Assessment of Commercial Banks Activities and SME Supply Chain Finance in Plateau State – Nigeria

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A b s t r a c t

Driven by a range of pressures because of the economic recession in Nigeria, small and medium scale enterprises (SMEs) are looking to their banks to optimize their supply chain finance. This study therefore assessed commercial banks activities and SME supply chain finance in Plateau state – Nigeria. The population for this study is one hundred and thirty-seven (137) comprising of all the marketing staff of the top ten (10) SME friendly banks as reported by Bank of Industry (BOI) and the CEO and finance managers of the top twenty (20) SMEs in Plateau State as reported by Small and Medium Enterprises Development Agency of Nigeria (SMEDAN). Data required for this study were collected using questionnaires. Chi-Square test statistics was used to test the stated hypotheses using SPSS version 21. Findings revealed that the obstacles to SMEs access to bank loans include their lack of collateral and less reliable projects and that commercial bank activities are related to SMEs meeting their supply chain obligations and are not unrelated to the growth and survival of SMEs in Plateau State. Based on these findings, it was recommended that banks should properly acknowledge the significance of SMEs as a clientele and to that extent, financing their supply chain for long term growth and survival deserves adequate attention from the banks and that SMEs need to enhance their linkages with banks under business associations, so that together as a group they can have sufficient voice to make proposals to the banks so as to improve their access to supply chain finance.

Keywords: *Commercial banks, Supply chain, Finance, Small & Medium Enterprises.*

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Background of the Study

Driven by a range of pressures as a result of the economic recession in Nigeria, Small and Medium Scale Enterprises (SMEs) are looking to their banks to optimize their financial supply chains including offering new technologies, bank assisted open account instruments and new payables and receivables financing approaches. Although this is a new territory for Nigerian banks, it represents a unique opportunity for commercial banks to transform from providers that meet only a fraction of their customers' trade needs to full partners that provide solutions across their customers' entire supply chains. Supply chain finance therefore provide commercial banks the opportunity they need to align their offerings with their customers evolving supply chain finance needs (Koh, 2007).

In today's globalized society, financial institutions play a critical role in allocating financial resources. While in some instances their activities have been damaging to SME survival in Nigeria, research has shown that banks can be powerful agents of change as a large majority of companies most especially SMEs depend on their services (Bos-Brouwers, 2010). Thus, commercial banks play a pivotal role in every link of the supply chain. They have the potential to take advantage of their hub position as a product, information and financial flow distribution centres to enhance SME supply chain finance. Commercial banks have a privileged position in the supply chain, they have access to relationships with all the links in the chain (end customers, small, medium enterprises and corporations), they manage large amounts of valuable information (products such as Advance Payment Guarantee require sophisticated databases that track the performance of accounts payable along the entire supply chain) and they have the ability to offer interesting financial incentives by adapting their financial products. While most commercial banks are currently dealing with increased regulation costs, capital requirements and a historic low patronage, it is a unique opportunity for leading commercial banks to take active role in promoting SME supply chain finance.

This research intends to add some fresh thinking to the role of commercial banks in promoting SME supply chain finance which could lead to a more convivial relationship with their customers, shareholders, government and the society as a whole. In a moment when Nigeria's economy is in recession and SME business owners are questioning whether commercial banks can play a role that would help in the survival and growth of their businesses, the study of this nature becomes even more relevant.

Statement of the Problem

Following the economic downturn in Nigeria, companies have become increasingly concerned with their supply chain finance as acquiring credit has become increasingly hard especially for SMEs who have extreme difficulty in gaining access to finance. Often seen as a credit default risk, banks are hesitant to offer loans to SMEs and charge them higher premiums than before the economic downturn. All these have combined to deny SMEs the opportunity to meet their supply chain obligations and have fundamentally impacted on their ability to grow.

Furthermore, supply chain finance is most commonly implemented in supply chains that feature a large, financially strong company that buys from several small, financially less strong suppliers such as SMEs. In such supply chain relationships, wherein the buyer is more dominant by far, SMEs that supply the buyer are often paid late on their invoices. In Nigeria, it is not uncommon for suppliers to receive payments on their invoice after more than 120 days. This introduces a major risk that often leads to the SMEs feeling the financial squeeze of dealing with large, powerful buyers. This is costly and dangerous for companies that do not have large financial reserves such as a lot of SMEs. Under this circumstance, what started out as a mere liquidity squeeze might cascade into the termination of the company especially where they cannot get support from commercial banks.

