



IMPACT OF AGENCY BANKING EXPOSURE ON FINANCIAL INCLUSION AND YOUTH ECONOMIC EMPOWERMENT IN BAUCHI STATE, NIGERIA.

DR. SHITTU IBRAHIM OLADIPUPO¹ AND ALI MOHAMMED GADAU²

¹Department of Accounting and Finance, Abubakar Tafawa Balewa University, Bauchi: ibroprofessor@gmail.com

²Department of Other Financial Institutions Supervision, Central Bank of Nigeria, Bauchi Branch

Corresponding Author Email: ibroprofessor@gmail.com

<https://doi.org/10.70118/aijbfd.02012026007>

KEYWORDS

Agency Banking,
Financial Inclusion,
Economic
Empowerment, Youth

ABSTRACT

Although agency banking outlets are rapidly growing across the country, there have been questions about whether its proliferation will lead to meaningful financial engagement and whether it will have a positive impact on economic outcomes, especially among youth. The study investigates the effect of the expansion of agency banking on financial inclusion and youth economic empowerment in Bauchi State, Nigeria. The study was inspired by Financial Intermediation Theory and Diffusion of Innovation Theory, with a cross-sectional survey design that involved 369 samples aged 18-35 years and in five sampled Local Government Areas in Bauchi State. Descriptive statistics and multiple regression analysis were employed, and the results indicate that awareness, accessibility, and use of agency banking services are relatively high among the youth population in the study area. The empirical results also showed that agency banking exposure positively affects financial inclusion ($R^2 = 0.512$, $\beta = 0.715$, $p < 0.05$) and economic empowerment of the youth ($R^2 = 0.452$, $\beta = 0.673$, $p < 0.05$). The study found agency banking to be an effective tool for bridging the financial access gap and to serve as a means for economic empowerment of the youth, but other socio-economic factors dampen this relationship. It suggests specific policy measures to ensure that the developmental advantages of agency banking are maximised, such as extending the reach of agents through the scaling up of agent networks, financial education programmes and financial products targeting the youth population.

ARTICLE HISTORY

Received: 13/05/2025

Revised form: 26/06/2026

Accepted: 14/07/2026

Available online: 28/07/2026

Published by Department of Finance, University of Abuja, Nigeria.

This is an open access article under the CC BY-SA 4.0 license (<https://creativecommons.org/licenses/by-sa/4.0/>)

1. Introduction

Financial inclusion has gradually shifted from a policy aspiration to a measurable development priority, particularly in economies where formal financial systems have historically excluded large segments of the population. However, financial systems have begun to decentralise service delivery, and agency banking, which allows third-party agents to provide basic financial services on behalf of banks, represents one of the most visible expressions of this shift. In Nigeria, the spread of agency banking has been particularly rapid, driven by regulatory support and the need to reach underserved communities. One does not have to look far to see its practical relevance, as we can see small kiosks used as banking points, mobile money agents operating in markets, or local shops facilitating cash deposits and transfers. The expectation is that such proximity should reduce friction and draws previously excluded individuals into the financial system.

The expansion of agency banking networks ought to lead to widespread exposure among youth, frequent and meaningful usage of financial services, and, ultimately, improved economic outcomes. Young individuals would move beyond occasional transactions to sustained engagements such as saving regularly, accessing microcredit, and using financial tools to support small businesses or income-generating activities. Over time, this would translate into greater financial resilience and an enhanced economic stability.

In reality, this does not seem realistic. While agency banking outlets have expanded across Nigeria, including in northern states such as Bauchi, the depth of engagement with these services remains uncertain. In many communities, the presence of an agent does not necessarily mean consistent use, nor does it guarantee that users derive tangible economic benefits. Some young people

interact with agents only sporadically, often for basic cash-in or cash-out transactions, without progressing to more transformative financial behaviours. Others remain entirely disengaged, constrained by limited awareness, trust issues, or socio-economic barriers. This disconnection between expansion and effective utilisation raises the question of if growth of agency banking actually translates into financial inclusion and economic empowerment for youth, or does it merely create the appearance of access?

A growing body of literature has attempted to address aspects of this question. Research across African contexts has shown that agent-based and digital financial services can reduce transaction costs and improve access to financial systems (Suri et al., 2021; Ozili, 2023), while in Nigeria, empirical studies have linked agency banking to increased account ownership and improved convenience in financial transactions (Akinwale & Kyari, 2020; Olayemi & Kolapo, 2022). Though these contributions are valuable, but they tend to operate at a level of aggregation that obscures important details. Access is often measured in binary terms, whether an individual has an account or not, while the intensity of exposure, frequency of use, and quality of engagement receive far less attention.

More importantly, the specific experiences of youth are rarely examined in depth. When young people appear in these studies, they are usually treated as part of a broader population, rather than as a group with distinct financial behaviours and constraints, and this becomes difficult to understand how agency banking actually functions as a tool for youth empowerment.

There is also a tendency in existing research to assume a linear relationship: expand access, achieve inclusion, and, by extension, realise empowerment. Yet, the evidence does not always support this sequence. Some

studies report improvements in financial inclusion without corresponding gains in income or economic stability (Batista & Vicente, 2020). Others highlight that usage, rather than access per se, is the critical driver of outcomes. What remains insufficiently explored is the role of exposure. That is, how often and how deeply individuals interact with agency banking services, and how this affects the transition from access to meaningful inclusion and, ultimately, empowerment.

