Impact of Commercial Banks' Mortgage Financing on Meeting Customers' Housing Needs in Owerri Municipal, Imo State, Nigeria

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Abstract
Housing has been observed to be a fundamental basic need of man just as food. Good housing is very crucial to the survival, health and well-being of every man hence, one of the best indicators of a person's standard of living . That is why the issue of housing have received a prominent position in most political and social debates all over the world. This study aims at examining the impact of participation in mortgage financing by commercial banks on their customers' housing needs in Owerri municipal, Imo State, Nigeria. This is with a view to evolving more pragmatic strategies of financing mortgages through banks. To achieve this, The hypothesis that commercial banks mortgage loans have no significant impact on meeting customers' housing needs in Owerri municipal, Imo State, Nigeria was formulated. The study adopted the survey research approach. The population of the study was 1260 made up of 15 management staff of the three commercial banks used for the study namely: Union Bank of Nigeria, United Bank of Africa and First Bank of Nigeria for the lenders, and 1245 customers of the banks for the borrowers. All the banks are of Owerri municipality, Imo state branches. The sample size of population of the study for the two groups was 315. For the lenders, it consisted of all the 15 management staff of the three banks while for the borrowers, a sample size of 300 was taken which was arrived at using the Taro Yameni formular. The convenience Non-probability sampling technique was used to collect information from the 300 borrowers of the banks, 100 customers from each of the banks while the entire 15 management staff were sampled. A researcher's designed questionnaire titled "Commercial Banks Participation in Mortgage Finance Questionnaire (CBPiMFIQ) was used for data collection. The reliability coefficient of CBPiMFIQ was ascertained using test-retest method and the Cronbach coefficient Alpha method formula. The formula gave a reliability index of 0.72. Data collected from the respondents were analysed using descriptive statistics of weighted mean to answer the research questions and multiple linear regression model was used to test the impact of participation in mortgage financing by commercial banks on their customers' housing needs. The analysis was done using SPSS IBM version. The results from the data analysis showed the following findings among others. It rejected with a mean score of 1.47 that the commercial banks in Owerri Municipal, Imo State, Nigeria, have mortgage loan package for low-income earners; and that the commercial banks requirements for accessing mortgage loans or housing finance in Owerri municipal, Imo State, Nigeria are registered land title, adequate source of monthly repayment, approved building plans and tax clearance (with a mean score of 2.0 respectively) and again, it was rejected with an average mean of 1.68 that all categories of customers are meeting the requirements for accessing mortgage loans from the banks. The result of the test of hypothesis finally showed that the Commercial Banks' Mortgage Finance has no significant impact on meeting customers' housing needs in Owerri Municipal, Imo State, Nigeria. Based on the findings and conclusions drawn, the following recommendations were among others put forward. That commercial banks in Owerri Municipal, Imo State, Nigeria, should intensify their sensitisation of the public on the need and advantage of long term mortgage savings; and that commercial banks should design mortgage savings and loans product to take care of low income earners' housing needs especially civil servants who have regular source of income.
Keywords: Housing, Commercial banks, Housing needs, mortgage finance.

1 INTRODUCTION.

Housing is a fundamental basic need of man just as food and clothing. It is very crucial to the survival, health and well-being of every human being; hence, one of the best indicators of a person's standard of living (Nubi, 2008).

Housing has been defined by the Federal Republic of Nigeria (2006) as the process of providing functional shelter in a proper setting in a neighbourhood, supported by sustainable maintenance of the built environment for the day to day living and activities of individuals and families within the community. It is also referred to as a permanent structure for human habitation (Listokin and Burchill, 2007), and an abode for one or more persons or families (Encyclopedia Americana; Vol. 14 and Merits Students Encyclopedia Vol. 9).

Housing has also been defined as a product and a process (Igwe-Kalu, 2006). As a product, it refers not only to the structure of dwelling but also to the design and basic in-built facilities and other ammenities. It includes the immediate physical environment, largely man-made in which facilities grow, live and decline. As a process, it is more than construction and includes the dwelling-design, the neighborhood layout, mortgage, building and housing codes, mortgage insurance, housing and development authority. Good housing is very important for the economic development and well being of the people and society at large. Appreciating the importance of housing, more than 75 percent of countries in the world, Nigeria inclusive have enacted legislation granting their citizens the right to own a decent house (Martin, 2008).

