

**ACCESS TO CREDIT FACILITIES, THE ROLE OF THE RURAL BANKS (A CASE
STUDY OF ATWIMA KWAWOMA DISTRICT- ASHANTI REGION)**

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STATEMENT OF AUTHENTICITY

We have read the university regulations relating to plagiarism and certify that this report is all our own work and does not contain any unacknowledged work from any other source. We also declare that we have been under supervision for this report herein submitted.

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ABSTRACT

The study aimed at finding the role rural banks play in access to credit facility at Atwima Kwawoma district. One of the major problems facing the rural population in Ghana has been the lack of credit. This has resulted in the inability to increase productivity, income and improve upon basic standards of living so as to rise against poverty. It is in the light of this that Bank of Ghana introduced the rural banking concept to meet the credit needs of the rural people and also to assist in the reduction of poverty in the rural communities.

The objective of the study was to find out the effect of rural banks on farming communities. To look at the effects of the operations of rural banks on rural communities with reference to the Atwima Kwawoma district in the Ashanti Region.

The probability method (simple random method) technique was adopted. The data was collected through questionnaires and interviews. The data collected was analysed.

The main findings include:

Financial supports received by the farmers were both beneficial to them and the farmers. Farmers in the community are able to pay back loans given to them by the bank.

The recommendations were;

The government through the Apex banks should support rural banks effort in supporting and assisting agricultural development in Ghana.

More workshops and seminars be held to educate the farmers about the credit activities of the bank and the sort of risk the bank is exposed to as it advances credit to them without a collateral security.

In conclusion, it has been revealed that rural banks have a role to play in accessing credit facilities in Atwima Kwawoma district.

DEDICATION

We dedicate this work, first and foremost, to the most high God who granted us abundant grace and wisdom in carrying out this work and secondly to our families for all their support in our education. We hope we have made you proud beyond measure.

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We are first and foremost grateful to the Almighty God who gave us the strength and wisdom to conduct this study. Our profound gratitude also goes to Mr. Fosu Adarkwa, our supervisor, who spared some of his time both day and night to help and supervise us during the conduct of this study.

We are particularly thankful to management and staff of Atwima Kwanwoma rural bank for their immense support and interest and allowing us to use the bank as a case study in conducting of this research. Also to all group members who made this work possible.

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CHAPTER ONE

INTRODUCTION

1.0 Background of the Study

Like many developing countries, poverty remains a serious problem in Ghana and it remains predominantly a rural phenomenon thus the matter of poverty reduction has received a great deal of attention in development literature, in the national plans of various countries, on political platforms and in lending programs of most donors. In Ghana, the need to improve the living and working conditions of the rural people dates back to the colonial era. One of the major problems facing the rural population in Ghana has been the lack of credit. This has resulted in the inability to increase productivity, income and improve upon basic standards of living so as to rise against poverty. It is in the light of this that the Bank of Ghana introduced the rural banking concept to meet the credit needs of the rural people and also to assist in the reduction of poverty in the rural communities. Agriculture is Ghana's most important economic sector, employing more than half the population on a formal and informal basis and accounting for about 60% of Gross Domestic Products (GDP) and export earnings. The country produces a variety of crops in various climatic zones which range from dry savanna to wet forest and which run in east-west bands across the country. Agricultural crops, including yams, grains, cocoa, oil palms, kola nuts, and timber, form the base of Ghana's economy.

Farming plays an integral part of the total output of Agriculture in the Ghanaian economy; as such this projects looks at throwing more light on farming and the impact the introduction of rural banks have had on its development on the Farming communities and the country as a whole.

1.1 Statement of the Problem

People put to forth the kind of effort that increases productivity if their needs, goals, expectation, and desire are met. Many factors influence the Agricultural sector in Ghana. Lack of base equipment for farming activities affects the sector which in a way has affected the economy of the country.

It is important for the government and some financial institution in Ghana to know how and why Agriculture is important to the nation.

The purpose of this study was to investigate the degree to which rural banks (Atwima Rural Bank) have influenced the development of farming community in Ghana with reference to farming in the Atwima Kwawoma in the Ashanti region.

1.2 Objective of the Study

The main objective of the study is to assess the impact of rural banks on the development of farming communities, using Atwima Kwawoma District of Ashanti Region as a case study.

The Specific Objectives Of The Study Are To:

- Analyse the effect of rural banks on farming communities in Atwima Kwawoma district.
- Investigate the effect of the operations of rural banks on rural communities, with reference to the Atwima Kwawoma district in the Ashanti Region.
- Examine the role of the rural banks on the development of rural folks in Atwima Kwawoma district.
- Make suggestions and recommendations to the management of rural banks and policymakers on how to improve upon the operational problems of the rural community in the Atwima Kwawoma District.

1.3 Research Questions

In this research the primary research question was: Does rural banks credit facilities affects the development of farming communities in Atwima Kwawoma District in Ashanti Region?

To answer this primary research question, the following secondary research questions were answered:

- Do the rural folk have access to funds from the rural banks to expand their farming activity?
- Has the rural banks been providing other services apart from their core business?
- What role do the rural banks play on the development of the rural folks?
- Which measure can be put in place to improve upon the operational problems of the rural community and the rural banks in the Atwima Kwawoma District?

1.4 Significance Of The Study

The results of this study are significant in various respects. Firstly, on the basis of the findings of the study, the report will draw some conclusions and identify the rural banks as a significant tool for farming communities and give signal to farmers on how to get access to credit. Second, a lot of research has been undertaken and implemented more especially in the advance world; however, the less developed economies have not seen its relevance. The essence of the study is to add to the existing literature on the topic and also serve as a springboard for future researchers interested on the topic. Thirdly, Apart from the fact that the report could serve as an input in academia, it will also enable policymakers to come out with appropriate policy strategies in enhancing access to credit facilities from financial institutions. Finally, the study will be useful for the rural banks sector in their future strategies in enhancing community development in terms of farming.

1.5 Limitations of the Study

Though the financial industry is vibrant and has lot of organisations operating in the sector, this study was limited to rural banks operating in farming communities in Atwima Kwawoma district. The researchers encountered problems during the study. The uncooperative nature of some of the respondents posed a problem. This was coupled with changes in appointment dates which really affected the smooth progression of the study. Also, retrieval of some of the completed questionnaires from some top management members, junior staffs and farmers were difficult task. Finally, the financial backing for the research was inadequate. Cost of printing, getting research materials and time was a major problem.

1.6 Scope of the Study

This study was conducted within Atwima Kwawoma district to have an in-depth understanding and appreciation of the impact of rural banking on development of farming communities. And also identify some innovative measures and technology delivery channels that rural banks have deployed to ensure convenient service to farming communities. The study was focused on managers, employees and farmers. The geographical scope was the Atwima Kwawoma district, of the Ashanti region of Ghana. Atwima Kwawoma is considered appropriate because is predominantly a farming community.

1.7 Organisation of the Study

The study is organised under five chapters. Chapter one deals with introduction. It comprises with the background of the study, statement of the problem, objectives of the study, significance of the study, scope and the organisation of the study. Chapter two, deals with the review of the related literature.

Chapter third outlines the methodology of the research; it describes methods used in selecting the sample, how data were collected and analysed. Chapter four deals with the report of findings of the study, analysis of data collected and finally chapter five contains summary, conclusions and Recommendations on the subject matter and suggested areas for further studies.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

The primary purpose of this chapter is to get the theoretical understanding of customer switching. More specifically, it focuses on four primary areas. First, basing on the evolution of agriculture and definitions given by different scholars on the term agriculture, the researchers have adopted the meaning of the term as it is related to the study. Second, the literature review examined studies which discuss the components of agriculture and rural banking and the purpose of and the benefits that may be received from proper rural banking system in the farming communities. Third, review how rural farmers can get access to their financial needs. Fourth, the review of the challenges faced by rural banks in the disbursement of loans to rural folks.

2.1 The Concept of Rural Bankiing

Rural bank are banks set up in rural areas to mobilize resources in the rural areas to be channeled into productive use. Prof and figures (2000).

Rural development is essential if the overall economy of the nation is to be developed. Various studies have shown that poverty and underdevelopment have been characteristic features of rural areas.

