

Influence of Digital Loan Closure Management on Investment Among Cooperative Thrift and Credit Societies in Southwest, Nigeria

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Abstract

The study examined the influence of digital loan closure management on investment among cooperative thrift and credit societies in Southwest, Nigeria. The study adopts a cross-sectional survey research design. The study randomly selected four cooperative thrift and credit societies in each state in the focused region with a population of eight thousand four hundred and sixteen (8416) members. The sample size of the study is three hundred and eighty-two (382) that was further divided among the selected respective cooperative thrift and credit societies. Findings of the study reveals a positive effect of digital loan closure influences cooperative investment among cooperative thrift and credit societies in the civil service of Southwest, Nigeria at the tune of $\beta = 1.034$, $t = 55.513$, $p = 0.000 < 0.05$. The study therefore recommends that cooperative thrift and credit societies in Southwest should continue to enhance and automate its digital loan closure system to ensure seamless debt clearance thereby sustaining trust and strengthening financial stability.

Keywords: Digital Loan Closure, Investment, Cooperative Thrift, Credit Societies

1. INTRODUCTION

The adoption of digital loan closure has developed to a business model where its operations has been described to be an investment portfolio that offers returns to members of the society beyond the conventional understanding of what cooperative societies are known for. Loan closure management is critical in the success or failure of cooperative thrift and credit organisations as it shows the progress, growth and achievement of cooperative investment (Bala, Idris & Vincent, 2020). Cooperative thrift and credit societies are member owned whose core activity is in its investment via loans granted to members and other services that acts as income creation to the society (Aribaba, Ahmodu & Yusuf, 2018). An excellent loan closure management system helps to increase the efficacy and accuracy of the loan process, decrease human mistakes and offer useful information to lenders on the performance of their loan portfolio (Shaikh, Jagtap, Dhanokar, Deshmukh & Damoda, 2023). Investment decision making for cooperative thrift and credit organisations decide the direction of its long term development and profitability. Therefore, it affects not only the sustainability of operations but also the members' returns and the general health of the cooperative company (Ogaluzor & Uduak, 2026). Adequate loan management closure encourages utilisation of cooperative funds that assures financial discipline that also fosters sustainable investment and development within the cooperative sector. Investment is the backbone of cooperative thrift and credit organisations and this is made feasible when members' loans are correctly accounted for by an efficient loan management closing system (Ueli & Markus, 2024) .

Recent occurrences has shown that company operation is believed to be moving more digital so as to cover a larger scope and higher investment that brings about growth in revenue generation, cooperative thrift and credit societies are predicted to progress in the direction of digitisation. However, the literature available is not adequate to examine the digitisation of loan closure management as it affects investment potential of cooperative thrift and credit organisations in the southwest area of Nigeria.

2. LITERATURE REVIEW

2.1 Digital Loan Closure and Cooperative Investment

Cooperative Thrift and Credit Society Loan Closure It is a legal document/declaration by a lender indicating the loan has been paid in full and the account is closed. This is an indication that all the circumstances that create loan agreements like interest rates, payback periods and penalties have been exhausted and the lender has no more rights on the borrower (Ademola, 2024). One of the methods regarded useful in monitoring the performance of cooperative loans issued to members is via the loan closure of individual's cooperative books of account. The policies of the different cooperative thrift and credit societies push an increase in the number of member's loan closure to enhance loan efficiency (Renata & Dony, 2021). The performance of cooperative thrift and credit institutions is a function of three things, namely, income, savings and investment. Investment is based on savings, the single most important factor in the development of an economy (Ramesh, 2023).

Cooperative investments transform the product offering and business operations of current members resulting in higher integration and coordination throughout the member value chain partners (Joseph & Jeffery, 2020). The source of cooperative investment is the savings of the members, i.e., the accumulation of resources to finance common initiatives. This way, it allows for financial inclusion, risk sharing and reciprocal advantages. Cooperatives, unlike typical ventures, prioritise member wellbeing above profits, assuring long-term prosperity (Ibrahim & Musa, 2019).