Additionally, supply chain finance allows both ends of the bargaining table to have their cake and eat it too. By introducing an intermediary financial organisation, both buyers and suppliers can free up working capital and maintain a higher degree of liquidity. In this arrangement, the bank pays the invoice to the supplier and credits the buyer for the same amount. Based on the credit standing of the buyer the bank charges an interest rate on the invoice value owed by the buyer. These interests are in most cases highly exorbitant and unaffordable by the supply chain players.

Objectives of the Study
This research sets out to assess commercial banks' activities and SME supply chain finance in Plateau State. To accomplish this, the research will aim to achieve the following objectives:
i.   To ascertain if commercial banks help SMEs to meet their supply chain obligations in Plateau State.
ii. To determine whether the survival and growth of SMEs in Plateau State are independent of commercial banks activities.

Research Questions
This research will seek to provide answers to the following questions
i.   Do commercial banks help SMEs to meet their supply chain obligations in Plateau State?
ii. Are commercial bank activities independent of the survival and growth of SMEs in Plateau State?

Statement of Hypotheses
i.   Commercial banks activities are not related to SMEs meeting their supply chain obligations in Plateau State.
ii. Commercial banks activities are not independent of the survival and growth of SMEs in Plateau State.

Significance of the Study
The findings of this study will be of great significance to SMEs as entrepreneurs in this sector would be in a better position to understand the role of supply chain finance on SME

survival and growth. Similarly, this study would help put commercial banks in a better position to make sound decisions on the competitive strategies they can deploy to capture a bigger SME market share. Lastly, this research will deepen the knowledge of supply chain finance as well as serve as a reference material for further research in areas related to supply chain finance. It is intended that this study will spark off further research in areas of SME supply chain finance.

Literature Review
Conceptual Framework
Supply Chain Finance (SCF).
When the term SCF is used, the first thing that comes to a financing professional's mind is the suppliers' finance structure by which a large credit worthy buyer, seeking a working capital enhancement via the extension of payment terms, agrees to approve invoices on behalf of its suppliers, through banks or financial service providers, and offers an early payment discount that reduces the supplier's carrying cost over the life of the invoice (Dyckman, 2011). SCF can therefore be defined as financial arrangements in the form of debt, equity or financial contracts used in collaboration of at least two supply chain partners (buyer or seller) and facilitated by the focal company with the aim of improving overall financial performance and mitigate the overall risks of the supply chain (Popa, 2013). SCF was initially a marketing umbrella to repackage traditional bank products as trade, insurance, payments and cash management (Popa, 2013). In recent times banks, have identified those elements that are of value to their customers that could be developed to better serve their customers' physical and financial supply chain.

SCF has come a long way since its first implementation and the evolution of SCF can be divided into three "phases". The first SCF model was introduced in the 1990s which combined domestic trade finance with supply chain management through an innovative invoice financing arrangement known as reverse factoring (Popa, 2013). This is a three-way arrangement where the receivables of the supplier are purchased by the bank with legal recourse to the buyer. At this time the model was only used in selected domestic industries. The second model of SCF developed as many large companies started to source their raw materials from SME's around the world and the key catalyst being technology platforms (Popa, 2013). These platforms connected all counterparties around the world and it made it possible for multiple credit providers to compete on financing, expecting the attraction of more suppliers by the lower cost of receivables financing. The third model enables all the pieces of the financial supply chain to be integrated from end to end (Popa, 2013). The outcome is fully automating the buyers procure-to-pay and suppliers' order-to cash cycles. This model also support event-triggered financial services along the physical supply chain and ensures full transparency of each transaction. During SCF, financial arbitrage between large corporate companies and their buyers and suppliers are leveraged (Dyckman, 2011). To put it into perspective the buyers can enhance working capital or reduce the cost of goods sold, and suppliers can access capital at reduced rates. Dyckman (2011) explains SCF as the situation where a large, creditworthy buyer that seeks a working capital enhancement via payment terms enhancement, agrees to approve invoices on behalf of its suppliers and offers an early payment discount (through a third party) that reduces the

supplier's carrying cost over the life of the invoice. In supply chains where buyers are heavily reliant on key suppliers, SCF is an attractive financial tool to create an incentive for partnership (ING Group, 2008). The role of SCF is to optimise the availability and cost of capital within a given buyer-supplier supply chain (Global Business Intelligence, 2012). Improving the financial efficiency of the whole supply chain and reducing the working capital of buyers and suppliers is the focal point of SCF.

