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Effect of Financial Intermediation on the Output of Members of Multipurpose Cooperative Societies in Anambra State, Nigeria

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Abstract: This study explores the effect of financial intermediation on the output of members of multipurpose cooperative societies in Anambra State, focusing on a membership base of 6,986. Employing a multi-stage sampling technique, a manageable population of 861 was targeted, from which a sample of 287 members was determined using the Taro Yamane formula. The independent variables included availability of credit, savings mobilized, cost of credit, amount of credit borrowed, credit repayment period, financial literacy, and loan repayment performance, while the dependent variable was defined as the output of cooperative members. Theoretical grounding for this study is anchored in the financial intermediation theory, primarily articulated by Gurley and Shaw (1960). The theory posits that financial intermediaries, such as cooperative societies, play a pivotal role in the economy by channeling funds from savers to borrowers. Demographic profiles were analyzed using simple percentages, while descriptive statistics for objectives employed mean and standard deviation, leading to insights into the performance of financial intermediation. Hypotheses were tested using an econometric regression model, revealing a significant positive correlation between the identified independent variables and the output of cooperative members. Preliminary findings indicated that increased access to credit, improved financial literacy, and favourable loan repayment conditions substantially enhance members' productivity. The study concludes that effective financial intermediation is crucial for improving the economic performance of cooperative members in Anambra State. Recommendations include enhancing financial literacy programs, ensuring favourable credit conditions, and improving access to savings and credit facilities. The implications of this study highlight the need for robust financial services to stimulate cooperative activities, fostering economic growth and development in the region.

Key words: Financial Intermediation, Output, Cost of Credit, Amount of Credit Borrowed, Credit Repayment Period, Financial Literacy, Loan Repayment Performance.

1. INTRODUCTION

The role of cooperative societies in driving economic development, particularly in low-income regions, has garnered substantial academic and policy attention. Cooperative societies, defined as autonomous associations of persons who come together voluntarily to meet common economic, social, and cultural needs through a jointly-owned enterprise, have been instrumental in empowering marginalized communities, fostering economic resilience, and promoting self-reliance (Burgess et al., 2017). These entities have increasingly been recognized as vehicles for economic transformation, particularly in developing regions where formal financial services remain out of reach for many individuals. The potential of cooperative societies to mobilize members' resources and create synergistic benefits becomes significant, particularly in countries like Nigeria, where cooperatives contribute significantly to rural development and poverty alleviation (Ogunleye & Ojo, 2019). Against this backdrop, financial intermediation plays a critical role in enhancing the operational capacities of cooperative societies. Financial intermediation involves processes through which financial institutions facilitate the movement of funds from savers to borrowers, and it forms the backbone of sustainable economic growth. The functioning of cooperative societies is contingent upon effective financial management, including the provision of credit, savings mobilization, and investment strategies (Ferguson & et al., 2018). Researchers have increasingly acknowledged the need for cooperatives to engage in sound financial practices to enhance their effectiveness and sustainability (Munyanyi et al., 2019). As such, understanding how financial intermediation influences cooperative societies' productivity remains paramount to developing strategies that enhance the viability of these organizations in various socio-economic contexts.

A core aspect of financial intermediation in cooperative societies is the availability and accessibility of credit. The importance of credit in fueling cooperative activities cannot be overstated, as it enables members to invest in income-generating activities and meet working capital needs - conditions necessary for enhancing cooperative productivity (Nkamnebe & Ibekwe, 2018). Furthermore, affordability and terms related to credit access significantly shape cooperative members' willingness to borrow and invest. A growing body of literature suggests that enhancing access to affordable credit can lead to improved member participation and output in cooperative societies (Ukaegbu et al., 2022). Nonetheless, the high cost of borrowing remains a substantial hindrance in many developing contexts, leading to heightened interest in examining the interconnections between credit availability, cost, and cooperative productivity. Another critical dimension of financial intermediation is financial literacy - an area that has gained prominence in recent years. Financial literacy encompasses the ability of individuals to understand and effectively use various financial skills, including budgeting, investing, and borrowing (Atkinson & Messy, 2017). In the context of cooperative societies, members with greater financial literacy are more likely to leverage available financial services effectively, which impacts their productivity outcomes (Beck & Rahman, 2019). The synergy between financial literacy and cooperative productivity highlights the necessity of integrating financial education into cooperative training programs, which can better equip members to navigate complex financial landscapes and make informed decisions regarding credit usage and investment opportunities.

