THE IMPACT OF RURAL BANKING AND CREDIT ADMINISTRATION UNDER PEOPLES BANK OF NIGERIA

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DECLARATION

This work is the effort of my findings. All information used that is not original have been duly acknowledged by way of references.

I take full responsibililty for any error in thought, sequencial arrangement or presentation.

RAYMOND, ANTHONY ASADA ---------- 24/5/97

SIGNATURE DATE

CERTIFICATION

This project report entitled 'THE IMPACT OF RURAL BANK AND CREDIT ADMINISTRATION OF PEOPLES BANK OF NIGERIA" by Raymond Asada meets the regulations governing the award of the degree of Master of Business Administration (MBA) of Ahmadu Bello University, and is approved for its contribution to knowledge and Literary presentation.

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DEDICATION

This work is dedicated to my late grand father, Mr. Jacob Ighabor who taught me how to read and write.

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ABSTRACTS

All over the world, particularly in developing countries with economic crises in-formed by mismanagement or years of neglect of rural people, governments do adopt various programmes with varied roads basically desidgned to address the problems of poverty. In Nigeria, the military government of General Ibrahim Babangida which came to power at the tail end of 1985, was confronted with accepting International Monetary Fund (IMF) loan and its traditional conditional ities as a way of debt rescheduling, or design a home made structural adjustment programme. In 1936, with the consent of majority of Nigerians, Structural Adjustment Programme (SAP) was adopted.

Regretab1y, SAP brought distortions in Nigerian economy and consequently aggravated the State of poverty in many homes. To ameliorate the hardship effects of SAP, People's Bank was established in 1989, as a Sole provider of credit facilities to the underprivileged Nigerians. Six year after the bank was established, the problems of poverty are still visible. This calls for adequate funding of Peop1e's Bank by the Federal government with a view to making the bank more relevant to victims of SAP.

TABLE OF CONTENTS

	Page
Title page	i
Declaration	ii
Certification	iii
Dedication	iv
Acknowledgement	v
Abstract	vi
Table of contents	vii
List of Tables	viii
Appendices	ix
Chapter 1	
1.0 Introduction	1
1.2 The Research problem	6
1.3 purpose of the Study	7
1.4 Relevance of the Research Study	8
1.5 Research methodology	8
1.6 Statements of hypotheses	9
1.7 Scope and limitation	10
1.8 organisation of Study	10
1.9 Definition of Key Teams	11

Chapter 2

Literature Review

2.0 Introduction 14

2.1 poverty: Some theoretical Definitions 15

2.2 The Nigerian Banking System (1894-1976).... 18

2.3 Rural Banking Programme in Nigeria (1977-1989) 19

2.4 Obstacles to Rural Banking Programme..... 21

2.5 Government Concerted Effortrs at Improving Rural Banking 23

2.6 International Experience of Rural Banking 26

2.7 Structure, Roles and Canons of Bank Lending 28

Chapter 3

History, Structure and Credit Administration of PBN

3.0 Introduction 34

3.1 Historical Profile of PBN 34

3.1.2 Aims and objectives of PBN..... 36

3.1.3 Ownership and Fundidng of PBN 37

3.2 Organisational and Administrative Structure of PBN 38

3.3 Services of PBN..... 40

3.4 Credit Administration..... 45

Chapter 4

Data presentation and Analysis

4.0 Introduction..... 54

4.1 Data Presentation and Analysis..... 54

4.2 Test for hypothesis 1 60

4.3 Test for hypothesis 2 65

4.4 Problems and Prospects..... 71

Chapter 5

Summary, Conclusion and Recommendations

5.0 Introduction..... 73

5.1 Summary 73

5.2 Recommendations 74

5.3 Conclusion..... 78

5.4 Further Areas of Research 79

BIBLIOGRAPHY..... 80

QUESTIONNAIRES..... 82

APPENDICES..... 86

LIST OF TABLES

Page

4.1 Update of PBN operations 3/12/93... 55

4.2 Loan Disbursement and Gross Saving in selected branches 59

4.3 Impact of PBN in Oyo, Niger and Imo States..... 62

4.4 Summary ofn Responses 66

4.5 States and Local government Donation 3/2/94..... 69

CHAPTER 1

1.0 INTRODUCTION

In 1956, the first commercial crude oil was discovered at Oloibiri, Rivers State, by Shell-BP. With a daily production of 5,000 barrels (b/d) in 1954, this liquid gold was a mere lubricant, and not a major sustainer of Nigerian economy, which at independence in 1960, had an external debt profile of N82.4m against a total export of N339.4m. Cash crops such as cocoa, groundnuts and rubber constituted the major sources of foreign earnings.

By 1966, daily production of crude oil was 450,000 barrels and as at 1970, it gradually and dangerously rose to 1 million barrels. From an obscure position, crude oil became significant and a major source of foreign earnings for Nigeria. This visible profile of crude oil was eminently pronounced during the energy crisis triggered off by `arab-Israeli war in 1973. As at January, 1974, a barrel of crude oil was sold at $22.60 and with a daily production in excess of one million barrels, the Federal military government under General Yakubu Gowon embarked on an excessive public spendidng, which among other reasons led to his overthrow in a bloodless coup in 1975.

The regime of Murtala-Obasanjo which came tu being after General Gowon's regime realised early enough to give a new direction for Nigerian economy. The emphasis was to diversify the economy from the vagaries of export earning

from crude oil. In 1976, Operation Feed the Nation (OFN) was launched basically to give importance to agriculture and stop the drift of rural migration. However, in 1978, there was oil gulf and against the backgrround of short fall in crude oil, export earning, the Federal military government of General OIusegun Obasanjo went for foreign loan of $1.75 billion. Thus, the debt profile of Nigeria as at 1977 which was N496.9 million jumped to N1.265 billion. The regime of Obasanjo went further to impose restrictions on importation of non-essential items and finally handed war power to Alhaji Shehu Shagari in 1979.

In 1979, a war broke out between Iran and Iraq, two major producers of oil and members of Organisation of Petroleum Exporting Countries (OPEC) of which Nigeria is a member. The short fall in crude oil supply by Iran and Iraq, gave rise to oil boom. Under the government of Ex-president Shehu Shagari, Nigeria's total earnings from crude oil out-stripped earnings from 1960 to 1978. The price of a barrel of crude oil rose upto $40.00.

Politicians, be what they are, always thinking of next election, felt there was need to acquire as much as possible: Oil boom became oil doom. By 1983, it was obvious the economy was badly mismanagaed. The embargo imposed on non-essential imports by the regime of Murtala - Obasanjo was lifted with impunity and the quest for foreign goods by Nigerians for expert pressure on balance of payment position of Nigeria. The situation was so critical that

General Buhari (1984) summarised the state of the Nation as "for every naira earned, seventy kobo was spent on importation"

To redress the balance of payment position General Buhari (1985) declared a 15 months Economic Emergency Period (import restrictions and Exchange control). A working strategy, counter-trade, was approved for the successful implementation of this policy. Regretably, General Buhari who became Head of state after the overthrow of Alhaji Shehu Shagari, lost power to General Ibrahim Babangida on 27 August, 1995 in a palace coup.

In his maiden address to the Nation, General Babangida promised to revisit the debate on the merits and demerits of International Monetary Fund (IMF) loan, which was rejected by General Buhari, and critised counter trade as a crude and out model mean of trading. Meanwhile, Nigerian creditors were calling on the government to settle her debts which were matured, or face their wrath.

In view of these problems occassioned by mismanagement, lack of foresight and policy summersault by previous governments of Nigeria, General Babangida presented before the Nation three policy options:

(1) to continue with the economic policy status quo, i.e retention of the austerity measure.