SCF is still in its developing phase in Nigeria and has a lot of potential left to unlock. There are currently no standards in terms of the terminology used and what each financing model should offer. Depending on the industry in which SCF is implemented the terminology can be differentiated to a large extent, while it is exactly the same financing model in principle.

SMEs and Supply Chain Finance
Small and medium enterprises (SMEs) play a crucial role in supply chains as they constitute the bulk of large corporations' suppliers. The use of SMEs for outsourcing purchased materials has grown to represent more than 50% of total sales for an average manufacturing firm (Subramaniam, 1998). In developing countries, SMEs account for 60% to70% of employment and this percentage is generally much higher in less developed countries (GPT, 2005). The opportunities for SMEs to capitalize on supply chain finance initiatives are boundless. SMEs are the economic engine of developing countries, especially those with employment and income distribution challenges. In a study about the value of investing finances in SMEs, Schaper (2002) affirmed that SMEs are "a means of innovation and change within the business sector, and form an important support to the large businesses which they co-exist alongside with.

Although usually not given a great deal of attention, the role of small businesses and the entrepreneurs who operate them are a key part of the finance debate." Compared to larger businesses, most SMEs tend to be somewhat reactive to financial issues, and limited to small-scale, ad-hoc changes in business activities" (Schaper 2002). Similar conclusions were reached by Revell, Stokes & Chen (2010), who identified that SMEs face more difficulties than large corporations in incorporating financial management into their corporate strategies. These authors identified some potential reasons including lack of knowledge, tools and resources, scepticism due to perceived time, cost and resources required, and uncertainty about the business benefits. On the other hand, Bos-Brouwers (2010) pointed out that SMEs have the competitive advantage of greater flexibility in the way they manage their business finance due to less burdensome procedures and greater responsiveness, and an intrinsic more dynamic and entrepreneurial leadership style. Building on the intrinsic characteristics of today global supply chains, the use of external finance from SMEs' main procurers coupled with financial incentives could help overcome the difficulties faced by SMEs to adopt more sustainable business practices.

Commercial Bank Activities
Financial institutions are fundamental to economic growth and development. Banking, savings and investment, insurance, debt and equity financing help private citizens save

money, guard against uncertainty and build credit while enabling SMEs and start-up businesses expand, increase efficiency and compete in local and international markets. For SMEs, these services reduce vulnerability and enable them to manage the assets available to them in ways that generate income and options – ultimately creating paths for survival. The financial services sector is the largest in Nigeria in terms of earnings, comprised of a wide range of businesses including merchant banks, credit and debit card companies, stock brokerages, insurance, commercial banks, among others (Vickery et al., 2013). This research focuses primarily on commercial bank activities. These commercial banks have the expertise, reputations and geographical reach to have significant direct impact and, through engagement and example, to change the way the entire supply chain finance operates.

Despite their potential, to date the impact of large commercial banks on expanding supply chain finance has remained limited in Nigeria, where vicious cycle of insufficient information, inappropriate products, inadequate infrastructure and inflexible regulatory environment has kept banking costs and therefore interest rates, high, limiting banks' markets to clients within the top tiers of the economic pyramid (GBI, 2012). This is despite the fact that SCF instruments are not new to banks as the vast majority has been inherited from trade finance practices. The added value of financial institutions is not so much in creating new product structures, but in understanding how they can be best combined and offered in the specific conditions of their corporate clients' supply chain. Financial institutions are also expected to be able to estimate and communicate the overall benefit to the corporate customer of a particular supply chain finance solution. Financial institutions are evidently the most advanced and mature players in the SCF arena (GBI, 2012).