Saouma (1981) noted that because past developments have failed, they have contributed to urban- rural imbalance in the development. Poverty and hunger are therefore dominated in

rural areas. Saouma has stressed that development programs should be conducted along lines that the primary aim of the development should consider:

- The betterment of individual and social lives of rural poor.
- Agrarian reforms and to incorporate the rural folks in the production and distribution system.
- The integration and participation of rural folks in internal mobilization of resources.
- Efforts aimed at increasing investments and production in the rural areas.

Nowak (1989) noted that development and Agricultural banks have not responded to the needs of the rural sector. She pointed out that, assistance offered by these institution do not encourage individuals initiatives, based on this premise, it would be beneficial, if efforts are made to ensure that peasants farmers and other small scale entrepreneurs receives the necessary financial assistance from the banking institutions.

These small scale producers do not receive such assistance because of their inability to pay loans.

According to Nikoi (1993), one of the reasons why farmers defaults in loan repayment is the low prices offered to their produce due to unbridle trade liberalization.

Huq (1989) again stressed the need for rural banks in the 1960's when it became clear that not even the Agricultural banks were meeting the needs of the rural small scale farmers and industrialists. Rather, the banks were draining the rural areas of their savings to urban areas or investment in the commercial and housing sectors.

The rural banks were also therefore established as a measure to stop this drain of saving from the rural areas to the urban centers so that rural dwellers taking what was considered to be loans with exorbitant interest rates and harsh condition from money lenders will reduce.

Despite the numerous challenges faced by the rural banks since its inception, they have made giant strides in the Ghanaian economy; especially in areas of resource mobilization, the contribution of rural banking industry are still low in spite of the improvement in their deposit mobilization.

2.2 History of Agriculture in Ghana

The first president of Ghana, Kwame Nkrumah attempted to use agricultural wealth as a springboard for the country's overall economic development. Ghanaian agricultural output has consistently fallen since the 1960s. Beginning with the drop in commodity prices in the late 1960s, farmers have been faced with fewer incentives to produce as well as with a general deterioration of necessary infrastructure and services. Farmers have also had to deal with increasingly expensive inputs, such as fertilizer, because of overvaluation of the cedi. Food production has fallen as well, with a decline in the food self-sufficiency ratio from 83 percent in 1961-66 to 71 percent in 1978-80, coupled with a fourfold increase in food imports in the decade prior to 1982. By 1983, when drought hit the region, food shortages were widespread, and export crop production reached an all-time low.

When the Rawlings government initiated the first phase of the Economic Recovery Program (ERP) in 1984, agriculture was identified as the economic sector that could rescue Ghana from financial ruins accordingly, since that time; the government has invested significant funds in the rehabilitation of agriculture. Primarily through the use of loans and grants, the government has directed capital toward repairing and improving the transportation and distribution infrastructure serving export crops. In addition, specific projects aimed at increasing cocoa yields and at developing the timber industry have been initiated. Except for

specific development programs, however, the government has tried to allow the free market to promote higher producer prices and to increase efficiency.

Although the government was criticized for focusing on exports rather than on food crops under the ERP, by the early 1990's the PNDC had begun to address the need to increase local production of food. In early 1991, the government announced that one goal of the Medium Term Agricultural Development Program 1991-2000 was to attain food self-sufficiency and security by the year 2000. To this end, the government sought to improve extension services for farmers and to improve crop-disease research. Despite the statements concerning the importance of food crops, the plan was still heavily oriented toward market production, improvement of Ghana's balance of payment position, and provision of materials for local industrial production. Furthermore, following World Bank's guidelines the government planned to rely more heavily on the private sector for needed services and to reduce the role of the public sector, a clear disadvantage for subsistence producers. In particular, industrial tree crops such as cocoa, coffee and oil palm seedlings were singled out for assistance. Clearly, agricultural sectors that could not produce foreign exchange earnings were assigned a lower priority under the ERP.

2.2.1 Recent Growth

Ghana's cocoa production enjoyed a period of an average 16% in the period 2000–03. Cocoa has a long production cycle, far longer than many other tropical crops, and new hybrid varieties need over five years to come into production, and a further 10 to 15 years for the tree to reach its full bearing potential. Yet the reasons for this huge production increase are varied and in fact Ghana's cocoa yields per hectare are still low by international standards. Researchers at the Overseas Development Institute identify the following as particularly important

1. Land
2. Labor
3. Fertilizer
4. Insecticide
5. Agricultural equipment
6. Western Sefwi (suggesting smuggling from Cote D'ivoire)
7. Rainfall
8. Male cocoa farmer
9. Use of spraying machine

Yet this study suggests that the most important factors in the increased production are:

- New land brought under cultivation
- More intensive use of household labor
- A good rainfall pattern
- Effectiveness of farm spraying and increased fertilizer use

This study suggests that Ghana's cocoa farmers are not making the best use of technological innovations in their production and instead their increased production is not sustainable. Bringing new land under cultivation is risky, as much of the land was previously forest and without adequate attention after a short period this land may be exhausted. Intensive use of labor has led to high increase in the cost of labor and may impact profitability and high rainfall is only periodic.

2.2.2 Hybrid System of Liberalization

Ghana Cocoa Board's experimentation with privatization has created a hybrid system whereby despite all exports being controlled by the state, there are now about 25 private companies buying the crop in all the areas of the country where it is grown. After 14 years,

the successes and failures of this hybrid system has been the subject of a study by researchers at the Overseas Development Institute. Competition was clearly found to have increased production levels throughout the country, yet access to credit remained one of the most important factors determining the level of competition and farmers rarely made the most of all the available options to sell their crop (often they only made use of one). Their choice was based on the ability of a company to pay promptly in cash and thus there are only 5 major players on the market: Produce Buying Company Ltd, (formerly state owned), Kuapa kokoo (a hugely successful farmers' based cooperative working on Fair Trade principle), Adwumapa (a Ghanaian buying company), Olam and Armajaro (both foreign-owned companies, from Singapore and the UK respectively). Another key determining factor is the distance of the plantation from the main market, as the more remote farms more often find it easier to sell to the formally state owned PBC.

This hybrid scheme benefits a variety of players:

- The state, which maintains a monopoly on all exports, makes a substantially higher return from taxation than other cocoa regions,
- The traders, who compete for the purchase of higher volumes of the export crop on non-price terms throughout the cocoa belt areas; and
- The farmers, who are guaranteed a minimum floor price regardless of their geographical location.

Researchers at the **ODI** therefore suggest that liberalization has been good for producers by:

1. Providing farmers with more choice of buyers,
2. Delivering cash payments promptly, and
3. Maintaining stability in producer prices through-out the season.

Yet the question remains for policy-makers as to the benefits of the state controlling an export monopoly and its strong presence on the public sector in the internal market. And also whether there should be even more liberalization and whether it is providing the right incentives for producers to develop better (and sustainable) farming practices.

2.3 Rural Banks

The Association of Rural Banks (ARB) Apex Bank Ltd is a mini Central Bank in Ghana for the Rural/ Community Banks (RCBs) financed mainly through the Rural Financial Services Project (RFSP), which is a Government of Ghana project to holistically address the operational bottlenecks of the rural financial sector with the aim of broadening and deepening financial intermediation in the rural areas.

The idea of rural banking was conceived some 32 years ago by the Bank of Ghana when it opened a dialogue with the Ministry of Finance about what was called junior league of banking institutions to serve the special needs of the rural population in Ghana.

At the time, the traditional licensed banking institutions were all structured, equipped and managed as city-centered institutions with their clients mostly in the export/import business and in the mining sector.

It was, therefore, necessary to bring the rural population into the banking system under rules designed to suit their socio-economic circumstances and the peculiarities of their occupation in farming and craft-making.

The ARB Apex Bank Limited was incorporated as a public limited liability company on 4th January, 2000. Its shareholders are the Rural and Community banks. It was granted banking license on 23rd April, 2001 and was admitted to the Bankers Clearing House as the 19th member in August, 2001.

2.3.1 Role of Rural Banks.

According to Anin (2000), a rural bank may be defined as “unit bank with the sole aim of providing simple banking facilities to the rural communities in which they are located”.