Commercial banks among other banks are major players in the private sectors with huge capacity to mobilize and provide funds for housing development. In recognition of this, Sanusi (2003) stated that the Central Bank of Nigeria as at the late 1970s directed commercial and merchant banks to allocate a stipulated minimum proportion of their credit to housing development. But researches concerning the participation and roles of commercial banks in mortgage finance have shown mixed results. Ebie (2002), following a review of various Central Bank of Nigeria's Annual Reports and Statement of Accounts observed that Commercial banks loan portfolio on housing development have been on the decrease. The reason for this state of affairs is that commercial banks outrightly do not grant loans for housing development. The few that still grant housing loans to people have very stringent conditions that intending borrowers find it very difficult to fulfill (Onuoha, Okeahialam and Sam-Otuonye, 2015 and Ezeigwe, 2015). Rahman (2007) also noted that until recently, commercial banks in most developing economies never considered mortgage lending as quite profitable. Therefore, they imposed several kinds of restrictions upon their mortgage business in terms of individual and group mortgage portfolios. However, Martin (2008) noted that although the commercial banks have shown significant interest in mortgage financing of recent, they tend to be conservative and risk averse and as such, new mortgage finance products are often met with skepticism and the preferred course of action involves a rigorous amount of risk assessment. Supporting this, Leke, Oduwaye, and Adebamowo (2013) stated that with the high interest rate in the financial market, most commercial and merchant banks are reluctant to finance housing projects unless the houses are to be sold outrightly after completion. They further observed that commercial banks in particular are operating with short-term deposits whereas mortgage finance can only strive in a long term funding environment.

Enhancing Financial Innovation and Access, EFInA, (2010), reported that eighty-five percent (85%) of Nigeria's urban population live in rented accommodation, spending more than 40% of their income on rent. Out of these rented apartments, 90% were self-built from personal savings which sometimes were financed with proceeds from corrupt and sharp practices. The reason for this has been attributed to difficulties in accessing mortgage financing. However, it further stated that people living in such housing conditions work in both the formal and informal sector of the economy and many of them are financially integrated into the formal financial institutions like commercial banks. However, the formal sector constitute about 15% of the housing market only, which is not enough to meet the housing demand of Nigerians.

According to United Nations estimate, Nigeria's population stood at 141 million in 2005. The United State Census Bureau predicted that it will be 264 million in 2050 (Encarta, 2007). However, about 30% of Nigeria's population live in the urban areas made up Lagos, Ibadan, Warri, Enugu, Ontisha, Owerri, Benin City, Port Harcourt, Kano, Jos and Kaduna(NHP, 1991). Factors responsible for the high population growth include high fertility rate of about 2.8 percent and rural-urban drift which directly stimulates urbanization process. This situation has led to housing problems which manifest in overcrowded accommodation, poor quality of available houses, health epidemics, civil strife, and increase in crime rate, slums and homelessness (Obi and Ubani, 2014).

Housing deficit in Nigeria has been estimated at 14 million units and it will require N49 trillion to bridge this housing deficit gap based on an estimated average cost of N3.5 million per housing unit (EFInA, 2010). This position reveals that there is acute shortage of housing in Nigeria. However, access to finance has been confirmed as one of the major factors affecting housing development in Nigeria today. This problem can be addressed through massive private sector participation in mortgage financing, hence, the need to assess the participation of commercial banks in mortgage financing. In fact, these commercial banks are capable of mobilizing huge financial resources from their areas of surplus to their areas of deficit where they are needed like the housing sector. The aim of this study is therefore to examine the impact of participation in mortgage financing by commercial banks on their customers' housing needs in Owerri municipal, Imo State, Nigeria. The hypothesis of the study is that commercial banks mortgage loans have no significant impact on meeting customers' housing needs in Owerri municipal.

2 LITERATURE REVIEW.

2.1 Theoretical Framework

Theories have been developed over the years to explain how mortgage financing works. While some of these theories give the right of title to the borrower, some others give the right to the lender. In this study such theories are reviewed because commercial banks are financial intermediaries who are after recovery of the loans granted to the borrower. The reviewed theories are as follows:

2.1.1 Title Theory and Lien Theory of Mortgage

One of the theories reviewed is the title theory. Here, the property-law doctrine states that a mortgagor transfers title to his property to the mortgagee who holds it until the mortgage has been fully paid off, at which time title passes back to the mortgagor. In the theory, the banks retain the title since the mortgagee is said to hold a title interest. The lender has the right to possession under this theory. In other words, the lender holds the right to the title of the property as security only, until all the loan repayments including any accrued interest have been fully paid. However, during this term, the borrower has the right to the possession of the property and the title deed to the property can only be delivered to him after completion of all the mortgage repayments.