Empirical Framework
There are few studies on supply chain finance. In one, Frohlich & Westbrook (2001) examined the effect of supply chain finance on performance and classified the supply chain finance in five classes (inward, periphery, supplier, customer and outward-facing) according to the integration intensity of the company towards the customer direction and the supplier direction. They examined the performance differences between these five classes. As a result, it was found that outward-facing companies which were defined as the most comprehensive finance level of supply chain, have better performance in many criteria than the other companies in other classes. Simatupang & Sridharan (2002) proposed that members of the supply chain should consider appropriate performance measures, integrated policies, information sharing, and incentive alignment for financial collaboration. Narasimhan & Kim (2002) examined the effect of Supply chain finance on the relationship between diversification and a firm's competitive performance. By comparing the main and interaction effects of supply chain finance and diversification on performance, they showed that supply chain finance strategy modifies the relationship between diversification and performance. Additionally, they argued that coordinated use of supply chain finance and diversification strategies has a significant effect on firm performance.

In the same vein, Rosenzweig (2013) examined the supply chain finance's effect on the business performance in the consumer products sector in their study and considered the competitive capabilities which affect the relationship. They reached the conclusion that supply chain finance is directly related with the business performance. Furthermore, Vickery (2003) examined the performance implications of an integrated supply chain strategy, with customer service performance followed by financial performance as performance constructs. The relationship of supply chain finance to financial performance was indirect, through customer service; i.e., customer service was found to fully (as opposed to partially) mediate the relationship between supply chain finance and firm performance for first tier suppliers in the automotive industry. Similarly, Kim (2006) found that supply chain finance plays a critical role in the performance improvement of small companies while supply chain practices and competitive capabilities have much more important effect on SMEs. Leavy (2006) emphasized that Making supply chain management a competitive advantage requires meeting two main challenges, the strategic challenge and financial challenge. Devaraj, (2007) examined the effects of e-business technologies on the performance; they have considered the supply chain finance as one of the factors which influence this relationship.

Koh (2007) in their study, which examined the supply chain practices' effect on SME's performance, found that supply chain finance has positive effect on operational performance and that they do not have significant effect on organisational performance related with supply chain. Özdemir (2009) found that the supply chain finance affects the product quality positively. it is mentioned that SME's which form close relationship within departments in the business and their customers will affect their competitive capabilities in a positive way. Though there are several studies on supply chain finance, none has addressed the issue of banks' activities and SMEs supply chain finance and no such research has been carried out in Plateau State Nigeria. This is the main gap that this research will try to fill.

Theoretical Framework
The theory upon which this study is anchored is based on the theory of rational expectations as propounded by John Muth in 1961. The rational expectations theory is an economic idea that organisations make choices based on their rational outlook, available information and past experiences. The theory suggests that the current expectations in the entire economy are equivalent to what organisations think the future state of the economy will become (Vickery et al., 2013). The rational expectations theory is often used to explain expected rates of interests and inflation. For example, if interest rates within an economy were higher than expected in the past, organisations take that into account along with other indicators to assume that interest rate may further increase in the future. The rational expectations theory also explains how producers and suppliers use past events to predict future business operations (Muth, 1961). Rational expectations have implications for bank policy. The impact of say bank credit policy will be different if SMEs change their default risk behaviour because they expect the policy to have a certain outcome.

Methodology

Data required for this study was gathered from two sources. The first from the marketing staff of the top ten (10) SME friendly commercial banks according to Bank of Industry (BOI) report of 2016. These banks are Access Bank, Diamond Bank, EcoBank, Fidelity Bank, First Bank, FCMB, Skye Bank, Stanbic IBTC, Standard Chartered and UBA. The second data was from the CEO and Finance Managers of the top twenty (20) SMEs in Jos according to Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) 2016 report. The population of this study comprised of all the marketing staff of the above listed banks in Jos Metropolis, of which there are nine (9) for Access Bank, Eleven (11) for Diamond Bank, Seven (7) for EcoBank, Eight (8) for Fidelity Bank, Eight (8) for First Bank, Thirteen (13) for FCMB, Six (6) for Skye Bank, Six (6) for Stanbic IBTC, Eleven (11)for Standard Chartered, Eighteen (18) for UBA and the twenty (20) CEOs and twenty (20) Finance Managers of the selected SMEs. Thus, making a total of one hundred and thirty-seven (137). Due to the small size of the population, there was no need for sample size determination.

