



## Trader-Moni and Economic Development of Petty Traders in Owerri, Nigeria

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### Abstract

*The trader-monias a loan scheme with no collateral, aimed at equipping petty traders with soft loans to enable them grow their businesses and increase earnings. In spite of the execution and implementation of the scheme, petty traders may not have been able to expand their businesses to a reasonable extent or, increased their earnings. Thus, this study investigated if trader-moni has led to the economic development of petty traders in Owerri especially as petty traders could not access the subsequent trenches of loans which the scheme provided for petty traders. The study proposed three research questions that investigated the level of improvement or otherwise of the businesses of the petty traders that partook in trader-moni scheme. The study anchored its theoretical framework on the rational theory of Adam Smith because it best explains the implementation of the trader-moni in Nigeria. The data used for this study was collected through in-depth interview and other secondary sources of data collection techniques. The interviewees of this study were those petty traders who benefitted from the scheme in Owerri. Findings revealed that those who benefitted from the trader-moni scheme could only access the first trench of N10, 000 (Ten Thousand Naira) that was disbursed and with little or no paybacks made. The scheme was able to impact minimally on the growth of the businesses of the participants due to the political undertone of its implementation. Therefore, the study recommends that development programmes like trader-moni should not be implement few months to the electioneering period. It was also recommended that the government be transparent in their dealings with citizens.*

**Key words:** Loan, Petty Traders, Trader-Moni & Nigeria

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### 1.0 Introduction

Petty traders are major contributors to the economic development in Nigeria in terms of employment and income generation especially, as they contribute immensely to the growth of the informal sector. Over time, petty traders have encountered various challenges in the aspect of acquiring capital and loans for the smooth running and sustenance of their business. Even when these traders seem to have been privileged to

have access to loans, most of them may not have taken advantage of these loan opportunities due to lack of collateral or financial documents that enable access to such loans.

In view of this, the President Muhammadu Buhari's administration implemented a social intervention programme that was aimed at providing loan for petty business people, and artisans; basically those within the informal sector with ease and with no collateral. This

programme, known as trader-moni disbursed N10, 000 (Ten Thousand Naira) on its first phase and access to subsequent phases of N15, 000 (Fifteen Thousand Naira), N20, 000 (Twenty Thousand Naira), N50, 000 (Fifty Thousand Naira) and N100, 000 (One Hundred Thousand Naira) were dependent on the payback of the loan at each stage (Onyishi & Ogbu, 2019).

Aderonmu (2018) added that the repayment plan for this loan is for six months and beneficiaries can only qualify for a bigger loan when they repay the loans at each stage and within the stipulated time. According to him, this was aimed at reducing the financial challenge encountered by petty traders so they could improve their business and thus, increase their earnings. As laudable and well thought out the scheme appears to be, beneficiaries may not have been able to improve their business and earnings due to the prevailing circumstances of the execution of the scheme.

This government intervention that was aimed at assisting petty traders financially by providing collateral free and easily accessible loans may have ended in futility due to the fact that it was implemented few months to the 2019 general election.

The masses may have assumed that trader-moni was a new form of vote buying by the APC administration. They may have concluded that it was “election money” or “free money” and squandered it instead of investing it in their business. Besides this, beneficiaries of the scheme who may have wanted to access subsequent tranches of funds provided to grow their business may not have been well sensitised on how to access these loans. Thus, limiting them to the first trench of N10, 000 (ten thousand Naira) which they may not have paid back out of ignorance. This may have ultimately

affected the number of beneficiaries to this scheme and impeded on government’s attempt to reach out to as many beneficiaries as possible.

In view of this, this study investigated trader-moni and the extent to which it was able to improve the business and earnings of petty traders. It also, tried to answer the following questions. They are:

1. To what extent has beneficiaries of trader-moni improved their business and increased their earnings using the trader-moni?
2. What challenges were faced by government in the implementation of the trader-moni scheme?
3. How can subsequent interventionist programmes be implemented to improve the economic development of petty traders in Owerri?

### **An overview of trader-moni**

Trader-Moni is a loan program of the Federal Government of Nigeria (FGN), created specifically for petty traders and artisans across Nigeria. It is a part of the Government Enterprise and Empowerment Program (GEEP) scheme of the Federal Government, being executed by the Bank Of Industry (BOI) (Ogbette, Bernard-Oyoyo & Okoh, 2019).