PNDC law 225 (Banking Law) stipulates that, rural banks should be licensed in order to engage in the business of banking, that is, to collect saving and grants loans and advance under approved terms. It is therefore authorized.

- To mobilize saving resident in rural communities.
- Accept cash/cheques for the credits on current and savings accounts.
- To grants loans to small- scale entrepreneurs, farmers and fishermen.
- Accepts securities for safekeeping.
- Ensure proper and accurate handling of all money transactions entrusted to the banks.
- Assist customers in respect of their activities with the view to consolidate. Extend and develop their undertakings.
- Engage in any economic activities that will promote socio economic development in the community.

2.3.2 Objective of Rural Banks

The primary objectives of the rural banks are to mobilize and channel rural savings for socio-economic activities within communities in which they are located. They are also expected to extend industrial credit to rural dwellers to increase productivity and thereby create wealth for improved standard of living.

Poor lending practices and ineffective monitoring of credits facilities extended to customers has contributed to loan delinquency in some rural banks and this has put some banks to distress.

Rural banks are free to extend any amount of credit customers want taking into consideration the relevant provision in the banking law and good standing of the customers. However, credit above ₵500 million has to be referred to the bank of Ghana for approval.

2.3.3 Problems of Rural Banks.

The above notwithstanding, rural banks face numerous challenges which include the following:

- Inadequate cash supply
- The delay in clearance of cheque's which takes twenty one (21) working days.
- Problems with liquidity management.
- Inadequate computerization and networking.
- Inadequate trained skilled personnel /staff.
- Delay and absence of debt/ loan recover.
- Inability to develop financial products.

2.3.4 Legal / Supervisory Framework

Anin (2000) has noted that rural or community banks are public companies and therefore requires to obtain certificates from the registrar of companies under the companies code of 1963 (Act 179) before operating as business entity. They also require obtaining a license from the bank of Ghana before operating the business of banking under the banking law 1989 PNDCL 225.

The law states the bank of Ghana reserves the right to revoke or issue the license of rural of community banks. The banks of Ghana also have the authority to undertake inspections of rural or community banks at least once a year to ensure compliance with statutory requirement and directives.

2.3.5 Operation

A rural bank in Ghana operates as a unit bank. They are autonomous in their areas of operations as opposed to branches of commercial banks, which take directives from their urban base head offices. The board of directors or rural banks constitutes members drawn from the catchments areas who also engage the managers and staff for the day to day running of the banks. That is to say they are owned managed and patronized by the communities in which they are located.

Rural banks following directives from banks of Ghana are permitted to operate mobilization centers, which entail the provision of banking services within a radius of 40 kilometer or 25 miles from the mains banks. This is to ensure that funds mobilized do not move from one catchments area to the other. If not the purpose for establishing rural banks will be defeated.

2.3.6 Credit Central Government.

Rural banks have chalked success in mopping up excess liquidity in the economy and thereby aiding the central bank in its monetary policy objectives. Rural banks investment in government securities stood at C291,213,548 million or 434.76% at the end of September 2002.

2.3.7 Social Responsibility

The socio responsibility of rural bank to the rural communities has been very remarkable. The districts rural banks have helped in the provision of electricity poles, boreholes, market, wheels chairs and establishment of scholarship schemes for brilliant but needy students. For example, Atwima rural bank in the Ashanti Region donated C\$4 million to the community in the year 2002 for the acquisition of electricity poles. The same Rural Bank has set up a scholarship scheme for needy but brilliant students from second cycle institution up to university level.

2.3.8 Importance of Agriculture.

Agriculture is Ghana's most important economic sector, employing more than half the population on a formal and informal basis and accounting for about 60% of Gross Domestic Products (GDP) and export earnings. Contributions of agriculture to the economy of Ghana can be looked at briefly in the following areas:

- Ghana receives most of its food from local farmers within Ghana.
- Clothing is made from native plants that are grown for their fibers.
- Materials for building houses are from local plants.
- Money for Ghana's economy comes from plants that are sold outside of Ghana like Cocoa, Coffee, Palm, Pineapple, Cotton etc.
- Export crops bring cash into Ghana as foreign exchange.
- Money is used to purchase items that are not available in Ghana.
- Money is also used to build roads and other things necessary for Ghana e.g.
Employment provides income to workers to use as their purchasing power.
- Animals for power production.
- Lack of power equipment requires use of animals to provide power on most

farms.

- Raw materials for production of items like rubber, plastics, and medicines.

2.4 FARMING

“Farming plays an integral part of the total output of Agriculture in the Ghanaian economy, which accounts for about 40% of Gross Domestic Product (GDP)”, Daily Graphic on Monday 24th March, 2008, as such this projects looks at throwing more light on farming and the impact the introduction of rural banks have had on its development and the development of the Farming communities and the country as a whole.

The country produces a variety of crops in various climatic zones which range from dry-savanna to wet - forest and which run in east-west bands across the country. Crops including yams, grains, cocoa, oil palms, and kola nuts and timber form the base of Ghana's economy.

Agricultural Development Program 1991-2000 was to attain food self-sufficiency and security by the year 2000. To this end, the government sought to improve extension services for farmers and to improve crop-disease research. Despite the statements concerning the importance of food crops, however, the plan was still heavily oriented toward market production, improvement of Ghana's balance-of-payments position, and provision of materials for local industrial production. Furthermore, following World Bank guidelines, the government planned to rely more heavily on the private sector for needed services and to reduce the role of the public sector, a clear disadvantage for subsistence producers. In particular, industrial tree crops such as cocoa, coffee, and oil palm seedlings were singled out for assistance. Clearly, agricultural sectors that could not produce foreign exchange earnings were assigned a lower priority under the ERP.

2.4.1 Cocoa production

Cocoa production occurs in the forest areas of the country- Ashanti Region, Brong-Ahafo Region, Central Region, Eastern Region, Western Region, and Volta Region-where rainfall is 1,000-1,500 millimeters per year. The crop year begins in October, when purchases of the main crop begin, while the smaller mid-crop cycle starts in July. All cocoa, except that which is smuggled out of the country, is sold at fixed prices to the Cocoa Marketing Board. Although most cocoa production is carried out by peasant farmers on plots of less than 3 hectares, a small number of farmers appear to dominate the trade. Indeed, some studies show that about one-fourth of all cocoa farmers receive just over half of total cocoa income.

Although Ghana was the world's largest cocoa producer in the early 1960s, by the early 1980s Ghanaian production had dwindled almost to the point of insignificance. The drop from an average of more than 450,000 tons per year to a low of 159,000 tons in 1983-84 has been attributed to aging trees, widespread disease, bad weather, and low producer prices. In addition, bush fires in 1983 destroyed some 60,000 hectares of cocoa farms, so that the 1983-84 crops were barely 28 percent of the 557,000 tons recorded in 1964-65. Output then recovered to 228,000 tons in 1986-87. Revised figures show that production amounted to 301,000 tons in 1988-89, 293,000 tons in 1990-91, and 305,000 tons in 1992-93. After declining to 255,000 tons in 1993-94, the crop was projected to return to the 300,000 ton range in 1994-95.

In addition to instituting marketing reforms, the government also attempted to restructure cocoa production. In 1983, farmers were provided with seedlings to replace trees lost in the drought and trees more than thirty years old (about one-fourth of the total number of trees in 1984). Until the early 1990s, an estimated 40 hectares continued to be added to the total area of 800,000 hectares under cocoa production each year. In addition, a major program to upgrade existing roads and to construct 3,000 kilometers of new feeder roads was launched to

ease the transportation and sale of cocoa from some of the more neglected but very fertile growing areas on the border with Côte d'Ivoire. Furthermore, the government tried to increase Ghana's productivity from 300 kilograms per hectare to compete with Southeast Asian productivity of almost 1,000 kilograms per hectare. New emphasis was placed on extension services, drought and disease research, and the use of fertilizers and insecticides. The results of these measures were to be seen in rising cocoa production in the early 1990s.

2.4.2 Industrial crops.

The main industrial crops are palm oil, cotton, rubber, sugar cane, tobacco, and kenaf, the latter used in the production of fiber bags. None is of strategic economic importance, and all, apart from oil palms, have suffered as a result of the country's economic difficulties. Despite claims that such crops could assist local industrialization efforts, the government has not focused the same attention on this sector as on export crops. For example, sugar cane output has diminished with the closure of the country's two sugar mills, which produced 237,000 tons per year in 1974-76, but only 110,000 tons in 1989.