Data were collected using questionnaires which were administered to the banks' staff and SME CEOs and finance managers. The questionnaires applied the modified Likert scale where 5=Strongly Agree, 4= Agree, 3= Somewhat Agree, 2= Don't Agree and 1= No Answer and this contained questions relating to the study variables: Commercial Banks activities and SME supply chain finance. Data collected were analysed with SPSS version 21 using both descriptive and inferential statistics. Descriptive statistics of frequency distribution and percentage were used to analyse the research questions. After which inferential statistics of Chi-Square(X^2) was used to test the stated hypotheses.

Data Analysis, Results and Findings

One hundred and thirty-seven (137) questionnaires were issued to the selected SMEs and Commercial Banks. A total of 133 representing 97% of the administered questionnaires were retrieved and subjected for further analysis. Demographic information from the SMEs revealed that 30% are privately owned, 20% are joint ventures, 40% are limited liability companies while 10% are of the other forms of ownership. Furthermore, 20% of the SMEs are services companies, 35% are into wholesaling, 12.5% are into retail business and 32.5% are into manufacturing and other forms of business. Similarly, 5% of the SMEs have been in business for 1-2 years, 10% for 3-4 years, 30% for 4-5 years and 555 for 5 years and above.

Table 1: SMEs Views on Supply Chain Finance from Commercial Banks

	N	Strongly Agree (%)	Agree (%)	Somewhat Agree (%)	Don't Agree (%)	No Answer (%)	Total (%)
In my business sector, commercial banks have a clear vision, strategy and policies to promote SME finance	40	8%	14%	15%	46%	17%	100%
Financing SME supply chain is a priority of commercial banks	40	11%	10%	8%	66%	5%	100%
The responsiveness of commercial banks to the financing needs of SMEs is high	40	3%	7%	15%	72%	3%	100%
In general, commercial banks policies are in favour of SMEs	40	13%	11%	14%	53%	9%	100%
Are the procedure for obtaining bank credit easily understandable	40	24%	13%	15%	36%	12%	100%
Banks are not responsive to SMEs supply chain financing	40	53%	11%	33%	3%	0%	100%
It is not difficult for a good SME to get Supply Chain financing from commercial banks	40	12%	10%	14%	62%	2%	100%
SMEs face unfair competition from large enterprises in competing for bank credits	40	33%	42%	15%	7%	3%	100%
Commercial banks financing will help my company meet its supply chain obligations	40	52%	33%	15%	0%	0%	100%
Commercial bank activities promote SME survival and growth	40	6%	5%	34%	48%	7%	100%
Valid N (list wise)	40						

Source: Survey, 2017.

In the same vein, survey findings from table one above revealed that 46% of the SMEs that responded did not agree that commercial banks have a clear vision, strategy and policies to promote SME finance while 8% strongly agreed, 14% agreed, 15% somewhat agreed and 17% did not answer. On whether financing SME supply chain is a priority of commercial banks, 66% of the respondents did not agree, 8% somewhat agreed, 10% agreed, 11% strongly agreed and 5% did not answer. Similarly, 72% of the respondents are of the view that the responsiveness of commercial banks to the financing needs of SME is not high, 15% agreed that it is somewhat high, 7% agreed that it is high, 3% strongly agreed it is high while a further 3% did not answer. Furthermore, 53% of the respondents believe commercial banks policies are not in favour of SMEs, 13% strongly agreed that banks policies are in favour of SMEs, 11% agreed, 9% did not answer and 14% somewhat agreed. On the procedure for obtaining bank credit, 24% strongly believed that it is easily understandable, 13% agreed that it is easily understandable, 15% somewhat agreed that it is easily understandable, 36% did not agree that it is easily understandable while 12% did not answer. On whether banks are responsive to SME supply chain financing, 53% strongly agreed they are not, 11% agreed they are not, 33% believed they are somewhat not responsive while 3% did not agree that banks are not responsive to SME supply chain finance. On the difficulty of a good SME getting supply chain financing from commercial banks, 62% disagreed that it is not difficult for a good SME to get supply chain financing from commercial banks, 12% strongly agreed, 10% agreed, 14% somewhat agreed while 2% did not answer. Also, on whether SMEs face unfair competitions from large enterprises in competing for bank credits, 33% strongly agreed, 42% agreed, 15% somewhat agreed, 7% did not agree while 3% did not answer. Asked whether commercial banks financing will help their company meet its supply chain obligations, 53% strongly agreed it would, 33% agreed and 15% somewhat agreed to that. Lastly, 48% of the respondents did not agree that commercial banks activities promote SME survival and growth, however, 34% somewhat agreed that commercial banks activities promote SME survival and growths while 5% agreed, 6% strongly agreed and 7% did not answer.

