

**CREDIT CONTRIBUTION CLUB (ISUSU): A VERITABLE INDIGENOUS SOURCE OF CAPITAL FORMATION AMONG THE IGBO OF SOUTHEAST NIGERIA, 1900 TO 2015**

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**ABSTRACT:** *From the pre-colonial era to date (2015) the challenge of capital formation (finance) among Africans, especially those in the rural communities, cannot be overemphasized. Lack of capital adversely affected the growth of economic activities, which also negatively impacted on the standard of living of the people, leading to inequality, unemployment, and poverty, among others. In Nigeria, colonial and successive governments tried to address this issue without success. They established different types of financial institutions, which more or less served the interests of minority government officials, government employees, elite, and other such groups in the country. For the Igbo of Nigeria, credit contribution clubs were, and still are, veritable sources of capital formation, even before the emergence of colonial rule. In the face of economic challenges, especially in the area of capital formation, credit contribution clubs (**Isusu**) have been widely used to access funds over modern finance institutions (Banks, Stock exchange, and others). The focus of this work is to bring to the fore the indigenous institution, **Isusu**, which have been source for pooling capital (funds) for the benefit of the members. The popularity of this informal institution for capital formation amongst the people, even the successful elite, in our area of study will be emphasized. The paper concludes that contribution clubs (**Isusu**) is one of the non-agrarian pre-colonial institutions for capital formation that contributed immensely to the development of the economic activities of Igbo people. The scope of this paper is the **Igbo** of Southeast Nigeria. The approach adopted and in writing this work are the descriptive and analytical method. The period covered by the paper is between 1900 and 2015.*

**KEYWORDS:** contribution clubs, indigenous, capital formation, institution, veritable, pre-colonial, fund.

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## **INTRODUCTION**

This paper will examine the roles of **Isusu**, an indigenous non-agrarian institution for capital formation, in the socio-economic life of the **Igbo** of the Southeast Nigeria. It reviews its strength and efficacy in capital formation; and how the people accessed funds through it. Broadly, we have two major types of contribution clubs, namely Savings and Credit Contribution clubs, which were formed as major sources for pooling of capital (fund) for the benefit of the members. It was variously called **oha, utu, ogbo, ntu ntu, isusu, esusu, et cetera**.<sup>1</sup> In traditional Igbo societies, there were various types of contribution clubs that were organized along sex lines or in mixed groups. The organization of the clubs was highly influenced by the purpose of forming them. When

the major aim of a particular club was to save or put away money to guarantee the members' future or for their future expenses within a period of time, such had a different organization when compared to clubs formed mainly for the purpose of raising capital to tackle their need(s). Traditions and cares were adopted to safeguard the resources and interests of members of the club.

The importance of the clubs as traditional institutions for capital information among the people of **Igboland** will be examined. It is noteworthy to state here of the opposing viewpoints on the role and relevance of indigenous credit institutions in developing societies. One group holds that such institutions cannot play any significant role in capital formation in those societies, and they raised doubts if such credit associations can contribute substantially to capital formation to promote economic growth significantly. The second group is of the view that these institutions make important contributions in the process of development, but understate their functions and value in the process of development.<sup>2</sup> Also, the usefulness of credit contribution clubs in the contemporaneous era (2015) will be surveyed. Besides, the problem of accessibility will be discussed, that is, comparing how people accessed funds between credit contribution clubs and colonial/post-colonial finance institutions. However, the scope this paper undertakes to study is the among the five designated **Igbo** States of Southeast Nigeria, namely, Abia, Anambra, Ebonyi, Enugu and Imo; and, perhaps, the Igbo speaking communities in the Delta and Rivers States.

