NIGERIANS AND THEIR CULTURAL HERITAGE

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Chapter Nine
STRUCTURE OF SELF-ORGANISED TRADITIONAL FINANCIAL INSTITUTIONS IN NIGERIA: THE CASE OF "ETIBE"

By

Nseabasi Akpan

INTRODUCTION

Early economic development according to Oluwu et al (1991:37) have linked low savings to problems confronting developing countries. Low savings according to them means low domestic capital investment especially in the absence of large and sustained extended capital. Some economists and sociologists have argued that the Third World countries lack domestic capital because of low per capita income and as a result of the non-readiness of the populace to save a portion of the income that exists. It has been observed that these countries lack the institutions and mechanisms necessary for facilitating capital redistribution (Oluwu, et al, 1991:36-38). Three ways of capital formation are identified:

a. through an increase in the volume of real income;
b. by channeling savings through a finance and credit mechanism; and
c. through the act of investment it.

Others (economists and sociologists) have advocated for a change in this lukewarm attitude towards savings by individual members of the Third World countries. They have also advocated for some self organized institutions which will help in capital formation and redistribution in Third World countries.

SELF-ORGANISED FINANCIAL INSTITUTIONS IN NIGERIA

Evidence abounds to confirm that there exists an array of self-organized financial institutions in Nigeria. These

institutions have made successful efforts in capital formation and redistribution. It has also been observed that those efforts are serving as complementaries to the financial institutions strictly controlled and owned by the government. It is obvious therefore, that the financial structure in Akwa Ibom State is dualistic in nature. As observed by Hyuda et. al. (1993:1-4), this dual financial structures have existed side by side for a long time. These are the formal financial structures and the informal financial structures. The formal financial structures are the legally regulated part of the financial system which are predominant in the urban and semi-urban areas of the state. They consist of institutions such as banks, near banks, insurance companies, development banks etc., which by law are under the direct control of the Central Bank.

On the other hand, there exists the indigenous private sector which consists largely of households and small enterprises that operate outside the formal financial system. They are self-organised financial institutions or informal financial structures.

> Thus, self-organised financial institutions refer to all transactions, loans and deposits occurring outside the regulation of a central monetary or financial market (Adams and Fitchett, 1992). It consists of those economic realities and their financial transactions which are not directly amenable to control by key monetary and financial policy instrument (Chipeta and Micandowire 1991). These institutions, amongst others, include:

a. Proprietary informal financial entities such as money lenders, traders, estate owners, small holders, farmers and other businessmen who trade in money or inputs within the rural areas.

b. Mutual aid entities such as rotating savings and credit associations (ROSCAS) ROSCAS economic associations in which all members par certain amounts at regular interval to a common purse which goes to each member in turn.

c. Rotating Saving (Single Collector): Here a person on daily basis or at intervals move from person to person and collect a stipulated amount which is contributed to a common purse and given to owners at a stipulated date or on demand.

d. Savings and Credit Clubs (SCC): Unlike ROSCAS, savings and credit clubs are registered with the local government and thus represent a more formal form of union based on share capital. Since it is not controlled by the Central Bank, it is seen as a rural financial institution (Chipeta and Micandowire, 1991).

e. Staff and Welfare associations, such as those run by friends, relatives, neighbours and religious affiliates.

f. Money Keepers: This is common method of accumulating and safeguarding savings in some parts of Nigeria. Money keepers are people who receive money to keep for their owners with very little interest.

For the sake of this discussion, we shall concentrate on "Etibe" and its role in capital accumulation.

"ETIBE" AND ITS FUNCTION AMONG THE IBIBIO)

Steel and Webster (1992) described self-organised financial institutions ('etibe' in Ibibio) as "self-organised, self-initiated and managed institution aimed at developing one's socio-economic status." They see this institution as the most pervasive and operative in the same way and manner throughout the whole continent. However, according to them, the institution operates with different names in the different

countries of Africa. For instance, it is known as Osusu generally in Nigeria and "Etibe" among the Ibibio, Anang, Oron and Efik; "Susu" in "Ghana;" Upatu" in Tanzania. In Malawi and Egypt it is known as "Chilomba" and "Gamiyas" respectively. This shows that "Etibe" as an institution is widely known and used.