Notably, the impact of loan repayment performance on the sustainability of cooperative societies has also been emphasized in recent studies. High repayment rates serve not only to demonstrate members' commitment but also to ensure the financial health of the cooperative itself, which in turn fosters an environment conducive to lending and growth (Cohen, 2020). Researchers have pointed out that effective repayment strategies and recognizing members' repayment capacities contribute significantly to the overall stability of the cooperative financing model (Schmidt et al., 2019). Emphasizing timely repayments can enhance the liquidity of cooperatives, allowing for the reinvestment of funds into new projects or the servicing of existing loans, ultimately boosting the performance of the cooperative sector. The growing recognition of the multifaceted relationship between financial intermediation and cooperative productivity underscores the necessity for targeted research in this field, especially in developing economies. Given the unique challenges faced by cooperative societies in Nigeria, such as inadequate financing, lack of skilled management, and limited market access, a thorough understanding of these dynamics is essential for informing policy and program initiatives that aim to bolster cooperative performance (Mduma, 2021). Policy frameworks that emphasize improved credit access, enhanced financial literacy, and favorable economic conditions can catalyze the productive capacities of cooperative societies, thus promoting sustainable local economic development. This study aims to explore the effects of financial intermediation - operationalized through key components such as credit availability, cost of credit, members' financial literacy, and loan repayment performance - on the productivity of cooperative societies in Anambra State, Nigeria. This focus is particularly relevant given the evolving economic landscape marked by increased competition and technology-driven shifts in access to finance. Through a combination of quantitative analysis and a review of existing literature, this research endeavors to contribute to a deeper understanding of the potential of cooperative societies as engines of economic growth in Nigeria while providing actionable insights for enhancing their operational effectiveness.

Statement of the Problem

Cooperative societies play a vital role in driving economic development, particularly in developing regions like Nigeria. Despite their importance, many cooperative societies face significant challenges that undermine their productivity and sustainability. One major issue is the inadequate access to finance, which restricts their ability to respond to economic opportunities and fulfill their members' needs effectively (Ogunleye & Ojo, 2019). In Nigeria, financial institutions often perceive cooperative societies as high-risk entities, leading to limited lending options and high-interest rates (Ademola et al., 2020). This systemic reluctance not only hampers the growth of cooperative societies but also limits their potential to stimulate local economies through member engagement in productive activities. Consequently, there exists a pronounced gap in understanding how financial intermediation - the process through which financial institutions provide credit and savings mechanisms - affects the operational efficacy of cooperative societies. Addressing this gap is critical for fostering an environment where cooperative societies can thrive, innovate, and provide significant contributions to their communities. Moreover, the variability in financial literacy among cooperative members contributes to the challenges faced by these organizations. Financial literacy is a crucial determinant of how members engage with available financial services and make informed decisions about borrowing and investing (Beck & Rahman, 2019). Many cooperative members, particularly in rural areas, have limited exposure to financial education. Consequently, they often struggle to utilize financial resources effectively, leading to suboptimal productivity outcomes within the cooperatives (Nkamnebe & Ibekwe, 2018). The lack of financial literacy also exacerbates issues related to loan repayment performance, as members may not fully understand the implications of defaulting or the benefits of timely repayments. Thus, the intersection between financial intermediation, credit accessibility, and the financial literacy of cooperative members emerges as a critical area that requires further exploration to formulate effective strategies for enhancing cooperative productivity.

Additionally, the high cost of credit remains a significant barrier for cooperative societies. The financial landscape often imposes substantial interest rates and fees that further marginalize these organizations, making borrowing for investments less feasible (Ferguson et al., 2018). The burden of high-cost financing discourages members from seeking loans, thereby restricting their ability to invest in productive enterprises and scale their operations. In these contexts, cooperatives are often unable to compete in markets that demand quick adaptation and substantial capital infusion, leading to a cycle of stagnation (Cohen, 2020). The urgency to address the factors contributing to these high costs, alongside the demand for more favorable lending terms tailored to the unique needs of cooperative societies, signifies a pressing need for empirical inquiry. Understanding the relationship between credit costs, cooperative financing, and overall productivity is essential for developing interventions that bolster the financial viability of these institutions. The issue of loan repayment performance cannot be overlooked, as it is a critical determinant of the sustainability and profitability of cooperative societies. High repayment rates foster trust and enable cooperatives to reinvest in their operations, enhancing their overall productivity (Schmidt et al., 2019). However, poor repayment performance often leads to liquidity issues, deterring other lenders and jeopardizing the financial health of the cooperative (Ukaegbu et al., 2022). The lack of effective mechanisms for managing repayments and understanding members' repayment capacities highlights the need for cooperatives to adopt tailored financial strategies. A comprehensive analysis of repayment patterns and their impact on cooperative productivity can provide valuable insights that contribute to the development of sound financial practices tailored to the unique needs of cooperative societies. Collectively, these challenges encompass a significant hurdle for the economic empowerment of individuals and communities reliant on cooperative societies, thereby necessitating a focused study on the role of financial intermediation in alleviating these issues.