It is within this context that the present study is situated. This research therefore seeks to examine the impact of agency banking exposure on financial inclusion and youth economic empowerment in Bauchi State. Specifically, the study aims to assess the extent of exposure to agency banking services among youth; evaluate the effect of agency banking exposure on financial inclusion among youth; and examine the effect of agency banking exposure on youth economic empowerment.

2. Literature Review

2.1 Conceptual Review

2.1.1 Concept of Agency Banking Exposure

Agency Banking Exposure refers to the extent to which individuals or communities are reached by, interact with, and benefit from agency banking services. Unlike the mere presence of banking agents, agency banking exposure captures the frequency of use, accessibility, awareness, diversity of services utilized, and the intensity of customer engagement with banking agents (Akinwale & Kyari, 2020; Okoye et al., 2023). It reflects how deeply agency banking has penetrated individuals' daily financial activities, particularly in underserved and rural communities. Agency banking enables licensed third-party agents to provide banking services such as cash deposits, withdrawals, bill payments, funds transfers,

account opening, and balance inquiries on behalf of financial institutions (Olayemi & Kolapo, 2022). Increased exposure to agency banking reduces geographical and financial barriers associated with conventional banking by bringing financial services closer to users. In developing economies such as Nigeria, agency banking has become an important strategy for extending formal financial services to previously excluded populations. Therefore, agency banking exposure is viewed as a multidimensional construct encompassing agent accessibility, service availability, usage frequency, customer awareness, and service reliability. So, higher levels of exposure are expected to improve individuals' interaction with formal financial institutions, thereby promoting financial inclusion and creating opportunities for economic participation.

2.1.2 Concept of Financial Inclusion

Financial inclusion refers to the availability, accessibility, affordability, and effective usage of formal financial products and services by all segments of society, particularly vulnerable and underserved populations. The concept extends beyond merely owning a bank account to encompass regular use of quality financial services such as savings, payments, credit, insurance, and digital financial solutions that meet users' needs at reasonable costs (Adegbite & Machethe, 2021). Financial inclusion aims to eliminate barriers that prevent individuals from participating in the formal financial system, including distance to financial institutions, high transaction costs, inadequate financial literacy, and stringent account opening requirements. Financial inclusion is seen as a strategic tool for reducing poverty, promoting inclusive economic growth, and improving citizens' welfare (CBN, 2021; Ozili, 2023). Internationally, the World Bank emphasizes that financially included individuals are

better able to manage risks, accumulate savings, invest in education or businesses, and withstand economic shocks. Consequently, financial inclusion is commonly assessed through dimensions such as financial access, financial usage, financial quality, and financial literacy. In this study, financial inclusion represents the degree to which youths in Bauchi State can conveniently access, utilize, and benefit from formal financial services through agency banking platforms, thereby facilitating greater economic participation and financial resilience.

2.1.3 Concept of Youth Economic Empowerment

Youth Economic Empowerment refers to the process through which young people acquire the financial resources, skills, opportunities, and enabling environment necessary to improve their livelihoods and participate productively in economic activities. It encompasses increasing youths' capacity to generate sustainable income, create employment, accumulate productive assets, and make independent financial decisions that enhance their standard of living (Suri et al., 2021). Economic empowerment goes beyond employment alone by promoting entrepreneurship, access to finance, business development, financial capability, and productive investment opportunities. In developing countries, like Nigeria, economically empowered youths contribute significantly to poverty reduction, innovation, community development, and national economic growth. Access to formal financial services plays a crucial role in this process by enabling young entrepreneurs to save securely, obtain credit, conduct digital transactions, and expand their businesses (Yusuf & Ahmed, 2022). Agency banking, through its proximity and convenience, has the potential to remove financial barriers that often limit youth participation in economic

activities, especially in rural and underserved areas (Ibrahim & Aliero, 2023). Therefore, youth economic empowerment in this study is conceptualized as the extent to which agency banking-induced financial inclusion enhances youths' income-generating opportunities, entrepreneurial activities, financial independence, employment prospects, and overall economic well-being in Bauchi State, Nigeria.

2.2 Theoretical Review

Financial Intermediation Theory (FIT) and the Diffusion of Innovation Theory were adopted for the study. FIT, which is the underpinning theory, explains how financial institutions facilitate access to financial services by reducing transaction costs and overcoming information asymmetries (Allen & Santomero, 1997). In the context of this study, agency banking represents an extension of this intermediation function by decentralising service delivery through local agents. This reduces physical and economic barriers, thereby increasing access to financial services among underserved populations. However, while the theory explains service availability, it does not fully capture whether individuals actually engage with these services.

Complementing the FIT, the Diffusion of Innovation Theory explains how new financial services such as agency banking are adopted within a population (Rogers, 2003). The theory highlights the role of awareness, trust, and social interaction in shaping adoption behaviour. In this study, exposure to agency banking services is conceptualised as a critical step in the adoption process, influencing whether and how youth engage with financial services.

2.3 Empirical Review

Olayemi and Kolapo (2022) investigated the relationship between the spread of agent banking and financial inclusion in rural Nigeria, using agent presence and proximity as independent variables and financial

inclusion indicators (account ownership and transaction frequency) as dependent variables, with demographic controls; the study employed structured surveys and logistic regression and found that increased agent banking availability significantly improves financial inclusion, though it did not disaggregate effects by youth or measure exposure behaviors directly, limiting understanding of how young people engage with services at a behavioural level. Okoye, Eze, and Nwankwo (2023) also examined how awareness and frequency of interaction with agency banking influence adoption and financial behaviour in rural Nigeria, treating awareness, trust, and financial literacy as predictors of usage, and adoption and usage patterns as outcomes; using a mixed-methods approach with SEM analysis, they determined that awareness and trust significantly affect service uptake and that financial literacy strengthens engagement, highlighting that physical presence of agents alone does not ensure meaningful exposure or sustained use among users.