(2) to accept IMF structured adjustment facility loan, including its traditional conditionalities or

(3) reject the IMF loan and its conditionalities but adapt a variant of the traditional IMF world Bank SAP package designed by Nigerians and monitored by Nigerians.

These policy options were enthusiatically debated by Nigerians in all sectors of the economy, At the end of these debates, Nigeriians unanimously agreed to reject IMF loan but home-made policy was preferred. In July, 1986, General Babangida launched Structural Adjustment programme (SAP. To prepare for the chailenges of SAP, The Guardian Newspaper (1986) made a clarion call on Nigerians. "The parth we have choosen is the parth of honour. It means a reaffirmation of faith that must be nurtured by the quality of dedication and hardwork with which we face its implications. We must show to the world that we understand the decision we have made; and are ready to abide by the challenges arising thereon"1,

For an equivalent responsibility, the paper went to advise government.

"The government must accept with humililty, the great and historic responsibility trust upon it by the people",

The objectives of SAP as conceived by General Babangida were:

(1) A diversificatiion of the productive base of the Nigerian economy to minimise the dangers of dependence on a few sectors or commodities and to promote full ulilization of resources

(2) to diversify export earnings by drastically reducling the current predominant role of oil in the Nation's export earnings.

(3) to minimise and eliminate domestic and external ill-balance with particular emphasis on the need to drastically prone down budgeting deficts and restore balances of payment equilibrium.

(4) to stream line public expenditure and lay a fundation for sustainable non-inflationary growth.

(5) to drastically reduce dependence on import and unviable import patterns through appropriate adjustments on foreign exchange drate.

(6) to move the economy away from extensive and stragulating administrative controls to a system relies more on the price mechanism.

However, SAP did not bring the much desired relief to Nigerians but hardship. One major fault of SAP was the unregulated prices of both essential and non-essential goods and interest rates. The deregulation of interest rate led to the emergence of new banks estimated at 80. These new generation banks together with old banks exert pressure on few available foreign currencies, which became their main source of income. To successfully bid in the foreign exchange market which was organized by Central Bank of Nigeria

(CNB), on a periodical basis, these banks resulted into competitive interest rates on saving deposit which were considered outrageous and inimical for industrial growth.

In the productive sector of the economy, the cost of borrowing was excessively high. Companies that decided not to fold-off, embarked on staff retrenchment and hike prices of their goods. SAP eliminated middle income earners and created two classes of Nigerians - extreme poor and super rich. The effect of SAP were so visible in most Nigerians' homes to an extent eminent Nigerians such as General Obasanjo, an ex-Head of State advised the Federal Military government to give SAP "a human Face, human heart and milk of kindness".

In response to this call and similar calls to cushion the effects of SAP General Babangida in 1989, set up Peoples' Bank of Nigeria. Six years after this mass oriented bank was set up, it has become imperative to carry out a study on its objectives. Precisely, the study is anchored in the words of Wrightman(1962). "The purpose of a research is the desire to know for the sake of being able to do efficiently..."

2 THE RESEARCH PROBLEM

Public cynicism and state of indifference toward government programmes have virtually reduced the

1.5.1 Primary Data

What constituted primary data as this research study are data extracted from two sets of questionnaires designed and distributed to selected branch managers of People's Bank in Kaduna State and other States of the Federations, and the general public, which include customers of the Basnk.

In addition to this, the researcher of this project is a branch manager of People's Bank with four years working experience with the rural people in four states. Thus Personal experience and interviews are also a major source of primary data.

1.5.2 Secondary Data

Various publications by People's Bank were consulted, especially the annual reports audited by external auditors. Similarly, press reports on the operations of Peoples Bank were looked into for relevant materials.

1.6 HYPOTHESIS

The twin objectives of People's Bank as defined by Decree No. 22 (1990) are to imbibe Banking habits and extend credit facilities to the underprivileged Nigerians, particularly those in the rural areas, Popularly referred to as the "poorest of the poor".

Bank and efforts made by the government to encourage rural banking.

Chapter three examined in detail credit administration as well as other related services of People's Bank. In chapter four, the objectives of People's Bank stated as hypotheses were tested through data presentation and analysis. Also, problems affecting the operations of People's Bank were identified.

The final chapter is the concluding chapter five. Problems identified in chapter four were proferred with solutions and areas requiring further research studies were identified.

1.9 DEFINITION OF KEY TERMS

1. PBN. People's Bank of Nigeria
2. PEDS People's Emergency Deposit scheme
3. Paoorest of the poor: class of People whose basic requirement are food, shelter and clothes.
4. Period of Repayment. It is averagely 52 weeks.
5. Loanable fund:- Federal government grant to People's Bank specifically meant for disbursement to the underprivileged Nigerians.
6. Poorest of the Poor - class of people whose basic requirement includes food, shelter and clothes.

7. Clearing:- The process of accepting cheques, drafts e.t.c by PBN on behalf of customer enroute commercial bank for cash exchange at CBN.

8. Centre:- An office of PBN whose status is less than a branch, usually located on remote villages away from a supervising main branch purposely to facilitate loan disbursement, repayment and saving mobilisation.

9. Saving - Processes associated with accepting cash and its equivalent such as cheques, drafts, and share warrants in an accout called savings account.

2.1 POVERTY: SOME THEORETICAL DEFINITIONS

In 1984, Frank Olize of Nigerian Television Authority, NTA, fame went on a nation-wide search for a common man. At the end of the exercise which ran into months, virtually every Nigerian interviewed accepted to be a common man, regardless of the status. A common man was associated with poverty and consequently a poor man. A study on People's Bank therefore, require establishing some conceptual framework with a view to giving a bearing as to the primalry target group of the bank.

To define poverty, however, is not an easy task. Supporting this view Zweig (1975) points out "it is easier to speak of poverty than to define it"[1] Harry (1960) who defined poverty as "Poverty, in usual sense (may be defined) as existing when the resources of families or individuals are inadequate to provide a socially acceptable standard of living"[2] attributed definitional problems of poverty to appropriate parameters to use in determining socially acceptable standard of living. He argued, for example, that if inadequacy of financial resources is the root cause of poverty, experience has shown that the poor have no unique characteristics than poverty itself.

Relatedly, Edozien's definition (1975) "inadequacy of income to support a minimum standard of decent living"[3] was faulted on the ground that a person's income could be adequate but used for gambling, in-affordable car or hoarding. Dandeker and Rath (1971) related poverty to

2.2 THE NIGERIAN BANKING SYSTEM 1894 - 1976

In 1894, the first branch of British west Africa was established in Lagos and this was followed by Colonial Bank in 1916. In 1925 Colonial Bank changed its name to Barclays Bank. Both banks are presently known as First Bank and Union Bank respectively. One common feature of these banks was that they never pretended as to whose interests were being redpresented, i.e the colonial masters interest in the circulation of British currency in Nigeria as well as the banks founders who were mainly engaged in trading activities along West African coast. Supporting this view) Olashore (1983) wrote inter alia;

"The primary objective of the European banks that were established at that time was to facilitate trade and commerce with the metropolitan headquarters"[5]

This ethnocentric tendency openly demonstrated by those foreign banks in an economy that was in dire need of investment gave birth ic Nationalistic calls for indigeneous banks by the native merchants who, in the first place, were denied financial assistance, collectively and individually established twenty five home grown banks between 1928 and 1952. Prominent among these banks are National Bank of Nigeria (1933) and African continental Bank Limited (1948).