Some banks apply the lien theory. This theory only gives the mortgagee a lien interest in the property. In the title theory, the mortgagor is treated as having transferred title to the mortgagee, subject to the mortgagee's duty of recovery of payment made. That is; the title remains in the mortgagee until the mortgage has been fully satisfied and foreclosed. Although the mortgagee has the right of possession to the property, there is generally an express agreement giving the right of possession to the mortgagor. The mortgagee is said to hold the title for security purposes while the mortgagor is given the right of possession only (Atati, 2010). But the lien theory provides that a mortgagee of property holds only a lien, not title, to the property until such a time when the mortgage is fully paid, at which time the lien is removed. In the theory, the mortgagor retains the legal and equitable title to the property, but conveys an interest to the mortgagee who can only foreclose in order to recover the obligation of the mortgagor where he defaults. This means that the right to possession through the process of foreclosure arises upon default.

For practical applications there is a thin line of difference between the lien theory and the title theory. The principal difference is that in the title theory, the mortgagee is given the right to possession before the foreclosure is completed. The relevance of these two theories of mortgage to the study is to determine the nature of contract the commercial banks enter with borrowers of housing loans. This will show whether they do have direct relationship with the borrowers and if yes, which of these theories apply in their relationship with them.

2.1.2 Mortgage Credit Intermediation Models

In the Mortgage Credit intermediation model, the mortgage markets are dependent on the existence of a network of intermediation. In most developed countries, mortgage intermediation was performed by a specially regulated and privileged institution. The network underpins the funding and origination of the credit, education of the market, division of obligations and responsibilities, and the provision of support if there is default. In the United States, it was primarily the Savings and Loans Associations (S&LA's) while in the United Kingdom, it was the building society. These institutions started as mutual societies or community-based organizations, since they were not a profit maximizing venture for investors but an activity driven by concern for housing for the community. These societies, organizations or institutions were given special tax and regulatory concessions on condition that they are strictly for mortgage lending only. The result was that they developed a network of mortgage intermediation, expertise and culture appropriate to support access to housing which was almost their exclusive preserve. The key challenge however was to make the business efficient and sustainable in the long run.

In Nigeria, mortgage intermediation is done through savings and loans banks, State governments, Federal Mortgage Bank of Nigeria (FMBN) and cooperative societies. These institutions make a major contribution to financial systems and economic development (Martin, 2008). They surety their members or account holders to access mortgage loans from commercial banks and other strong financial institutions. In the United States of America and United Kingdom, the existing network of intermediaries used in Mortgage Credit intermediation model includes; State versus market-based mortgage system, building societies/state banks, savings and loans institutions, commercial banks, secondary mortgage markets and international finance institutions. The relevance of this theory to the study is to examine whether commercial banks use mortgage intermediaries as part of their strategies for participating in mortgage finance.

3 CONCEPT OF ADEQUATE HOUSING.

Adequate housing is one of the basic needs of man. It is not only defined as a physical structure made up of tangible space with built forms, artifacts, walls, roofs, doors, fences and gates (Listokin and Burchill, 2007), but also encompasses the shelter fabric together with the living environment, that is; the integration of a dwelling unit with other units in the neighborhood through infrastructure and community facilities, streets and roads (UN-Habitat, 2005). It directly affects not only the well being of the citizens, but also has direct relationship to the performance of other sectors of the economy (Sanusi, 2003). Quigley (2000) stated that adequate housing is a pre-requisite for human development and welfare. It provides shelter, security, amenities and privacy to man for his decent living. Concurring to the above, Gilbertson et al (2008) cited by Amao and Odunjo (2014) stated that there is a significant relationship between housing conditions and the physical and mental status of individuals. Therefore without adequate housing, people cannot realize their full potential and achieve what they intend to achieve in life. Housing is also an investment and provides impetus to economic growth. It has both forward and backward linkages. Because of its forward and backward linkages, even a small initiative in housing will propel multiplier effect in the economy through the generation of employment and demand. However, poor housing leads to serious consequences such as diseases, immorality, and juvenile delinquency. Little wonder then that Sanusi (2003) stated that adequate housing plays a significant role in every citizen's life than it is always recognized. Therefore, Deprivation of a decent housing in fact, becomes a threat to social harmony and economic development and prosperity. It is typically the greatest source of wealth creation available to the poor. By investing in their individual homes, the poor accumulate equity which can then be used as collateral to start or expand a small business.

The significance of adequate housing to the survival of man cannot be underestimated. A viable housing sector can generate employment opportunities, improve public health, deepen the financial sector, provide a sense of ownership to the populace, and help develop complex institutions that provide benefits across many sectors of society. Therefore, its provision becomes an important socio-economic impetus that cannot be overlooked by any reasonable government. In view of this, all hands must be on deck to ensure full participation of both public and private sectors in housing financing.

