

# **Dynamics of Credit Rationing among Microfinance Banks Beneficiaries in Nigeria: To what Extent Are farmers' loans rationed along Gender lines**

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## **ABSTRACT**

*The gender differentials in credit rationing by microfinance banks (MFBs) among cassava-based farmers in South-East Nigeria were deciphered in this study while providing an in-depth understanding of the barriers prompting their credit outcomes. We find new evidence from the results, as we observed notable gender disparities in the extent of credit rationing based on the classification of farmers who applied for MFB credit as "fully rejected," "partially satisfied," and "fully satisfied." For the fully rejected category, more male loan applicants were fully rejected than females, as indicated by a gap of 7.2%. For the partially satisfied category, more male applicants were partially satisfied than their female counterparts, as indicated by a wider gap of 13.3%, while for the fully satisfied category, the female loan applicants had a higher percentage of their full loan demands met when compared to their male counterparts, as indicated by the widest gap of 20.5% along gender lines. The research suggests policy variables that will enable authorities to develop a framework that adopts gender-specific initiatives that mitigate lending inequities, highlighting the relevance of financial literacy, equitable financial services, and better banking relationships with farmers. We recommend the establishment of tailored financing solutions that take into account the unique demands of farmers, irrespective of gender affiliations, to boost farming industry advancement and efficiency while also building an open and equitable financial atmosphere that promotes long-term food security in Nigeria.*

**KEYWORDS:** Credit rationing, Gender, Cassava-Based Farmers, Microfinance Banks, Agricultural Finance.

**JEL Classification:** G21, J16, O16, Q14.

**Contribution/Originality:** This research is noteworthy for its uniqueness and significance since it provides a thorough examination of the gender gaps in credit rationing among cassava-based farmers in South-East Nigeria, with an emphasis on microfinance banks (MFBs). Based on the findings of the research, there are three different types of credit rationing, and each category shows clear gender differences. MFBs also indicate that they prefer to approve loans for female applicants as shown with higher rates of approval. This goes against the results of other studies and raises the possibility that women in agriculture are more financially adept and creditworthy than previously thought. Additionally, the study pinpoints certain characteristics that influence loan rationing behaviors for farmers along gender lines, providing insightful information on the variables influencing credit rationing by MFBs.