Despite this laudable effort at indigenising the banking sector, two significant incidents happened to these banks before 1960. They were:

All sincere but varied roads taken by these Banks to broaden the base of the financial system converged at a dead end, and the consequent was that a greater number of them went underground. Examples are united commercial credit and cosmopolitan Credit Bank both established in 1952 collapsed in 1954, barely two years after they were established. Reasons adduced for this were

(i) Insufficient capital base

(ii) Poor management and lack of foresight and

(iii) Poor record keeping.

In their attempt to survive, virtually all the banks concentrated their branch operations in the metropolitican cities, the same offence committed by their foreign counterparts.

This tread of urbanised banking sorrowfully continued unabated to an extent that as at 1977, Central Bank of Nigeria, CBN, financial review shown that only 470 banks branches existed to serve a population of about 80 million Nigerians scattered in a land mass of 923,768 square kilometeres.

2.3 RURAL BANKING PROGRAMME IN NIGERIA 1977 - 1989

Prior to 1977 financial system reforms, banking statistics revealed a ratio of one branch to 170,000 persons. In a population estimated at 80 million people, this was considered to be inadequate against the backgrounds that the banking system was urbanised in a country where over 70 per cent of the population live in rural areas and

more than 68 percent of the labour force were employed there[6]

To redress the disparity in the distribution of banks' net-work of branches, the then Federal military government under General Olusegun Obasanjo, in 1976, set up Dr. Pius Oakigbo committee known as "Financial System Review committee" The terms of reference were amongst others:

"to make recommendations in the light of their findidngs ... and any other matter or issue which the committee, in its own judgements deems relevant and helpful in the successful discharge of their task"[7]

One of the findidngs of Dr. OKigbo reppqt "enjoined commercial banks to activity facilitate the transformation of the rapid expansion of the banking facilities in the rural and near rural communities" In 1977, the Federal Military government in line with OKigbo recommendations, instituted a programme known as "Rural banking programme". This programme was phased into three. Under phase one, the Federal government empowered Central bank of Nigeria, CBN, to compel the then existing 18 Licenced commercial banks to establish 200 branches throughout the country. At the end of the first phase, which lasted from 1977 to 1980, 97 percent success was achieved as 194 of the designated rural branches had been established. The second phase which took off from 1980 to 1983 had 68 percent success rate, since only 181 out of 266 shared among twenty banks were established. The third phase which lasted from 1985 to 1989

projected a figure of 300 rural branches. As at 1990, total number of rural branches stood at 771.

The objectives of the rural banking programme were

(1) to cultivate banking habit among rural dwellers.

(2) to mobilize savings.

(3) create credit for small scale industries

(4) develop agriculture and agro-allied industries in rural areas, and

(5) reduce the drift of young school leavers from the rural to the urban areas[9]

2.4 OBSTACLES TO RURAL BANKING PROGRAMME

Toward the tail-end of 1990, the rural banking programme was abondoned for reasons described as:

(1) cost structure problems

(2) attitudinal problems[10]

2.4.1 COST STRUCTURE

Cost structure include staff salary and establishment cost such as buildings, strong rooms, plants acquisition, installation and communicating gadgets.

A research carried out by Financial Institution Tranining Centre (FITC) revealed, out of 19 states covered, the "performance of rural banks especially with regard to profitability was not satisfactory due largely to excessive overhead and inadequate patronage.[11] The research revealed further that out of 1,967 respondents 69 percent were account holders mainly savings account out of which

that "urban areas were developed to the detriment of the rural areas"[13] And for this reason, commercial banks (58, as at 1990) were reluctant to embrace rural banking programme, which was eventually scrapped by CBN in early 1991.

Benjamin (1991) strongly believe that the scheme alienated the rural people from equity participation in ownership structure of these banks.[14] Where commercial banks deemed it necessary to extend credit facilities to rural people Anyabolu and Sokenu (1993) expressed disgust at the discriminatory policies which excluded the rural women. Anyabolu succinctly described the situation in her words as "credit facility provided to the community by the center has not benefited any woman"[15]

Sokenu went further to identify the following as problem confronting rural women in obtaining loan.

(1) ...le dominated banking system

(2) Relatively small credit needs which most banks are not favourably disposed.

(3) Lack of access to landed property

(4) Educational barriers.[16]

2.5. GOVERNMENT CONCERTED EFFORTS ON IMPROVING RURAL BANKING

Following the spate of critisms that trailed the rural banking programme and the consequent scrapping of the programme in early 1991, the Federal Military government of General Ibrahim came with a number of programmes designed at

creating awareness among the rural populace as well as accelerating the rate of development. Some of these programmes are briefly explained.

MAMSER

On July 25, 1987, the mass mobiiisation for social justice, Self-reliance and Economic Recovery (MAMSER) was launched by General Ibrahim Babangida. The directorate was saddled with six objectives, amongst these is "inculcqte in the citizens, the need to eschew all vices ... and uphold the virtues of honesty, hardwork, and commitment to the promotion of national integration. In concept and practise MAMSER was expected to imbibe in Nigerians that culture of hard work necessary for economic emancipation and poliltical consciousness.

NATIONAL DIRECTORATE OF EMPLOYMENT

In Novermber, 1986, National Directorate for employment (NDE) was launched primarily to halt rural migration of abled persons in search of elusive jobs in cities. Under the scheme, registered unemployed persons were expected to learn a trade from any recognised self employed professional for an agreed duration. After the period of apprenticeship, the directorate finanmce the acquisition of basic tools to compliment acquired skills, to a beneficiary who is expected to liquidate the cost of working tools through proceeds generated from a trade.

Available statistic (1990) of Labour Force Survey revealed that urban and rural unemployment rates declined from 8.1 percent and 3.7 percent respectively.

DFRRI

Directorate for Food, Roads and Rural Infrastructure (DFRRI) was established in 1986, primarily to provide infrastructure such as feeder roads and encourage food production, in rural areas. It was conceived against the background of inaccessible roads to rural area which inhibit food transportation. It was also designed to alleviate the problem of inadequate and good drinking water.

In concept, the programme was well-conceived except it was poorly executed.[17]

COMMUNITY BANK

Community banks came into being as a result of 1992 enabling Decree (No 46), which empowers National Board for community bank to grant any community in Nigeria a Licence upon meeting satisfactory conditions. As the name implies, a community bank is a unit Bank whose area of savings mobilisation and credit facilities is restricted to a community where it is located. As at 1994, it was estimated that about 1000 community banks are in full operation in Nigeria.

Fraud, informed by poorly executed policies on staff selection and recruitment and non admission into clearing

house have been identified as major problems threatening the survival of community banks.

AGRICULTURAL CREDIT GUARANTEE SCHEME

This scheme was established in 1977 with Federal government and central bank with 60 percent and 40 percent equity participation. The purpose of the scheme is to encourage commercial bank to lend cash to all those persons engage in agriculture by providing guarantee in respect of loans granted by these banks upto 75 percent.

Qualifying agricultural related occupations are:

(a) The establishment or management of plantation for the productions of rubber, oil, palm, cocoa, tea and similar crops.

(b) The cultivations or productions of cereal crops, tuber, fruits of all kinds, cotton, beans, groundnuts, shea nuts, benniseed, vegetables, pine apples, bananas and plantations.

(c) Animal husbandary, that in to say, poultry, piggery, cattle rearing and the like and fish farming.

The scheme has been criticed for its rigidity on strick compliance on method of application, which in most cases alienate illiterate farmers from participation.

