply. Hence in 1987, the interest rate jumped to 18.35 percent and by 1992 it was 30.50 percent.

(b) Credit bottleneck, it is very difficult to get credit facilities in the formal sector due to the stringent conditionality. The demand for collateral and other difficult requirements by the banks, which most people are unable to provide, make the credit facilities of the formal markets an elastic exercise. As a result, most people prefer the informal market, even though the market interest rate is higher when compared to the formal market rate in least developed countries.

(c) Loan repayment, rate of default in loan repayment is high in formal financial sector while it is low in the informal financial sector. This is due to the perception of the borrowers who think that loans granted by the banks are part of the national cake and as such do not need to be paid back. In the informal financial sector, both the lender and borrowers know themselves up to the family level. Any attempt not to repay the loan granted the borrower, the lenders will take every step they deem fit to recover their money, including reporting to the community.

(d) Monetary policies: the low-interest lending rate has attracted more flow of funds and borrowers to the formal financial sector. Also, government directives to financial institutions to grant loan at a preferential interest rate to the preferred sector (for developmental purpose) has made more funds available to the modern industrial sector at the expense of the traditional agricultural sector. These monetary policies has created excess demand for the loan in the formal financial sector while at the same

time discouraging the flow of capital funds from abroad and local savings within the country.

(e) Foreign exchange control: The regulation of foreign exchange allocation in the African, Asian and Latin American countries has been in favour of the modern industrial sector. The formal sector is usually allocated a major portion of the available foreign exchange. Consequently, the informal sector has been denied access to cheap funds and scarce foreign exchange to import needed equipment and inventories for the transformation and economic development of these nations.

(f) Stagnation of the capital market: A combination of the existence of two money markets and the above other stated points lead to the weakening of the domestic capital market. So much money that could have been channeled for the development of the capital market is outside the formal money market which is not controlled by the government. The money in the informal money market, which is outside government control has been used to smuggle goods into the country while part of the funds has been transferred outside the country illegally. All these practices have in one way or the other affected the growth of the capital market.

(g) Uneven economic development: Financial dualism leads to uneven development in the sectors. While the formal sector in the developing countries attracts the flow of funds from abroad and within the country while growing at a fast rate, the informal sector has remained underdeveloped.

4.2. Survival And Success Of The Informal Financial Market

The following factors have been identified to the survival, success, and growth of the informal financial market in the face of stiff competition from the well-established and better organized formal market:

1. Personal touch between the money Lenders and the Borrowers.
2. Satisfying the specific financial needs of its members.
3. The close contact enjoyed by the participants in the group.
4. Absence of Credit bottleneck (i.e the difficulty to get credit facilities in the formal financial sector).
5. Utmost secrecy in maintaining accounts and lending procedures.
6. The high poverty rate excluded those in the villages and the urban poor from the banking populace.
7. Poor wages paid to workers in West Africa discourages savings.

4.3. Prospects Of Financial Dualism

It has been observed that financial dualism is the existence of a formal financial market and informal financial market side by side in a country. Given that all the countries in the WA region practice financial dualism due to the inability of the formal financial market to meet individual and small and medium enterprises' financial

requirements, shows that there is a huge market for the informal financial system. Similarly, the prospects of the informal market existing alongside the formal market are high. As at present, there are no plans put in place for the formal financial market to absorb the informal financial market. As long as the informal financial market continues to meet the financial needs of individuals and small business organizations, there will be a financial dualism in the WA region.

5. CONCLUSION

A system that has two parallel opposite parts or principles in a country is known as dualism. The most popular types of dualism are economic and financial dualism among others. Most West African countries and emerging economies have a dual financial system, known as the formal and informal financial market. Unlike the developed nations where the formal financial system absorbs the informal financial system, that of the developing nations has remained parallel. Some of the reasons why the unorganized market has existed side by side with the organized market are due to the following: credit bottleneck in the organized market, close contact enjoyed by participants in the unorganized market and personal touch between the lender and borrower in the unorganized market. Some of the issues identified with financial dualism are interest rate differential, credit bottle-neck and foreign exchange control. While the formal financial sector in the least developed countries has experience innovations and rapid growth, the informal financial sector lacks innovations with a slow growth rate. Despite the growth in the organized financial sector, the unorganized financial sector has remained resilient. Based on the discussion on the subject matter, we conclude that the objectives of the study have been achieved.

6. RECOMMENDATIONS

The findings of this study revealed that the informal market serves the unbanked public hence it is not possible to eliminate. The following recommendations are aimed at aligning the formal financial and informal financial markets.

- (i) All existing unorganized financial markets should be encouraged to register with their State's Ministry of Finance.
- (ii) Central Bank of the various countries in WA should fund all the registered informal financial markets directly. This will bring about regulation and control in the market.

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