With TraderMoni, beneficiaries receive interest-free loans starting from N10,000 (Ten Thousand Naira) which grows all the way to N100, 000 (One Hundred Thousand Naira) as they pay back. On the first loan, beneficiaries get a loan of N10, 000 (Ten Thousand Naira) as the first loan. When they pay back the first loan, they immediately qualify for a second loan of N 15,000 (Fifteen Thousand Naira). After they payback of the second loan, they qualify for N 20,000

(Twenty Thousand Naira) loan, and then N 50,000 (Fifty Thousand Naira), and then N100,000 (One Hundred Thousand Naira), (Trader-Moni, 2019).

This programme centred on providing no interest loans for the petty traders to enable them finance, run their business smoothly and improve on their business. This loan was disbursed within 48 hours without any collateral by the Bank of Industry (BOI), being a bank with the structures and processes to reach out to applicants. Beneficiaries of this scheme included small kiosk owner, food stuff seller, bread seller, wheel barrow pusher, mobile tailor, mobile cobbler, fruits seller and tricycle (*keke*) riders. Some of these beneficiaries have no bank accounts and are usually not attractive or profitable to traditional lenders. They find it hard to access loans to trade, and they therefore remain in a cycle of poverty. This necessitated a loan system that would not just reduce the stress of getting financial assistance to improve the various businesses, but also, improve the living conditions and standards of these petty traders, artisans, food vendors, farmers, transport owners and so on (TraderMoni, 2019).

The basic requirements for accessing Trader-Moni loan scheme 2018/2019 were as follows;

1. Being acitizen of Nigeria.
2. Attaining the age of 18 (Eighteen) years and above.
3. Owning and operating a viable business.
4. Registering with a market cooperative union within your area of operation.
5. Possessing a valid means of identification.

6. Ownership of a SIM/phone number that is properly registered with a telecommunications service providers within the country.

Spark gist (2018) added that for one to be a beneficiary of the 2018/2019 Federal Government Trader-Moni Scheme, an online loan application process has to be undergone for the ease and convenience of BOI's prospective small medium enterprise customers. This is because, that they do not initially have to come physically to the Bank to submit their loan applications. It also has the advantage of shortening the loan processing Turn-Around-Time (TAT) of the Bank. The portal has document uploading capability as well as allows the loan applicant select the preferred BOI state office location where the application will be processed. The online loan application portal was accessed on the Bank's website; [www.boi.ng/apply](http://www.boi.ng/apply) or any Trader-Moni stand within the market.

This process makes for convenience and easy accessibility of agents or the loans itself. The age and nationality restriction may be to ensure that those who benefit from the programme are Nigerian adults who are capable of making logical decisions as it affects their business.

#### **Impact of trader-moni on petty traders.**

Trader-moni scheme was designed to help petty traders expand their trade through the provision of collateral free loans of an initial sum of N10, 000 (Ten Thousand Naira). The scheme was launched in partnership with the Bank of Industry, BOI, in order to enlarge government's financial inclusion agenda down to the grassroots due to the contribution of petty traders to economic development of any nation. It is a federal government empowerment scheme to help alleviate poverty in Nigeria by empowering traders and artisans.

Trader-moni is similar to MarketMoni which is another cash transfer loan scheme of the Federal Government under the same Social Investment Programs, but they are not the same. While Market-moni loans start at N50, 000 (Fifty Thousand Naira) and target medium-scale traders, market women, artisans, and youth in market associations, Trader-moni loans on the other hand starts at N10, 000 (Ten Thousand Naira) and target petty traders and petty artisans. There has been lots of misconceptions with people questioning what the petty traders can do with N10, 000 (Ten Thousand Naira). However, one cannot wish away the impact such loans could have on an average food vendor who sells on the street and started with an initial capital of N 30,000 (Thirty Thousand Naira).