Furthermore, survey findings from the commercial banks used for this study revealed that 50% of the banks are publicly owned companies with local shareholding, 30% are foreign owned and 20% are privately owned. Similarly, 90% of the banks indicated that they are experienced in SME loan requests with 10% not very experienced in SME loan requests. Furthermore, 62% of the respondents regard large enterprises as the more important segment of their customer base while 38% viewed SMEs as the more important segment.

Table 2: Commercial Banks Views on SME Supply Chain Finance

	N	Strongly Agree (%)	Agree (%)	Somewhat Agree (%)	Don't Agree (%)	No Answer (%)	Total (%)
My bank provides commercial facilities to SME to encourage their growth and survival	93	63%	24%	11%	2%	0%	100%
Default rate of loans made to SMEs are higher than those made to large enterprises	93	71%	20%	8%	1%	0%	100%
Ratios of non-performing loans on SMEs lending are higher than the ratio of large enterprises lending	93	33%	17%	25%	22%	3%	100%
SMEs lack assets to meet collateral requirements	93	13%	21%	34%	30%	2%	100%
Accounting skills and standards applied in SMEs do not meet your requirements	93	14%	16%	15%	45%	10%	100%
Supply chain projects proposed for finance by SMEs are less reliable	93	51%	11%	34%	3%	1%	100%
My bank's policies help make supply chain financing available to SMEs	93	32%	30%	24%	14%	0%	100%
Number of years of survival of an SME is an important factor in deciding whether to make loans available to that enterprises	93	43%	28%	15%	9%	5%	100%
My bank provides incentives to facilitate SME access to finance for them to meet their supply chain obligations	93	42%	33%	15%	10%	0%	100%
It is socially and politically more difficult to enforce repayment on loans in cases of default by SMEs	93	36%	15%	24%	18%	7%	100%
Valid N (list wise)	93						

Source: Survey, 2017.

The table 2 revealed that 63% of the respondents strongly agreed that their banks provide commercial facilities to SMEs to encourage their growth and survival, 24% also agreed, 11% somewhat agreed while 2% disagreed. Similarly, a total of 99% of the respondents collectively agreed that the default rate of loans made to SMEs is higher than those made to large enterprises. However, 1% disagreed. On the ratio of non-performing loans, 33% strongly agreed that SMEs have a higher ratio of non-performing loans than large enterprises, 17% agreed too while 25% somewhat agreed, 22% disagreed and 3% did not answer. Furthermore, 13% of the respondents strongly agreed that SMEs lack assets to meet banks collateral requirements, 21% also agreed to this assertion while 34% somewhat agreed. On the contrary, 30% did not agree while 2% did not answer. In the same vein, 14% of the respondents strongly agreed that the accounting skills and standards applied in SMEs do not meet banks requirements, 16% agreed also, 15% somewhat agreed while 45% disagreed and 10% did not answer. Also, 51% of the respondents strongly believe that supply chain projects proposed for finance by SMEs are less viable, 11% agreed, 34% somewhat agreed while 3% disagreed and 1% did not answer. On bank policies, 32% strongly agreed that their bank's policies make supply chain financing available to SMEs, 30% also agreed, 24% somewhat agreed and 14% did not agree. In the same vein, 42% strongly agreed that their bank provide incentives to facilitate SME access to finance for their supply chain obligations, 33% also agreed while 15% and 10% somewhat agreed and disagreed respectively. Lastly, asked if it is socially and politically more difficult to enforce repayments on loans in cases of default by SMEs, 36% strongly agreed, 15% agreed, 24% somewhat agreed, 18% did not agree while 7% did not answer.