Ayadi et al. (2023) explored the effects of agency banking exposure on women's financial behaviours and socio-economic status in selected Nigerian states, measuring agency banking exposure as the independent variable and financial behaviours and income changes as dependent variables with socioeconomic controls; through a survey and difference-in-differences analysis they found that agent exposure increased savings behaviour and usage of digital services, but empowerment outcomes varied with education levels, indicating that individual characteristics condition the impact of exposure on meaningful economic advancement. While, Demirgüç-Kunt et al. (2022) provided global evidence on how digital and agent-based financial services relate to financial inclusion metrics, using cross-country financial inclusion indicators; their analysis showed that agent banking and

digital payment channels significantly raise account ownership and transactions, but also acknowledged contextual variation, suggesting that broad inclusion gains may not translate uniformly into deeper usage or economic empowerment across different demographic groups, including youth.

3. Methodology

This study adopted a cross-sectional survey research design to examine the impact of agency banking expansion on financial inclusion and youth economic empowerment in Bauchi State. The cross-sectional approach was chosen because it allows for the simultaneous collection of data on exposure to agency banking services, financial inclusion, and economic outcomes, thereby providing a comprehensive snapshot of the relationships between these variables at a single point in time.

The research was conducted across the 5 most populous local government areas in Bauchi State, that is, Bauchi, Alkaleri, Katagum, Toro and Ningi LGAs, where agency banking has recently expanded. This setting was chosen due to its representative mix of youth populations, varying levels of financial service penetration, and the state's strategic importance in northern Nigeria's financial inclusion initiatives. Data collection occurred over a three-month period from December 2025 to February 2026, which ensured adequate time to engage participants, conduct surveys, and validate responses without compromising data quality.

The target population for this study is 2,963,300 [Bauchi: 881,600 (29.8%); Alkaleri: 586,200 (19.8%); Katagum: 508,100 (17.1%); Toro: 499,900 (16.9%) and Ningi: 487,500 (16.4%)] (City Population, 2022), and consists of youth aged 18 to 35 years residing in the selected local government areas. A multi-stage sampling technique was employed to ensure representative coverage. First, local

government areas were stratified using the selected LGAs, and individuals were selected using systematic random sampling from the LGAs.

The sample size is 384 as determined using the Krejcie and Morgan (1970) formula, which is appropriate for large populations, and adjusted for potential non-response. To ensure robustness and allow for subgroup analyses. The sample was increased to 442

participants, anticipating a 15% non-response rate.

Data were collected using a structured questionnaire. Descriptive statistics were adopted to examine the extent of exposure to agency banking services among youth and to profile the socio-economic characteristics of the respondents, while inferential statistics were then conducted using multiple regression techniques using SPSS version 28.

4. Results and Discussion of Findings

4.1 Pre-estimation Tests

4.1.1 Normality Test

Normality tests were conducted using boxplots to identify outliers, and no extreme outliers were detected, as shown in Figure 1. The histogram with the normal curve, as shown in Figure 2, also indicates that the data were normal. Hence, it was concluded that the data is normal and can be used for regression analysis.

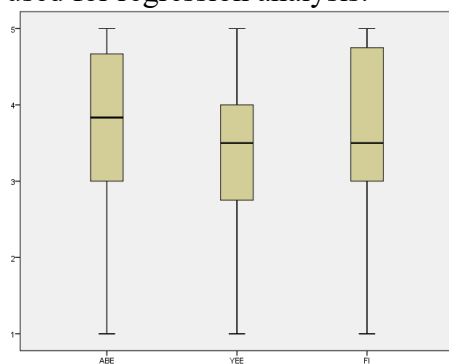


Fig. 1: Boxplot without Outlier

Source: Extracted from IBM SPSS V. 28 Output, 2026.

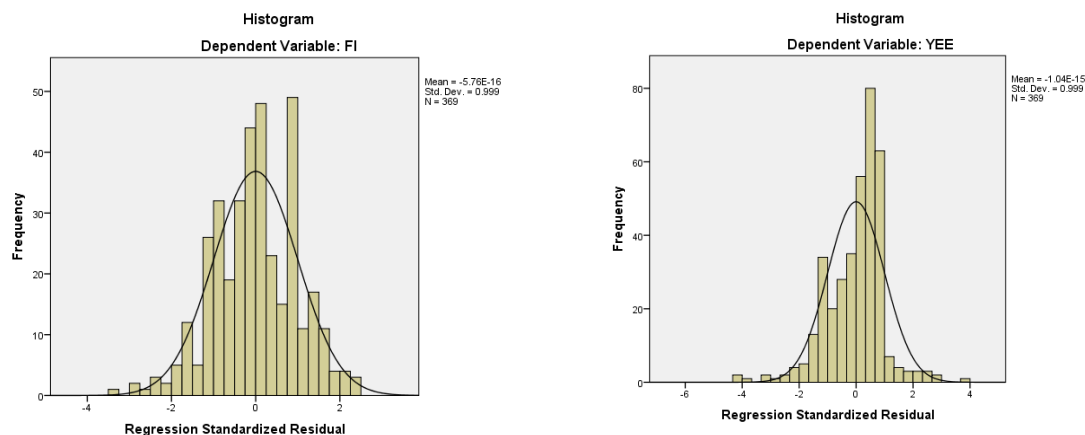


Fig. 2: Histogram with normal curve

Source: Extracted from IBM SPSS V. 28 Output, 2026.