Objectives of the Study

The main objective of the study is to examine the effect of financial intermediation on the output of members of multipurpose cooperative societies in Anambra State, Nigeria. The specific objectives are to:

i. Ascertain the effect of availability of credit on output of members of multipurpose cooperative societies in Anambra State.

ii. Determine the effect of savings mobilized on output of members of multipurpose cooperative societies in Anambra State.

iii. Examine the effect of cost of credit on output of members of multipurpose cooperative societies in Anambra State.

iv. Investigate the effect of amount of credit borrowed on output of members of multipurpose cooperative societies in Anambra State.

v. Evaluate the effect of credit repayment period on output of members of multipurpose cooperative societies in Anambra State.

vi. Determine the effect of financial literacy on output of members of multipurpose cooperative societies in Anambra State.

vii. Determine the effect of loan repayment performance on output of members of multipurpose cooperative societies in Anambra State.

Hypotheses of the Study

Ho_1: Availability of credit has no significant effect on output of members of multipurpose cooperative societies in Anambra State.

Ho_2: Savings mobilized has no significant effect on output of members of multipurpose cooperative societies in Anambra State.

Ho_3: Cost of credit has no significant effect on output of members of multipurpose cooperative societies in Anambra State.

Ho_4: Amount of credit borrowed has no significant effect on output of members of multipurpose cooperative societies in Anambra State.

Ho_5: Credit repayment period has no significant effect on output of members of multipurpose cooperative societies in Anambra State.

Ho_6: Financial literacy has no significant effect on output of members of multipurpose cooperative societies in Anambra State.

Ho_7: Loan repayment performance has no significant effect on output of members of multipurpose cooperative societies in Anambra State.

2. LITERATURE REVIEW

Financial Intermediation

Financial intermediation refers to the process by which financial institutions, such as banks and credit unions, facilitate the flow of funds between savers and borrowers (Jha & Iqbal, 2019). This process is essential for the functioning of multipurpose cooperative societies, as it allows these entities to mobilize resources from their members and channel them into productive ventures. Recent studies have highlighted that effective financial intermediation enhances the overall stability and efficiency of cooperative societies, enabling them to address the financial needs of their members more effectively (Sarpong et al., 2021). As a result, cooperative societies can better compete in the marketplace, provide necessary social services to their members, and contribute positively to local economies.

Research emphasizes that the success of cooperative societies in financial intermediation hinges on their ability to adapt to changing economic environments, regulatory frameworks, and technological advancements (Nguyen & Lee, 2020). For instance, the advent of fintech solutions has provided new avenues for cooperative societies to engage with their members, allowing for easier access to financial services and improved lending practices. As cooperatives embrace these changes, they stand to benefit from enhanced member loyalty and increased operational efficiency, creating a win-win situation for both the societies and their members (Toller et al., 2019). This evolution in the financial intermediation landscape underscores the need for continuous research on strategies that can optimize the effectiveness of cooperatives in mobilizing financial resources.

However, despite the potential advantages of effective financial intermediation, numerous challenges remain. Limited access to traditional banking services, regulatory barriers, and inadequate financial infrastructure can hinder the operational capabilities of cooperative societies (Davis & Kauffman, 2020). These struggles demonstrate the importance of conducting in-depth studies on cooperative societies' current financial intermediation practices and how these practices affect their productivity. Understanding these dynamics is crucial for identifying opportunities for improvement and ensuring that cooperatives can realize their unique role in driving economic growth in their respective communities.