2.6 INTERNATIONAL EXPERIENCE OF RURAL BANKING

Asia continent is largely made up of countries whose income per capita is rated below average, and this has been attributed to a teaming population contesting for few available reasources. For an equitable distribution of

these few resources, governments of these countries have over the years designed programmes basically aimed at solving the problem of poverty. one of these progrrammes is the establishment of banks for the poor.

It all began in Bangladesh in 1978, when professor Yunus M ohammed, an Economist, initiated a bank essentially for the under privileged persons. The village bank, known as GRAMEEN took off on an experimental level and within few years, it has gained acceptance in countries such as malaysia (where it is called Ikhtiar) Srilanka, Philippines, Tanzania, Malawi, Mali, Arkasansa, Canada, Germany and South of Chicago.

In India, rural banking programme came to being as a reaction to the exploitative tendencies of informal sector of sourcing credits. "Their operations were characterised by interest rates, all sorts of malpractices and a total lack of developmental orientation or potential."

Some of the policies initiated by the Indian government to discourage private money-lenders are active participations in viable credit co-operatives and linking issuance of Licences to commercial banks on the strength that such banks would open rural branches.

The GRAMEEN bank of Bangladesh is based on ten principles which guide its operations.

These principles are:

(1) Identifiying the problem of the rural people and not the solutions as a first step.

(2) Identified problems are solved on a gradual approach, i.e development should not be precipated but in stages.

(3) Credit facilities are placed directly at the services of the rural communities.

(4) Prominent individual who have access to credit facilities are eliminated from the scheme with a view to identify target people.

(5) Credits are initially extended to the productive operations generating income freely choosen by the borrowers

(6) Credits are granted to groups of similar incomes.

(7) Savings by borrowers are encouraged but certainly not an absolute condition

(8) Proceedures associated with credit taking and repayments are simplified as much as possible.

(9) Disburseable fund is always in equilibrium.

(10) Priority is given to training and Development of personnel.

Among mass oriented programmes designed by government all over the world, GRAMEEN bank is the most outstanding. Grameen bank has turned out to be a traning ground for most countries whose programmes are designed to solve the problem of poverty.

2;7 STRUCTURE, ROLE AND CANONS OF BANK LENDING

The Nigerian banking system is characterised by a cluster of several banks but in the main, the system is made up of the following:

overdraft facilities, loan, foreign exchange, financial and advisory services, and money transmission.
Commercial banks play a prominent role in the monetisation of an economy.

Total number of commercial banks in Nigeria as at 1990 was 58 with 1,877 branches, minimum prevailing capital is N50 million. A good examples are United Bank for Africa (UBA), First Bank, Union Band Plc e.t.c.

DEVELOPMENT BANKS

4732

The Development Banks are set up to provide special finance for industrial, agricultural and housing progrrammes to provide for accelerated and even developments in the country generally. Some examples of Development Banks are the Nigerian Industrial Development Bank, (NIDB), Nigerian Bank for Commerce and Industries (NBCI)

SAVINGS BANKS:

They are specialised banks created by government for the under privileged people such as rural dwellers, student and others who do not have assess to the conventional banking Institutions. Examples is Federal Savings Bank and Peoples bank.

Regardless the structure and role of each of the above mentioned bank, they all used the same qualitative and quantitative methods in their relation with customners, particularly matters on lending. In banking parlence quantitative methods are reports anchored purely on figures while qualitative methods are reports on behavours of

customers. They ae popularly referred to as canons of lending.

Both qualitative and quantitative methods are important in lending because lending is all about risk. Special importance is usually attachedf to credit administration in most banks. However, regardless any of these methods of assessing the viabilities of project, they are not absolutes to an end but only serve as guides so as to enable value judgement to be made.

Basically, there are five Canons of lending, or simply called as 5c of lending. They are

(1) character :- This condition insists that a borrowers character must be sound and trust worthy.

(2) Capital:- A borrower is expected to show a high interest in the business and this is to be evidenced by such a borrower's equity participation. This can be quantitatively determined by comparing the ratio of the equity (capital) to the amount being borrowed.

(3) Capacity:- Definition of this has been vague but Unegbu (1991) Linked it to ability by the existing assets such as machinery and personnel to produce desired out.[18]

(4) Capability:- This refers to the ability of the project sponsor and the team of management to operate the business profitably.

(5) Collateral:- Another word for this is security which the borrower pledges as guarantee in the event of inability to honour loan agreement as it falls due.

Other objectives considerations are purpose, required amount, repayment period, and quality of management. Market for the product, source of raw materials, and the health of lending bank portfolio are similarly important.

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CHAPTER 3

HISTORY, STRUCTURE AND CREDIT ADMINISTRATION OF PBN

3.0 INTRODUCTION

At the tail end of 1989, People's Bank was established purposely to alleviate the suffereing many Nigerians, particularly the low income earners, were going through. However, six years after PBN was established, it has been observed that many Nigerians are unaware of the various services the bank offers to the general public. In this chapter, therefore, we shall examine in detail the history, structure, and credit administration of People's bank.

3.1 HISTORICAL PROFILE OF PBN

On 27th August, 1985, the the military government under Major-General Buhari was replaced through a bloodless coup and General Ibrahim Babangida assumed control. In his maiden address to the Nation, General Ibrahim Babangida promised to rekindle hope and revamp the economy with an external debt of $17.3 billion. To attain these promises, he presented to Nigerians to debate on the following three policy options.

(1) to continue with the economic policy status quo, i.e retention of the austerity measures.

(2) to accept IMF structured adjustment facility loan, including its traditional conditionalities or

(3) reject the IMF loan and its conditionalities but adapt

a variant of the traditional IMF World Bank' SAP package designed by Nigerians and monitored by Nigerians.

After months of public debates which cut across all sections of human endeavour, majority of Nigerians accepted to reject the IMF loan and its conditionalities but adapt a variant of an home grown resemblance. In July 1986 therefore, General Ibrahim Babangida finally launched Structural Adjustment Programme (SAP). One majaor policy thrust of SAP was the Liberazation of price, trade and foreign exchange controls. Regretably, this policy was the greatest undoing of SAP intentions which among others promised to diversify the productive base and export earnings.

SAP brought a speculative economy where there was a major shift from production to services. Emphasis was placed on acquiring foreign currencies at Central Bank rates, only to be sold across the counters at exhubitant price. The gratest culprit in these new business of services is the banking industry which had a record of 80 new banks. With these banks scrambling for the few available foreign currencies, the purchasing power of naira was eroded and for the first time in the history of Nigeria, middle income earners were wiped out, thus leaving two sets of Nigerians - the super-rich and extreme poor. The official inflation rate which was 5.5 percent at the time SAP was launched stood at 38.1 percent in 1989.

The economic crisis induced by SAPa made many prominent Nigerians to call the government to ameliorate the situaltion. General Olusegun Obasanjo, a one time Head of State, for example, recommended that SAP should be given human face, human heart, and milk of Kindness. In response to this and other advises, General Ibrahim Babangida consented to the idea sold to him by Mrs Maria Sokenu to establish a specialised bank where the poor could obtain credit facilities with ease.

During the 29th independence annivasary of Nigeria, October 1, 1989, General Ibrahim Babangida promised Nigerians to set up a bank for the poor and within three days after, the first branch of People's Bank was established at Ajegunle. The choice of Ajegunle is obvious: Agegunle is densely populated by the poorest of the poor.

3.1.2 AIMS AND OBJECTIVES OF PBN

The following are the aims and objectives of People's bank. They are:

(1) Extension of credit facilities to the less privileged members of the society who cannot normally benefit from the services of the conventional banks.