4.1.2 Reliability Test

The research instrument was also subjected to test of reliability, and the result as shown in Table 1, revealed that all the variables met Table 1: Test of Reliability

Items	Variables Cronbach's Alpha
ABE	0.881
FI	0.891
YEE	0.743

Source: Extracted from IBM SPSS V. 28 Output, 2026

4.1.3 Validity Test

Validity of the instrument was also measured with the use of Exploratory Factor Analysis. The test was done using correlation matrix, Keiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy, Bartlett's Test of Sphericity, Anti-Image correlation, communalities, percentage of Total Variance Explained and Factor Loading. Factor Analysis result for Agency Banking Exposure indicated that all the items of the variable are correlated and significant at 0.00 with values that ranges between 0.527 and 0.786 using the correlation matrix which is acceptable as they are all above ± 0.3 . Result of the Keiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy is 0.902 which is acceptable, Bartlett's Test of Sphericity is significant at 0.000 where $p < .05$ and the Anti image correlation shows values that ranges between 0.875^a and 0.935^a which indicates goodness of the data as the values are more than 0.50. Communalities' result shows that all the items measure the same construct, as it has values of between 0.621 and 0.841 which are above the considered 50%. The percentage of Total Variance Explained is 73.762% while the Factor Loadings as shown in Table 2 ranges between 0.788 and 0.917 which is considered to be practically significant as it meets the minimum of 0.5 and the higher the loadings the better the construct. All the results shows that the variable Agency Banking Exposure; is valid.

the requirement of the Cronbach's Alpha of above 0.7, and hence the research instrument is reliable and fit for further analysis.

Factor Analysis test conducted for Financial Inclusion also revealed that all the items of the variable are correlated and significant at .000 with values that range between 0.662 and 0.814 using the correlation matrix, which is acceptable as they are all above ± 0.3 . Result of the Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy is 0.838 which is acceptable. Bartlett's Test of Sphericity is significant at 0.000 where $p < 0.05$ and the Anti-image correlation shows values that ranges between 0.792^a and 0.886^a which indicates goodness of the data as the values are more than 0.50. Communalities' result shows that all the items measure the same construct as it has values of between 0.738 and 0.852 which are above the considered 50%. The percentage of Total Variance Explained is 79.582% while the Factor Loadings, as shown in Table 2, range between 0.859 and 0.923, which is considered to be practically significant as it meets the minimum of 0.5, and the higher the loadings, the better the construct. All the results show that the variable, Financial Inclusion, is valid.

The result of Factor Analysis test conducted for Youth Economic Empowerment shows that all the items of the variable are correlated and significant at 0.000 with values that ranges between 0.492 and 0.640 using the correlation matrix which is acceptable as they are all above ± 0.3 . Result of the Keiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy is 0.805 which is acceptable, Bartlett's Test of Sphericity is significant at

0.000 where $p < 0.05$ and the Anti image correlation shows values that ranges between 0.784^a and 0.846^a which indicates goodness of the data as the values are more than 0.50. Communalities' result shows that all the items measure the same construct as it has values of between 0.590 and 0.709 which are above the considered 50%. The percentage of

Total Variance Explained is 66.793% while the Factor Loadings, as shown in Table 2, range between 0.859 and 0.923 which is considered to be practically significant as it meets the minimum of 0.5 and the higher the loadings the better the construct. All the results show that the variable, Youth Economic Empowerment is valid.

Table 2: Factor Loadings

Items	Loadings		
	ABE	FI	YEE
ABE1	0.788		
ABE2	0.873		
ABE3	0.885		
ABE4	0.864		
ABE5	0.820		
ABE6	0.917		
FI1		0.859	
FI2		0.923	
FI3		0.890	
FI4		0.895	
YEE2			0.768
YEE3			0.842
YEE4			0.825
YEE%			0.832

Source: Extracted from IBM SPSS V. 28 Output, 2026.

4.1.4 Multicollinearity test

The collinearity statistics revealed that there is no presence of multicollinearity between the variables within the model using the Tolerance and Variance Inflation Factor (VIF) values as shown in Table 3. The result indicates that the amount of variance not predicted by the other. The Tolerance level for Agency Banking Exposure is 0.578, Financial Inclusion is 0.453, while Youth

Economic Empowerment is 0.618. The Variance Inflation Factor (VIF) result also shows values of 1.730 for Agency Banking Exposure, 2.207 for Financial Inclusion, and 1.618 for Youth Economic Empowerment. The values are within the limit as the values of the tolerance level are above .1 and the VIF values are less than 5; therefore, there is no presence of multicollinearity

Table 3: Collinearity statistics of the variables

Variables	Collinearity Statistics	
	Tolerance	VIF
Agency Banking Exposure	.578	1.730
Financial Inclusion	.453	2.207
Youth Economic Empowerment	.618	1.618

Source: Extracted from IBM SPSS V. 28 Output, 2026.

4.2 Demographic Analyses

Three hundred and seventy-six (376) questionnaires were retrieved from the four hundred and forty-two (442) questionnaires distributed, representing 85% response rate of the distributed questionnaires and 97.9% of the actual sample size. However, seven (7) of the retrieved questionnaires were incorrectly filled and therefore removed. Hence, the remaining three hundred and sixty-nine (369) questionnaires were subjected to analyses. The data were carefully inputted into SPSS and missing values were carefully checked using descriptive statistics and no missing values were found.