4 HISTORICAL DEVELOPMENT OF MORTGAGE FINANCE IN NIGERIA.

The history of mortgage finance in Nigeria began during the colonial period. It came into much lime light in 1977 when the Federal Mortgage Bank of Nigeria (FMBN) was established by Decree No. 7 of 1977 as a direct federal government intervention to accelerate its housing delivery programme by providing assistance in the areas of finance which will ensure incremental housing production through the provision of mortgage loan to qualified civil servants. This is in recognition of the fact that housing provision requires huge capital outlay which in most cases is beyond the capacity of the medium and low income groups (Sanusi, 2003, Amao and Odunjo, 2014). It began operation in 1978.

The FMBN did not perform very well as it was only able to award housing loan to only 8,874 out of 10,000 applications between 1977 and 1990. As a result of this poor performance, the federal government in an effort to revamp the mortgage finance structure set up a committee to re-engineer the mortgage finance structure to enable it cope with the enormous task of housing finance. This re-engineering resulted into a framework of two – tier financial structure as shown below

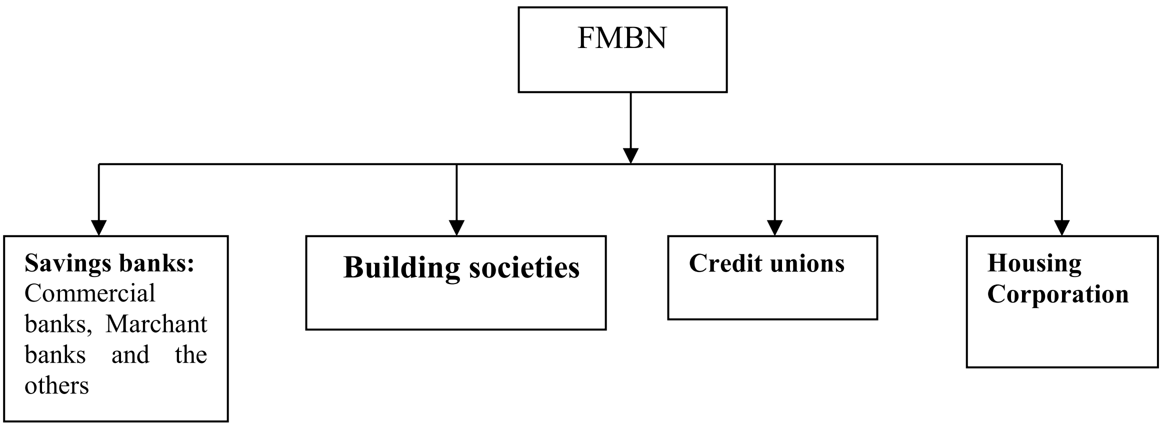

Figure 1: Nigeria's Two Tier Mortgage finance Structure
Source: National Housing Policy.

Also, the poor performance of the FMBN resulted in the establishment of the National Housing Policy (NHP) in 1991 charged with the following functions:-

- To develop a secondary mortgage market for mortgage finance to improve the liquidity of the system.
- To act as guarantor for loan stock floated by the primary mortgage institutions.
- To manage the National Housing Fund (NHF) (Abiodun, 1995).

Nigeria's mortgage industry has been identified to be underdeveloped having generated less than 100,000 transactions between 1960 and 2009 (Enhancing Financial Innovation and Access (EFInA, 2010). The sector's aggregate loans to total assets fall far below the best standard practices of at least 70% as stipulated by the Central Bank of Nigeria (Sanusi, 2003). Mortgage to loanable funds for the five years ending 2009, averaged a dismal 14.51%, while the total mortgage market was put at a mere N127.5 billion (Enhancing Financial Innovation and Access (EFInA), 2010). The contribution of mortgage finance to Nigeria's Gross Domestic Product (GDP) is close to negligible, with real estate contributing less than 5%, and mortgage loans and advances contributing 0.5% of GDP when compared to 77% in the United States of America, 80% in the United Kingdom, 50% in Hong Kong, and 33% in Malaysia (EFInA), 2010).

In the light of the above, it is arguable whether the various institutions and programmes of government over the years with regard to housing stock provision in Nigeria have satisfactorily achieved their mandates. Supporting this, EFInA (2010) observed that regardless of the policies, institutions and regulations which the Nigerian government has put in place since independence, there is still a dearth of housing, especially for the low and medium income segment.

5 SOURCES OF MORTGAGE FINANCE IN NIGERIA.

Mortgage finance in Nigeria is provided through both formal and informal institutional arrangements. The formal include but not limited to: Insurance Companies, Commercial/Merchant Banks, Budgetary appropriations, State Housing Corporations, the FMBN, and other newly established mortgage institutions; while the informal institutions include but not limited to thrifts, credit societies and money lenders who have contributed and are still contributing substantially to the finance of housing construction (Amao and Odunjo, 2014).