(2) Provision of opportunities for self-employment for the vast unutilised and under-utilized manpower resources in the country. Artisans, mechanics and petty traders belong to this class of Nigerians.

(3) Complimenting of the Government's effort in the improving the productive base of the economy.

(4) Inculcating the banking habit at the grassroots level and reducing the rural to-urban migration.

(5) Eradication of poverty and provision of soccour to the poor.

(6) Bringing relief to the financially marginalised groups in the society.

(7) Cushioning the painful effects of the structural Adjustment Programme on the depressed sections of the economy.

(8) To reverse the vicious-circle of low income low saving, low investment into an expanding system of more income, more credit, increased savings and more investment.

3.1.3 OWNERSHIP AND FUNDING OF PBN

People's Bank decree (1989) section 3(2) states "The chairman and members of the Bank shall be appointed by the President, Commander in -Chief of the Armed Forces on such terms and conditions as the Federal military government may from time to time, determine[1]. By this provision, the ownership of People's Bank is Federal Government.

The funding of the Bank is largely by the Federal government affiliated with ministry of Finance: Section 7(1) of the enabling decree states the sources of fund as:

"The fund of the Bank shall consist of:

(a) Funds allocated to the Bank by the Federal military government by way of grants or loans

(b) Funds from the Central Bank of Nigeria

(c) Funds obtained with the approval of the Federal military government, at low interest rates from international organisations or other Financial Institutions.

(d) Funds obtained by the Bank from other Banks or by philantropists, at low interest rates, the level of such interest shall not be higher than the Bank's administrative charges.

It is interesting to note that, though the bank encourages and accepts savings deposits, such saving deposits are not disburseable as loans. Savings are received on behalf of customers primarily to inculcate banking habits and to determine savers' abilities to pay loans, if granted.

3.2 ORGANISATIONAL AND ADMINISTRATIVE STRUCTURE OF PEOPLE'S BANK OF NIGERIA

The Organisational Structure of People's Bank of Nigeria is not materially different from formal structures of most organizations. It is pyramidial in shape as dipicted in figure 1 and the totality of the structure is the basic for an efficiency administration of the bank.

3.2.1 Board of Directors

The Board of Directors is made up of a government appointed charman a managing director with executive powers

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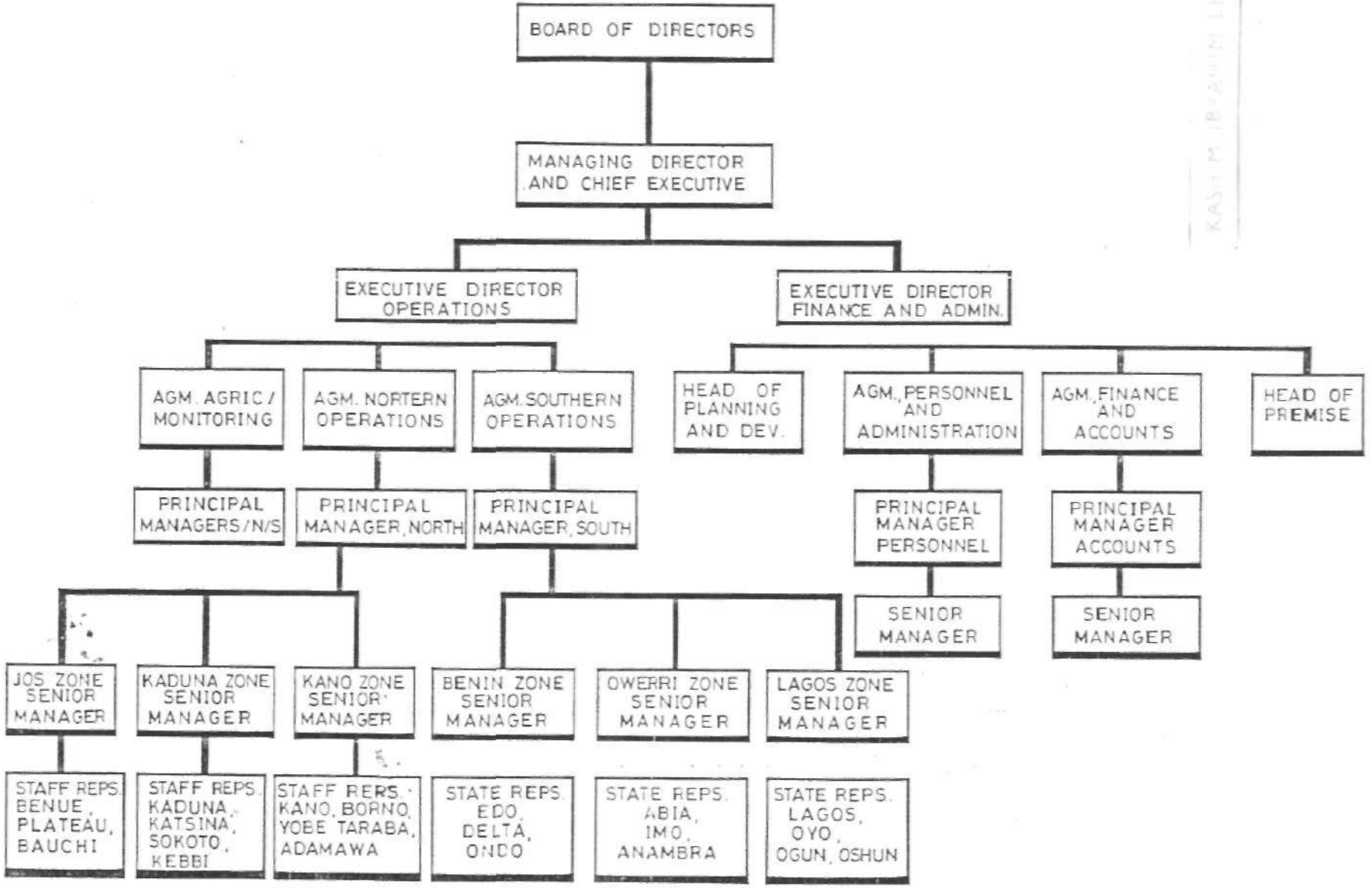


FIG. 1. ORGANISATIONAL CHART OF PEOPLE'S BANK OF NIGERIA AT NATIONAL LEVEL.

and two executive Directors. other members of the board are representatives from the presidency, Finance Ministry, Association of Small Scale Industries (NASSI) and three non executive Directors. Being government bank, number of board members is not fixed.

The duties of the board members include among others, formulation of strategic Policies and guidelines for the bank. Such policies formulation always revolve on the aims and objectives of the bank. Board members also preside on a periodical basic to review the operation and perfomance of the bank.

3.2.2 Managing Director/Chief Executive

The post of the Managing Director/Chief Executive is occupied by a government nominee whose duty is to ensure that decisions made by the Board members are implemented. The person occupying this post has the highest visible profile among the board members. In the discharge of assigned duties, the managing Director chief executive is assisted by two executive Directors, one for operations and the other finance and administration. Both executive Directors who are assisted by Assistant General Managers, are signatories to the bank's accounts.

3.2.3 Zonal Manager/State Representative

For effective and efficiency administration/operations of the bank with a total landmass of 923,768sqkm to cover Nigeria is zoned into six zones with, four or more states

grouped together to constitute a zone. Each zone is headed by a zonal manager. A zonal manager is answerable to any of the principal staff at Head office. Issues of importance attended to by a zonal manager are:

(1) Loan administration/disbursement

(2) Consolidation of financial returns prepared by state representatives under him

(3) Attending to staff walfare matters such as recommendation for promotion and discipline.