2.4.3 Crop production.

The main food crops are corn, yam, cassava, and other root crops. Despite government efforts to encourage farmers to switch to production of staples, total food production fell by an average of 2.7 percent per year between 1971-73 and 1981-83. By 1983 Ghana was self-sufficient in only one staple food crop-plantains. Food imports rose from 43,000 tons in 1973 to 152,000 tons in 1981.

Those were various reasons for this poor performance, including growing urbanization and a shift in consumer preference from starchy home-grown staples to rice and corn. However, farmers also suffered from shortages of production inputs, difficulties in transporting produce

to market, and competition from imported foods that were underpriced because of the vastly overvalued cedi. Weather also played a major part, particularly in 1983, when drought cut cereal production from 518,000 tons in 1982 to only 450,000 tons at a time when an extra million people had to be fed after the expulsion of Ghanaians from Nigeria. Food imports in 1982-83 amounted to 115,000 tons (40 percent as food aid), with the 1983-84 shortfall estimated at 370,000 tons (of which food aid commitments covered 91,000 tons).

In August 1990, the government moved to liberalize the agricultural sector, announcing the end of minimum crop prices. The measure's impact was difficult to gauge because higher production meant more food was available at better prices anyway. The government's medium-term plan, outlined in 1990, sought to raise average crop yields and to increase food security, with special attention to improved producer incentives and storage facilities.

2.4.4 Livestock

Livestock production is severely limited by the incidence of tsetse fly in Ghana's forested regions and by poor grazing vegetation elsewhere as well as the avian flu. It is of major importance only in the relatively arid north and has not been earmarked for special treatment in Ghana's recovery program. In 1989, there were an estimated 1.2 million cattle, 2.2 million sheep, 2 million goats, 550,000 pigs, and 8 million chickens in Ghana.

Poultry production in Ghana has a large component of village poultry involving local chickens, guinea fowls and ducks kept in an extensive system by almost all households in the rural areas.

This sub-sector is practiced by about 66% of the 3.7% million households in Ghana especially on the Guinea Savanna Agro-Ecological zone (northern Ghana). There are about 25 million free-roaming village poultry in Ghana. They are kept for meat and eggs and sold for emergency cash needs and also used for socio-cultural purposes. .

2.5 Other Commercial Crops

The main industrial crops are palm oil cotton rubber sugarcane tobacco, and kenaf, the latter used in the production of fiber bags. None is of strategic economic importance, and all, apart from oil palms, have suffered as a result of the country's economic difficulties. Despite claims that such crops could assist local industrialization efforts, the government has not focused the same attention on this sector as on export crops. For example, sugar cane output has diminished with the closure of the country's two sugar mills, which produced 237,000 tons per year in 1974-76, but only 110,000 tons in 1989.

The government has actually encouraged the export rather than the local processing of rubber, rehabilitating more than 3,000 hectares of plantations specifically for export production rather than revitalizing the local Bonsa Tire Company, which could produce only 400 tires per day in 1988 despite its installed capacity for 1,500 per day.

2.6 Social Developments.

Incomes levels are relatively low due to the nature of the employment pattern in the area. Majority of the people engage in subsistent farming which generates low incomes. There is also post harvest loses due to lack of storage facilities. Large scale farmers are just around 15% with 85% engaged in small scale farming.

Health delivery in the vicinity is provided mainly by government health centers, maternity homes and a few private clinics. A few others were established by foreign non-governmental organizations in collaborations with local counterparts.

The educational sector in the region is mainly private basic educational units and some few government basic schools and colleges. Enrollment figures are low in the vicinity due to the fact that most of folks cannot pay for their wards school fees and other basic needs. The gender participating in respect of enrollment of boys and girls into these schools is almost 1:1.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter discusses the methodology adopted and used for the study. It looks at method of the data collection, research design, population and sampling, data collection instrument. The chapter further discusses the administration of questionnaires, the analytical framework and tools for analysis.

3.1 Research Design

The study used the evaluative and cross-sectional research designs to study the impact of rural banking on development of farming communities, using Atwima Kwawoma district as a case study. The study was evaluative because it vividly assessed the impact of rural banking on development of farming communities and the kind of problems associated with rural banking scheme in Atwima Kwawoma district. This design is considered appropriate because the researchers aimed to give a detail description of the phenomena. Also, this design aimed of providing meaningful and accurate picture of events and seeks to explain people's perception and behavior on the basis of the data collected. The study was also cross-sectional because data was collected at a point in time and was intended to capture the characteristics of various respondents that represented a cross section of the people in the Atwima Kwawoma district. It was also designed to cover both sexes as much as possible.

3.2 Population of the Study

The target population for this study consists of all farmers and employees of rural banks in Atwima Kwawoma district as at March, 2013.

3.3 Sampling Design, Size and Procedure

Sampling design is a definite plan for obtaining a sample from a given population. It involves the procedure the researcher used to select the units to be included in the sample. Gay (1987) says that sampling technique is used because it guarantees desired representation of the relevant sub groups. A sample size of fifty (50) was selected from the farmers, managers and employees from Atwima Kwawoma district assembly as at March, 2013. Four communities were considered for the study, in each community, ten farmers were selected using purposive sampling. This method was chosen because the investigators targeted farmers of the district.

Also, senior staff and junior staff in each of the five rural banks in the district were selected using the probability method (simple random method) for the study. This made the sample size to be fifty (50) that is (10 farmers in every village multiply by 4 plus 10 staff members of the five rural banks).

3.4 Data Source

The study depends on both primary and secondary data. Primary data were collected from farmers, employees of financial institutions in Atwima Kwawoma district. Secondary sources of data such as textbooks, journals, articles, newspapers and other publications have been consulted in the preparation of the study as well as surfing of the internet was also employed.

3.4.1 Primary Data

The study used questionnaires, and interviews guides as the major techniques for primary data collection. Customers were sampled to participate in the study. Structured and semi

structured questionnaires were used to collect data from the respondents. Also personal interviews were conducted to supplement the questionnaires to help gather more information for the study.

3.4.2 Secondary Data

Secondary data were reviewed for the study. This was to identify the relevance of available data to the study. Documents reviewed include journals, policy documents as well as seminar papers.

3.5 Data Collection Instrument

Two sets of questionnaires were developed for farmers and the employees of the rural banks. The questionnaires consisted of both closed and open questions. The investigators administered most of the questionnaire personally by interviewing and filling the questionnaire for respondents. This was done to prevent misinterpretation of the questionnaire by respondents to obtain relevant details needed and also to improve the recovery level of questionnaire.

3.6 Data Processing and Analysis

The data collected from the field were processed. The data was first edited to ensure completeness, accuracy and uniformity. Some instruments that had problems such as inconsistent and/or incomplete responses were returned to the respondents and the necessary corrections made. All instruments were assigned serial numbers to facilitate identification and data entry into the computer. The data was coded after editing and entered into the computer for analysis. The analysis was done using descriptive statistics showing frequencies and percentages some of which were transformed into pie charts and bar graphs.

The statistical package employed for data analysis was the Software Package for Social Scientist (SPSS) software that described the variables and presented clear information, for easy interpretation of results.

3.7 Ethical Consideration

Permission was sought from the chief of the community as well as the directors of the various banks. Consent was sought from individual respondents. The respondents were assured that their responses would be handled confidentially and that the results could not be traced back to individual respondents and that measures will be put in place to better their living.

CHAPTER FOUR

RESULTS AND DISCUSSION

This chapter presents the analysis and discussion of the results of the study. It covers: the characteristics of respondents; and suggestions.

4.1 Socio-Economic Characteristics of the Employees of the Rural Banks

This part deals with the employees of the rural banks in the study area. In all ten (10) employees were selected and their responses to the questions are as follows:

Table 4.1: Sex distribution of respondents

Variable	Frequency	Percent
Male	6	60.0
Female	4	40.0
Total	10	100.0

Source: Researcher's field survey (March, 2013)

Table 4.1 shows the sex level of employees, it may be seen that majority of respondents were males, namely 60.0 percent, while female respondents represented 40.0 percent.

