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Beyond Capital: Credit Access and Women's Empowerment in Ibadan, Nigeria

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Abstract
While credit access is often championed as a tool for poverty alleviation, the specific mechanisms through which it translates into economic empowerment for women in the informal sector remain contested, particularly regarding the risks associated with micro-debt. This study examines the nexus between credit access and the economic empowerment of women traders in Bodija Market, Ibadan, focusing on credit sources, the availability of empowerment initiatives, and the resulting impact on their livelihoods. Adopting a qualitative research approach, employing exploratory and case study design, the study utilised in-depth interviews, key informant interviews and focus group discussions to gather primary data from women traders in Bodija, Ibadan, Nigeria. Results reveal that while women primarily access credit through cooperative societies, thrift systems (Ajo), and microfinance institutions, the effectiveness of these channels is often hampered by high interest rates and rigid repayment schedules. Furthermore, existing empowerment initiatives suffer from low awareness and poor implementation, preventing many women from maximizing available opportunities. The study concludes that credit access alone is an insufficient guarantor of economic empowerment; for some, it may even increase financial vulnerability. It is recommended that financial interventions be integrated with business training and financial literacy programmes to ensure the long-term economic stability and business sustainability of women in the informal sector.

Keywords: Bodija market, economic empowerment, credit scheme

Introduction

The informal sector plays an important role in improving the economic situation of less developed countries including Nigeria. It serves as one of the major sources of employment, income generation and means of survival for millions of people who are not able to secure a space in the formal sector otherwise known as white-collar jobs. According to Bank of Industry (2026), the sector currently accounts for over half of global employment and as much as 90% of employment in some of poorer countries. The sector includes petty trading, artisans, small and large-scale businesses, and they significantly contribute to gross domestic product. In this sector, women constitute a larger percentage as they dominate every area including wholesale and retail trade, and other form of market-based enterprises (Osuntade *et al*., 2026).

The high percentage of women dominating the informal sector could be attributed to socio-economic factors such as cultural norms, little to no access to formal education, and the expectations of the roles of females in the society. For instance, in Nigeria, the informal sector is a primary source of livelihood for women, with recent data indicating that approximately 92.1% of female employment is within the informal economy (ILO, 2023). This high concentration can be attributed to socio-economic barriers, including restrictive cultural norms, limited access to formal education and traditional gender roles that prioritize domestic responsibilities over formal career paths (Olowu & Alao, 2020; National Bureau of Statistics, 2022). Based on this, many women end up resorting to entrepreneurial activities in the local market, which seemingly demand simple entry requirements, flexible working conditions and ensure work-life balance unlike some formal work settings where employees' work-life balance is dependent on their workplace policies. Studies have consistently shown that women account for a significant share of informal sector operators in Nigeria and across Africa, where they play vital roles in sustaining local markets and ensuring food availability (Ebisi, 2022). While women traders contribute significantly to household welfare and the broader economy, their potential for profitability and sustainability tend to often remain hindered by systemic barriers, particularly in relation to credit access and formal empowerment initiatives.

Limited access to credit has been widely observed as one of the most critical challenges faced by women in the informal sector. Access to financial resources is essential for setting up a business, its expansion, productivity and long-term sustainability, yet women entrepreneurs often face structural barriers such as lack of collateral, discriminatory lending practices and limited financial literacy (Aterido, Beck, & Iacovone, 2013; World Bank, 2020). These constraints reduce their ability to secure formal loans, forcing many to rely on informal credit sources that provide insufficient capital for meaningful business growth (Chen, 2012). As a result, limited access to credit remains a major impediment to women's economic empowerment and enterprise development in the informal economy. Furthermore, according to Vitoh (2025), local banking systems often require collateral which could be in the form of landed property and other valuable assets, which many women may not possess due to gender inequalities in terms of asset ownership. In addition, other factors such as unstable income patterns, lack of formal documentation and absence of credit histories further reduce women's eligibility for loans.

Even where alternative financial institutions such as microfinance banks exist, access to credit is not always guaranteed. Although microfinance is widely promoted as a mechanism for enhancing financial inclusion among low-income populations, its impact on meeting the financial needs of women traders remains limited (Adiguna, Kusnaedi & Hakim, 2024). Many women are excluded due to stringent group membership requirements, compulsory savings conditions, and rigid repayment structures that do not align with the realities of informal businesses. Those who are able to access loans often receive amounts that are too small to significantly improve business performance. In addition, high interest rates and demanding repayment schedules further restrict effective utilisation of credit, thereby limiting its transformative potential.