As little as it may seem, an added sum of N 10,000 (Ten Thousand Naira) to such business venture would likely improve on the business and earnings (Adekunle, 2018). An average income earner may not realise the impact the sum of N10, 000 (Ten Thousand Naira) would do on a business, but, the rural traders, considers it to be a leap on her business. The sum is capable of making a significant impact on the business of the roadside corn seller, *akara* / bean-cake seller, the *Ugu* (Pumpkin) seller as well as the groundnut, garri, shoe maker/ repairer, beans and all other petty traders who are the beneficiaries of this scheme.

These loans come from recognition of the genuine contribution of petty traders to the growth of the nation's economy.

Consequently, the loan was designed not only to help local traders to expand their businesses, but also change their standards of living. It plays a key role in aiding poverty alleviation and stability in the country's economic outlook (Adekunle,

2018). Adekunle further added that this program aims at reducing short term poverty by direct cash transfers and fight long-term poverty by increasing human capital among the poor through conditional cash transfers and access to credit to help petty traders boost the output of their petty businesses. Therefore, the impact of trader-moni loans was not pronounced in average income earner. It was more pronounced on low income earners who relied on little capital to improve their businesses and increase their earnings.

### **Criticisms of Trader-Moni**

The former president of Nigeria, former president Obasanjo asserts that there is a sinister motive behind the trader-moni. According to him, the program can only be construed to be very shallow and lopsided, if not an outrightly idiotic program. Obasanjo went further to ask "what is the connection between taking the number of PVC (Permanent Voters Card) of the recipient of the N10, 000 doled out to 'traders' and the forthcoming election"? (Nasir, 2019).

Also, the past governor of Ekiti State, Mr. Ayodele Fayose has described the Federal Government Trader-Moni scheme as not only an avenue for advanced votes buying but direct re-looting of the Abacha loots. Fayose questioned the rationale in Vice President, Prof. Yemi Osinbajo leaving Abuja and spending about N25 million on maintenance of presidential jet as well as allowances for himself, aides, protocols, security and others just to share N10 million.

According to him, if the Federal Government was sincere about Trader-Moni, the fund should have been paid into bank accounts of beneficiaries so that the disbursement can be traced and properly audited. He added that when he was governor, more than 20,000 people got N5, 000 monthly stipends and the

money was paid into their bank accounts (Ojomoyela, 2019).

The Social Democratic Party in Oyo State also condemned the Trader-Moni scheme of the ruling All Progressives Congress, describing it as a ploy to hood wick voters into another four years of suffering. In furtherance to this claim, the former Senate President Bukola Saraki stated that the present government has been using the program to induce voters ahead of the 2019 presidential election. He accused the government of side-lining the opposition from the launching of the program across the country and making it appear like it's not a program for all Nigerians but for supporters and members of the ruling All Progressives Congress (APC) (Toromade, 2018).

Furthermore, the former Speaker of the House of Representatives Rt. Hon Yakubu Dogara condemned the distribution of cash to the public very close to general elections by public officials. The lawmaker said no matter how noble the intent maybe, such endeavour amounts to vote buying and inducement, which is a clear case of corruption; inducing the public with cash in exchange for their votes was a fraud (Nwachukwu, 2018).

It is no gainsay that the trader-moni may have had some political undertone based on its criticisms. But it is worthy to mention that beneficiaries of the scheme may have improved their business and earnings through the scheme. This is because the scheme enabled them to acquire loans with little interest, with ease and with no collateral or financial documents.

### **Theoretical Framework**

This study anchored on the rational choice theory that was propounded by Adams Smith because, it best explains intention and motive. This theory postulates that

individuals rely on rational calculations to make rational choices that result in outcomes aligned with their own best interests.

Based on this theory, the president Buhari's administration arrived at the decision of giving trader-moni to those in the informal sector because it believed that trader-moni would improve the economic condition of petty traders by giving them access to the capital needed to fund their businesses.

This decision may have been prompted by the need to win the 2019 election. The administration may have believed that trader-moni was going to make the masses see them in good light and make them believe that they are visionary economically and vote them into power.

### **Methodology**

The study focused on assessing the level of impact the trader-moni scheme had on the businesses and earnings of petty traders in Owerri. Data was derived from unstructured settings where petty traders do their business like shops that are along the road, verandas, streets etc. The researcher adopted a descriptive research design to effectively analyse the research finding in a comprehensive manner.