### **Credit Contribution Clubs**

Credit contribution clubs were formed in the main to help members' access interest-free loans. They also played a very minimal role as savings clubs for members. They were clubs formed with the sole aim of collectively raising huge sum of money to tackle contributors' need(s), which would otherwise be difficult to realize at the individual level. These were clubs whose members contributed a fixed amount of money either weekly or monthly, and then each contributor took turns to receive the sum contributed. A member received the sum collected based on lottery or other terms agreed upon by the club, or with understanding among members if such a person had pressing need(s) to attend to. An example of such club in the traditional **Igbo** society was the **Isusu** club. The **Isusu** clubs had a more elaborate organization and involved much more funds than the savings contribution clubs (**Akawo**).<sup>9</sup>

The origin of **Isusu** is said to have evolved from the concept of '**ohe oru**' or trading of labour (human capital) in traditional **Igbo** society. This concept entailed members of an age-grade paid for their labour by reciprocity, that is, a man had an obligation to work for members of his age-grade on mutually agreed days. In consonance with the view, immediately expressed on the origin of **Isusu** clubs in Nigeria, Seibel observed that they:

... were probably rotating work associations, in which labour a scarce commodity was accumulated and allocated to one member at a time: and then, with the spreading of commercial transactions, replaced by money, such as cowries...<sup>10</sup>

Nwabughuogu <sup>11</sup> also consented to this view of the origin of *Isusu*. Using the **Ngwa Igbo** as an example, he observed that the traditional **Ngwa** people were predominantly engaged in farming. The people had a tradition of pooling labour to break farm bottlenecks. Transition from labour pools to pooling resources was easy enough, thus they evolved **Isusu** a credit institution through which capital was raised to meet their socio-economic needs.

Using the **Ngwa** people of our area of study, Nwabughuogu went further to explain the origin of **Isusu**. He asserted that **Isusu** clubs were indigenous to the **Ngwa** and were in existence before the emergence of British colonialism. It existed to provide young men with the cash they needed to get married. In **Ngwa** society before colonial rule, adultery was a big offence, which attracted punishment either by death or the sale into slavery of the offender. Thus, young men strove to marry early in life, but were limited due to lack of money to pay the dowry (bride wealth). Those sufficiently astute began to make regular savings from their earnings, and keeping them in the custody of trustworthy elders. When they saved enough money for the dowry, the elders accompanied them to marry. Soon the benefits of such thrift spread throughout **Ngwaland**.

In every village, young men began to appeal to the honest elders in their families to be the custodian of their savings. Gradually, these elders formed themselves into little companies of trustees, accepting the duties of saving young men's money. From this small beginning, the **Isusu** expanded to become a club embracing the whole village. The procedure in those days was for all who wished to be part of a club to meet together in an elder's house once every **Igbo** week of eight days, and to contribute a fixed sum to the common fund. Each member in his turn was entitled to receive the sum of these contributions and in return for this privilege provided the other members with an offering of palm wine, and no other payment was exacted from him. After receiving his share, he would continue to pay his weekly due until he had contributed the full amount of what he had received. The number of contributors determined the amount each member received, and as soon as all had received their share, the club was disbanded. "In the absence of written records, a member recorded his weekly contributions by means of notches on a palm branch, one notch being cut for each weekly contribution".  
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Nwabughuogu's detailed description of the operations of the **Isusu** contribution clubs in **Ngwaland** appears common among the **Igbo** before the emergence of colonial rule. In the modern time, **Isusu** abound in almost every sector of life of the people despite their profession. It is still a very formidable force in tackling capital challenges of market women/men, transporters, civil servants (both in the public and private sectors) and others. The contributions of the clubs in helping out members to meet up with their obligations to the society, family and religion, cannot be over emphasized.

The relevance in the modern day had reached the level that both the old and young are aware or participating in one or more clubs. In **Igboland** today (2020), the club has evolved to be widely used and appreciated by many. Therefore, quite a good number of them abound within our area of study and beyond, where **Igbo** people had moved to

and settled. In contemporary time, an example of **Isusu** club is Jehovah Jireh Ventures (JJV).

Chukwuma, a founding member of JJV, gave a detailed account of the organization in following paragraphs thus: JJV is a Non-Governmental Organization that was established on 1st December 1999. The names of the three founding members were; Placid Ojiaku, Ifeanyi Iheano and Chukwuma Onyekwere. The address of the organization, as they are preferred to be called, is No. 23 Finbarr's Road by Isuochi Street, Umuahia, Abia State. The aim of the organization was to help members raise capital for their pressing needs, like funds for starting a trade, payment of rents, marrying a wife, payment of children's school fees, among others. In January, 2000, JJV was made open to honest and credible individuals who may wish to join the body to enhance their capacity to meet up with their obligations.