Beyond access to finance, economic empowerment plays a critical role in determining the sustainability of women's enterprises in the informal sector. Economic empowerment extends beyond income generation to include decision-making power, control over resources, access to opportunities, and the capacity to influence one's socio-economic environment. However, in many low and medium income countries, including Nigeria, structural inequalities continue to constrain women's empowerment despite ongoing policy interventions. Government initiatives aimed at promoting financial inclusion and supporting small-scale enterprises have yielded limited outcomes, largely due to weak implementation and poor contextual alignment (Lui *et al*., 2025). Institutional frameworks often prioritise formalisation requirements such as business registration and taxation, without adequately recognising the operational realities of informal enterprises. Similarly, many empowerment programmes emphasise skill acquisition without addressing complementary needs such as access to capital and markets, thereby reducing their overall effectiveness.

While existing studies have examined issues related to women's economic participation, much of the literature has focused on outcomes such as income generation, household welfare, and poverty reduction. For instance, Wowo, Ibrahim, and Garba (2021) provided empirical evidence from Nigeria and Ivory Coast showing that women's empowerment significantly contributes to poverty reduction through enhanced access to resources and improved livelihoods. Similarly, Adie and Anam (2023) highlighted how empowerment interventions in Nigeria, particularly in education and financial inclusion, positively influence household welfare and poverty alleviation. Other scholars have emphasised that addressing structural barriers such as gender segregation in the labour market and women's double work burden is critical to improving economic outcomes and reducing poverty among women (Uzoamaka, Nebo & Jude, 2016).

Comparatively, limited attention has been given to how access to credit interacts with broader dimensions of economic empowerment, particularly within the informal sector. More importantly, there is insufficient empirical evidence, especially within the Nigerian context, on whether existing credit mechanisms meaningfully enhance women's decision-making capacity, control over resources, and long-term business sustainability. At the continental and global levels, studies increasingly highlight financial inclusion; however, they often treat access to credit as an end rather than examining its effectiveness as a tool for empowerment. For instance, evidence from Ibadan shows that while microfinance loans improved women's income and asset ownership, cultural norms limited their decision-making authority (Okunlola, Babajide & Isibor, 2019). Similarly, Aninze (2021) found that microfinance interventions supported enterprise creation but rarely ensured long-term sustainability, while Asogwa (2018) concluded that empowerment gains were partial, with many women still lacking control over household resources.

This study addresses this gap by exploring the nexus between credit access and the economic empowerment of women in the informal sector, using Bodija traders as a reference. Specifically, the study examines how women traders access credit schemes and the conditions attached to such credits, ascertain the level of economic empowerment among the traders, and analyses the relationship between credit access and economic empowerment. By moving beyond outcome-based measures to interrogate how credit shapes broader empowerment dimensions, the study provides context-specific insights with relevance for policy and practice at national, continental, and global levels.

Brief Review of Literature

Credit Access by Women in Informal Sector

Credit is recognised as a financial opportunity that enables entrepreneurs to expand their businesses, stabilise income and stand firm during economic downturn. However, a study by Ongena and Popov (2016) shows that women in the informal sector face barriers in accessing both formal and semi-formal financial supports. These barriers are a function of structural inequalities, institutional practices and socio-cultural norms that influence economic participation of women traders. One of the key barriers is the reliance of formal financial institutions on collateral-based lending. Conventional banks often require borrowers to provide tangible assets such as land titles or registered property as security for loans. However, studies have shown that women are less likely than men to own such assets due to inheritance practices, legal constraints and cultural norms that favour male ownership (Adesina & Oyedeji, 2025; Udoh, Folarin & Isumonah, 2020). As a result, many women in the informal sector are either excluded from credits such as loan that has less favourable conditions. This limitation significantly constrains their ability to secure adequate financial support for their business growth.

In order to mitigate these challenges, microfinance institutions emerged as alternative sources of credit for women in the informal sector. Microfinance banks are designed to provide small loans without traditional collateral, often relying on group lending, social guarantees and savings requirements (Taiwo *et al*., 2016). While these systems have improved access to credit for some women, previous studies such as that of Ighoroje and Akpokerere (2022) revealed that that they also introduce new forms of conditions for credit access.

