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What the Field Taught Me About Productive Credit

One of the easiest mistakes in financial inclusion work is to assume that access tells the whole story. On paper, the categories are neat. A person is included or excluded, banked or unbanked, a borrower or a non-borrower. A business has accessed credit, or it has not. But in the field, those distinctions quickly become harder to hold. Finance is rarely experienced as a clean policy label. It is experienced as timing, pressure, trust, embarrassment, aspiration, negotiation, and sometimes fear.

An enumerator engages an entrepreneur during field data collection.

Over the past several weeks, I have been supervising fieldwork for an EFInA-supported research study on how productive credit impacts financial resilience, enterprise growth, and welfare among microenterprises in Nigeria. The study surveyed microentrepreneurs across Lagos, Kano, Anambra, and Borno, four states selected because they represent different economic realities within Nigeria's enterprise landscape. Lagos offered the density of a commercial and fintech hub. Kano reflected the depth of northern mercantile trade, shaped strongly by religion, trust, and informal networks. Anambra brought the logic of trade, apprenticeship, market discipline, and supplier relationships. Borno offered a different lens entirely, one of resilience, recovery, and enterprise activity in a post-conflict context.

The central question of the study is simple to state, but difficult to answer. **When does credit become truly productive?** Not merely available. Not merely disbursed. Not merely repaid. Productive in the sense that it enters the business as working capital, stock, equipment, supplier finance, or expansion capital, and then travels through the enterprise into revenue, resilience, and household welfare. The study is built around what I call the productivity transmission mechanism of credit, the pathway through which capital injection should support business activity, deepen productive assets, improve income stability, strengthen financial resilience, and eventually create a human welfare dividend.

That was the theory. The field made it more complicated and more interesting.

The policy conversation on financial inclusion has matured considerably. The question is no longer only whether formal finance can reach microentrepreneurs. It is whether it reaches them in ways that are useful, trusted, affordable, dignified, and protective. The World Bank has long argued that access to affordable financial services is critical for poverty reduction and economic growth. That remains true. But what fieldwork constantly reminds us is that access alone is not impact. A person can have a wallet and still be financially vulnerable. A trader can receive a loan and still be trapped in a cycle of repayment pressure. A woman can own a business and still lack the privacy or bargaining power to discuss money freely. A microenterprise can be financially included, and still not be financially healthy.

That gap, between inclusion and impact, became the real subject of the fieldwork.

Our data collection was structured across selected local government areas and commercial clusters in the four states. Enumerators worked in markets, trading streets, artisan zones, service corridors, and small production clusters. They spoke with tailors, provision store owners, POS agents, barbers, food vendors, spare parts traders, poultry farmers, fashion designers, pharmacy operators, building material sellers, phone repairers, auto parts dealers, transport-linked businesses, and many others who make up the living fabric of Nigeria's microenterprise economy. These are people through whom household survival, neighbourhood employment, apprenticeship, and local commerce are sustained every day.

Yet the first lesson from the field was that people do not simply respond to financial questions as economic subjects. In some areas, entrepreneurs warmed quickly once the study was explained. In others, suspicion surfaced almost immediately. Questions about borrowing, turnover, business shocks, or income could be interpreted through the lens of taxation, regulation, debt collection, or surveillance. Some respondents lowered their voices when money was mentioned. Some wanted to know exactly who would see the data. Some wondered whether the research was linked to government revenue collection.

That reaction is not just an inconvenience for fieldwork. It tells us something substantive about the social life of finance, where people hear a question about debt and think first about punishment rather than opportunity. Inclusion is already being filtered through distrust.

At one point in the field process, that distrust became more than a methodological challenge. An enumerator was harassed after a respondent mistook her for a loan recovery agent. That incident stayed with me because it exposed, in one sharp moment, the emotional residue of Nigeria's credit environment. Even where encounters did not escalate, the same underlying anxiety appeared in softer forms, guarded answers, reluctance to disclose amounts, discomfort, and the need for longer introductions before respondents were willing to speak openly. Fieldwork made one thing clear: finance is not used in a vacuum. It is interpreted through prior encounters with lenders, agents, apps, institutions, friends, family, repayment officers, and sometimes public embarrassment.

This is why trust must be treated as infrastructure. Not as a communication accessory. Not as a public relations problem. As infrastructure.