Table 4.2: Age Group

Variable	Frequency	Percent
20 – 30 yrs	4	40.0
31-40 yrs	3	30.0

41-50 yrs	1	10.0
51 and above	2	20.0
Total	10	100.0

Source: Researcher's field survey (March, 2013)

From Table 4.2, the result indicates that 40.0 percent of the respondents are within the age group of 20-30. This is followed by those in 31-40 age group (30.0 %) with the least (10.0 %) in the 41-50 category. From the findings it is clear that the majority, (70.0 %) of the employees were between the ages of 20 and 40. This means that the employees are relatively young and can contribute towards effective financial market system in the economy.

Table 4.3: Level of Education

Variable	Frequency	Percent
MSLC	1	10.0
Secondary	3	30.0
Tertiary	6	60.0
Others	-	
Total	10	100.0

Source: Researcher's field survey (March, 2013)

From Table 4.3, it is clear that the level of education of respondents ranged from the elementary to the graduate qualification. The majority (60.0 %) had first degree qualification. This means that the rural banks in the catchment area have able and highly qualified staff to work to enhance organisational growth.

Table 4.4: Rank of Staff Members

Variable	Frequency	Percent
Senior staff	2	20.0
Junior staff	8	80.0

Total	110	100.0
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Source: Researcher's field survey (March, 2013)

Table 4.4, represent the results of the rank of staff members in the rural banks in the study area. The results as represented with the result levels of 80.0 percent, and 20.0 percent respectively.

This means that most of the employees are in junior staff category. This certainly creates an impression that these are newly employed workers.

4.1.1 Financial Support Issues

Table 4.5: Does the bank provide financial support to the farmers?

Variable	Frequency	Percent
Yes	10	100.0
No	-	-
Total	10	100.0

Source: Researcher's field survey (March, 2013)

From Table 4.5, it shows clearly that 100.0 percent of respondents claimed that the bank provides financial support to the farmers. This is indeed good news to the farming communities around the study area, with the financial support available a lot of youth in the district can easy take farming as occupation to reduce the unemployment canker bedevil the economy. The researchers are in view that financial institutions should motivate farmers to take loan in order to expand their farm products. If farmers are given loans or financial supports, it helps them to produce more for local consumption and export the remaining products for foreign exchange.

Table 4.6: What kinds of financial support do your outfit provides to farmers?

Variable	Frequency	Percent
Loans	10	100.0
Grants	-	
Total	10	100.0

Source: Researcher's field survey (March, 2013)

Information on kinds of financial support by rural banks in the study area to the farmers was investigated by the researchers. As indicated in Table 4.6, 100.0 % of the employees in the rural banks responded positively that they provide loans to the farmers to enable them purchase their farm inputs. The study shows that farmers always receive loan facility from rural banks to procure seedlings, fertilizers, and other farming tools to improve upon their farming activities in the district.

Table 4.7: Is the financial support both beneficial to the bank and the farmers?

Variable	Frequency	Percent
Yes	7	70.0
No	3	30.0
Total	10	100.0

Source: Researcher's field survey (March, 2013)

The above table 4.7 show a frequency of 7 and 3 for yes and no with their correspondence percentage as 70.0 percent, and 30 percent respectively. From the table, the higher frequency was yes and this means that majority of the employees agree to the fact that both the bank and

the farmers are benefiting from the services that the bank renders to the farmers. The researchers are in the view that with the mutual benefits enjoy by both farmers and the banks, it will help the banks to attract others from different professions to serve with them in order to enjoy credit facilities. This in the long run will help the banks to record more profit and pay more tax revenue to the state for other developmental activities.

Table 4.8: Does the bank focus on farmers alone or there are another group of people that the bank looks out for?

Variable	Frequency	Percent
Yes	3	30.0
No	7	70.0
Total	10	100.0

Source: Researcher's field survey (March, 2013)

Table 4.8 shows that 3 respondents accounting for 30 percent agree that the banks focus on farmers alone and nothing more in the execution of their duties. This may be due to how bankers/employees are always eager to serve farmers when they are in serious needs. Seven respondents representing 70.0 percent also disagree and said that the banks did not focus on farmers alone but other interesting groups who may need assistance for either business expansion or personal welfare. The researchers are in view that rural banks are suppose to provide financial support to individuals within a community or society including farmers, but at times farmers are afraid to take loans or even at times most farmers do not make use of the banks facilities making the rural banks to focus on other institutions.

Table 4.9: Challenges faced by the bank with regards to the farmers

Variable	Frequency	Percent
Illiteracy	5	50.0
Land administration	3	30.0
Technical support	2	20.0
Total	10	100.0

Source: Researcher's field survey (March, 2013)

From Table 4.9, it indicates that 50.0 percent of respondents reported that they see illiteracy as a major challenge in discharge of their duties, 20.0 percent of the respondents said they are faced with land administration problems. The remaining 20.0 percent representing 2 respondents said they are faced with technical assistance.

The study shows clearly that illiteracy is a major challenge faced by the banks in the catchment area. The researchers are on the view that bank officials need to be very careful and patient in dealing with the farmers especially when they come to them for assistance. And also it is advisable to bank authorities to employ local people who understand the local dialect of the people to deal with the indigenous farmers.

Table 4.10: What form of assistance does the bank needs to make its operation more successful?

Variable	Frequency	Percent
Government	5	50.0
Donor agencies	4	40.0

Technical support	1	10.0
Total	10	100.0

Source: Researcher's field survey (March, 2013)

The above Table 4.10 shows clearly that the majority of respondents, who comprise 50.0 percent, reported that they need government fund in order to make smooth operation of their activities, 40.0 percent of the respondents were of the view that they need donor agencies assistance to run successful banking operations, whereas the remaining 10.0 percent of the respondents cited technical assistance as their need for successful operation.

One could deduce that rural banks critically need continuous support from government in order to continue their major role of assisting rural folks and their activities.

Table 4.11: Do your outfit provide farmers with any personal financial support?

Variable	Frequency	Percent
Yes	6	60.0
Sometimes	4	40.0
Total	10	100

Source: Researcher's field survey (March, 2013)

Respondents were asked whether they provide farmers with any personal financial support or not. Table 4.11 presented above shows that 60.0 percent of the respondents responded that they provide personal financial support to farmers, while the remaining 40.0 percent of the respondents responded that they sometimes provide them (farmers) with personal financial support.

The researcher is in the view that rural banks should have the well being of farmers in heart and continue to support them when they are in need, this will help boost their morale to work harder.

Table 4.12: Are the farmers able to pay back their loans?

Variable	Frequency	Percent
Yes	6	60.0
No	4	40.0
Total	10	100.0

Source: Researcher's field survey (March, 2013)

The Table 4.12 presented above shows that 60.0 percent of the respondents attested to the fact that farmers pay back loans given to them for their farming activities on time and this takes a frequency of 6 respondents, the remaining 40.0 percent responded in dissent view. From the study, it is clear that 40.0 percent of the respondents were in the view that farmers at times fall to honour their loan obligations. This indicate clearly that rural banks will be reluctant and even feel uncomfortable when giving out loans to farmers, since it is a profit making business and do not want to record bad debt or high defaulter rate.

Table 4.13: Does the bank take any collateral from the farmers?

Variable	Frequency	Percent
Yes	10	100.0
No	-	-
Total	10	100.0

Source: Researcher's field survey (March, 2013)

From Table 4.13, respondents were asked whether banks take collateral from farmers or not. It is clear that the majority of respondents (10) representing 100.0 percent attested to the fact that rural banks take collateral from farmers before giving out loans. This may be due to high defaulter rate of loans that banks experience of late. With the collateral in place in case of

default, the bank can easy dispose it (collateral security) off to settle the amount owing by the debtor/ the farmer.