For instance, to participate in group lending, regular meeting attendance and compulsory savings are often required which may impose additional burdens on women who are trying to balance business activities with their household responsibilities.

Other informal financial systems such as Rotating Savings and Credit Associations, cooperative societies and daily contribution schemes have helped in facilitating women's access to credit. These systems are particularly prevalent in less developed countries including Nigeria, as they operate alongside formal financial institutions. Niyonsaba, Adenikinju and Mutumo (2022) argued that such financial schemes are more accessible to women because they are built on trust, social relationships and flexible repayment structures. However, reliance on social relationships in accessing credits also has its limitations, as access may depend on reputation, group membership and social standing, which might not be of any advantage to those who need them the most.

Economic Empowerment of Women Traders in Nigeria

Women traders constitute a significant proportion of Nigeria's informal economy, as they engage in several entrepreneurial activities such as petty trading and wholesale distribution of goods. Their economic contributions are substantial, however, their level of empowerment remains low which might be due to institutional and socio-cultural factors. Mahbub (2021) views women economic empowerment as their ability to access resources, control income, make strategic life choices and participate meaningfully in economic decision-making processes.

Access to empowerment initiatives, particularly finance, education and market information, is one of the important metrics in determining women's economic empowerment. A study by Muhammad *et al.* (2024) indicates that women traders who have access to credit, business training and cooperative networks are more likely to expand their enterprises and improve their level of profitability. Cooperative societies and market associations, in particular, have been identified as important platforms for empowerment, as they provide not only financial support but also opportunities for knowledge sharing, collective bargaining and social capital formation. However, access to these initiatives is not equal as many women remain excluded due to low literacy levels, limited awareness or stringent membership conditions.

Government policies and empowerment programmes are also part of the mechanisms for enhancing women's economic empowerment. Various initiatives including microcredit schemes, skill acquisition programmes and financial inclusion policies, have aimed to support women entrepreneurs. While some studies report positive outcomes, others highlight significant challenges related to poor implementation, inadequate funding and limited reach (World Bank, 2021). According to Nasution, Sarmini and Warsono (2021), in many situations, programmes are not tailored to the realities of informal traders, resulting in low uptake and minimal long-term impact.

Whereas, the study by Inyang and Etim (2024) revealed that women who acquire entrepreneurial and financial management skills are more likely to sustain and grow their businesses. Indeed, women are more empowered when they gain confidence, mobility and the ability to participate in community and market-level decision-making processes.

Credit Access and Economic Empowerment for Women in Informal Sector

In the informal sector where women dominate small-scale trading and micro-enterprises, access to credit can influence not only income levels but also decision-making power and business sustainability. However, the extent to which credit access translates into meaningful empowerment remains a subject of ongoing debate. The study by Mbiti *et al*. (2015) revealed that access to credit can enhance women's economic empowerment by enabling business expansion and increased profitability. As Khursheed (2022) observed, women who receive loans are more likely to diversify their income-generating activities, accumulate assets and improve household welfare. Based on this, credit access serves as both a productive and protective tool, allowing women to scale operations and mitigate financial risks. In less developed countries including Nigeria, access to credit has been associated with improved trading capacity, especially in terms of purchasing goods in bulk and responding to market fluctuations.

Despite these potential benefits, Fletschner (2009) emphasises that access to credit does not automatically result in empowerment. One of the limitations identified is the size and structure of loans available to women in the informal sector. Microcredit schemes often provide relatively small amounts that may be insufficient for substantial business growth. Rigid repayment schedules and high interest rates can place pressure on borrowers, sometimes leading to cycles of debt rather than sustainable economic advancement. Another important consideration is the social context within which women access and utilise credits. A study by Priyanka and Binoti (2025) indicates that household situations can influence how credit funds are used and controlled. In some cases, women may not have full autonomy over credit funds, as financial decisions may be influenced by male partners or family members. This limits the extent to which credit access could contribute to economic empowerment, as access to financial resources does not necessarily equate to control over those resources. While credit access is a key component of economic empowerment for women in the informal sector, it is not sufficient on its own. The impact of credit appears to be influenced by several factors, including loan conditions, institutional frameworks and socio-cultural dynamics.