3.2.4 State Representative

Each State of Nigeria has an average of six branches and a state is heade by a state representative. The duty of a state representative is to co-ordinate the operations of branches under his or her control.

3.2.5 Branch Manager

The operation of people's bank is mainly carried out by the branches, each headed by a manager and supported by two officers whose offices are designated as Accountant and programme officers. Other supporting staff at branch level are two to three clerks, a security man and messenger.

3.3 SERVICES OF PBN

During the implementation stage of People's Bank of Nigeria, two principal services were offered to the general public. They are:

(i) accepting cash/cheques on saving account

(ii) loan disbursement.

However, six years after the bank was commissioned several services have been launched by the management of PBN. Some of these services are explained below:

The Saving Scheme

One principal objective of PBN is to inculcate banking habit into the people. This is known as banking the poorest of the poor and it is aimed at establishing a trust between account operators and the bank. This trust once established constitute the collateral on which loan are granted.

Broadly speaking, there are two schemes of savings in operation within the bank. They are

(i) The regular saving scheme

(ii) People's Emergency Deposit Scheme (PEDS).

Features of Regular Saving Scheme

(a) All classes of people are qualified to operate this scheme with a minimum of N50.00 and N100.00 for rural and urban branches respectively.

(b) All accounts under this scheme earn prevailing minimum interest rate which is defined by CBN.

(c) Restriction is not placed on the number of time on account holder can withdraw from account except such an account would not earn interest if drawing exceed three times in month.

(d) Three passports are required to open this type of account.

Features of People's Emergency Deposit Scheme (PEDS)

(a) A scheme designed to imbibe saving culture in the masses in case of emergency. It is a modernized version of traditional system of daily contribution popular known as "ESUSU" "AJO" and "ADASHI". In conventional banking system it can be linked to unit Trust Fund where pooled resources are invested on behalf of contributors.

(a) Associated benefits are in form of participants meeting up with emergency situation relating to

(i) repairs of broken down equipment

(ii) repairs and renovation of dwelling houses

(iii) unexpected farm hazards

(iv) increase and payment of school fees or settlement of hospital bill e.t.c.

(d) The operation of this saving scheme is facilitated by vehicle with banking facilities, known as mobile bank.(2) An account is opened with a minimum of N10.00 and daily saving is encouraged. A consistent saving for six months without withdrawal earns an account operator a 2 percent interest higher than prevailing interest rate. In any case, withdrawal is encouraged once in a month.

3.3.1 BANKING FOR HEALTH SCHEME (CONSUMERS ONLY

This scheme is designed to improve the health of the underprivileged people by assisting them with basic health facilities. The scheme believes that preventable death and deseases can be avoided, if participants open a health

saving account with a minimum deposit of N250.00 in any of the branch of PBN. A continuous saving qualifies a participant to register with a clinic choosen by PBN as provider.

When a participant of this scheme falls sick, such person is allowed to withdraw an amount three times the balance in the account to settle the medical bills.

3.3.2 Banking for Health Scheme (Health Providers Only)

This scheme was designed for medical practictioners, i.e. nurses, technologists and Doctors, to acquire, maintain and repair medical facilities, necessary for the practise of their profession in rural and urban areas.

Participants who are expected to demonstrate a genuine interest in working with the poor and benefit a maximum loan of N250,000.00.

3.3.3 People's Bus Loan Scheme

The scheme was first introduced in 1990 to complement the Federal government mass Transit programme. The objective, as it was then conceived was to reduce hardship being encountered by commuters in both the urban and rural areas. Commercial buses are purchased and distributed to branches of PBN, where interested transporters who are registered, apply as a group of 10 members.

Successful applicants are expected to deposit 10 percent of the total value of the bus, subject to a daily

repayment of the outstanding balance. Daily repayment is determined on a pro-rata basis. Total value of PBN bus loan is arrived at by adding the following costs:

(i) Factory cost (ii) handling charges.

Repayment period to recoup loan is two years.

One major advantage of this scheme is that insurance and major repairs are paid for by People's Bank.

3.3.4 Widow Saving Scheme

In line with the objectives of PBN, a scheme specially packaged for widow, is also a service the bank offers. To ameliorate the sufferings of windows, this scheme permit the registration with any branch of PBN closest to them; and consequently allow them to obtain loan with ease.

3.3.5 Rehabitation of Destitues

A scheme packaged for the elderly, and drug addicted youths and motherless babies. This scheme enables elders who are abandoned by their children or families to find homes. For abled youth whose productive capacity has been greatly reduced because of drug addition, the scheme engage them in meaningful occupations such as block moulding, tailoring, etc. The first step is to assemble them in a place of abode where they are taught harmful effects of drug taking.

3.4 CREDIT ADMINISTRATION

Types of Beneficiaries

At the commissioning ceremony of people's bank on 3 October, 1989, General Ibrahim Babangida defined the types of beneficiaaries of People's Bank Services to be:

"As the name implies, the People's Bank will, in both concept and operation, cater exclusively for the very poor in our society who would normally do not have access to loan assistance as currently operated in our conventional bank. The main beneficiaries of the scheme will include all our road side mechanics, self-employed technicians, and artisans such as plumbers, volcanisers and electricians, petty traders, small scale and peasant farmers, truck pushers, livestock and poultry keepers, Tailors, barbers, hair dressers, washmen and women, leather workers and all others who need financial assistance to improve their trade and economy wel-being.(3) In any case, a beneficiary must have demonstrated a consistent pattern of saving with PBN.

3.4.1 Projects Under Credit Consideration

Projects likely to accept consideration under PBN are:

(i) Petty trading:- This include buying and selling of food stuff, cosmetics, beverage, roasted corn and groundnuts, vegetables and fruits, and the like.

(ii) vocational enterprises-: such as road side automobile mechanics, painters, electricians, carpenters, barbers, and

hair dresser, shoe repairers, nursery and day-care entrepreneurs.

(iii) Handcrafts - such as wearing, tatting and knitting, pottery, wood works, dyeing, tailoring, blacks mitting.

(iv) Farming:- include crop production, especially the cultivation of arable crops, and animal husbandry, particularly the rearing of cattle, sheep, goat and poultry keeping.

(v) Agro-processing - such as cassava, grain, fish and oil processing.

3.4.2 Group Formation

In conventional banks, emphasis is laid on collaterals such as landed properties, shares and any other disposable instrument of guaranty. In People's bank, However, Beneficiaries to be are encouraged to form a group of 7 to 10 persons whose common features as:

(i) members belong to the poorest of the poor

(ii) members are all residing in the same village locality or neighbourhood

(iii) members are closingly bounded together because they are like-minded and consequently, a natural trust of confidence is exhited by members

(iv) membership are not made of the same household.

(v) members are headed by responsible persons with the designation of a chairman, secretary and treasurer.

3.4.3 Inspection of Place of Business

Once the conditions of a group formation have been satisfied, such a group approach any branch of PBN nearest to them to open individual saving account with a minimum of N100.00, for those residing in the rural areas and N200.00 for those living in the urban centries. This is followed by a written application addressed to the branch manager formally requesting for loan. The manager in turn distribute applications forms to members to disclose certain information about them. Such information are name, age, sex, occupation, address, chairman name, amount required, balance in account e.t.c.

All satisfactory completed application forms are accepted and documented by a branch manager who schedule a date with a group for inspection of a place of businesses. Inspection is carried out by an officer in a branch called a programme officer. This officer accompany members of a group to individual places of business to make on the spot assessement report against the backgrrounds the project is freely choosen by a member and capable of generating income. The report by a programme officer is expected to be simple in language.