The organization operates in two phases of contribution within a year. The first phase is within the second week of January and last Sunday of June, while the second phase is within July of the same year and 3<sup>rd</sup> Sunday of December. The organization has twenty members, and six of them constitute the executive members. The executive positions are the chairman and his vice, secretary and his vice, and treasurer and his vice. Their role is to render services for the growth of the body through upholding the rules and regulation of the organization, as well as penalizing members who default.

The club makes their contributions weekly, every Sunday. From the formation of the group to 2005, the amount contributed by members every week was two thousand and two hundred naira, N2, 200.00. At the end of every contribution meeting, a member collects the sum of fifty thousand naira, N50, 000.00, while the balance of five thousand naira, N5, 000.00, only is kept by the treasurer to be shared among members at the end of each phase of the contribution. In 2005, due to adverse economic condition and in order to assist members meet up with their obligations, and also because of the success recorded in the living standards of members, all agreed to upgrade the amount they contributed from two thousand two hundred naira, N2,200.00, to four thousand four hundred naira, N4,400.00, weekly. Hence, at the end of each weekly contribution meeting, the beneficiary member goes home with the sum of one hundred thousand naira, N100, 000.00, while the balance of ten thousand naira, N10, 000.00, is kept to be shared at the end of each phase of the contribution.

The mode of choosing the person that collects the week's contribution was done at the beginning of each phase of contribution by the organization. The process was through balloting, picking a number from a bowl or basket. Apart from the six executive members that are seeded, other members participate in the ballot, and any number picked is an indication of when the holder will receive his contribution. Nevertheless, with understanding, members who have urgent or pressing needs could be accommodated by allowing them to receive earlier than the number they picked. It is pertinent to note here that, each phase of the J.J.V. organization is twenty-five weeks, which is intended to accommodate the twenty members. There is also accommodation for excess numbers on the stipulated twenty-five members. With more members, the

life span of each phase of the organization will still be within twenty-five weeks, but the excess members will start receiving their contributions from the tenth week. By the tenth week, the contribution with the excess members will double the amount contributed, that is, two hundred thousand N200, 000.00 naira only, and the weekly contribution then will accommodate the extra members individually. With this arrangement, every member receives his own contribution within the twenty-five weeks.

The rules and regulations that govern the organization are as follows:

1. The failure of any member to make the weekly contribution attracts a fine of Two Hundred Naira (₦200.00) only.
2. Lateness to meeting, without genuine reason, attracts a fine of Fifty Naira (₦50.00) only.
3. Coming at the end of the meeting without genuine reason, attracts a fine of One Hundred Naira (₦100.00) only.
4. The election of the executive of the organization is done every 4 years. It is free and fair, and everybody is eligible to vote and be voted for.<sup>13</sup>

The present writer was the coordinator and also a member of an Isusu Club in his work place, National Assembly. Members of the Club were his colleagues and salary earners. The formation of the club was necessitated by the need to raise capital to attend to the individual needs of the members, through other means aside the salary. I decided to share my idea with few colleagues within the organization, and found out that some of staff shares the same sentiment, thus, we agreed to meet.

The meeting comprised of six people who showed interest at our individual meetings. At the meeting, I spoke on the idea to form the club, which would enable us to access capital to attend to our needs. The reactions from the participants were positive, and this was the emergence of our office **Isusu Club**, on June 1<sup>st</sup>, 2012. We agreed to be contributing One Hundred Thousand (₦100, 000.00) only every month. And that the money must be paid on or before the third day of every new month. The whole house adopted me as the Coordinator of the Club. This position goes with the responsibility of the collecting the contributions of members every month, and making same available to the person receiving the fund for that month. Also, it was my duty to call for meeting when necessary, and chairs such a meeting. To make the work easy, I gave out my account number to the members and directed that everybody make their contributions into the account on or before the date we agreed upon.