Materials and Methods

This study adopted a qualitative approach, employing exploratory and case study designs. The qualitative method was considered appropriate because the study sought to understand the processes, meanings and lived experiences associated with credit access and economic empowerment among women in the informal sector, a dimension that is not easily captured through quantitative measures. The exploratory design enabled an in-depth investigation of a relatively under-researched relationship, while the case study design focused specifically on market women in Bodija Market, Ibadan, Oyo State, thereby providing a context-specific understanding of the phenomenon within a real-life setting.

The study was conducted in Nigeria, a developing economy where the informal sector plays a significant role in employment generation and women's economic participation. Within Nigeria, Ibadan North Local Government Area in Oyo State was selected due to its high concentration of informal economic activities and vibrant market structures. Specifically, Bodija Market was purposively selected because it is one of the largest and most cosmopolitan markets in Southwestern Nigeria, serving as a major hub for both wholesale and retail trade. The market was also considered suitable due to its active financial ecosystem, where traders, predominantly women, engage in diverse credit arrangements such as cooperative societies, rotating savings systems (commonly known as *ajo*), and microfinance banking. This made it an appropriate site for examining the dynamics of credit access and economic empowerment.

The study population comprised 6,288 women traders operating within Bodija Market, drawn from an estimated population of 386,560 in Ibadan North Local Government Area (National Population Commission, 2023). A total of 93 participants were involved in the study, consisting of 24 In-depth Interview (IDI) respondents, 27 Key Informant Interview (KII) respondents, and 42 discussants across six Focus Group Discussion (FGD) sessions. The combination of these methods was intended to enhance the richness and depth of the data. In-depth interviews were used to obtain detailed personal experiences of women traders regarding credit access and economic empowerment. Key informant interviews were conducted with individuals possessing specialised knowledge of market operations and financial systems, thereby providing contextual and institutional insights. Focus group discussions were employed to capture shared experiences, group dynamics, and collective perspectives among the traders.

A multistage sampling technique was utilised to select participants. Clustering was first applied to group traders based on sections within the market, ensuring adequate coverage of different trade categories. Subsequently, purposive sampling was used to select participants with relevant experience in credit use, while convenience sampling facilitated access to willing participants during the fieldwork process. These techniques were appropriate for qualitative inquiry, where the emphasis is on depth and relevance rather than statistical representation.

Ethical considerations were duly observed throughout the study. Participants were informed about the purpose of the research and their voluntary consent was obtained prior to data collection. Confidentiality was maintained through the use of pseudonyms and the removal of identifiable information from interview transcripts. All data collected were securely stored and used strictly for academic purposes only.

Results and Discussion of Findings

Socio-Demographic Characteristics of Participants

To provide context for the findings, this section presents the socio-demographic characteristics of the participants involved in the study. A total of 93 participants were engaged across in-depth interviews, key informant interviews and focus group discussions. The participants were predominantly women traders operating within Bodija Market, reflecting the sex composition of the informal trading sector in the study area. In terms of age distribution, participants were largely within the economically active age group, with many falling between early adulthood and late middle age. This suggests that the findings reflect the experiences of individuals actively engaged in income-generating activities and household economic responsibilities. Regarding educational background, participants exhibited varying levels of formal education, ranging from no formal education to secondary and, in some cases, post-secondary education. However, a significant proportion had limited formal education, which has implications for financial literacy and access to formal credit systems.

Marital status indicated that many participants were married, with others being single, widowed, or divorced. This diversity is important, as marital status often influences access to financial resources, decision-making power, and economic responsibilities. In terms of business characteristics, participants were involved in a wide range of trading activities, including foodstuffs, clothing, household goods, and perishable items. Most operated small-scale enterprises with relatively low capital bases, and many had been in business for several years, indicating a level of experience and resilience within the informal economy. Additionally, participants reported engaging in various informal and semi-formal financial practices, such as rotating savings schemes (*ajo*), cooperative societies, and microfinance institutions. These financial behaviours provide important context for understanding their access to credit and the constraints they face.

Credit Access by Women Traders in Bodija Market

Findings from the study revealed that women traders in Bodija Market access credit through a combination of informal and semi-formal financial mechanisms, notably cooperative societies, rotating savings schemes (commonly referred to as *ajo*), and microfinance banks. However, access is not uniform across these sources, as each mechanism is shaped by distinct conditions, levels of flexibility, and degrees of accessibility. The preference for particular credit sources is therefore influenced not only by availability but also by the perceived affordability, trust, and adaptability of the system to the realities of informal trade.