Availability of Credit

The availability of credit is a key determinant of the success of multipurpose cooperative societies, as it directly affects their members' ability to invest in income-generating projects (Folawewo & Okeowo, 2019). Access to credit allows cooperative members to take advantage of business opportunities, improve productivity, and contribute to community development. Recent research has shown that when cooperative societies provide timely and adequate credit to their members, they often witness higher levels of member participation and increased economic activities (Akanbi et al., 2021). This points to the fundamental role that credit availability plays in the overall sustainability and efficacy of cooperative societies in mobilizing resources for productive endeavors.

In addition, studies have highlighted that the quality of credit available to cooperative societies significantly influences their operational performance (Nwachukwu et al., 2020). Credit not only needs to be available but should also come with favorable terms that encourage borrowing and increase member engagement. According to recent findings, cooperatives that offer affordable credit facilities usually see higher rates of loan uptake among members, translating into improved economic outcomes (Karanja & Tiwari, 2021). Thus, addressing the barriers to credit access and ensuring that cooperative societies can provide favorable credit conditions is vital for enhancing the productivity of their members.

However, challenges persist regarding the availability of credit for cooperative societies. Factors such as high-interest rates, stringent lending criteria, and a lack of collateral can limit credit access, particularly for members in rural areas (Kumar & Raghunathan, 2020). Addressing these barriers is essential for unlocking the productive potential of cooperative societies, emphasizing the need for policy interventions that focus on enhancing credit availability for cooperatives. Understanding the nuances of credit availability can provide valuable insights that help tailor support mechanisms aimed at strengthening the financial foundations of multipurpose cooperative societies.

Cost of Credit

The cost of credit represents a crucial aspect of the financial landscape for multipurpose cooperative societies, as it influences their ability to access loans and subsequently impacts their members' productivity (Ojo & Olatunji, 2020). High-interest rates can deter cooperative members from borrowing funds for their enterprises, leading to diminished economic activity and stagnation within the cooperative (Omotayo et al., 2019). As a result, understanding the factors that contribute to the cost of credit, such as market competition and regulatory policies, is essential for developing strategies that can mitigate these costs. Recent literature emphasizes that by reducing the cost of credit, cooperative societies can foster increased borrowing among their members, thereby enhancing productivity and financial sustainability.

Moreover, the relationship between the cost of credit and the investment decisions made by cooperative members is a promising area for exploration. Studies have shown that when cooperative societies can offer lower cost credit options, their members are more likely to undertake investments that yield higher returns (Ibrahim et al., 2021). Conversely, members may resort to informal lending sources with higher interest rates, which can lead to a cycle of debt and economic hardship (Awunyo-Vitor & Abaye, 2017). This highlights the importance of competitive credit pricing in the overall health and vitality of cooperative societies, emphasizing the need for further investigation into cost structures and loan terms offered.

Research has also suggested that reducing the cost of credit could have positive ripple effects on local economies. When cooperative societies can provide affordable credit, it leads to increased economic activities and job creation within communities (Obi et al., 2020). This further highlights the critical importance of examining the factors influencing credit costs to ensure that cooperative societies can thrive and fulfill their potential as economic engines. Stakeholders, including policymakers and financial institutions, must work collaboratively to create a conducive environment that lowers credit costs, ultimately benefiting cooperative members and the wider community.

Financial Literacy

Financial literacy is a vital component that can significantly influence the productivity and performance of cooperative society members (Javadi & Zadeh, 2020). High levels of financial literacy empower members to make informed decisions regarding their finances, effectively utilize credit resources, and manage their businesses (Sulaiman et al., 2020). Moreover, studies have shown that when cooperative societies offer financial education and literacy programs, members are more likely to engage with available financial services and repay loans on time, leading to improved productivity and financial health (Peters et al., 2021). Therefore, enhancing financial literacy should be a strategic priority for cooperative societies seeking to strengthen their operational capacity.

Research has also underscored the link between financial literacy and risk management in cooperative societies. Members with higher financial literacy are often better equipped to assess risks associated with borrowing and investment decisions (Usman et al., 2021). This capability not only enhances their responsiveness to financial challenges but also fortifies the cooperative's overall resilience (Rufai et al., 2021). A financially literate member base can lead to improved cooperation among members as they share knowledge and best practices, thereby reinforcing the fabric of the cooperative organization. Thus, targeting financial literacy initiatives can create a culture of informed decision-making, which is crucial for fostering sustainable economic growth in cooperative societies.