The descriptive statistics revealed that the majority (193, that is, 52.3%) of the youth fall between 18 and 25 years, while the remaining 176 (47.7%) are between 26 and 35 years of age. This indicates that the entire sample is concentrated within the economically active and productive age bracket. It was as well discovered that 192 (52%) of the respondents are male, while 177 (48%) are female. This, therefore, indicates that the data are not significantly biased toward one gender, allowing for a more inclusive representation of perspectives.

The educational qualification reveals that the largest proportion, 35.5%, have no formal education, followed by 29.8% with primary education. Respondents with secondary education account for 23.3%, while only

11.4% have attained tertiary education. This means that a significant majority possess limited formal education, which has important implications for skill acquisition and employability. The low proportion of tertiary graduates suggests restricted access to higher education or systemic barriers such as cost and infrastructure. Overall, the data point to a deficit in human capital development, which may constrain economic advancement.

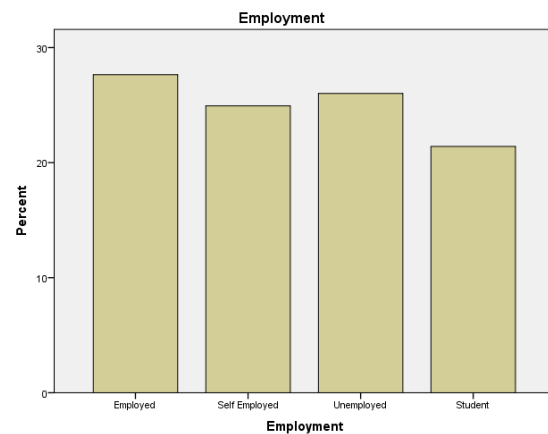
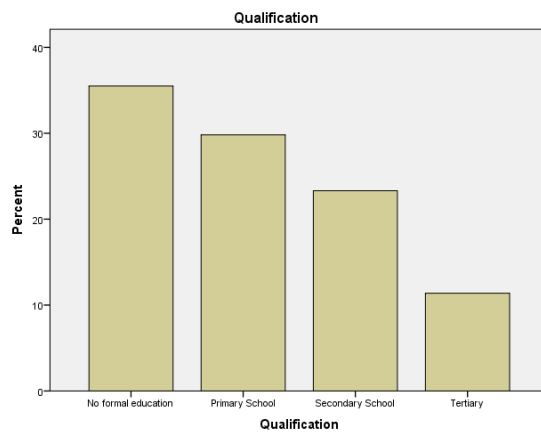
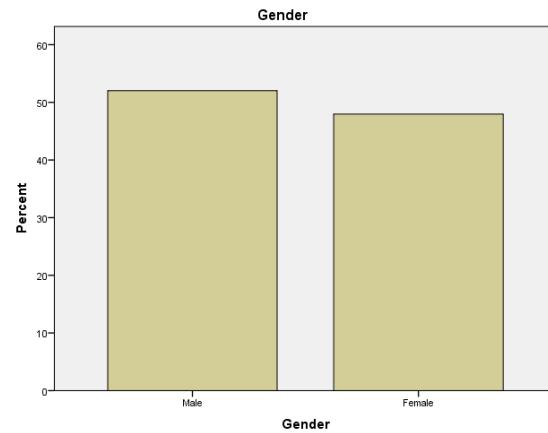
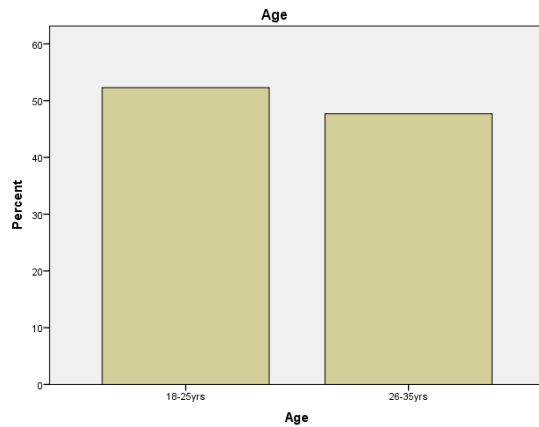
The employment distribution reflects the largest category to be employed (27.6%), followed by the unemployed (26.0%) and the self-employed (24.9%), and the last category is students with 21.4%. This indicates that while some respondents are engaged in economic activities, a considerable proportion are either unemployed or self-employed, which often falls within the informal sector. A majority of respondents, 60.4%, earn less than ₦50,000 per month, indicating widespread low-income status. The proportion decreases steadily as income increases, with 22.5% earning between ₦50,001 and ₦100,000, and only 11.7% in the ₦101,000–₦500,000 range. Higher income brackets are sparsely represented, with 3.8% earning ₦501,000–₦1,000,000 and just 1.6% earning above ₦1,000,000. This pattern reflects income inequality and limited economic prosperity, with most respondents clustered in low-paying income groups.