Loans to members and loan closure is the principal investment of cooperative thrift and credit society. Loan is a monetary loan which is returned in regular installments over a certain time period. The

established length of payment is called loan duration and when members satisfy this time without default, it is considered as loan closure (Bangsa, Najib & Hermadi, 2018). Cooperative investment is the distribution of a certain amount or percentage of funds for the given period to generate the potential profitable result. Investment decision making of cooperative thrift and credit organisations concerns how the funds will be invested to make profit, whether on a short or long term basis (Moses & Salome, 2025). Loan closure provides for recycling of cooperative thrift and credit funds by reinvestment of such funds through loans in the form of investment to produce returns and maintain cooperative income growth (Udenwa, Nwala, Adigizey & Jacob, 2023).

Cooperative investment choice is a well designed plan of action to allocate financial resources to maximise the highest attainable return for reinvestment (Moses & Salome, 2025). Cooperative thrift and credit societies must ensure that they build their credit policy on the 5Cs of lending which include character, capacity, capital, collateral and conditions to be successful in the business of investing limited resources at their disposal. This is to make sure that members are going to meet their commitment at the conclusion of their loan term (Rifas, Nimsith & Shibly, 2016). The investment of cooperative thrift and credit societies may be actual investment or financial investment. Real investment is the acquisition of tangible capital such as land and equipment to be used in the production process and generate more profit whereas financial investment involves the purchase of “paper” assets such as stocks and bonds (Salau & Ojo, 2023).

2.1.1 Cooperative Thrift and Credit Societies

The idea of cooperative societies from literature and academics are seen as member owned and self-help organization that give services to its members with the aim of not profit maximisation but members interest optimisation. Olajide (2024) states that the establishment of cooperative societies are solely like-minded folks who get together to seek mutually beneficial economic interest and boost individual socio-economic wellbeing.

Cooperative thrift and credit societies are mutual organisations that give their members with secure loans at reasonable interest rates and unlike other types of recognised cooperative societies, they are created to enhance the living situation of its members (Nwafor & Umebali, 2025). Mobilisation of funds from diverse sources mostly consisting of donations from members and the interest on loans granted to members, and occasionally but rarely to non-members (Ayodele, 2014) is viewed as one of the core tasks of cooperative thrift and credit institutions. The administrative operations in cooperative thrift and credit organisations are typically easy. The transaction expenses there are minor and shared. These societies invest in the form of loans and the returns are in the form of interest earned on the investment which may be paid to the members or reinvested in the society within a period of time (Michael, Oluwasanya & Aladegoroye, 2021).

3. METHODOLOGY

3.1 Research Design

The study adopts a cross-sectional survey research design. The cross-sectional design enables to collect a large amount of data on digital loan closure and cooperative investment among cooperative thrift and credit societies in the civil service of Southwest Nigeria within a specific time frame.

3.2 Area of Study

The study was conducted in Southwest, Nigeria. Southwest is one of the six regions that makes up Nigeria. The states in the Southwest region includes Lagos, Ogun, Oyo, Ondo, Osun and Ekiti

3.3 Population of the Study

The population of the study was made up of all cooperative thrift and credit societies in the Civil Service of Southwest, Nigeria. Due to the large number of cooperative thrift and credit societies in the civil service of Southwest, Nigeria, the study randomly selected four (4) cooperative thrift and credit societies in each of the civil service Southwest State so as to manage the data size, reduce data complexity and ensure a focused analysis. The population statistics shows Lagos

3.4 Sample Size Determination and Sampling Techniques

The determination of the sample size is as formulated by Taro Yamane (1967). The sample size is:

$$n = \frac{8416}{1 + 8416(0.05)^2} = 382$$

The study adopts a multi stage sampling technique. This is done through the first stage of purposive, second stage of proportional selection and the third stage of convenience sampling technique to select the appropriate respondents.