The next challenge we had after agreeing on the operation terms of the club was who would receive the contribution of that month. At this point, I was amazed at the maturity exhibited by the members of the Club. Anyone who had a more pressing need was allowed to collect at the month he requested. A member stood up and said that he was to pay for his rent that same month. He solicited that he should be allowed to receive the contribution for that month, we unanimously agreed. Another asked that he should be allowed to receive for the second month to enable him pay for the wife's school fees overseas, we obliged him. Another member said that he would need the contribution of the third month to augment whatever he had to purchase a car, we accepted. In that line,

everyone was assigned a month in which he would collect the contributed fund, without using the main option, which was balloting. I took note of all the members, and the month were meant to collect the contribution. Every six months we met to review the processes of the Club, and state our continued interest in the continuity of the Club.

The collective security and guarantee for members of the contributions, was the financial knowledge of the capacity and capability of members to live up to their financial obligations to the club. We all are monthly salaries earners of the same cadre, and we know that each member is capable of making his contribution to the Club. When the salary comes everyone endeavoured to make his contribution. We always had a challenge when our salary does not come on time. Under such circumstance we cannot make our contributions before or on the third (3<sup>rd</sup>) of the month, as agreed. The person that was to receive the contributed fund of such month does not quarrel with anybody. He knew the plight of everybody due to non- payment of salary. In fact, as a colleague, he would have not received his salary too.

My office contribution club had been outstanding in helping members attend to the needs and challenges. We have been able to pool interest free fund every month for the benefit of members. Within the institution, National Assembly, many other similar contribution clubs existed. I was severally approached to join such clubs. Besides, I am a member of another club that contributes Ten Thousand Naira (₦10, 000) only on weekly bases, the total number of members in ten (ten). I have benefited immensely from this indigenous institution for capital formation. Through it I have been able to pay for my rents among other benefits, which would otherwise been difficult. In both pre-colonial **Igbo** society and in the modern times, these clubs exist in many communities. The importance of credit contribution clubs cannot be over-emphasized. To a great extent, it is like a life-wire in the development of the people's standard of living. A trader and benefactor of **Isusu** said:

I tried for several months to get a loan from a bank. They asked me to provide land as collateral, which I do not have. I joined an **Esusu** group with ten members and we contribute ₦10,000 every month. This has really helped my business as when it was my turn last month, I received ₦100,000. I would never have been able to save that amount to invest in my business. If someone runs away with all our money, we all know each other so I will just go to her house.<sup>14</sup>

### **Security of the Clubs and Defaulters**

The last sentence of the immediate indented quote above talk about defaulters and recovery of contributed fund. Besides, members of the club were governed under the same authority or authorities as the case may be. In pre-colonial **Igbo** society, there were measures adopted by the operators of these clubs to minimize loses and defaulters. One of these was that care was taken to ensure that contributors came from the same village. It was a form of security and members of a club saw themselves almost on daily basis, either in the farms, markets, meetings or other like places. Thus, the fear of one from absconding with the fund received was limited. In the words of Nwabughuogu,

“...membership was limited to people from the same village for effective control and to contain any dishonesty likely to disrupt the smooth-running of the club”.<sup>15</sup>

In the traditional **Igbo** society, members of the club from the same village had other vital advantages. They collectively understood the political, economic, socio-cultural and religious institutions governing the land. If there was any problem, which challenged the existence of the club, members subjected themselves to the rulings or arbitrating powers of these institutions. One of such formidable institutions that were very effective in this regard was religion. As traditionalists, the people believed in the potency of their local deities, and therefore revered them. Heavy calamities, ranging from, among others, diarrhea and swollen stomach (**afọ otuto**) to poor harvests and death were believed to befall anyone who lied on oath at the deity's shrine. The clubs exploited these institutions to the advantage of the stability of their collective resources. Thus, and has been observed, “... disagreements about contributions were settled by swearing at the shrine of the village god”.<sup>16</sup>

Also, the club's stability was guaranteed through taking adequate care of the members' interests. There was no rigid mode adopted for members to receive their shares. Room was created for emergencies; for instance, a member with an urgent problem requiring huge financial outlay could contact the leaders of the club. Such a person was allowed to receive his share at the next meeting of the club, and other members would show understanding<sup>17</sup>. The procedure for allowing him to receive his share was that if the share had not been earmarked for anyone else, he would automatically receive it. But if otherwise, the elders would call the two people together to find out whose need was more pressing. If it were the person who was originally earmarked, he would go on to receive his share normally. But if it was the person making the request, he would provide additional palm wine on the day he was to receive his share.<sup>18</sup> Okonjo has also observed the flexibility of the clubs in these words:

They could arrange to jump the queue in an emergency or for their take-outs from all their **Esusu** clubs to fall at about the same time so as to enable them to pull the capital together to carry out a worthwhile economic venture.<sup>19</sup>

Furthermore, for the stability of the clubs, measures were taken to minimize defaulters. Though there were defaulters, but because these institutions were village-based, the effect of defaults on the stability of the **Isusu** was contained. Nwabughuogu noted that there were two categories of defaulters. The first category comprised those who defaulted before receiving their share. They were treated with great understanding. If the default arose from sickness, poverty, among other reasons, he was expected to find a substitute who would continue his obligations. The substitute continued to contribute, and upon drawing his share from the club, would ensure that the original contributor received the exact amount paid by him, minus the amount equivalent to the cost of palm wine offered to members of the club. The failure of a defaulter to find a substitute was investigated by the club's executive members, and when they ascertained that it was not due to his negligence, they would appoint one for him. But if it was found that the defaulter's inability to continue the contribution was caused by his negligence towards

his obligation to the club, all the other club members would visit his house and seize one of his fowls for each week he had defaulted, ordering him to continue his contribution. Failure to comply meant that more fowls would be seized. The organization made it difficult for a member to abandon his obligations to the contribution club and destabilize the subsystem.<sup>20</sup>

The second categories of defaulters were those who defaulted after they had drawn their share from the club. Their cases were treated with greater severity because they were a threat to the stability of the clubs. Such an offender was usually brought before the village council, or before the **Okonko** members, and fined a goat. He was also ordered to continue his contribution. If he defaulted further, the balance outstanding was treated as a debt and the traditional law of debt would be invoked against the defaulter, that is, his property would be seized by the members or he himself sold into slavery.<sup>21</sup>

### **Benefits of Credit Contribution Clubs**

The benefits of the contribution clubs discussed, as has been mentioned severally in this paper, cut across all the spheres of life of the traditional **Igbo** people. It promoted the economic, socio-cultural and political lives of the people. It was, in other words, the "...surest way of accumulating capital for any venture",<sup>22</sup> and that caught the fancy of club members. As credit institutions, the contribution clubs enabled members to access capital to tackle their needs, without going through the rigours of requirements of opening a bank account and collateral for a bank loan. By helping members to access funds to acquire their immediate needs, the clubs helped to guarantee the standings of individuals in the society, and as such, they were not ridiculed. Through the contribution clubs, funds were raised to start up trade, payment of dowry, purchasing of household goods, burial ceremonies, taking titles and others.

Also, this paper observed that the **Igbo** people of pre-colonial times lived solely in an agrarian society, where a farmer depended on his farm and palm produce for the money needed to discharge the responsibilities and fulfill the obligations that were expected of him. Thus, the only option was to wait for the harvest time to live up to his responsibilities, and the farmer's obligations were not seasonal. Under this stretched condition, contribution clubs provided the much needed bridge and succour for **Igbo**.<sup>23</sup>

Besides, with the present (2015) global economic realities that countries are facing different types of economic challenges, capital formation via modern financial institutions might become more difficult. This paper presents a path that challenges African countries to make use of their indigenous institutions to form much needed capital, which will enable majority of her citizens to form micro-businesses and to attend to their needs; and at the same time stimulate development and improve their standard of living. The indigenous credit institutions have been available, accessible and without exploitative charges, thus a better alternative to modern finance institutions that are scarce in rural communities.

Today (2015) in Nigeria, the average **Igbo** man or woman rely on credit contribution clubs to form capital over modern finance institutions (Banks, Cooperative societies),



due to ease and convenience of the **Isusu** club. It is a statement of fact that some banks (mostly Micro finance) are running different packages of contribution clubs to expand their clientele. They meet their customers at their shops or offices, to collect their contributions (money), and note the amount collected in their record books. On the payday (monthly, quarterly or yearly), the bank staff takes cash to the customers in their different places of work or market. Some customers have patronized these bank-operated contribution clubs for years, without going to the bank.