Table 4: Demographic information of the respondents

Items		Frequency	Percentage
Age:	18-25 years	193	52.3%
	26-35 years	176	47.7%
Gender:	Male	192	52.0%
	Female	177	48.0%
Qualification:	No formal education	131	35.5%
	Primary School	110	29.8%
	Secondary School	86	23.3%
	Tertiary	42	11.4%
Employment:	Employed	102	27.6%

Monthly Income:	Self-employed	92	24.9%
	Unemployed	96	26.0%
	Student	79	21.4%
	<₦50,000	223	60.4%
	₦50,001-₦100,000	83	22.5%
	₦101,000-₦500,000	43	11.7%
	₦501,000-₦1,000,000	14	3.8%
	Above ₦1,000,000	6	1.6%

Source: Extracted from IBM SPSS V. 28 Output, 2026.



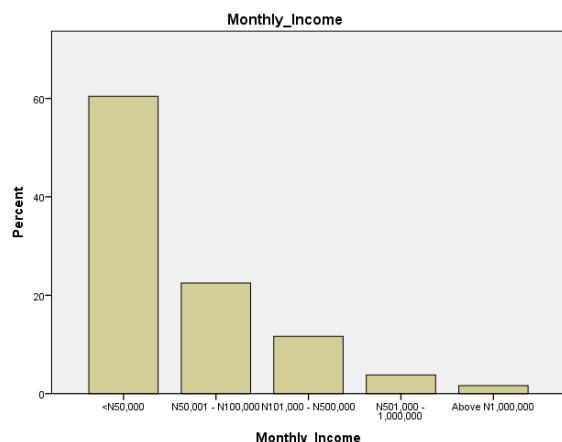


Figure 3: Demographic Statistics of the Respondents

Source: Extracted from IBM SPSS V. 28 Output, 2026.

4.3 Descriptive Analysis

The first objective of the study is to assess the extent of exposure to agency banking services among youth and this was assessed using descriptive statistics as shown in Table 5. ABE1 tests the extent of awareness of agency banking and with the highest mean of 3.8266, it revealed that the youth are well aware of agency banking which indicates a better visibility of agency banking. ABE2 tests the frequency of use and the Mean of 3.7154 (as it is more than 3.0), indicated that youth frequently use agency banking. However, the fact that usage (with a mean of 3.7154) is lower than the mean of awareness (3.8266) indicates that it is not all those who are aware that makes frequent use of agency banking. The mean of 3.7561 for ABE3 indicates that customers have confidence and trust in performing financial transactions

with agency banking, which is important for financial service adoption. ABE4, ABE5 and ABE6 have mean score of 3.6992, 3.7371, and 3.7209, respectively. These indicated that it is agreed that agency banking are accessible, they receive adequate information and support while using agency banking and they use agency banking for multiple transactions. Furthermore, it is not a coincidence that ABE2 and ABE6 have approximately a mean score of 3.72; this further reiterates that respondents frequently use agency banking and engage in a variety of transactions, which indicates deeper financial inclusion. Conclusively, the grand mean of 3.7426 (which is above the benchmark of 3.0) indicated that the respondents have positive awareness, usage and confidence in agency banking. Hence, it is concluded the youth are exposed to agency banking services.

Table 5: Extent of exposure to agency banking services among youth

Code	Measurement Items	SD	D	U	A	SA	Mean	SD
ABE1	I am aware of agency banking services in my community	18	36	70	113	132	3.8266	1.16201
ABE2	I frequently use agency banking services	20	49	63	121	116	3.7199	1.19456

ABE3	I am confident in performing transactions through agency banking	19	48	59	121	122	3.7561	1.19105
ABE4	Agency banking services are easily accessible in my area	25	36	80	112	116	3.6992	1.20191
ABE5	I have received adequate information or guidance on using agency banking services	27	42	65	102	133	3.7371	1.25921
ABE6	I use multiple types of agency banking services (e.g., deposits, withdrawals, transfers, bill payments)	24	43	63	121	118	3.7209	1.2116
GRAND MEAN	3.7426							

4.4 Testing of Hypotheses

Two (2) hypotheses are formulated to be tested to achieve the objectives of the study, and these are;

H₀₁: Agency banking exposure has no significant effect on financial inclusion among youth

H₀₂: Agency banking exposure has no significant effect on youth economic empowerment

Table 6: Effect of agency banking exposure on financial inclusion among youth

Variables	R ²	Unstd. B	Std. β	Sig.	Decision (H ₀)
(Constant)	1.033				
Agency Banking Exposure & Financial Inclusion	0.512	0.706	0.715	0.000	Rejected

Source: Extracted from IBM SPSS V. 28 Output, 2026.

Table 6 presents the results of the regression analysis on the effect of agency banking exposure on financial inclusion among youth. It revealed a coefficient of determination ($R^2 = 0.512$), indicating that 51.2% of the variation in financial inclusion among youth is explained by agency banking exposure. This reflects a moderately strong effect, suggesting that agency banking exposure is a key determinant of financial inclusion. The unstandardized coefficient ($B = 0.706$) shows that a one-unit increase in agency banking exposure leads to a 0.706-unit increase in financial inclusion, holding other variables constant. This confirms a positive linear relationship between the variables. Furthermore, the standardized coefficient ($\beta = 0.715$) indicates a strong positive effect, implying that agency banking exposure substantially contributes to financial inclusion among youth. The significance value ($p = 0.000 < 0.05$) reveals that the relationship is statistically significant, leading to the rejection of the null hypothesis (H_0). Therefore, agency banking exposure has a significant positive effect on financial inclusion among youth.

Table 7: Effect of agency banking exposure on youth economic empowerment among youth

Variables	R ²	Unstd. B	Std. β	Sig.	Decision (H ₀)
(Constant)		1.134			
Agency Banking Exposure & Youth Economic Empowerment	0.452	0.622	0.673	0.000	Rejected

Source: Extracted from IBM SPSS V. 28 Output, 2026.