Table 3.2: Summary of Population of Sample Size

S/N	State	Names Of Selected Ministries	Population Of CTCS Members	Total
1	LAGOS	Ministry of Women Affairs and Poverty Alleviation Office of the Chief of Staff Public Service Office Ministry of Information and Strategy	$\frac{(104)(382)}{8416} = 5$ $\frac{(726)(382)}{8416} = 33$ $\frac{(341)(382)}{8416} = 16$ $\frac{(222)(382)}{8416} = 10$	64
2	OGUN	Accountant General Staff Governor's Office Staff CTCS Government Press Staff Abeokuta Civil Service	$\frac{(398)(382)}{8416} = 18$ $\frac{(458)(382)}{8416} = 21$ $\frac{(139)(382)}{8416} = 06$ $\frac{(1044)(382)}{8416} = 47$	92

3	OYO	Ministry of Housing	$\frac{(652)(382)}{8416} = 30$	60
		Ministry of Education	$\frac{(258)(382)}{8416} = 12$	
		Ministry of Health	$\frac{(250)(382)}{8416} = 11$	
		Ministry Of Works And Transport	$\frac{(150)(382)}{8416} = 07$	
4	OSUN	Ministry of Land and Housing	$\frac{(80)(382)}{8416} = 04$	17
		Ministry of Health	$\frac{(89)(382)}{8416} = 04$	
		Deputy Governor's Office	$\frac{(76)(382)}{8416} = 04$	
		Ministry of Cooperative and Empowerment	$\frac{(110)(382)}{8416} = 05$	
5	ONDO	Ministry of Information	$\frac{(197)(382)}{8416} = 09$	44
		Ministry Of Women Affairs	$\frac{(320)(382)}{8416} = 15$	
		Ministry of Agriculture	$\frac{(125)(382)}{8416} = 06$	
		Ondo State Water Corporation	$\frac{(300)(382)}{8416} = 14$	

6	EKITI	Ekiti State Civil Service Commission	$\frac{(1615)(382)}{8416} = 72$	105
		Ekiti State Cooperative Department Staff	$\frac{(316)(382)}{8416} = 13$	
		Ekiti State House Of Assembly Staff	$\frac{(105)(382)}{8416} = 5$	
		Ekiti State Ministry of Information	$\frac{(341)(382)}{8416} = 15$	
		TOTAL		382

Source: Author's Design (2025)

3.5 Data Collection

Primary data information was used for the study. The research questionnaire was divided into two sections. Section A provided demographic information about the respondents; section B raised questions on digital loan closure and cooperative investment. The Questionnaire was built on a five-point Likert-Scale to examine the respondents' opinion scaling from 5 to 1.

3.6 Validity and Reliability of the Research Instrument

The validity of the research instrument, the study adopts face and content validity methods while the reliability of the research instrument measures the extent to which the research instrument provides consistency with the result. The Cronbach's Alpha coefficient valid at 0.85 significant level indicates a good level of consistency

S/N	Variable	Items	Cronbach's Alpha
1	Digital Loan Closure	7	0.995
2	Cooperative Investment	7	0.898

3.7 Model Specification

For the purpose of this study, the study makes use of a simple regression model which is stated thus in its implicit form:

$$CI = \beta_0 + \beta_1 DLC + \mu \dots \dots \dots (9)$$

(Where: β_0 = constant; $\beta_1 DLC$ = Digital Loan Closure, CI = Cooperative Investment)

4. RESULTS AND DISCUSSIONS

4.1 Demographic Profile of Respondents

The demographic characteristics of the respondents are presented according to their gender, age, higher educational qualification, membership year, position, income and household size in (Table 4.1):

The gender distribution of respondents revealed that 141(54.4%) of the respondents are male while

118(45.6%) of the respondents are female which implies that there are more of male respondents that participated in the research than their female counterparts.

Age distribution of the respondents shows that 9(3.5%) of the respondents are within the ages between 18-29years, 110(42.5%) are ages between 30-39years, 24(9.3%) are ages between 40-49years, 77(29.7%) are ages between 50-59years, 39(15.1%) are ages above 60years respectively. This implies that the highest frequency of 110(42.5%) i.e 30-39years is not surprising because within the age bracket is the digital world domiciled.