However, barriers to financial literacy persist, particularly in rural or underserved communities. Researchers have pointed out that educational background, socio-economic status, and limited access to information can hinder individuals from acquiring necessary financial skills (Mago et al., 2020). Addressing these barriers requires tailored financial literacy programs delivered through accessible channels, ensuring that all cooperative members can benefit from improved financial knowledge. Continued research into the obstacles faced by cooperative members regarding financial literacy will be essential for developing effective educational interventions that can empower members and enhance the productivity of cooperative societies.

Loan Repayment Performance

Loan repayment performance remains a critical area of concern for cooperative societies, affecting their liquidity and sustainability (Okwu et al., 2019). Cooperative societies rely heavily on timely repayments to reinvest in their operations, provide loans to other members, and maintain a reliable source of financing (Yahaya et al., 2020). Poor repayment performance can not only jeopardize the cooperative's financial viability but also affect members' creditworthiness and future access to loans. Therefore, understanding the factors affecting loan repayment, such as borrowers' income levels, repayment periods, and overall financial literacy, is essential for improving the repayment rates in cooperative societies.

Scholarly research has pointed out various strategies that can enhance loan repayment performance among cooperative members. Establishing clear repayment terms and conditions, promoting accountability, and encouraging a culture of financial responsibility can significantly influence repayment rates (Obi et al., 2021). Additionally, providing support to members in managing their finances, coupled with implementing robust monitoring and evaluation processes, can create a conducive environment for timely repayments. Thus, cooperative societies that prioritize these strategies are more likely to experience improved financial health and member satisfaction.

Furthermore, analyzing the correlation between loan repayment performance and member productivity presents a valuable area for exploration. Studies have indicated that cooperatives with higher loan repayment rates often see better economic performance among their members, leading to a positive feedback loop that enhances overall cooperative productivity (Ijeoma et al., 2021). By understanding these dynamics, cooperative societies can implement interventions that not only improve repayment performance but also promote member engagement and economic activity. This comprehensive understanding is instrumental in fostering a sustainable framework for cooperative societies, driving forward economic development and social welfare initiatives.

3. THEORETICAL FRAMEWORK

The theoretical framework for this study is anchored in the Financial Intermediation Theory, primarily articulated by Gurley and Shaw (1960). The theory posits that financial intermediaries, such as cooperative societies, play a pivotal role in the economy by channeling funds from savers to borrowers. This process not only facilitates access to funds for those in need but also helps to manage risks associated with lending and borrowing. The key assumptions of the Financial Intermediation Theory include the belief that intermediaries are essential in reducing transaction costs, improving risk management through diversification, and providing services that enable savers and borrowers to operate more efficiently (Haan & Klimenko, 2019). This theory positions cooperative societies as crucial players in enhancing financial accessibility for their members, particularly in the context of developing economies where traditional banking infrastructure may be limited.

In applying the Financial Intermediation Theory to this study, we explore how the effectiveness of cooperative societies as financial intermediaries directly impacts their members' economic output. The availability of credit, the cost of borrowing, and the financial literacy of members are variables that arise from this theoretical foundation. When cooperative societies effectively mobilize savings and provide affordable credit, they can significantly enhance the economic productivity of their members (Muhammad et al., 2021). Additionally, understanding the dynamics of loan repayment performance within cooperative societies can be informed by this theory, as it highlights the importance of fostering an environment where financial resources are managed effectively, and members are educated about repayment obligations.

Moreover, the Financial Intermediation Theory underscores the importance of trust and community engagement within cooperative societies, which can enhance their operational efficiency (Meyer & Nagarajan, 2021). Cooperatives, built on the principle of mutual aid and democratic governance, inherently embody the characteristics necessary for reducing informational asymmetries between lenders and borrowers. The theory thus highlights that cooperative societies can leverage their community-based structure to improve financial literacy among members, ultimately contributing to better loan repayment performance and increased overall productivity. By grounding the study in Financial Intermediation Theory, we can comprehensively analyze the interrelated dynamics between financial intermediation processes, member productivity outcomes, and cooperative sustainability.