A dominant and widely preferred source of credit among the traders is the cooperative system, particularly arrangements such as the "Double Savings Credit Scheme." Under this model, access to loans is directly tied to prior savings, with participants eligible to receive up to twice the value of their contributions. This structure reflects a savings-led approach to credit, where financial discipline and consistency in contributions determine borrowing capacity. For many women, this model is attractive because it eliminates the need for physical collateral, which is often a major barrier in formal financial institutions.

As one participant explained:

> *Though there are different ways through which we can get loan, I prefer this cooperative because I have tried others but the conditions are too burdensome. With cooperative, it does not require collateral… if you contribute ten thousand naira, they can give you double, and you repay over time, either weekly or monthly.*

This preference for cooperative-based credit highlights an important dynamic, which is that women traders tend to favour systems that are embedded within their social and economic networks, where trust and familiarity replace formal institutional requirements. Unlike conventional banking systems, cooperative arrangements are perceived as more flexible, participatory, and responsive to the irregular income patterns that characterise informal businesses. To further illustrate this point, another participant emphasised the relative flexibility of cooperative arrangements compared to formal financial institutions:

> *For bank loan, they will be asking for many things like documents and collateral, which I don't have. But in our cooperative, they know me and my business. Even if I cannot pay immediately, there is understanding. That is why many of us prefer it.*

This view reinforces the role of trust and social familiarity in shaping credit access among women traders. Unlike formal institutions that rely on rigid eligibility criteria, cooperative systems operate within relational networks where members are known to one another. This not only reduces entry barriers but also introduces a level of flexibility in repayment that aligns with the unpredictable nature of informal business income. However, while cooperative systems appear more accessible, they are not without constraints. The requirement for prior savings means that only those with some level of financial stability can benefit fully from such schemes. Women with very low or unstable incomes may find it difficult to maintain consistent contributions, thereby limiting their ability to access larger loans. In this sense, the cooperative model, although inclusive in design, may still reproduce subtle forms of exclusion based on earning capacity.

Thrift Contribution (Ajo System)

Another prominent means through which women traders in Bodija Market accessed credit was through thrift contributions, popularly known as *ajo*. The findings showed that *ajo* operates in multiple forms: daily, weekly, and monthly. Each is structured around collective savings and rotational access to lump sums of money. While these variations differ in frequency and scale, they share a common foundation of trust, mutual obligation and financial interdependence among participants. The daily contribution system functions as a short-term credit mechanism, where traders receive a lump sum upfront and repay in small daily installments. This arrangement aligns closely with the cash flow pattern of petty trading, where income is generated on a daily basis. In contrast, weekly and monthly contributions operate as rotational savings schemes, enabling participants to access relatively larger sums of money at scheduled intervals. These systems are particularly useful for meeting periodic business needs such as bulk purchasing or restocking.

As one participant explained:

> *We have different types, there is this one we call monthly, weekly or daily Contribution. For the daily contribution. Although they will give you the money as on the first day of each month depending on the amount you wanted. They will give you the money and you start to pay from that day to month end. Immediately you finish the payment which is the month end they will give you another one on the first day of the following month which you will start paying immediately on the first day you collected the money till the end of the month. So, another of which is monthly which we do amongst ourselves. We come together, maybe a group of six or ten people and then we contribute like 200,000 per week. If we are about ten people, 200,000 Naira in a week by ten is 2 million Naira. So, one person takes that 2 million Naira, and that person is using it for the business within that period because you pick your numbers 1, 2, 3, 4, 5, 6, 7, 8,9, 10. So the first person that picks the 2 million Naira, of course, every week keeps contributing 200,000. So, another person the next week would take that 2 million Naira. So, it goes on and on like that. Then another one is monthly contribution, it is almost like the weekly contribution but the difference is that the contribution is monthly.*

Beyond their structural differences, these *ajo* systems serve important economic and social functions. First, they provide accessible credit without the formal requirements associated with banks, such as collateral or documentation. This makes them particularly attractive to women operating within the informal sector. Second, they foster financial discipline through compulsory savings and regular contributions, which can support business continuity. However, despite their accessibility, *ajo* schemes are not without limitations. The amount of credit available is often constrained by the contribution capacity of members, which may be insufficient for significant business expansion. In addition, the rotational nature of the system means that access to funds is time-bound; traders who receive funds later in the cycle may experience delays in meeting urgent financial needs. There is also an inherent risk associated with default by members, which can disrupt the entire cycle and undermine trust within the group.