A financial product may be technically available, but if people fear what will happen after they use it, they will either avoid it, underuse it, or use it only under distress. In Lagos, for instance, fintech visibility was high, but visibility did not always translate into confidence. Some respondents knew digital lenders by name, but associated them with aggressive follow-up, reputational risk, or intrusive recovery practices. In Kano, another layer appeared. Interest sensitivity was not just a question of price. It was also moral, religious, and social. For some respondents, borrowing from conventional sources raised concerns around riba (usury), and this shaped attitudes towards formal credit. In such contexts, the constraint is not merely awareness or availability. It is product fit. A loan product that does not understand the moral economy of the market will struggle to produce meaningful uptake, no matter how widely it is advertised.

In Anambra, the logic of enterprise was different again. The market system carried a dense social memory of trade, apprenticeship, supplier relationships, reputation, and commercial discipline. In some cases, what looked like informal credit was actually a sophisticated trust-based financing arrangement. A business owner might receive stock, fabric, machine parts, or equipment from a supplier and repay over time. No cash changes hands at the point of access, yet productive value has clearly been transferred. If a survey instrument only recognises loans as cash, it risks missing one of the most important credit channels in real business life.

A market scene in Awka.

That was one of the revelations of the field. Productive credit is not always cash.

A tailor who collects fabric on credit from a supplier has accessed productive finance. A small manufacturer who receives inputs now and pays after sales has accessed productive finance. A trader who obtains inventory through a deferred payment arrangement is using credit, even if no bank, fintech, or microfinance institution is involved. These practices complicate formal definitions, but they also enrich the study. They show that the productive credit ecosystem is wider than the formal lending market. It includes suppliers, trade associations, cooperatives, family reputation, apprenticeship networks, and the informal enforcement mechanisms that hold markets together.

That is why the distinction between access and alignment matters. Credit becomes meaningful when it aligns with the rhythm of the enterprise. A loan that arrives too late, is too small, too expensive, too rigid, or too socially risky may count as access, but it may not translate into growth. A supplier arrangement that fits stock cycles and repayment rhythms may be informal, but more productive. This is the kind of complexity that fieldwork reveals before the regression table does.

The second lesson was that the enterprise is never just the enterprise.

In interview after interview, money moved across the supposed boundary between business and household life. Respondents spoke of restocking and school fees in the same breath. They connected transport costs to food prices, rent to working capital, health expenses to inventory depletion, and children's education to business profit. This movement complicates the neat contrast between productive and consumptive borrowing. It does not make the distinction useless, but it makes it incomplete.

For many microentrepreneurs, the household and the enterprise are not separate financial units. They are one economy with many pressures. A child's illness can become a business shock. A rent increase can reduce stock. A delay in school fees can affect repayment behaviour. Inflation can enter the household through food prices and enter the business through replacement cost. When we ask whether credit is productive, we must therefore ask a deeper question. Productive for what, for whom, and over what time horizon?

A loan used partly to restock and partly to stabilise the household during a difficult month may not fit clean analytical categories. But in the real life of a microentrepreneur, keeping the household stable may be what allows the business owner to keep trading at all. This is why the welfare dimension of the study matters. If business profit supports education, health, food security, rent, and psychological stability, then the impact of credit cannot be assessed only at the level of enterprise turnover. It must also be traced into the household.

The field also challenged our assumptions about measurement. Many respondents struggled to translate lived expenditure into monthly percentages. They were not necessarily confused. The problem was that their financial lives did not always operate on the monthly logic that survey instruments often assume. Food may be bought in bulk. School fees may be paid termly. Shop rent may be saved gradually and paid at once. Health spending may be irregular. Religious and festive periods may shift both income and expenditure. Stock cycles may depend on market days, supplier availability, exchange rates, or transport costs.

Sometimes the respondent is not the one failing to understand the question. Sometimes the instrument is asking life to arrange itself too neatly.

That realisation is methodologically important. Good fieldwork on finance cannot rely on instruments alone. It depends on introductions, local language, timing, interviewer judgment, cultural sensitivity, and the ability to recognise when silence is not ignorance, but caution. It depends on knowing when a respondent is tired, when a business owner is too busy to answer carefully, when a sales attendant cannot provide reliable information, and when a question has crossed from technical into personal.

Across the four states, women were not simply participating less in the same way as men. They were often participating under different conditions. Some were hesitant to be recorded. Some appeared to need more privacy before they could speak freely. In some places, women's businesses were visible, but their ability to participate was shaped by time, household roles, market location, and social expectations. Some interviews revealed subtle forms of gatekeeping, including men speaking on behalf of women or remaining close enough to influence what could be said. In other places, women were economically active, but not necessarily recognised as primary financial decision makers within the household.