Mortgage finance arrangements in Nigeria according to Sanusi (2003) and Leke, Oduwaye, and Adebamowo (2013) include credit policies, insurance companies' funds, specialised institutions, FMBN, PMIs, Urban Development Bank of Nigerian (UDBN), State/Municipal government financing, cooperative societies, etc

6 COMMERCIAL BANKS AND MORTGAGE FINANCING IN NIGERIA.

Commercial banks have existed in Nigeria since the colonial era. Their major roles during this era were primarily related to traditional banking of deposit mobilization, loan granting and partly international financing and trade. Except for few restricted clienteles, commercial banks did not then nor do they now serve the financial needs of households. Early efforts to supplement foreign venture capital through the establishment of both industrial and generalised development banks did not live up to expectations largely because of the following reasons:-

- They failed to mobilise domestic savings;
- They attempted to lend at concessional interest rates;
- They did not break their dependence on limited government budget sources and loans from international lending agencies, and
- They relied on government deposits.

The financial sectors in Nigeria have not grown appreciably beyond the commercial banking sector. They have been unable to ensure savings growth and domestic financing of domestic investment and as such, concentrate on financing only projects that will yield quick returns and thereby continued to lag behind in lending to real sectors of the economy (Ezeigwe, 2015). In the light of the above, the household sector has been significantly overlooked as a significant source of domestic saving. This was at least partly due to the postulation of development theory that the vast majority of individual families were too poor to save and also partly due to the fact that development strategy militated against the allocation of domestic resources to household investments (Okupe, 2000). As a result of this, not much was provided for the development of household oriented financial institutions.

The functions of commercial banks could be broadly divided into two parts namely: Money creation function and service rendering function. They represent a significant and influential sector that play a crucial role in the global economy. They serve as financial intermediaries that mobilize financial resources from areas of surplus to that of deficit. They mostly channel funds needed by business and household sectors from surplus side to deficit spending units in every economy (Karanja, 2013). They also help to implement the monetary policy of government and provide means of facilitating payment for goods and services in the domestic and international trade (Sanusi, 2003). Commercial banks are custodians of depositor's funds and operate by receiving cash deposits from the general public and loaning them out to the needy at statutorily allowed interest rates (Makori and Memba, 2015). Loans are based on the credit policy of the bank that is tightly tied to that of the central bank interest rate policy. These in effect determine the level of financial risk in a particular bank (Karanja, 2013). In the past, commercial banks were active lenders towards mortgage finance especially within the early 70s to mid 90's (Ezeigwe, 2015), but today, most commercial banks outrightly do not grant loans for housing development (Ebie, 2002). The few that still grant loans to households for housing development have very stringent conditions that intending borrowers find it very difficult to fulfill (Onuoha, Okeahialam and Sam-Otuonye, 2015 and Ezeigwe, 2015).

7 FACTORS THAT AFFECT MORTGAGE FINANCE IN NIGERIA.

Many factors affect the availability of funds for mortgage finance in Nigeria. While some affect it on a large scale, some others affect it on a micro scale. At any level, mortgage finance by private participating institutions like commercial banks depend largely on the sufficient supply of loanable funds which is directly influenced by rate of consumer savings, business savings, government savings and the central bank policy (Atati, 2014). Savings is directly related to the interest rate offered by the mobilizing intermediaries. This is because it is the interest rate on savings that influence the decision of economic agents on whether to hold their wealth in the form of interest earning, financial assets, or in the form of cash which earns no interest, or a combination of both. However, Wickens (2008) noted that increase in the interest rate payable will encourage more savings and increase supply of loanable funds so that the loanable fund supply curve slopes upwards. Therefore where such exist, there will be sufficient loanable funds to be provided to intended borrowers to finance their housing stock.

Another factor that has indirect influence on mortgage finance according to Atati, (2014) is the monetary policy of the Central Bank which has direct influence on savings, investments and economic growth. Where the monetary policy allows for increase in savings and investments, there is the likelihood of commercial banks having sufficient fund to lend out to long-term borrowers. Suffice it to state that the monetary policy affects economic activities by affecting savings and investments in capital projects like mortgage finance through different channels. These channels have been examined through two schools of thought namely: the monetarist and the Keynesian schools of thought. The monetarist school of thought postulates that change in the money supply leads directly to a change in the real magnitude of money. Explaining this further, Friedman and Schwartz (1963) said that extensive open market operations by the Central Bank increases stocks of money which will also lead to an increase in Commercial Bank reserves and its ability to create credit, hence increasing money supply through the multiplier effect. Where this happens, the commercial banks may be willing to take the risk to lend to long-term borrowers. On the other hand, the Keynesian theory suggests that change in money stock facilitates activities in the financial market thereby affecting interest rate, output, investment and employment. Gertler and Gilchrist (1991) supported this view when they noted that mortgagees decline in loan facilities approval during tight monetary policy. On microfinance basis, there are two key factors associated with housing financing (Martin, 2008). The first is the risk associated with microfinance products in the housing sector like other sectors (that is, providing uncollateralized credit to middle and low income earning or even poor people with irregular incomes). The second, and the one worthy of further exploration is the fear of financing the most unstable possession of an unstable home in an unstable economy. Supporting this, Leke, Oduwaye, and Adebamowo (2013) noted that factors affecting mortgage finance in Nigeria include but not limited to: poverty, cost of construction, high interest payable on loans, weak savings, unstable microeconomic environment, land accessibility and poor structure of mortgage in Nigeria. But Rahman (2007) on his own part noted that factors that can affect mortgage finance by commercial banks in emerging economies are as follows:

- **Risks, affordability and mortgage instruments.** Where the only mortgage instruments by PMI's, commercial banks inclusive, are perceived to be associated with high risks, the interest rate that the commercial banks may attach to the mortgage lending may make the loan to be prohibitive to borrowers.
- **Distortions in the savings rates and weak financial resource mobilization.** Low interest rates offered by private deposit-taking institutions discourage savings in the financial system. This makes it difficult for private sector institutions to raise household funds because they are only able to attract short-term deposits. In such situation, it will be difficult for private financial institutions such as commercial banks to be attracted to mortgage finance which involves a long-term financing lasting from 5 to 25 years.
- **Interest rate subsidies**. Interest rate subsidies on housing loans granted by specialized mortgage institutions set up by the government have some drawbacks apart from suppressing private mortgage market development, such as (1); a below-market interest subsidy encourages people to borrow as much as possible and repay their loans as slowly as possible. (2); the subsidies increase with inflation when interest rates group have a poor link for subsidisation; and (3); the subsidies are not transparent. Martin (2008) also noted that although the commercial banks have shown significant interest in mortgage financing of recent, they tend to be a conservative and risk averse institutions. As such, new products in mortgage finance are often met with skepticism and the preferred course of action involves a healthy and rigorous amount of risk assessment. Supporting this, Leke, Oduwaye, and Adebamowo (2013) noted that with the high interest rate in the financial market, most banks (commercial and merchant banks alike) are now reluctant to finance housing projects except where the houses are to be placed in the market for outright purchase on completion.

Another major factor affecting mortgage finance is the affordability gap. This is defined as the difference between the required monthly mortgage repayments and the 33% (an industry standard as recommended by the International Labour Organisation) that can be deducted from the total salary of a potential homeowner. The gap affects 52% of the population or 65 million households. However, some households achieve affordability with supplementary informal income which is usually not counted in loan origination procedures (EFInA, 2010). The above shows why mortgage finance by private financial institutions in most emerging economies like Nigeria are still poorly developed.

8 METHODOLOGY

The study was conducted in Owerri municipal, Imo State, Nigeria. Owerri municipal is one of the three local government areas in Owerri, the capital of Imo State. It is bounded on the East by Egbu, on the North West by

Irete, on the North by Amakohia, on the North East by Uratta, on the South East by Naze, and on the South by Nekede. The population was 127, 213 in 2006 (National Population Commission, 2006). Using an annual growth rate of 3.5%, the population in 2016 is 179,446. It has an approximate area of 58 square kilometers. The area was chosen for the study because of the continuous increase in population of the town as a result of the inflow of people from every part of Nigeria. This increase in population of formal and informal sector employees create more housing gaps. Owerri has also accommodated many commercial banks branches since it became the capital of Imo State. Therefore, it is deemed suitable for the study.

The survey research design was adopted for this study. Primary sources of data were from the banks management staff (lenders) and the individual developers who are customers of the banks (borrowers). The secondary sources included textbooks, journals, internet, conference and seminar papers as well as other periodicals. The instrument of data collection was the questionnaire tagged "Commercial Banks Participation in Mortgage Finance Questionnaire (CBPiMFIQ)".