It is important to note that participation in *ajo* is shaped by social relations and group dynamics. Trust, reputation, and long-term participation often determine inclusion, which means that new or less-established traders may face barriers to entry. In this sense, while *ajo* systems are more accessible than formal credit institutions, they still operate within informal structures that can both enable and constrain participation. In essence, the findings suggest that *ajo* serves as a critical coping and financing mechanism for women traders, offering flexibility and immediacy that formal systems often lack. However, its limited scale and structural constraints raise questions about its capacity to drive substantial economic empowerment beyond subsistence-level support.

Microfinance Loan Schemes

Microfinance institutions constituted a more formalised source of credit among women traders in Bodija Market. The findings revealed that these institutions offer a range of loan products, including Special Daily Savings Schemes (SDSS), overdraft facilities, and current account–based loans. While these schemes are designed to accommodate different categories of borrowers, their structures introduce varying conditions that significantly influence accessibility and utilisation. The Special Daily Savings Scheme (SDSS), for instance, provides small, short-term loans repayable on a daily basis within a one-month period. This model aligns with the operational realities of petty traders who generate income on a daily basis and may prefer incremental repayment structures. However, the short repayment cycle and frequent payment demands can also place pressure on traders with unstable daily earnings, thereby increasing the risk of default or financial strain.

Similarly, the overdraft facility offers a lump-sum loan at the beginning of the month, with repayment due at the end of the same month. While this arrangement provides temporary financial flexibility and may be suitable for traders expecting bulk returns, it assumes a level of income predictability that is often absent in informal market settings. As a result, traders who are unable to generate sufficient returns within the stipulated period may struggle to meet repayment obligations. The current account loan scheme introduces an additional layer of conditionality, requiring borrowers to maintain an account with the microfinance bank for a specified period before becoming eligible for credit. This "window period" allows the bank to assess financial behaviour and stability. Although this may reduce lending risks for the institution, it simultaneously creates an entry barrier for traders who lack the capacity to sustain consistent account activity or meet minimum balance requirements.

To illustrate participants' experiences with microfinance credit, one trader noted:

> *The microfinance bank can give you loan, but the conditions are not easy. If it is daily payment, you must be paying every day whether market is good or not. Sometimes sales are low, but you still have to meet up. For the overdraft too, they expect you to pay everything at once at the end of the month, which is not always possible. That is why many of us are careful with bank loans.*

Another participant emphasised the challenges associated with meeting the requirements for microfinance loans:

> *Before they can give you loan, you must have an account with them and be saving consistently. Some of us cannot meet up with that because business is not stable. Even after that, the amount they give may not be enough for what you want to do. So, it is not everybody that can really benefit from it.*

These findings suggest that while microfinance institutions expand the range of available credit options, access remains mediated by institutional requirements that may not fully align with the realities of informal sector operations. Unlike cooperative and *ajo* systems, which are embedded in social networks and characterised by flexibility, microfinance schemes are structured around formal procedures, repayment discipline and risk assessment mechanisms. This often makes them less accessible to the most vulnerable traders, particularly those with irregular incomes or limited financial records. Consequently, although microfinance is often positioned as a tool for financial inclusion, its effectiveness in promoting meaningful economic empowerment among women traders appears limited. The rigidity of loan conditions, combined with repayment pressures, may restrict the ability of beneficiaries to utilise credit for long-term business growth, thereby reinforcing a cycle of short-term survival rather than sustainable economic advancement.

Availability of Economic Empowerment for Women Traders

The study revealed that economic empowerment opportunities for women traders are available through multiple channels, including access to finance (such as credit and occasional grants), business training programmes, cooperative societies, and government-led initiatives. These mechanisms, ranging from microcredit schemes to skill acquisition programmes and market associations, are designed to provide women with financial resources, entrepreneurial knowledge, and social support that can enhance business performance. Evidence from the field suggests that women who participate in cooperative networks, access credit facilities, and engage in training programmes are better positioned to sustain and, in some cases, expand their enterprises.