Educational qualification of the respondents revealed that 28(10.8%) of the respondents are without formal education, 25(9.7%) had primary education while 147(56.8%) had secondary education and 59(22.8%) had tertiary education respectively. By implication, the educational profile suggest that most respondents are well informed on the use of digital loan management systems for revenue generation as against members with low or no formal education.

Cooperative membership years showed that 6(2.3%) of the respondents have being a member of the Cooperative Thrift and Credit Societies between 1-3years, 10(3.9%) have been a member between 4-6years, 7(2.7%) indicates membership between 7-10years, 149(57.5%) have membership participation between 11-13years while 87(33.6%) membership have lasted between 14-16years respectively. The membership distribution implies a highly experienced membership base of the CTCS indicating a strong trust in the cooperative activities as it relates to revenue generation.

Positions in the cooperative thrift and credit society revealed that 7(2.7%) of the members are presidents, 6(2.3%) are secretaries, 59(22.8%) of the respondents are other gender positions occupied by the members while 187(72.2%) are ordinary members. The distribution on member's position implies that respondents mainly reflect ordinary members' perspectives with limited leadership representation

Income of the respondents showed that 12(4.6%) of the respondents earn between N30,000-N60,000 monthly, 4(1.5%) earn between N61,000-N90,000 monthly, 2(0.8%) receives between N91,000-N120,000 monthly, 107(41.3%) earns between N121,000-N150,000 monthly while 134(51.7%) receive between N151,000-N180,000 respectively. The income distribution reflects that 134(51.7%) earning moderate to relatively high monthly incomes which assumes a stronger repayment capacity and higher loan uptake potential.

Household size shows that 48(18.5%) of the respondents are couples, 106(40.9%) has 3persons in the family (couples and a child) while 50(19.3%) has 4persons in the family (couples and two children) and 55(21.2%) have above 5persons in the family (couples and three children). It indicates that increased household size leads to higher needs which may be driven by higher loan uptake, supporting revenue generation if defaults are effectively controlled.

4.2 Test of Hypothesis

H₀: Digital loan closure does not have any significant effect on cooperative investment of cooperative thrift and credit society in the civil service of southwest Nigeria.

H₁: Digital loan closure has a significant effect on cooperative investment of cooperative thrift and credit society in the civil service of southwest Nigeria.

The respondents' ratings on two variables of digital loan closure and cooperative investment were calculated and submitted to simple regression analysis to evaluate the hypothesis. The R (correlation coefficient) is 0.961 from table 4.2.1 which is positive. This implies that there is a significant positive association between digital loan closing and cooperative investment. The R² is the proportion of the total

variation in the dependent variable that is explained by change in the independent variables. The finding of the study indicates that R^2 is 0.923, this implies that R^2 is 0.923, this means that digital loan closure explains 92.3% of the variance in cooperative investment which is further proved by the adjusted R^2 which shows the goodness of fit of the model which is 0.923, implying that after all corrections and adjustments are made, the model can only explain 92.3% by digital loan closure while the remaining 7.7% is explained by the error term in the model as shown in Table 4.2.1.

Table 4.2.1: Model Summary of Regression Analysis for Digital Loan Closure and Cooperative Investment

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.961 ^a	.923	.923	.295

a. Predictors: (Constant), Digital Loan Closure

Source: SPSS V. 25 Output (2026)

Table 4.2.2 shows the unstandardized beta co-efficient of digital loan closure is 1.034 with $t = 55.513$ and ($p = 0.000 < 0.05$). These results showed that digital loan closure has a positive relationship with cooperative investment. This implies that findings show that digital loan closure has improved record accuracy, ensured timely debt clearance, enhanced transparency, and increased members' confidence in the cooperative. It allows members to complete loan obligations remotely, promotes continued patronage, and strengthens the society's financial stability through improved capital availability and increased savings.