The population of the study was 1260, made up of 15 management staff of the three commercial banks used for the study namely: Union Bank of Nigeria, United Bank of Africa and First Bank of Nigeria for the lenders, and 1245 customers of the banks for the borrowers. The sample size of population for the study for the two groups was 315. For the lenders, it consists of all the 15 management staff of the three banks while for the borrowers, a sample size of 300 was taken. This figure was calculated using the Taro Yameni formular: $n = N/1+N(e)^2$ used in the calculation of sample size of large population. The convenience/accidental sampling technique was used in the distribution of questionnaires to the 300 respondents, 100 in each of the banks. Therefore, any of the customers available during visitation to the banks were sampled. For the lenders, all the 15 management staff of the banks were sampled. They include the branch managers, heads of internal audit and credit Officers. Each completed questionnaire was reviewed for completeness prior to analysis. The data collected was sorted and analysed using SPSS, IBM version. The Multiple Linear Regression Model (MLRM) was used to test the hypothesis. The MLRM is defined as: $\mathbf{Y_i = f\,(x_i \ldots x_n)}$ $\mathbf{Y_i = a_o + \beta_1 x_1 + \beta_2 x_2 + \ldots + \beta_n x_n + U_i}$. This basic MLRM model is given as RAMLP, TMLP, MMS, CAMLP: CHN = f (RAMLP, TMLP, MMS, CAMLP). It is explicitly written as:-

$$CHN_t = A_o + \beta_1 RAMLP_t + \beta_2 TMLP_t + \beta_3 MMS_t + \beta_4 CAMLP_t + U_i$$

where:-
- CHN = Customers' Housing Needs met by the banks.
- MMS = Mortgage Savings Mobilized by the banks.
- TMLP = Types of Mortgage Loan Products offered by the banks.
- RAMLP = Requirements for Accessing the Mortgage Loan Products offered by the banks.
- CAMLP = Customers Awareness of Mortgage Loan Products offered by the banks.
- A_0 = Constant Variable,.
- $\beta_1\beta_2\beta_3\beta_4$ = Parameters for the explanatory (independent) variables,
- U_i = Stochastic variable, and
- f = function.

This means that customers' housing needs met by the banks is a function of the mortgage savings mobilized by the banks, mortgage loan products offered by the banks, customers awareness of the mortgage loan products, and the ability of the customers to meet the mortgage loan products conditions.

9 RESULTS AND DISCUSSION.

a Types of mortgage loan products offered by commercial banks in Owerri municipal.

Table 1: Showing summary of mean responses of management staff on the types of mortgage loan products offered by commercial banks in Owerri Municipal.

Questionnaire items	Agreed	Disagreed	Mean	Decision
My bank has mortgage loan product for civil servants.	(10) 20	(5) 5	1.67	Accepted
My bank has mortgage loan product for low income earners.	(7) 14	(8) 8	1.47	Rejected
My bank has mortgage loan product for middle income earners.	(11) 22	(4) 4	1.73	Accepted
My bank has mortgage loan product for high-income earners.	(10) 20	(5) 5	1.67	Accepted
My bank has mortgage loan product for non-civil servants.	(10) 20	(5) 5	1.67	Accepted

Source: Field survey, 2016

From the responses of the management staff of the surveyed three commercial banks (Table 1), it was accepted that commercial banks in Owerri municipal have mortgage loan for civil servants, middle income earners, high-income earners and non-civil servants with mean scores of 1.67, 1.73, 1.67 and 1.67 respectively for items i, iii, iv and v. However, it was rejected that commercial banks in Owerri municipal have mortgage loan for low income earners. This means that all the housing financing products of the commercial banks within Owerri municipal are only designed for civil servants who are middle or high-income earners, and non-civil servants.

b Banks' Requirements for Accessing their Mortgage Loan Products

Table 2: Showing summary of mean responses of management staff on the banks' requirements for accessing their mortgage loan products in Owerri Municipal.

Questionnaire items	Agreed	Disagreed	Mean	Decision
Customers require registered land title to be able to access our mortgage loan.	(15) 30	(0) 0	2.00	Accepted
Customers cannot access mortgage loan beyond the 33% of their salary.	(15) 30	(0) 0	2.00	Accepted
Customers must save up to 33% of the entire mortgage loan they want to access before they can be qualified for the loan.	(7) 14	(8) 8	1.47	Rejected
Customers must submit approved building plans in order to access our mortgage loan.	(15) 30	(0) 0	2.00	Accepted
Customers must present tax clearance before they can access our mortgage loan.	(15) 30	(0) 0	2.00	Accepted

Source: Field Survey, 2016

Table 2 shows that customers who want to access mortgage loan must have registered land title, cannot access more than 33% of their salary for mortgage loan repayment in case of mortgage loan against salary, must submit approved building plans and tax clearance before accessing the loan with mean scores of 2.0 respectively for item i, ii, iv and v. However, it was rejected that customers have to save up to 33.3% of the total mortgage loan they want to access before the loan is granted. This means that the commercial banks requirements for accessing mortgage loans or housing finance are registered land title, adequate source of monthly repayment, approved building plans and tax clearance.

c Extent to which customers meet the requirements to access mortgage loan Products offered by their Banks.

Table 3: Showing summary of mean responses of customers on the extent to which they meet the requirements to access mortgage loan products offered by their banks.