However, the availability of these opportunities does not necessarily translate into effective access or utilisation. Many participants indicated that structural and practical barriers continue to limit their ability to benefit from such initiatives. As one trader explained:

> *We hear about government programmes and trainings, but most times we don't know how to apply or who to meet. Sometimes they will say you should bring documents or register in a way we don't understand, so many of us just leave it.*

This response highlights the role of information gaps and procedural complexity in limiting access to empowerment initiatives. Low literacy levels and lack of awareness further compound this challenge, excluding many women from programmes that are theoretically designed to support them.
Another participant pointed to the limited impact of some of these initiatives even when access is achieved:

> *Even when they organise training or give small support, it does not last. The money or support is usually too small for the kind of business we are doing. After some time, you still go back to your normal struggle.*

This perspective explains the concerns about the adequacy and sustainability of empowerment interventions. While such programmes may provide temporary relief or short-term support, they often fail to address the structural constraints facing women traders, including limited capital, unstable income, and restricted market access. In addition, government-led initiatives were frequently described as inconsistent and poorly implemented. Although such programmes are often highlighted in policy frameworks, participants reported limited direct engagement and minimal long-term impact. This suggests a disconnect between policy design and the lived realities of women in the informal sector. Summarily, the findings indicate that while economic empowerment opportunities exist in principle, their accessibility, adequacy and effectiveness remain constrained in practice. This points to the need for more inclusive, context-sensitive, and well-implemented interventions that align with the operational realities of informal sector traders and support sustainable economic advancement.

Credit Access and Economic Empowerment of Women Traders

The findings reveal that while economic empowerment opportunities exist in principle, their impact is uneven and largely dependent on the nature of women's economic activities and the conditions attached to credit access. In particular, women engaged in petty trading appear to benefit more from credit facilities compared to those involved in larger-scale businesses. This difference is closely linked to the scale of borrowing, repayment structures, and the level of risk associated with different types of trade. Petty traders typically operate with small amounts of capital and deal in fast-moving consumer goods such as food items and daily essentials. These goods are often in constant demand and less affected by seasonal fluctuations. In addition, many operate with minimal overhead costs, such as roadside stalls or temporary setups, which reduces financial pressure. As a result, small loans, particularly those with flexible daily repayment structures, are more manageable and can be effectively reinvested into the business. Over time, this enables gradual growth and improved financial stability.

This pattern is illustrated by the experience of a trader involved in the sale of local herbal drinks, who described how access to small loans contributed to her business expansion and household welfare:

> *Sincerely speaking, because if not for microfinance bank, only God knows what would have been the fate of a lot of people… through that microcredit scheme, people can easily borrow small amounts… people selling pepper, okra and other things, you will see improvement in their lives. It has helped their families, especially in paying children's school fees.*

This account highlights the positive role of microcredit in supporting incremental business growth and enhancing household well-being. It also suggests that when loan sizes and repayment conditions align with the scale of business operations, credit can serve as an effective tool for economic empowerment. However, this positive impact is not uniform across all categories of traders. Women engaged in larger-scale or capital-intensive businesses often require bigger loans, which are typically associated with higher interest rates and stricter repayment conditions. These factors significantly increase financial risk. In some cases, external market conditions, such as price fluctuations, delayed supply chains, and regulatory constraints, further compound these risks, making loan repayment more difficult.

For instance, a trader involved in wholesale rice distribution explained that taking a large loan to import goods ultimately had a negative effect on her business. The accumulation of interest before the arrival of goods, combined with market uncertainties, resulted in financial losses that extended beyond profit margins into her capital base. This illustrates how credit, rather than serving as a tool for empowerment, can become a source of financial vulnerability when not aligned with business realities.

Similarly, another participant emphasised the variability in business outcomes and the challenges associated with loan repayment:

> *It depends on the business and income… someone selling pepper is different from someone selling clothes… profit margin is different. For me, the business is not growing… I have stopped collecting loans because it is not favourable. It does not add to the profit.*

This perspective highlights the importance of context in determining the effectiveness of credit. Differences in business type, income stability, and profit margins shape the extent to which loans can be productively utilised. Where profit margins are low or inconsistent, loan repayment may become burdensome, thereby limiting the potential for business growth and, in some cases, discouraging further participation in credit schemes. In essence, the findings suggest that access to credit alone does not guarantee economic empowerment. Rather, the impact of credit is mediated by factors such as business scale, income stability, loan conditions and broader market dynamics. While small, flexible loans appear to support incremental growth among petty traders, larger and more rigid credit arrangements may expose traders to heightened financial risk. This highlights the need for context-sensitive financial interventions that align credit structures with the diverse realities of women’s economic activities in the informal sector.