4.2 Socio-Economic Characteristics of Farmers

This part deals with the farmers in the study area. In all forty farmers were selected and the responses to the questions are as follows:

Table 4.14: Gender distribution of respondents

Variable	Frequency	Percent
Male	32	80.0
Female	8	20.0
Total	40	100.0

Source: Researcher's field survey (March, 2013)

Table 4.14 shows the gender distribution in the farming communities. According to the table, 80.0 % of the respondents are male with only 20.0 % female. This shows a gender imbalance in the farming business as portrayed in the table above. It is clear that women in the community do not engage themselves in the farming activities

Table 4.15: Age Group

Variable	Frequency	Percent
20 – 30 yrs	6	15.0
31-40 yrs	2	5.0
41-50 yrs	14	35.0
51-60 yrs	11	27.5
61 and above	7	17.5
Total	40	100.0

Source: Researcher's field survey (March, 2013)

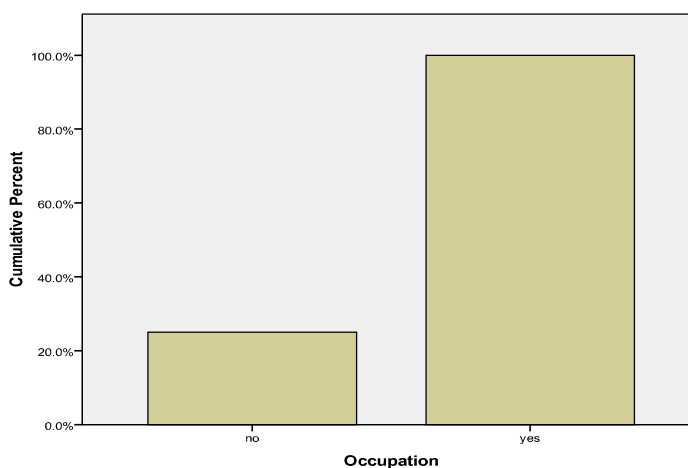
Most of the farmers had their ages ranging between 41-50 representing 35.0%, 27.5% respondents were between the ages 51-60 and 17.5% between the ages 61 and above. The rest were between 20-30 and 31-40 representing 15.0% and 5.0% respectively.

Table 4.16: Is farming your primary occupation?

Variable	Frequency	Percent
Yes	30	75.0
No	10	25.0
Total	10	100.0

Source: Researcher's field survey (March, 2013)

Figure 4.1: Is farming your primary occupation?



Source: Researcher's field survey (March, 2013)

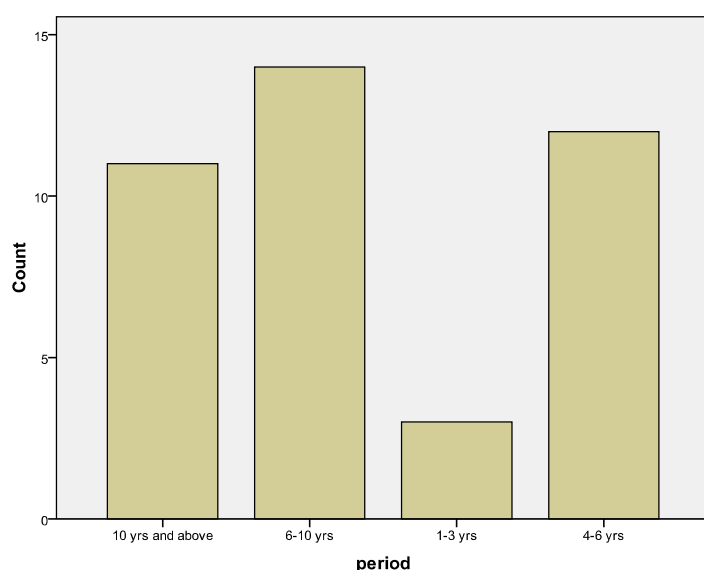
It was deduced after the respondents have answered our questionnaires that, majority of the rural folk's primary occupation was farming. This represented 75.0% of the total 100%. The remaining 25.0% had other primary occupation which some said was teaching, sewing etc. but then they farmed also for the little money to support their homes.

Table 4.17: Period of been in farming business

Variable	Frequency	Percent
1-3 yrs	3	7.5
4-6yrs	12	30.0
6-10 yrs	14	35.0
10 yrs and above	11	27.5
Total	40	100.0

Source: Researcher's field survey (March, 2013)

Figure 4.2: Period of been in farming business



Source: Researcher's field survey (March, 2013)

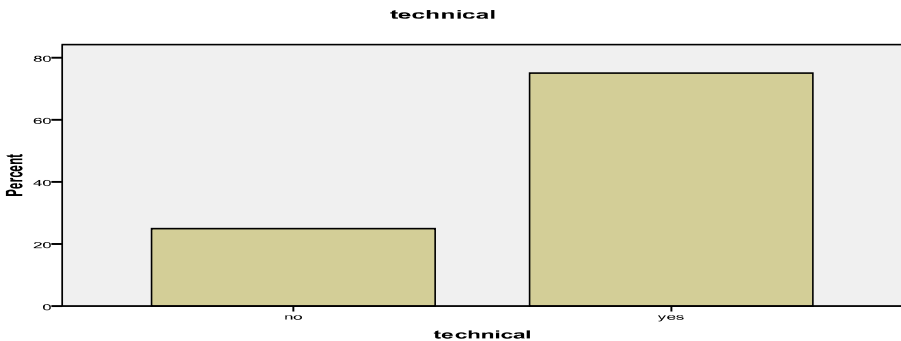
From the table, out of the 40 respondents, 35.0% said they have been in farming for the past 6-10 years, 30.0% said for the past 4-6 years, 27.5% also said 10 yrs and above. The remaining 7.5% said they have been into farming for the past 1-3 years. This indicates that majority of the folks in the community are new to farming and will education from the extension officers from the Ministry Of Agriculture.

Table 4.18: Does the bank offer any technical assistance to your farming activities?

Variable	Frequency	Percent
Yes	30	75.0
No	10	25.0
Total	40	100.0

Source: Researcher's field survey (March, 2013)

Figure 4.3: Does the bank offer any technical assistance to your farming activities?



Source: Researcher's field survey (March, 2013)

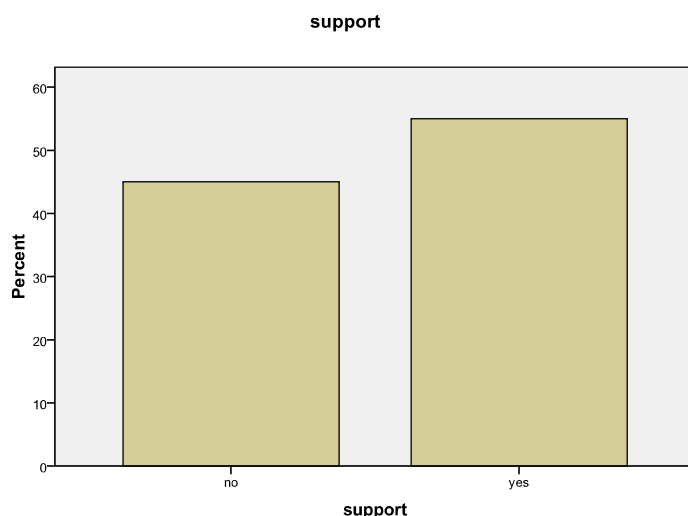
Out of the 40 respondents who responded to our questionnaires, majority representing 75.0% said the bank provided them with technical support whereas the remaining 25.0% responded in the negative. This means that not all the farmers are aware of the bank's technical assistance to them.