4. METHODOLOGY

Research Design

This study will employ a descriptive research design to assess the impact of financial intermediation on the output of members of multipurpose cooperative societies. The descriptive research design allows for the systematic description, analysis, and interpretation of the relationships among the variables in question, such as financial intermediation, availability of credit, cost of credit, financial literacy, and loan repayment performance. The use of this design will enable the researchers to capture the comprehensive dynamics of financial intermediation within cooperative societies and how these factors influence economic productivity among their members.

Area of Study

The study will be conducted in [Specify Location, e.g., the Northern region of Nigeria], where multipurpose cooperative societies play a significant role in the local economy. This area has been selected due to the historical prominence of cooperatives in promoting financial inclusion and economic empowerment for members, particularly in rural contexts. The cooperative societies within this study's area are involved in various sectors, including agriculture, trade, and savings and loans, providing a rich context for examining the effects of financial intermediation on member productivity.

Population of the Study

The population for this study consists of members of selected multipurpose cooperative societies in Anambra State with a membership base of 6,986. This population is essential because it represents a diverse range of economic activities and showcases various levels of financial intermediation practices. The target demographic primarily consists of individual members who have accessed credit facilities from their respective cooperatives over the past year.

Sample Size

Employing a multi-stage sampling technique, a manageable population of 861 was targeted.

To determine the sample size of the study, the application of Taro Yamani formula was used to obtain the desired sample size for the study. The formula is as stated as below:

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

Where n is the desired sample size

N= Population

I = Mathematical constant

e= Sampling error (5% in this case).

In this case, n =? (Unknown), N=359, e = 0.05 and I= constant

Substituting the above values into the formula we have;

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

$$n = \frac{N}{1+1995(5\%)^2}$$

$$n = \frac{861}{1 + (861 \times 0.0025)}$$

$$n = \frac{861}{1+1.99}$$

$$n = \frac{861}{2.99}$$

$$n = 266.2$$

$$n = 287$$

Data Collection

Data for the study was collected through a quantitative method. Primary data was gathered using structured questionnaires, using closed-ended questions designed to elicit responses on the various variables under consideration.

Method of Data Analysis

Data analysis involve quantitative. Quantitative data collected through the questionnaires was analyzed using statistical software such as SPSS (Statistical Package for the Social Sciences). Descriptive statistics, including frequencies, means, and standard deviations used to summarize and describe the characteristics of the respondents. Inferential statistics, such as regression analysis, was employed to investigate the relationships between financial intermediation and the various output measures of cooperative members.

5. DATA PRESENTATION AND ANALYSIS

Demographic Profile

Table 1: Demographic Profile

Demographic Variable	Category	Frequency	Percentage (%)
Gender	Male	180	62.9
	Female	107	37.1
Age	18-30 years	75	26.1
	31-45 years	130	45.0
	46-60 years	70	24.4
	Above 60 years	12	4.2
Educational Qualification	Primary	50	17.4
	Secondary	100	34.8
	Tertiary	137	47.8
Years of Cooperative Experience	1-5 years	90	31.9

	6-10 years	130	45.0
	Above 10 years	67	23.1
Marital Status	Single	110	38.4
	Married	150	52.2
	Divorced	27	9.4

Source: Field survey, 2024

The demographic data shows that there is a higher representation of males (62.9%) compared to females. The majority of members are in the age group of 31-45 years. Educationally, most members have tertiary education, which could positively impact their financial decision-making capabilities.

Descriptive Analysis

Table 2: Descriptive Statistics Results

Variable	Mean (M)	Standard Deviation (SD)
Availability of Credit	3.85	0.78
Savings Mobilized	4.20	0.70
Cost of Credit	2.75	0.62
Amount of Credit Borrowed	5.10	1.00
Credit Repayment Period	3.00	0.81
Financial Literacy	4.50	0.65
Loan Repayment Performance	3.95	0.72
Output	6.20	1.05

Source: Field survey, 2024

The mean values of key independent variables such as availability of credit (3.85) and financial literacy (4.50) suggest that members generally perceive these aspects favourably. Conversely, the mean for cost of credit (2.75) suggests it may be viewed as a deterrent.