Discussion of the Findings

The findings of this study confirm that while credit access is a critical lever for financial inclusion, its relationship with economic empowerment is non-linear and context-dependent. This complexity aligns with the "double-edged sword" metaphor proposed by Ajide (2015) and Radwan (2009). However, this study diverges from the traditional focus on credit volume by highlighting that for women in Bodija Market, the repayment structure, specifically its rigidity, is a more significant determinant of empowerment than the amount of credit received. This suggests that "financial inclusion" without "flexible debt management" may actually decrease a woman’s agency, a finding that adds a necessary layer of nuance to existing debates on micro-finance in Southwest Nigeria.

Furthermore, while Afolabi and Akinlolu (2021) and GSDI (2023) conceptualize empowerment as essential for income stability and institutional support, this study reveals a critical implementation gap in the Ibadan informal sector. The findings indicate that while empowerment programmes exist on paper, there is a functional disconnect between policy design and the lived realities of market traders. Applying Kabeer's (1999) Empowerment Framework, which emphasizes Resources, Agency, and Achievements, it is evident that while "Resources" (credit) are present, the "Agency" (the power to use those resources effectively) is stifled by low financial literacy and poor programme awareness. This contributes new knowledge by suggesting that institutional failure in Nigeria is not just a lack of funding, but a failure of communicative infrastructure between the state and the informal market.

In contrast to the survivalist struggles noted above, the reported success of petty traders in stabilizing their businesses through microcredit aligns with Peter *et al*. (2018). Yet, this study offers a fresh perspective on the development of informal businesses. While previous literature focuses on business expansion, the data from Bodija Market suggests that credit is primarily used for defensive stabilization (maintaining the status quo) rather than transformative growth (moving from informal to formal sectors). This distinction is vital for future theory-building, as it suggests that in the Nigerian informal sector, credit acts more as a social safety net than an entrepreneurial facilitator. By identifying this "safety net" function, this study fills a gap in understanding why decades of credit interventions have not significantly reduced the size of the informal economy in Nigeria.

Conclusion and Recommendations

The evidence from this study suggests that while credit access is a critical lever for informal sector participation, its role as a catalyst for genuine economic empowerment is deeply conditional. The findings indicate that the "profit margin" is not merely a financial metric but a reflection of the tension between volatile market realities and the rigid recovery structures of microfinance institutions. Specifically, the high interest rates and compressed repayment cycles observed in the Bodija Market context often transform credit from a tool of advancement into a mechanism of financial strain. Consequently, this study concludes that "capital" in isolation is an insufficient driver of empowerment; without a corresponding increase in the trader's capacity to manage debt within a fluctuating macro-economy, microcredit may inadvertently reinforce the cycle of poverty it seeks to break.

To move toward a more transformative model of empowerment, a fundamental shift in policy and practice is required. Rather than focusing solely on the disbursement of funds, development agencies and policymakers must adopt a holistic framework that integrates financial injections with "social capital" enhancements, such as targeted business training, financial literacy, and mentorship. This approach ensures that women traders are equipped not just to survive the debt cycle, but to strategically reinvest and scale their enterprises. Furthermore, there is a clear mandate for financial institutions to innovate beyond traditional lending models. Redesigning credit facilities to include flexible repayment windows and interest rates would align institutional goals with the lived realities of informal traders, effectively mitigating the risk of predatory debt cycles.

Finally, the gap between policy design and grassroots impact must be bridged through enhanced transparency and localized outreach. For empowerment initiatives to be effective, they must transcend bureaucratic barriers, through simplifying application processes to accommodate varying literacy levels and leveraging existing market associations to disseminate information. By aligning government interventions with the organic social networks already present in the informal sector, the transition from "survivalist trading" to "economic stability" becomes a tangible reality. Ultimately, promoting the economic resilience of women in the informal sector requires a coordinated effort that treats credit as one component of a much broader ecosystem of support.

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