Table 4.19: Effective technical support

Variable	Frequency	Percent
Yes	22	55.0
No	18	45.0
Total	40	100

Source: Researcher's field survey (March, 2013)

Figure 4.4: Effective technical support



Source: Researcher's field survey (March, 2013)

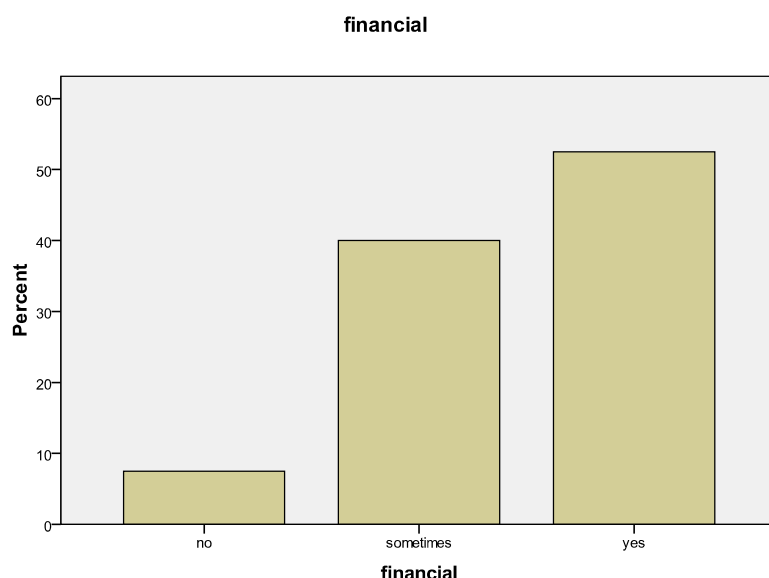
Majority of the respondents representing 55.0% said the technical support given to the farmers in the form of seedlings, officers to mention just a few has been very effective and has helped to increase their harvest whereas the remaining 45.0% said otherwise.

Table 4.20: Does the bank provide any financial assistance to your outfit?

Variable	Frequency	Percent
Yes	21	52.5
No	3	7.5
Sometimes	16	40.0
Total	40	100.0

Source: Researcher's field survey (March, 2013)

Figure 4.5: Does the bank provide any financial assistance to your outfit?



Source: Researcher's field survey (March, 2013)

From the table, out of the 40 respondents, 52.5% said the bank offered financial assistance, 40.0% responded in the negative while the remaining 7.5% said the bank sometimes provided them with financial assistance. This implies that the bank have the welfare of the farmers at heart and will do their duty by helping them to have a good harvest anyway possible.

Table 4.21: Forms of assistance given to farmers?

Variable	Frequency	Percent
Loans	40	100.0
Grant	-	-
Total	40	100

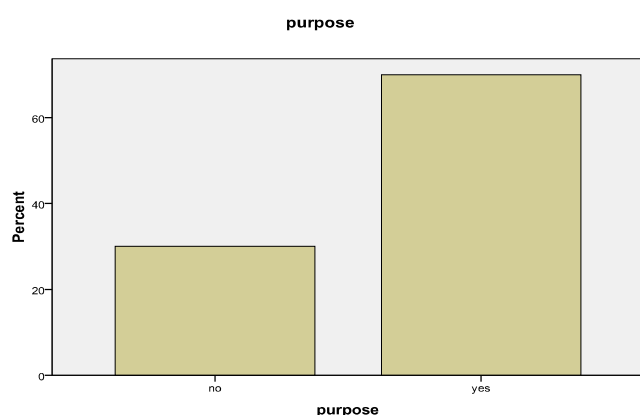
Source: Researcher's field survey (March, 2013)

All the respondents to our questionnaires said the bank provided them with loans as their form of assistance. The farmers complained that the banks do not give those grants as well which they thought could also help them in their activities in the long run.

Table 4.22: Bank offering financial assistance

Variable	Frequency	Percent
Yes	28	70.0
No	12	30.0
Total	40	100.0

Source: Researcher's field survey (March, 2013)

Figure 4.6: Bank offering financial assistance

Source: Researcher's field survey (March, 2013)

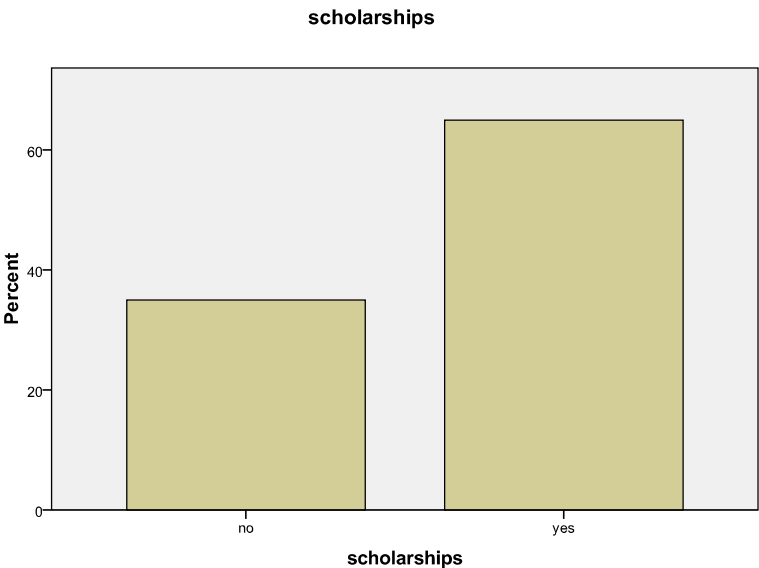
70% of the farmers (respondents) said the bank provides them with financial assistance but 30% that was not so. This shows that not all the farmers are beneficiaries to the bank's financial assistance which means the bank needs to more by extending their financial assistance to all the farmers.

Table 4.23: Do the bank give scholarship to farmers' family members, aside financial assistance for farming activities?

Variable	Frequency	Percent
Yes	26	65.0
No	14	35.0
Total	40	100.0

Source: Researcher's field survey (March, 2013)

Figure 4.7: Do the bank give scholarship to farmers’ family members, aside financial assistance for farming activities?



Source: Researcher’s field survey (March, 2013)

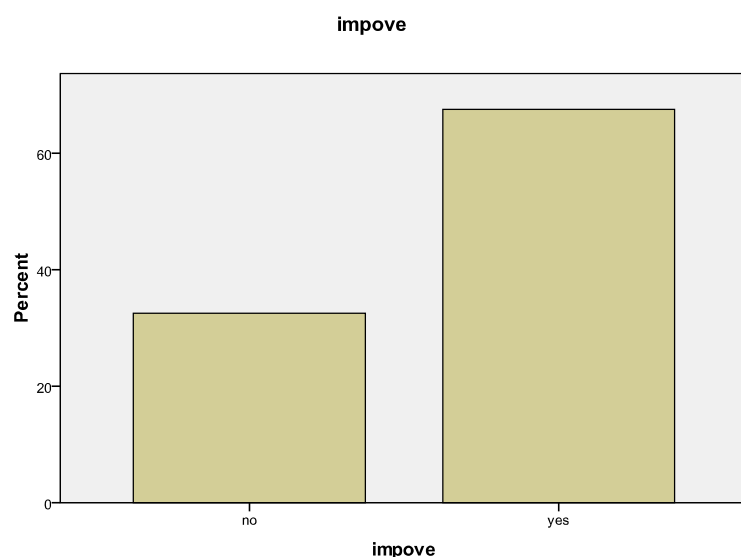
When asked if they receive any benefit from the banks in the form of scholarships and other non-monetary benefits, 65.0% said they did. The remaining 35.0% responded in the negative. This shows how committed the banks are to bettering the education system in the community and helping the wards of the farmers.

Table 4.24: Improvement of farming activities

Variable	Frequency	Percent
Yes	27	67.5
No	13	32.5
Total	40	100

Source: Researcher’s field survey (March, 2013)

Figure 4.8: Improvement of farming activities



Source: Researcher's field survey (March, 2013)

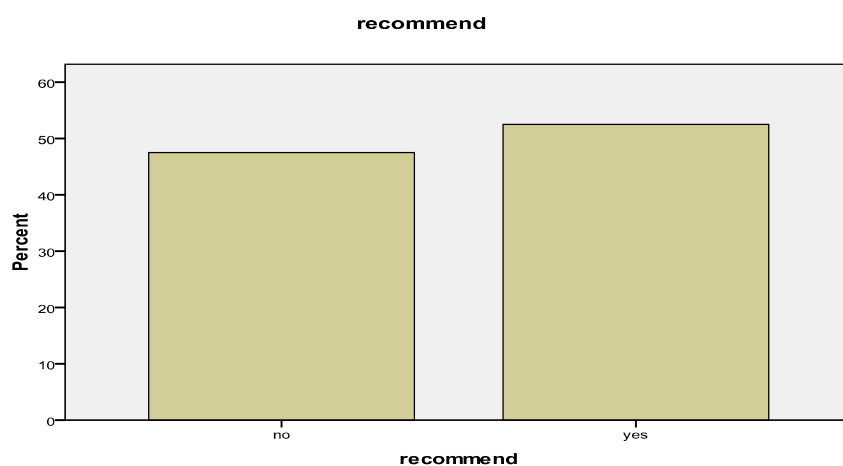
From the table and figure above, out of the forty respondents who were asked whether the farming activities had improved since the rural banks came to their community, 67.5% said yes and the remaining respondents answered in the negative. This implies that the people of Atwima Kwawoma community's farming activities had improved also beneficial to them. The living standard of the folks has also improved leading to a high level of development in the community.