Table 4.2.2 Coefficients of Regression Analysis for Digital Loan Closure and Cooperative Investment

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.244	.083		-2.943	.004
	Digital Loan Closure	1.034	.019	.961	55.513	.000

a. Dependent Variable: Cooperative Investment

Source: SPSS V. 25 Output (2026)

By F-Stat. 3081.657, p -value $0.000 < .05$, it revealed that the null hypothesis, digital loan closure does not substantially effect cooperative investment is not true consequently, the null hypothesis is rejected from the Table 4.2.3 discussion in objective five. From this alternate hypothesis was agreed that digital loan closure had influence on cooperative investment.

Table 4.2.3: ANOVA Regression analysis for Digital Loan Closure and Cooperative Investment

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	267.377	1	267.377	3081.657	.000 ^b
	Residual	22.298	25	.087		
	Total	289.676	25			
			7			
			8			

a. Dependent Variable: Cooperative Investment

b. Predictors: (Constant), Digital Loan Closure

Source: SPSS V. 25 Output (2026)

4.3 Discussion of Findings

Findings of the study shows a significant positive effect of digital loan closure influences cooperative investment among cooperative thrift and credit society in the civil service of Southwest, Nigeria at the tune of $\beta = 1.034$, $t= 55.513$, $p= 0.000 < 0.05$. We therefore reject the null hypothesis and accept the alternative hypothesis. This suggests that among cooperative thrift and credit societies in the civil service of Southwest Nigeria, digital loan closure is a strong determinant of respondents’ reasons for cooperative investment. Digital loan closure has improved record accuracy, ensured timely debt clearance, enhanced transparency, and increased members’ confidence in the cooperative. Ezeike-Obuna et al. (2024) went further to state that cooperative thrift and credit societies are essential to the financial ecosystem because they increase the size of their client bases and add to the funds of members. According to the findings of the Védaste and Nyetera (2024) study, digital loan closure positively and significantly impacts cooperative investment modules ($\beta_1= 0.049$; $p<0.05$). Iskandar et al. (2019) went further to ascertain that the results of the normality test indicate that the study variables have a multivariate normal distribution, as indicated by the crucial ratio values and the kurtosis value of 28.237. Furthermore, no correlation coefficient higher than 0.80 was discovered. All variables had a positive link with loan fulfilment, according to Bangsa et al. (2018), with the exception of the debt to equity ratio and net profit margin, which had a negative relationship. The model has an accuracy of 85% for training and 83% for testing. Sales growth and loan term have a beneficial impact on loan fulfilment, whereas the debt to equity ratio has a negative impact. An increase in the number of member’s loan closure is driven by policies of respective cooperative thrift and credit societies so as to improve cooperative investment (Renata & Dony, 2021). The results of the study by Ardhy *et al.* (2024) showed that the digital lending solution has assisted cooperative thrift and credit societies to meet the expectations of borrowers, take advantage of channel strategies, and increase the efficiency of loan closure. Additionally, cooperative thrift and credit societies digital transformation process has been steered by crucial actions and tactics that put operational effectiveness and customer experience first.

5. CONCLUSION AND RECOMMENDATION

Digital loan closure of cooperative thrift and credit societies strengthens the link between cooperative loans and investment capacity. At the point of digital loan closure of member’s account through automated means and all reconciliations done, it allows reinvesting funds back into the loan pool for further

investments by cooperative thrift and credit societies in member needs. This increases member's faith in the digital process introduced by their cooperative societies as records are more reliable, accurate and loan processes closed without delay. This gives more liquidity and better returns on investment to the cooperative thrift and credit societies in the civil service of southwest with a more suitable cycle of loan applications to members.

The study therefore recommends that cooperative thrift and credit societies in Southwest, Nigeria should continue to enhance and automate its digital loan closure system to ensure seamless debt clearance, real-time account monitoring, and greater convenience for members, thereby sustaining trust and strengthening financial stability.

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