Generally, "Etibe" as a concept, connotes contributions (financial). These contributions can be made by individuals within a group in order to improve their socio-economic well being. It could also involve individuals or groups inviting others to contribute to a targeted development project. In other words, "Etibe" can be explained in two main perspectives. Firstly, the self initiated perspective which centers around the individual or individuals who initiate actions towards contributing a fixed amount of money at regular intervals into a common purse which goes to each member of the group in turns. The aim is most cases, is to enhance socio-economic standing of such individuals in that society. Secondly, the "group-initiated" perspective which, centers around a group of people contributing to a formal body or inviting other groups to contribute for the financing of development projects. The aim of this type of "Etibe" is always to provide infrastructures which will help in the development of such communities.

However, for the sake of this discussion, we shall concentrate on the self-organized and locally managed "Etibe" among the Ibibio, of Akwa Ibom State.

Features of "Etibe"

The basic features of "Etibe" is that people participate in the savings and investment process on informal basis. Adams and Fitchett (1992) have argued that most rural dwellers in Nigeria patronize "Etibe" and small scale enterprises that operate outside the formal financial system. To them, the institution is widespread: in churches, markets, offices, homes, farms, amongst kinsmen etc.

Etibe, like other self-organised traditional financial institutions in Africa is characterized by the following:

a. The president or Chairman who must be of good character and must be trustworthy.

b. Members who must pay their deposits on stipulated dates or days.

c. Payment to members depends on agreed ranking / queue which is done through balloting according to agreed terms.

d. Members are related by blood (not in all cases) common cultural heritage or are personally known to one another.

e. All payments are made to a common purse which is paid to members in turn.

f. Failure to pay on agreed dates or days attracts some kind of fine or levy.

g. Risk of default is managed through traditional oath taking; heavy fines and court litigations.

Functions of "Etibe"

1. "Etibe" of "Etibe" mobilizes finances for rural development.
2. It encourages close association and promotes ties of solidarity and friendship amongst members of the group / association.
3. It acts as mutual aid arrangement to its members especially where loans collected are free from interest rates.
4. Where members are involved in development initiatives, it provides employment for the populace.
5. It serves as a means through which social relationships are mobilized to perform non-traditionalistic socio-economic functions among the people.
6. It provides access to and prompt delivery of informal loans.
7. It operates in context of the socio-cultural environment of the people.

GOVERNMENT'S ROLE IN MOTIVATING "ETIBE"

Since both the people and the government stand to benefit from "Etibe" in the general strive for development, it stands to reason that government, especially at the local level, should become partakers in "Etibe". Government should encourage "Etibe" so that the people can derive maximum benefits from it. The following are hereby suggested to the government with regards to Etibe:

i. That government and policy makers should create an enabling environment rather that stifling the energies and creativities of people participating in these culturally appropriate financial institutions. It should be noted that 'Etibe' has come to stay and has helped in financing small scale businesses especially in rural areas.

ii. That government should come out with appropriate policies which will transform the existing "Etibe".

iii. "Etibe" should be given legal protection to check the activities of fraudulent leaders or members.

iv. Government should enforce the registration of the existing "Etibe" for proper monitoring.

CONCLUSION

From the above, it is pertinent that "Etibe" is a good means of mobilising resources for skill acquisitions and rural development. But this calls for discipline, stamina and a rare combination of idealism and pragmatism. Moreover, the popularity of "Etibe" and the entire self organised financial institutions suggests that peer pressure is perhaps the best method to ensure savings in rural communities. It is quite obvious that self-organised financial institutions have their uses, therefore, as Seibel (1988) has argued, any government's intervention designed to eliminate it, is likely to be unrewarding.

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