Table 7 also presents the results of the regression analysis on the effect of agency banking exposure on youth economic empowerment. The result, which shows a coefficient of determination ($R^2 = 0.452$), indicates that 45.2% of the variation in youth economic empowerment is explained by agency banking exposure. This also interprets to a moderate effect, which means that agency banking exposure is an important determinant of economic empowerment among youth. The unstandardized coefficient ($B = 0.622$) indicates that a one-unit increase in agency banking exposure leads to a 0.622-unit increase in youth economic empowerment, holding other factors constant. This demonstrates a positive relationship between the variables. Similarly, the standardized coefficient ($\beta = 0.673$) indicates a strong positive effect, showing that agency banking exposure significantly contributes to improvements in youth economic empowerment. The significance value ($p = 0.000 < 0.05$) indicates that the relationship is statistically significant, leading to the rejection of the null hypothesis (H_0). Therefore, agency banking exposure has a significant positive effect on youth economic empowerment.

4.5 Discussion of Findings

Hypothesis 1 revealed that agency banking exposure is a significant and strong predictor of financial inclusion among youth in Nigeria. The R^2 value of 0.512 indicates that more than half of the variation in financial inclusion is explained by agency banking

exposure, underscoring its critical role in expanding access to financial services. This finding is consistent with recent empirical studies in Nigeria. For instance, Olatunji and Adeyemi (2023) found that agency banking significantly improves access to financial services among rural youth by reducing transaction costs and geographical barriers. Similarly, Adebayo et al. (2022) reported that the expansion of agent networks in Nigeria has enhanced financial participation, particularly among previously unbanked populations. The positive coefficient ($B = 0.706$) suggests that increased exposure through awareness, accessibility, and usage, directly enhances financial inclusion. This aligns with the report by the Central Bank of Nigeria (2021), which emphasizes that agency banking has become a major channel for delivering financial services to underserved and youth populations in Nigeria under the National Financial Inclusion Strategy. In addition, the strong standardized coefficient ($\beta = 0.715$) indicates that agency banking exposure is a dominant factor influencing financial inclusion, even when compared with other socio-economic variables. This supports the findings of Okoye et al. (2024), who observed that agency banking is one of the most impactful financial innovations driving inclusion in Nigeria's informal sector.

Globally, this result is also consistent with the position of the World Bank (2022), which highlights agent banking as a key mechanism for achieving financial inclusion, especially in developing countries where traditional banking infrastructure is limited. Similarly,

Demirgüç-Kunt et al. (2018) argue that proximity to financial service points significantly increases account ownership and usage. Moreover, the statistical significance ($p < 0.05$) confirms that the relationship is not due to chance, reinforcing the robustness of the findings. The implication is that increased investment in agency banking infrastructure and awareness campaigns will significantly improve financial inclusion outcomes among youth.

However, while the explanatory power (51.2%) is substantial, it also indicates that 48.8% of financial inclusion is influenced by other factors such as financial literacy, income level, digital skills, and regulatory environment. This observation is supported by Eze and Nwankwo (2023), who emphasize that financial inclusion in Nigeria is multidimensional and influenced by both supply-side and demand-side factors.

Hypothesis 2 also reveals that agency banking exposure plays a significant role in enhancing youth economic empowerment in Nigeria. The R^2 value of 0.452 implies that nearly half of the variation in youth economic empowerment is explained by agency banking exposure, highlighting its relevance as a financial inclusion tool with economic benefits. The positive coefficient ($B = 0.622$) suggests that increased exposure to agency banking through improved access, awareness, and utilization translates into better economic outcomes for youth. These outcomes may include increased savings, access to financial services, improved business transactions, and income-generating opportunities. This finding supports the assertion that access to financial services is a key driver of economic empowerment.

This result is consistent with recent Nigerian studies. For example, Adebayo and Salami (2023) found that agency banking significantly enhances micro-enterprise performance and income levels among youth in southwestern Nigeria. Similarly, Okafor et

al. (2024) reported that agency banking facilitates financial access, which in turn improves entrepreneurial activities and economic independence among Nigerian youth.

The relatively strong standardized coefficient ($\beta = 0.673$) indicates that agency banking exposure is a major predictor of youth economic empowerment, reinforcing its importance in Nigeria's development agenda. This aligns with the position of the Central Bank of Nigeria (2021), which identifies agency banking as a strategic channel for promoting financial inclusion and stimulating economic activities, especially among underserved populations. Furthermore, the findings are in line with global perspectives. The World Bank (2022) emphasizes that expanding access to financial services enables individuals to invest in education, businesses, and productive activities, thereby enhancing economic empowerment. Similarly, Demirgüç-Kunt et al. (2018) highlight that financial inclusion contributes directly to poverty reduction and economic participation.

The statistical significance ($p < 0.05$) confirms that the observed relationship is robust and significant. This suggests that policy interventions aimed at increasing agency banking exposure can significantly improve youth economic outcomes. However, the R^2 value of 45.2% also indicates that 54.8% of the variation in youth economic empowerment is explained by other factors, such as education, access to credit, entrepreneurial skills, digital literacy, and macroeconomic conditions. This is supported by Ezech and Nwosu (2023), who argue that youth empowerment in Nigeria is multidimensional and influenced by both financial and non-financial factors.