3.4.4 Gredit Committee and Loan Disbursement

A credit committee is made of a branch manager, Accountant and Programame Officer. Other members are a village Head, a representative each from farmers association

and family support, all from the locally where a branch of PBN is located.

The duty of this committee is to preside over the applications submitted by groups, examine them in detail, using such creteria as merit, relevance e.t.c to determine who get loan. This committee also ensure that disbursed loan are fully recovered.

However, final approval for loan disbursement and the amount to be benefited by each applicant which is initially restricted to 5 out of 7 member in a group, is determined by the size of available loanable fund made available to each branch.

Branch managers are encouraged financially by management of PBN to hold people's forum where members of a community and successful applicants, assembled for questions and answers session. This forum helps to enlight people of the role and creteria used in determining beneficiaries.

3.4.5 Post Loan Disbursement

The first phase of credit administration in PBN is processes associated with opening of saving accounts and the final disbursement. The second phase is concerned with project monitoring and loan repayment. The essence of this second phase is to maintain an equilibrium in the loanable find at all times with a view to ensuring that all applicants with genuine projects benefit. For an equitable

distribution from this fund, the following strategies are employed.

The role of Savings

Members of a community where a branch of PBN is situated are encouraged to open a saving accounts as a condition before loan applications are considered for approval. A consistent pattern of saving is an evidence that an applicant if granted loan would on violition repay loan without any third party e.g police or court enforcing repayment. The role of saving therefore helps to inculcate banking habit which includes voluntary loan repayment by beneficiaries.

The Role of Group Formation

During disbursement of loan to a successful group, only 5 out of 7 members, which exclude chairman and secretary are given loan. The exclusion of these 2 members is a strategy which enhance quick repayment by other 5 members. The chairman and secretary put pressure on other 5 members to liquidate their loan with a view that they in turn will benefit. Where these two persons fail to compel beneficiaries to liquidate loan in time, they deny themselves loan and consequently parties to a legal action People's Bank may decide to institute.

The Role of Credit Committee

Where rate of repayment by a group is below expectation the first action to be taken against such a group by PBN is

to summon it before a credit committee. This credit committee which is made up of a village Head has the power of sanctioning defaulters through threat of excommunication from the community. This credit committee is very effective in Northern Nigeria where village/community leaders are held in high esteem.

Project Visitation/Monitoring

Projects under finance by PBN are expected to be visited by officers of a branch where such projects are located. Constant visits by these officers give sense of belonging and incentives to the beneficiaries for timely repayment. It is expected alsos that these officers should help beneficiaries to find markets where final outputs of projects are sold at a favourable prices.

simplicity in Loan Repayment

Depending on the nature of a project gestation period for trading related projects is averagely two weeks, after loan has been granted for the take-off of a new business. Repayment period is spread over 52 weeks. To ensure that repayment is not affected by distance, centres are opened within remote villages away from the branch. A staff normally take off from a branch on an agreed date to attend to beneficiaries.

The Use of Police/Courts

In extreme cases, defaulters are taken to Courts or Police are called to compel defaulters to pay outstanding balances. Associated costs are borne by defaulters.

3.5. Individual And Group Loan

Other issues of importance relating to credit administration of PBN are:

(i) An individual without being a member of a group is allowed in People's bank loan scheme. Unlike the group formation loan scheme, risk of default is borne by such an individual.

(ii) Group loan is permitted provided that such group open a joint account with PBN and the projects are in form of plant acquisition, agriculture inputs e.g tractors and any other capital intensive projects.

3.5.1 Death of Borrower)s)

The enabling decree that established PBN explicitly states the position of a deceased person who benefit loan as "where the recipient of a loan under this Decreedies, the Banks shall endeavour to retrieve as much as possible the loan or its residues by whatever means it may consider appropriate in the circumstances, including disposal of asset or property purchased with the loan.

3.5.2 Evaluation of PBN Performance

Section 13 of People's Bank decree (1989) states "

"The Funds given to the Bank for disbursement as loans under this Decree shall be used only for that purpose and shall not under any circumstances be diverted, vired or used for payment of staff salaries or purchase of equipment or services.

To ensure compliance of this section, the same Decree enjoins "The Board of Directors of PBN to see that proper accounts and records are kept at all times, at Head office and branch levels. A quarterly report reflecting the financial position of the Bank is to be submitted to the Finance minister. At the end of any financial year an audited report on the performance of the Bank, prepared by an appointed external auditor is to be submitted to the secretary to the Federal government, not later than 3 months after the close of a financial year.

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CHAPTER 4

4.0 INTRODUCTION

This chapter is data presentation and analysis. In the course or carrying out this research study, structured questionnaires were desidgned and distributed to a sample of persons who in one way or the other have associated with the services of Peope's Bank. Also, personal interview was conducted with some branch managers, junior staff and general public in states such as Kaduna, Niger, Lagos, Enugu, Edo and Taraba.

Simple percentages are used to analyses data. Hypothesis are tested with a view to accept or reject the relevance of People's Bank. Through data analysis problems confronting the operation of the bank are identified.

4.1 DATA PRESENTATION AND ANALYSIS

As at 30 June, 1993, total subvention recovered by People's Bank as per auditors report amounted to N489,168,590. Total donation by states, local government as well as individual amounted to N1,433,660.00. Total disbursement to customers in 30 states including Abuja amounted to N105,610,746 (see appendix 1),

Between 1989 and 1993, the bank opened 271 branches, 508 satellite centres with 67 mobile banks. All the states of the Federation are covered by PBN of which 300 out of 589 local government with 1,560 villages are covered. Total

commulative amount disbursed as loans, including loan [illegible] amounted to N300 million to an estimated number of 6 million person. Loan repayment rate as at 31 December, 1993 was 92.

Table 4.1

UPDATE ON THE BANK'S OPERATIONS AS AT 31ST DECEMBER, 1993

1	Total number of branches	271
2	Total number of satellite centre	508
3	Total number of mobile banks	67
4	Coverage:	
	Number of states	30 + Abuja
5	Number of Local Government Areas	300 of 589
	Number of villages	1560
5	Nuamber of projects supported	255
6	Cummulative amount disbursed as loans	N300 million
7	Total savings mobilised	N4091 million
8	Estimated number of business created	500,000
9	Average loan repayment rate	92 percent
10	Estimated number of persons affected	6 million

At the branch level, Kaduna branch which was established in 1990 disbursed a total loan of N4,589,934 to 2,186 beneficiaries. Loan repayment rate was described as average 50 percent. Total gross savings amounted to N31,064,729.30. Maigana branch established in 1991 disbursed N391,666 to 300 persons with a total gross saving of N5 millions.

Repayment rate is above average, i.e from 75 percent. Zaria branch with a total gross savings of N10 million disbursed N2,115,570 to 1,435 beneficiaries. In Enugu State, Enugu branch disbursed N2 million to 4,128 persons. See table 4.2.

On the impact of Peoples bank of Nigeria on beneficiaries, a study carried out in Lagos, Imo and Niger shown that out of 100 persons involved in the study 52 percent (males) and 48 percent (females), respectively agreed that the bank has assisted them in capital formation. See (Table 4.3).

30 managers out of 30 managers believed that loanable fund to their branches are not adequatae. So also the same number of respondents are of the view that loanable fund was not frequency. On staff welfare 31 respondents junior and senior staff are of the view that they are the least paid. Whether the bank should go commercial with a view to address the problem of poor staff welfare 90 percent of 10 respondents believe that the bank was not due. Reasons adduced ranged from lack of trained personnel and the seemingly uncontrolable number of branches scattered all over the country. See table 4.4.