A woman microentrepreneur in her store.

The lesson here is not that women are absent from enterprise. They are not. Women's economic activity was visible across food vending, beauty services, tailoring, petty trade, retail, catering, agro processing, social commerce, and household goods. The deeper point is that women's economic empowerment cannot be measured adequately if voice, privacy, safety, and bargaining power are ignored. It is possible for a woman to run a business and still lack full control over income. She can use a financial product, but not freely discuss the decision. She can contribute to household stability while her agency remains undercounted.

This is why women's financial inclusion must move beyond product ownership. It must ask whether women can make decisions, protect their privacy, control income, access suitable finance, and participate in financial conversations without fear of social consequences. The field made that insight feel immediate rather than abstract.

The regional contrasts were equally instructive. Lagos had fintech visibility, banking infrastructure, agent networks, service businesses, and high commercial energy. But it also had congestion, mobility costs, privacy concerns, high rent, exposure to demolitions in some corridors, and intense pressure on small businesses. In parts of Lagos, credit was not always about expansion. Sometimes it was about surviving the cost of staying in business. When a loan is used to pay rent, diesel, transport, or urgent operating expenses, the line between productive support and survival finance becomes thin.

In Kano, institutions existed, but willingness to engage with them was shaped by interest sensitivity, documentation, literacy, and social norms. The market was alive with enterprise, but the pathways into credit had to pass through moral and cultural filters. In such a context, product design cannot be neutral. It must be locally intelligible.

In Anambra, markets in Awka, Onitsha, and Nnewi offered different versions of commercial life, from survival retail to apprenticeship-rooted enterprise systems and industrial trade clusters. In Nnewi, especially, the informal economy is not disorganised simply because it is informal. It is governed by reputation, apprenticeship, supplier trust, and a deeply embedded mercantile code. One of the mistakes policy can make is to see informality only as a deficiency. Sometimes informality is also structure, only not the kind written into formal institutional manuals.

Borno brought the resilience question into sharper relief. In places shaped by insecurity, displacement, seasonal livelihoods, and fragile infrastructure, credit cannot be discussed apart from risk. Security affects movement. Network connectivity affects data capture and digital finance. Trust affects participation. Market access affects stock. In such environments, financial inclusion is not only about reaching the excluded. It is about designing services that understand uncertainty as a normal operating condition.

These contrasts reinforced one of the central assumptions of the study: impact is context dependent. Credit does not do the same thing everywhere. The same loan size, repayment structure, or delivery channel may produce different outcomes depending on market depth, gender norms, religious concerns, infrastructure, security, household pressure, and the borrower's business maturity. This is why financial inclusion research must be careful with averages. Averages can summarise, but they can also conceal.

For me, one of the most important implications of this experience is that mixed methods are not optional in a study like this. The survey gives breadth. It can show patterns in uptake, credit sources, business outcomes, resilience, and welfare. But the field experience explains why those patterns may exist. It tells us why a respondent may underreport income, why a woman may hesitate to speak, why supplier credit may matter more than formal loans in some markets, why digital lenders may be known but not trusted, and why household welfare questions can feel intrusive even when they are analytically necessary. Without these lived explanations, quantitative results can become tidy but shallow. With them, the numbers become more honest.

This is also where I have come to appreciate the discipline of impact-oriented research. It is not enough to ask whether people are financially included. We must ask what inclusion changes. Does credit increase turnover, or does it only smooth distress? Does it help a business acquire productive assets, or does it disappear into operating pressure? Does it improve resilience, or does it create repayment anxiety? Does it strengthen women's agency, or does it simply add another obligation to already constrained lives? Does it help households invest in education, health, and stability, or does it deepen their exposure to debt?

These are harder questions, but they are the questions that matter.

The simplest way I can put it is this: the field moved my thinking from access to alignment.

The full analysis will now test which of these field signals hold statistically. It will show where credit appears to support growth, where it mainly helps businesses survive, where it strengthens resilience, and where its design may be failing the very entrepreneurs it is meant to serve. It will examine what differs by state, gender, business type, credit source, and enterprise maturity. It will also help us understand whether the path from capital to growth to welfare is working as theory suggests, or whether parts of that pathway are breaking down.

But even before the final results are ready, the field has already offered one lesson that should stay with us.

Financial inclusion is not achieved when finance arrives.

It is achieved when finance works.