5. Conclusion and Recommendations

Based on the findings, the study concludes that agency banking exposure plays a critical and transformative role in improving the financial inclusion and economic empowerment of youth in Bauchi State. The results clearly demonstrate that agency banking serves as an effective mechanism for bridging the gap between formal financial institutions and underserved populations, particularly young people.

The study further concludes that increased exposure to agency banking through improved access, awareness, and utilization enhances financial inclusion by promoting account ownership, transaction frequency, and access to financial services. In addition, it contributes significantly to youth economic empowerment by enabling participation in income-generating activities, improving financial management, and supporting entrepreneurial development.

Based on the findings and conclusions, the following recommendations are made:

1. Financial institutions should expand the reach of agency banking services, especially in rural and underserved areas, to improve accessibility for youth.
2. Government and financial institutions should intensify awareness campaigns and financial education programs to enhance youths' understanding and effective use of agency banking services.
3. Banks and financial service providers should design tailored financial products (e.g., microcredit, savings plans, and digital payment solutions) that meet the specific needs of young people.

References

- Adebayo, O. P., Ibrahim, M. A., & Yusuf, S. A. (2022). Agency banking and financial inclusion in Nigeria: Evidence from rural communities. *Nigerian Journal of Banking and Finance*, 14(2), 45–60.
- Adebayo, O. T., & Salami, A. O. (2023). Agency banking and youth enterprise development in Nigeria. *Journal of Small Business and Entrepreneurship Development*, 11(2), 55–70.
- Adegbite, O. O., & Machethe, C. L. (2021). Bridging the financial inclusion gap in sub-Saharan Africa: The role of financial literacy. *Development Southern Africa*, 38*(6), 889–905.
- Akinwale, Y. O., & Kyari, A. K. (2020). Financial inclusion in Nigeria: The role of agent banking. *Journal of African Business*, 21(2), 191–210.
- Allen, F., & Santomero, A. M. (1997). The theory of financial intermediation. *Journal of Banking & Finance*, 21(11–12), 1461–1485.
- Ayadi, O. F., Oke, B., Oladimeji, A., & Aladejebi, O. (2023). Agency banking in Nigeria: Impact and impediments. *SEDME (Small Enterprises Development, Management & Extension Journal)*, 50(3), 227–247. <https://doi.org/10.1177/0970846423119591>
- Batista, C., & Vicente, P. C. (2020). Improving access to savings through mobile money: Experimental evidence from African countries. *World Development*, 129, 104905.
- Central Bank of Nigeria. (2021). *National financial inclusion strategy (revised)*. Abuja: CBN.
- City Population. (2022). Bauchi (State, Nigeria) - Population statistics, charts, map and location.

- Retrieved March 21, 2026, from <https://www.citypopulation.d/en/nigeria/admin/bauchi/>
- Creswell, J. W., & Creswell, J. D. (2018). Research design: Qualitative, quantitative, and mixed methods approaches (5th ed.). Sage Publications.
- Demirgüç-Kunt, A., Klapper, L., Singer, D., Ansar, S., & Hess, J. (2022). *The Global Findex Database 2021: Financial inclusion, digital payments, and resilience in the age of COVID-19*. World Bank.
- Eze, G. C., & Nwankwo, E. E. (2023). Determinants of financial inclusion in Nigeria: The role of financial literacy and digital banking. *African Development Review*, 35(1), 89–103.
- Ezeh, P. C., & Nwosu, E. O. (2023). Determinants of youth economic empowerment in Nigeria: Evidence from financial inclusion and skills development. *African Journal of Economic Policy*, 30(1), 102–118.
- Ibrahim, S. S., & Aliero, H. M. (2023). Financial inclusion and poverty reduction in northern Nigeria. *African Development Review*, 35*(2), 233–245.
- Krejcie, R. V., & Morgan, D. W. (1970). Determining sample size for research activities. *Educational and Psychological Measurement*, 30(3), 607–610.
- Okafor, C. N., Obi, K. C., & Eze, M. E. (2024). Financial access and youth entrepreneurship in Nigeria: The role of agency banking. *International Journal of Development Studies*, 18(1), 88–105.
- Okoye, L. U., Eze, C. C., & Nwankwo, O. (2023). Agency banking adoption and financial behaviour in rural Nigeria. *International Journal of Social Economics*, 50(4), 567–583.
- Okoye, L. U., Ezeji, C. E., & Obi, C. O. (2024). Financial innovation and inclusion in Nigeria: The role of agency banking. *International Journal of Finance and Economics*, 29(2), 210–225.
- Olatunji, T. A., & Adeyemi, K. O. (2023). Agent banking and youth financial inclusion in Nigeria. *Journal of African Economic Studies*, 11(1), 72–88.
- Olayemi, O. R., & Kolapo, F. T. (2022). Agent banking and financial inclusion in Nigeria: Empirical evidence from rural communities. *African Development Review*, 34(3), 512–524.
- Ozili, P. K. (2023). Financial inclusion research around the world: A review. *Forum for Social Economics*, 52(1), 1–23.
- Rogers, E. M. (2003). *Diffusion of innovations* (5th ed.). Free Press.
- Suri, T., Bharadwaj, P., & Jack, W. (2021). Fintech and household resilience: Evidence from digital financial services in Africa. *Annual Review of Economics*, 13, 507–531.
- World Bank. (2022). *Financial inclusion overview*. Washington, DC: World Bank.
- Yusuf, A. M., & Ahmed, S. A. (2022). Financial inclusion and youth entrepreneurship in Nigeria. *Journal of Development Studies*, 58(9), 1765–1782.