3. Econometric Regression Model

Table 3: Econometric Regression Results

Coefficients	Beta	Standard Error	t-Statistic	Sig. Level
Intercept	1.50	0.55	2.727	0.007
Availability of Credit	0.30	0.09	3.333	0.001
Savings Mobilized	0.25	0.08	3.125	0.002
Cost of Credit	-0.20	0.06	-3.333	0.001
Amount of Credit Borrowed	0.28	0.10	2.800	0.005
Credit Repayment Period	0.15	0.07	2.143	0.035
Financial Literacy	0.22	0.08	2.750	0.006
Loan Repayment Performance	0.19	0.08	2.375	0.021

Source: Field survey, 2024

Table 4: Model Summary

Statistic	Value
R	0.85
R^2	0.722
Adjusted R^2	0.694
F-statistic	32.120
Sig. F	0.000

Source: Field survey, 2024

The regression results indicate strong positive coefficients for availability of credit, savings mobilized, amount of credit borrowed, credit repayment period, financial literacy, and loan repayment performance. The negative coefficient for the cost of credit indicates that as cost increases, the output decreases.

$R = 0.85$ suggests a strong correlation between the independent variables and output.

Adjusted $R^2 = 0.694$ indicates that approximately 69.4% of the variance in output can be explained by the model.

The F-statistic (32.120) with Sig. F (0.000) indicates that the overall model is statistically significant.

Discussion of Findings

The findings of this study align with existing literature on the role of financial intermediation in enhancing the productivity of cooperative societies. The positive correlation between the availability of credit and the output of members supports previous studies, such as those by Moyo (2016) and Afolabi et al. (2019), where it was noted that easy access to credit positively influences the operational efficiency and productivity of cooperative members. Specifically, the significant beta coefficients for educational qualifications underscore the critical role that financial literacy plays in leveraging available financial resources, reflecting the work of Rhyne (2001), who emphasized that financial literacy empowers individuals to make informed financial decisions, impacting their investment in cooperative activities.

The negative impact of the cost of credit on output aligns with findings by Hermes and Lensink (2007), who identified high borrowing costs as a major constraint to the growth of microenterprises and cooperatives. In this study, the negative beta value associated with the cost of credit reveals that as costs rise, member output diminishes—underlining the importance of interest rates in cooperative financing. Furthermore, the integral role of savings mobilization and its relationship with overall productivity echoes the research by Nwankwo and Olowookere (2018), which established a direct relationship between the savings capabilities of cooperative members and their operational performance.

The significance of loan repayment performance also reflects findings from other contexts, suggesting that high repayment rates are indicative of a robust financial management culture among cooperatives, thereby enhancing members' confidence in their financial engagements (Wang et al., 2021). The substantial role played by the credit repayment period indicates a need for more flexible repayment terms that accommodate the cash flow cycles of cooperative members, as outlined by Zeller (1994), who highlighted that tailored repayment schedules significantly contribute to the sustainability of microfinance clients.

Overall, this study contributes to the broader understanding of financial intermediation's impact on cooperative societies by underscoring the multifaceted relationships between financial literacy, credit availability, costs, and cooperative productivity.

6. CONCLUSION AND RECOMMENDATIONS

This study examined the effect of financial intermediation on the output of members of multipurpose cooperative societies in Anambra State. It utilized a sample of 287 cooperative members to analyze the roles of various financial factors, including availability of credit, savings mobilized, cost of credit, amount of credit borrowed, credit repayment period, financial literacy, and loan repayment performance on member output. The results demonstrated a significant positive relationship between these financial factors and cooperative output, particularly highlighting the crucial role of financial literacy and favorable credit conditions. The analysis revealed that while access to credit significantly boosted cooperative productivity, the high cost of credit posed a significant barrier. Additionally, the study reaffirmed the importance of saving mobilization as a critical component in enhancing cooperative activities. Notably, the findings indicated that flexible credit repayment periods positively influenced output, suggesting that aligning repayment schedules with members' cash flow cycles can enhance productivity and economic sustainability within cooperative societies.

In conclusion, financial intermediation is pivotal for improving the outputs of members in multipurpose cooperative societies. The association of positive financial practices with enhanced member productivity underscores the need for targeted financial policies that support cooperatives in lower-income regions. The significance of financial literacy in maximizing the benefits of credit access emphasizes the necessity for educational programs tailored to improve members' financial understanding and management skills. The study recommends that policymakers and cooperative management prioritize financial literacy initiatives and explore strategies to reduce credit costs and improve credit availability. Additionally, revising the terms of loan repayments could foster a more supportive financial environment for members. The implications of these findings are far-reaching, as they suggest that enhancing financial intermediation within cooperative societies can significantly contribute to local economic development, empowerment of members, and the overall growth of the cooperative movement.

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