Table 4.25: Recommendation of the bank to other farmers

Variable	Frequency	Percent
Yes	21	52.5
No	19	47.5
Total	40	100.0

Source: Researcher's field survey (March, 2013)

Figure 4.9: Recommendation of the bank to other farmers



Source: Researcher's field survey (March, 2013)

Most of the farmers who responded to our questionnaires said they will recommend the activities of the rural bank to other farmers. They represented 57.5% and the rest been 42.5 were pessimistic. The difference being very diminutive point out the fact that the bank has more to do in terms of its activities for the farmers and those who will want to join the farming profession.

CHAPTER FIVE

SUMMARY, RECOMMENDATIONS AND CONCLUSIONS

5.0 Introduction

This section contains the major findings that came out of the study and the conclusion drawn. It covers the conclusion and recommendations area for further study.

The study investigated the role rural banks played in Accessing credit facilities in the Atwima Kwawoma District. It sought to find out whether the emergence of rural banks has influenced the lives of the farmers/people in the community. Descriptive research was used to carry out the study. This was because the study was intended to measure the respondents' views about the issue. Sampling technique was used to select the respondents for the study. In all, fifty (50) respondents comprising 10 bankers and 40 farmers were involved in the study. The research instrument that was used in the data gathering was a questionnaire.

5.1 Summary for Finding

- The study revealed that the bank's had a role to play in farmer's accessing credit facility. The farmers attested to the fact for them to get access to credit facilities, they have to seek assistance from the rural banks.
- It was also found that, activities (loans) of the rural banks promote agricultural development in the Atwima Kwawoma community and also, wards of farmers were sometimes given scholarships to help in their education. Farmers in the community since the emergence of rural banks have been realizing bumper harvest. They also said, most of their wards now go to school freely as their schools fees have been taken up by the rural bank.

- The research revealed that the financial support received by the farmers was both beneficial to them and the bank. In the sense that, the farmers use the money to buy equipment and materials needed for their farming activities and the banks also gain interest on the loans they give to the farmers.
- The study also revealed that, illiteracy was one of the problems faced by the bank (Atwima Kwawoma Rural Bank). Most of the farmers' highest form of education is basic education. This sometime makes it difficult educating them on new ways to go about their farming to have a buffer harvest.
- The research also revealed that, farmers in the community are able to pay back loans given to them by the bank. This has strengthened the friendship between the bankers and the farmers.

5.2 CONCLUSION

Rural banks play a vital role in accessing credit facilities by rural communities especially farming communities since not all the commercial banks can be found in the rural areas or have activities for the rural folks.

Based on the findings, we concluded that the loans given to the farmers has enable them to undertake modernized farming which has improved on the standard of living.

It was found out that most of the farmers are seen to be high risk group and are likely to default payment of loans. High risk like fire outbreak .This has the tendency of complicating the loan advancement by the bank since they may not understand the dynamic and the rules governing loans.

Besides that, we found out that most of the farmers had farming as their sole occupation. This implied that since farming is their only occupation, there is the likelihood that the farmers would be more serious with their farming activities and that can enhance the work of the bank.

It was also found that the bank offers technical assistance apart from the financial assistance in the form of agricultural extension officers, by organizing seminars in educating farmers; furthermore the researcher found that the major source of assistance to the farmers is the loan.

Lastly, it was found after the research that the loans had been beneficial to the farmers and it has improved their living standards. It was also revealed by us that the bank in their quest to advance the loans to the farmers encounter a number of challenges such as lack of collateral securities, repayment of loans and illiteracy.

5.3 Recommendations

- Base on the findings, we recommend that the government through the Apex banks should support rural banks effort in supporting and assisting agricultural development in Ghana. This will go a long way to boost gross domestic product (GDP).
- We also further recommended that more workshops and seminars be held to educate the farmers about the credit activities of the bank and the sort of risk the bank is exposed to as it advances credit to them without a collateral security.
- Government sound economic activity should change and help the farmer in the rural area to produce more so as to affect the economy of the country by way of increasing their outputs.

- We recommended that more extension officers should be trained with the provision logistic to them so that they can discharge their work well.

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APPENDIX I

QUESTIONNAIRES

CHRISTIAN SERVICE UNIVERSITY COLLEGE

ACCESS TO CREDIT FACILITIES, THE ROLE OF RURAL BANKS

A CASE STUDY OF ATWIMA KWAWOMA DISTRICT-ASHANTI REGION

This questionnaire is to help find out the role of the rural banks in providing credit facilities. All information is solely for academic purpose and the confidentiality of the information you provide is very much assured. We would therefore be most grateful if you could answer the following questions.

Instructions

Please read each question carefully.

Encircle the option you think suits you.

Encircle only ONE option for each question.



FARMERS

Level of Education

- Basic Education
- Secondary
- MSCL
- Professional
- Tertiary

Gender

- Female
- Male

Age

- 20-30
- 31-40
- 41-50
- 51-60
- 61 and above

1. Is farming your primary occupation?
 - Yes
 - No
2. How long have you been farming?
 - 1-3 yrs
 - 4-6 yrs
 - 6-10 yrs
 - 10 yrs and above
3. Does the bank offer any technical assistance in the form of seedlings, extension officers and the like?
 - Yes
 - No
4. Does the bank provide any financial assistance?
 - Yes
 - No
 - Sometimes
5. What kind of assistance does the bank offer?
 - Loan
 - Grant
6. Aside assisting financially in your farming activities, do they give scholarships and other benefits to you and your families?
 - Yes
 - No
7. Does the loan serve its intended purpose?
 - Yes
 - No
8. Has the farming activities improved since the rural banks came to your district?
 - Yes
 - No
9. Will you recommend the activities of the rural bank to other bankers?
 - Yes
 - No
10. Has the loan been beneficial?
 - Yes
 - No
11. Has the bank technical support been effective?
 - Yes
 - No
12. Is there anything the bank is not doing that you will want them to do to help in your farming activities?

APPENDIX II

CHRISTIAN SERVICE UNIVERSITY COLLEGE

ACCESS TO CREDIT FACILITIES, THE ROLE OF RURAL BANKS

A CASE STUDY OF ATWIMA KWAWOMA DISTRICT-ASHANTI REGION

This questionnaire is to help find out the role of the rural banks in providing credit facilities.

All information is solely for academic purpose and the confidentiality of the information you provide is very much assured. We would therefore be most grateful if you could answer the following questions.

Instructions

Please read each question carefully.

Encircle the option you think suits you.

Encircle only ONE option for each question .



BANKERS (ATWIMA KWAWOMA RURAL BANK)

Rank

- Senior Staff
- Junior Staff

Level of Education

- MSLC
- Secondary
- Tertiary
- Others Specify.....

Gender

- Female
- Male

Age

- 20-30
- 31-40
- 41-50
- 51 and above

1. Does the bank provide financial support to the farmers?
 - Yes
 - No
2. What kind of financial support do you provide the farmers?
 - Loans
 - Grants
3. Is this financial both beneficial to the bank and the farmers?
 - Yes
 - No
4. Does the bank focus on farmers alone or there is another group of people the banks looks out for?
 - Yes
 - No
5. What challenge is the bank facing in relation to the farmers?
 - Illiteracy
 - Land administration
 - Technical support
6. What form of assistance does the bank need to make its operation more successful?
 - Government
 - Donor Agencies
 - Technical support
 - Others specify.....
7. Do you provide farmers with any personal financial support?
 - Yes
 - No
8. Are the farmers able to pay their loans?
 - Yes
 - No
9. Does the bank take any collateral from the farmers?
 - Yes
 - No
10. What happens to farmers who default the banks?

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