## CONCLUSION

The paper has examined the roles played by credit contribution club (**Isusu**), an indigenous non-agrarian institution for capital formation, in the socio-economic life of **Ndi-Igbo** of Southeast Nigeria and beyond. It observed that there are different types of contribution clubs, credit and savings. Having focused on the credit contribution clubs, the paper studied, with examples, the origins of the **Isusu** economic system; describing its processes and operations; established the relevance and the security of the collective funds, and the strategies to curb defaulters; and the accruing benefits, among others. The findings show that credit contribution clubs are veritable sources for capital formation.

## ENDNOTES

<sup>1</sup>NAE, File No. 1799, Volume I, “Isusu Contribution Clubs”.

<sup>2</sup> A.I. Nwabughuogu, “The Isusu: An Institution for Capital Formation Among the Ngwa Igbo; Its Origin And Development to 1951”, *Africa: Journal of the International African Institute*, 54, 4 (1984), p. 46.

<sup>3</sup> A.I. Nwabughuogu, *Igbo Pre-colonial Institutions For Capital Formation*, Mimeograph Article, p. 9.

<sup>4</sup> Interview with Chief Moses Emenike, 63 Years, Amaoforo Ibeku, Abia State, Clan (Egwu) Head, 22/09/2013.

<sup>5</sup> Interview with Chief Moses Emenike, 63 Years, Amaoforo Ibeku, Abia State, Clan (Egwu) Head, 22/09/2013.

<sup>6</sup> Ogbonnaya Akuma, 63 Years, Eburnwana Edda, Ebonyi State, Tailor, 08/04/2013.

<sup>7</sup> Odumuko Ozurumba, 60 Years, Okwuta Isieke, Abia State, Community Leader, 20/09/2013.

<sup>8</sup> Lady Appolonia Ahamefule, Umuneke Anara, Imo State 70 Years, Trader, 02/04/2013.

<sup>9</sup> A.I. Nwabughuogu, “Igbo Pre-colonial Institutions For Capital Formation”, p. 10.

<sup>10</sup> Hans Dieter Seibel, “Microfinance in Nigeria, Origins, Options and Opportunities”, Accessed via Internet on 20/11/2013, [www.odi.org.uk/sites/odi.org.uk](http://www.odi.org.uk/sites/odi.org.uk).

<sup>11</sup> A.I. Nwabughuogu, “The Isusu: An Institution, For Capital

Formation Among the Ngwa People”, p. 47.

<sup>12.</sup> A.I. Nwabughuogu, “The Isusu: An Institution, For Capital Formation...”, p.47.

<sup>13.</sup> Interview with Mr. Chukwuma Onyekwere, 36 years, Nnono Ikwuano, Businessman, 01/10/2013.

<sup>14.</sup> The Punch Newspaper, Monday July 8, 2013, p.11.

<sup>15.</sup> A.I. Nwabughuogu, *The Dynamics of Change in Eastern Nigeria, 1900-1980: Indigenous Factor in Colonial Development*, (Owerri: Esther Thompson Publishing Company, 1993), p. 30.

<sup>16.</sup> A.I. Nwabughuogu, “The Isusu: An Institution for Capital Formation...”, p.47.

<sup>17.</sup> A.I. Nwabughuogu, *The Dynamics, of Change in Eastern Nigeria*, p.30.

<sup>18.</sup> A.I. Nwabughuogu, “The Isusu: An Institution for Capital Formation...”, p. 48.

<sup>19.</sup> K. Okonjo, “Rural Development In Nigeria: How Do Women Count?”, *Africana Marburgensia*, Volume XII, No. I, 1989, p. 42.

<sup>20.</sup> A.I. Nwabughuogu, “*The Isusu: An Institution for Capital Formation...*”, p.48.

<sup>21.</sup> A.I. Nwabughuogu, “*The Isusu: An Institution for Capital Formation...*”, p.48.

<sup>22.</sup> K. Okonjo, Rural Development in Nigeria, p. 42.

<sup>23.</sup> A.I. Nwabughuogu, “*The Isusu: An Institution for Capital Formation...*”, p.55.