Data was collected through secondary sources of data collection techniques like the use of internet materials, journals, text books and in-depth interview. The researcher purposively picked 10 (Ten) interviewees who are petty traders for the study because the trader-moni did not benefit all petty traders in Owerri. These interviewees comprised of business people who engage in business before, during and after the trader-moni initiative. The data derived from this study was analysed using a sociological discuss analysis so as to ensure better comprehension.

## **Research Findings**

### **Beneficiaries Access to the Trader-Moni Scheme**

All the interviewees asserted that they benefitted from the N10, 000 (Ten Thousand Naira) given to petty traders as trader-moni but did not benefit from subsequent loans. While 40% (Forty Percent) stated that they did not know it was a loan, 60% (Sixty Percent) stated that it was election money that was used for campaign as the loan did not state how they were going to pay back. They further stated that, the agents who gave them the trader-moni did not return to take back the loan till date.

### **Impact of the Trader-Moni Loan on Businesses**

40% (Forty Percent) of the trader-moni beneficiaries stated that the trader-moni to an extent helped them in the conduct of their business while 60% (Sixty Percent) said the money was not enough to grow their business or significantly increase their earnings or profit. 30% (Thirty Percent) stated that they would have preferred it if the trader-moni was a huge sum of money as it would have made significant impact on their business while another 30% (Thirty Percent) were of the opinion that the money did not have any impact on the business or earnings.

### **Did you pay back the loan?**

All the beneficiaries that were interviewed stated that they did not pay back the loan. 30% (Thirty Percent) had the mindset that it was not a loan but their share of the nation's cake. 20% (Twenty Percent) said they did not know how to pay back the loan while 50% (Fifty Percent) of the population said they wouldn't have paid even if they knew they were meant to pay back.

### **Ease of Access to the Trader-Moni**

All the beneficiaries said the process of getting the loan was very easy as agents went

round to register them. 10% (Ten Percent) of the population stated that agents demanded a service charge of N1000 (One Thousand Naira) for them to be registered.

### **Proximity of Trader-Moni Stands to Local Businesses**

All the beneficiaries stated that there were no trader-moni stands around their places of business. 60% (Sixty Percent) stated that they were unable to notice any even if there were. All the beneficiaries affirmed that the trader-moni agent located them in their place of business and they did not go looking for them.

### **Discussion of research findings**

The findings of this study revealed that all the interviewed beneficiaries of the scheme were able to access the initial sum of N10, 000 (Ten Thousand Naira) that was given to traders but did not benefit from subsequent loans as stated by trader-moni 2019. This may be because they did not pay back the first loan. The study further also revealed that the non-payment was as a result of the unwillingness of some to pay back and the lack of sensitisation of how to be paid back. According to spark gist (2018), the trader-moni loan could be accessed through the bank website and any trader-moni stand within the market. But beneficiaries asserted that this wasn't the case as they did not see the trader-moni stand anywhere around the place of business.

Though, they affirmed that the loan was easy to access and that it helped to an extent, the growth of their business. Most of the interviewees assert that due to the small amount that was loaned to them, the trader-moni did not make significant impact in the growth of their business.

### **Conclusion**

Trader-moni was a loan scheme that was aimed at providing loans for petty traders without collateral. But due to the time it was implemented, it developed a mixed feeling as to if the trader-moni was actually aimed at vote buying or providing loans for petty traders as presumed. These feelings heightened when the scheme came to a halt immediately after the 2019 election.

This may have militated against the success the programme would have had if the masses had trusted the government's motive of introducing the scheme and paid back the loan. Nevertheless, the trader-moni was able to provide economic relief for petty traders though not to a large extent but, to a small extent.

### **Recommendation**

**Timing for the implementation of programmes:** the impact of programme implementation cannot be over emphasized but when these programmes are implemented few months to elections, the public may assume it was meant to instigate them into favouring a particular party with their vote. Thus, it is recommended that such schemes should not be implemented close to the time of election and stopped immediately after the election period is over.

**Transparency:** the government should be transparent in her dealings with citizens so that citizens can trust them. In the implementation of such programmes, there should be proper documentation of beneficiaries of the scheme so as to keep a tab on the use of such loans and to encourage them to take advantage of other available loan facilities. This will enable the government achieve its objective of empowering petty traders.

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