Items	VHE	HE	LE	VLE	Mean	Decision
Civil servants are meeting the requirements for accessing loan.	0	0	10(20)	5 (05)	1.67	Rejected
Low income earners are meeting the requirements for accessing loan.	0	0	0 (0)	15 (15)	1.0	Rejected
Middle income earners are meeting the requirements for accessing loan.	0	0	04(08)	11(11)	1.27	Rejected
High-income earners are meeting the requirements for accessing loans.	0	7(21)	5(10)	3(03)	2.26	Rejected
Non-civil servants are meeting the requirements for accessing loans.	0	3(09)	10(20)	2(04)	2.20	Rejected
Average	0	10(30)	29(58)	36(36)	1.68	Rejected

Source: Field Survey, 2016

Table 3 shows that it was rejected with an average mean of 1.68 that all categories of customers are meeting the requirements for accessing mortgage loans from the banks. We can also observe from the Table that with a raw score of 58 for low extent as against 0, 30, and 36 scores for very high extent, high extent and very low extent that all categories of the banks' customers only meet the requirements for accessing the mortgage loans to a low extent. This means that majority of the banks' customers are unable to meet the requirements for accessing the banks' mortgage loans.

10 TEST OF HYPOTHESIS:

Commercial banks mortgage loans have no significant impact on meeting customers' housing needs in Owerri municipal.

Table 4: Summary of Multiple Regression Model for Estimating the Impact of Commercial Banks Mortgage Loans on Meeting Customers' Housing Needs in Owerri Municipal

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.819[a]	.671	.540	.719	.671	5.107	4	10	.017

a. Predictors: (Constant), RAMLP, TMLP, MMS, CAMLP

Source: Field Survey, 2016.

Table 4 shows multiple regression (R) of 0.819, regression squared (R^2) of 0.671, Adjusted R^2 of 0.540, the standard error of estimate is 0.719. Change statistics in the table shows R^2 change of 0.671 which means that all the predictors account for 67% of the variance in Customers' ability to meet the requirements for accessing the mortgage loan products of the commercial banks and it is statistically not significant at $p > 0.05$.

The result of this study shows that commercial banks mortgage loans has no significant impact on meeting customers' housing needs in Owerri municipal, Imo State Nigeria. The lack of impact of participation in mortgage financing by commercial banks on their customers' housing needs in this area is found to be as a result of the inability of all categories of customers to meet the requirements for accessing mortgage loans from commercial banks. This means that the requirements may be too stringent for all categories of customers to meet especially those of the lower and middle income classes. This result is in line with the findings of Onuoha, Okeahialam and Sam-Otuonye (2015) and Ezeigwe, (2015). Also the lack of impact of participation in mortgage financing by the commercial banks' mortgage on their customers' housing needs can also be appreciated from the opinion of Martin (2008) who noted that although the commercial banks have shown significant interest in mortgage financing of recent, they tend to be a conservative and risk averse institutions and as such, new mortgage finance products are often met with skepticism and the preferred course of action involves a healthy and rigorous amount of risk assessment.

11 RECOMMENDATION

Based on the findings, the following recommendations are put forward for implementation:

- That commercial banks participation in mortgage financing in Owerri municipal needs to be strengthened if customers' housing needs are to be met.
- That commercial banks should participate effectively in mortgage financing in Owerri municipal, by mobilising sufficient long-term savings and this can be achieved by attaching reasonable interest on mortgage savings.
- That there is need to make the requirements for mortgage finance loan by commercial banks easily accessible in order to accommodate customers with low income, especially civil servants.
- That there is the need to sensitize the public on the need of long-term savings so that funds that lie idle can be made available to those who need them for housing development.
- That commercial banks need a lot of financing partnership to enable them have sufficient funds to meet the mortgage financial needs of all categories of customers within Owerri Municipal.
- That commercial banks should continue to sensitize their customers on the available mortgage facilities that meet their housing needs.

12 CONCLUSION

The major conclusion of this study is that the impact of participation in mortgage financing by commercial banks on their customers' housing need is dependent on how the commercial banks are able to mobilize funds for mortgage financing, the types of mortgage loans offered by the commercial banks, the requirements for accessing the loan and customers ability to meet the requirements. Therefore, using the determinants of the impact on customers' housing needs, it can be concluded that the types of mortgage loan do not take care of all categories of customers especially those of the low income level. However, this category of customers form the largest population of the society today. Therefore, if there housings needs are not met, it means that a large population of existing and potential customers of commercial banks within Owerri municipal are left unattended to. In addition to the foregoing, it can be concluded that since most of the customers taken care of through the types of mortgage loans provided by the commercial banks are unable to meet the requirements, the commercial banks participation in mortgage financing has no impact on their customers housing needs.

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