Test of Hypotheses
The Chi-Square (X^2) statistical tool was used in testing the formulated hypotheses at 5% level of significance. The Chi-Square formula is given by:

$$X^2 = \sum(E-O)/E$$

Where: E = Expected frequency
      O = Observed frequency
      $\sum$ = Summation Sign
      X^2 = Chi-square

Decision Rule: If the P value of the test statistics is less than the alpha (α) level of significance of 5%, we reject the null hypothesis. Otherwise, we fail to reject the null hypothesis.

Test of Hypothesis One
Ho: Commercial banks activities are not related to SMEs meeting their supply chain obligations in Plateau State.

Table 3: Chi-Square Test Result for Hypothesis One

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	94.463a	16	.000
Likelihood Ratio	70.741	16	.000
Linear-by-Linear Association	8.411	1	.004
N of Valid Cases	40		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 30.

The Chi-Square (X^2) test statistics (X^2=94.463) with P = is less than the alpha level of significance of 0.05, we therefore reject the null hypothesis and conclude that commercial banks activities are related to SMEs meeting their supply chain obligations in Plateau State.

Test of Hypothesis Two

Ho: Commercial bank activities are not independent of the survival and growth of SMEs in Plateau State?

Table 4: Chi-Square Tests Result for Hypothesis Two

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	84.205a	9	.061
Likelihood Ratio	94.825	9	.000
Linear-by-Linear Association	19.515	1	.000
N of Valid Cases	93		

a. 9 cells (56.3%) have expected count less than 5. The minimum expected count is .02.

The Chi-Square (X^2) test statistics (X^2 = 84.205) with P = 0.061 is greater than the alpha level of significance of 0.05, we therefore accept the null hypothesis and conclude that commercial bank activities are not independent of the growth and survival of SMEs in Plateau State.

Discussion of Findings

From the above analysis and results, commercial banks activities are related to SMEs meeting their supply chain obligations and also, commercial bank activities are not independent of the survival and growth of SMEs in plateau State. These findings are in tandem with the findings of Rosenzweig et al. (2013) which found that bank credit is directly related to supply chain performance and Kim (2006) who found that supply chain finance plays a critical role in the performance improvement of SMEs.

Conclusion and Recommendations

This study aimed at assessing commercial banks activities and SME supply chain finance in Plateau State – Nigeria. To facilitate a deeper understanding, a brief review of literature on supply chain finance, SME and supply chain finance as well as commercial bank activities was carried out. Using data from a survey questionnaire, some compilations were made to ascertain if commercial banks help SMEs to meet their supply chain obligations in Plateau State and determine the role commercial banks play in the survival and growth of SMEs in Plateau State. The main findings were remarkable and indicated that most of the banks are experienced in dealing with, and are not biased against SMEs' loan requests, that the key obstacles to SMEs access to bank loans include their lack of collateral and less reliable projects, that SMEs feel that bank policies are probably more favourable to large enterprises, that commercial bank activities are related to SMEs meeting their supply chain obligations and finally, that commercial bank activities are not independent of the growth and survival of SMEs in Plateau State.

From these findings, the following recommendations were drawn

1. Banks should properly acknowledge the significance of SMEs as a clientele. Despite several problems in lending to these enterprises, they present a huge potential with significant room to expand. To that extent, financing the supply chain of SMEs for long term growth and survival deserve adequate attention from banks.

2. In accessing supply chain finance, it is essential that SMEs learn to properly prepare their business plans. This will help to minimize the time and economic cost of checking and amending to meet bank's requirements. A significant step in this direction is to improve the accounting standard used by SMEs. Such process not only helps the SMEs to gain investor confidence but also facilitate easy access to supply chain finance.

3. SMEs need to enhance their linkages with banks under business associations. Together as a group under business associations, the SMEs can have sufficient voice to make proposals to the banks so as to improve their access to supply chain finance.

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