To emphasis the importance of these data we re-state the hypotheses stated in chapter 1.

They are:

(1) that Ppeople's bank of Nigeria has not imbibed banking habits on the rural people.

(2) that credit facilities obtainable from People's Bank have no economic impact on the beneficiaries.

The validity of these hypotheses are individually tested below.

TEST FOR HYPOTHESIS 1

4. IMPACT ON BANKING HABIT HYPOTHESIS 1

Hypothesis number 1 is of the view that People's bank has not impacted banking habit on its target group. To ascertain whether this hypothesis is valid or not, we shall look at the number of banks in Nigeria prior to the time People's Bank was established and the rate the latter expanded and where branches were located.

As at 1989, total number of commercial banks stood at 47 with 1,856 branches of which 1,078 were located in urban areas. There were 273 branches in Nigeria as at 1970a and within a period of 19 years, there was an average network of 83.83 branches.

Between 1989 and 1994, People's Bank succeeded in establishing 274 branches and 508 Cash Centres evenly distributed throughout 300 of 589 local government areas of

Nigeria, with a total gross savings of N409 million. Total number of account holders stood at six million people. Out of 174 branches, only 54 branches (20 percent) are located in urban areas.

Inferentially therefore within five years people's bank had an average of 55 branches per year unlike a total 47 commercial banks with an average of 39 branches per bank.

Specifically, maigana and Kauru branches (Kaduna) fugar (Edo)f, Nike (Enugu) Warra (Kebbi) and Ijiwo (Oyo) were found to be located in places where bank never existed. The implication of this is that people's bank has brought the habit of banking to people who never had knowleddge of banking. In maigana branch (Kaduna) for example 90 percent of 1500 account holders agreed that the branch was their first contact with a bank. Between 1991 and 1995, maigana and Kauru branches in Kaduna State, had mobilised a gross saving of₦108 million naira.

Table 4.2

LOAN DISBURSMENT AND GROSS SAVING IN SELECTED BRANCHES

S/N	Branch	year estab-lished	loan Dis-bursed	Repay-ment rate	Gross saving	No of Bene-fici-ans
1	Kaduna	1990	4,589,934	Average	31,064,729.30	2,182
2	Kauru	1993	247,400	AA	5,829,613.56	NA
3	Maigana	1991	391,666	AA	5,000,000.00	300
4	Zaria	1990	2,115,570	AA	10,000,000.00	1,435
5	Kafachan	1990	545,665	Average	32,454,795.00	606
6	Kachia	1991	476,165	AA	7,986,109.37	592
7	Enugu	1989	2,000,000	Average	10,000,000.00	4,128

AA = Above Average

Five years after Kaduna branch was established over 31 million has been mobilised and this was attributed to mobile banking van, which regularly move from one location to another. This mobile banking scheme was found out to have displaced traditional banking system such as "Esusu" "ADASHI" e.t.c. This study also found out that reminants of traditional system are account holders of Zaria, Kaduna and Kafachan branches in Kaduna State.

At Mushin branch (1992), it was found out that N19 million was invested in high interest yielding accounts by Head office, on behalf of the branch. Total gross savings

amounted to N80 million and this was attributed to two mobile banking vans whose target group were mostly market women.

In Enugu where N10 million was mobilised as saving (1995) over 80 percent of the respondents to the question "reason accounts were opened agreed that they did so purposely to save and were found to be first - timers.

Based on the above analysis the hypothesis "that People's Bank of Nigeria has not imbibed banking habits on the rural people as a null hypothesis. In conclusion therefore, people's bank has to a measurable degree impacted banking habit on its target group.

4.2 TEST FOR HYPOTHESIS 2: IMPACT OF CREDITS

Hypothesis 2 says" that credit facilities obtainable from people's bank have no economic impact on the beneficiaries. To test the validity of this hypothesis we shall examine data gathered and analysed from questionnaries as well as case study on selected communities.

Broadly, total loan disbursed by People's Bank as at 31st December, 1993, amounted to N300 million, of which 255 special projects were financed. Repayment rate was put at 92 percent. Specifically, let us examine the impact of People's Bank on the following sub-sector of the economy.

IMPACT ON EMPLOYUMENT AND INCOME GENERATION

A total number of 500 businesses have been created between 1989 and 1993. A pilot scheme designed to increase food production by rural women was carried in Agagbe (Benue), Kataeregi (Niger) and Ilasa (Lagos) in 1991, and the results were marvellous. A total number of 114 women benefited the sum of N250,000.00 specifically for rice planting and miling at Agagbe, while 140 women from Kataeregi, a cluster of villages, benefited a total of N450,000.00.

At the end of this experiment, it was found out that Agagbe women double their farm outputs and recorded d98.9 percent loan repayment. In addition to this, they voluntarily accepted the culture of banking with people's banks.

Similarly, Kataeregi's experiment revealed that participants who recorded an average balance of N120.00 before loans were obtained (lowest N11.09 and highest N304.77), had their least balance in saving account as N887.50, three month after loan was granted.

In 1993, a survey carried out by People's bank with Lagos, Imo and Niger States in focus , shown that 48 percent out of 100 beneficiaries agreed that various loans obtained from the bank have assisted them in capital accommulation. However, 28 percent agreed that People's bank loan had impact on the state of employment.

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Table 4.3

Impact of PBN in Oyo , Niger and Imo States

	Primary Reasons		
	Male %	Female %	Total
1. Free from the cluthes of Money lender	19.0	8.20	13.4
2. Accummulation of Capital	52.0	46.00	48.0
3. Increase in wage rate	2.0	3.50	2.70
4. More investment in Agriculture	5.6	9.8	7.40
5. More investment in vegetables and fruits growing	1.0	0.5	0.65
6. Additional employment in productive work	6.4	34.0	20.20
7. Employment of more hands	14.0	2.0	7.65
	100	100	100

Sources:

Mrs Maria Sokenu (1993) challenges of credit and financing of women project: contributions of People's Bank

At maigana branch (Kaduna State) Alhaji Musa Shaibu testified that he benefited the sum of N400 in 1992, which he invested in a goat and after about nine months, a net profit of N400 was srealised at disposal. The same applied to Mrs Dayo Bakare of Shomolu whose fortune was changed from a rice seller to a big time production of cosmetics, after obtaining loan from shomulu branch of People's Bank.

IMPACT ON RURAL HEALTH AND NUTRITION

In conventional banking credit facilities are extended to people on the strength of qualitative and qualitative methods of approving projects. However, in People's Bank, the collateral emphases on the health of an individual and the ability to save regularly. To encourage regular savings and loan repayment, a health saving scheme for both medical personnel and savers is being experimented in Lagos, Katsina, Enugu and Niger State.

At Kataeregi, a total number of 140 women benefited the sum of N450,000 under women-in-Health. This was to give them a good health necessary to utilise a credit facility of N650,000 in the production of oil extraction through the acquisition of extraction machine cooker and water pump. The experiment has been adjudged as successful since the women were found to be less proned to preventable diseases.

IMPACT ON REHABILITATION OF DESTITUTES

Destitution, a social problem, is a walfare scheme People's Bank has given priority to in recent years. A scheme under this known as rehabilitation of Area boys and girls came into being as a result of youths who ordinarily at their ages are expected to be in schools or engage in trade, indulge into anti-social vices such as drug taking and pickpockets. In the words of Maria Sokenu (1994) "They used to operate around Balogun street, where our Head office is located, they terrorise citizens and made business transactions difficult. Our customers lose money to them daily and, at a point, they became a problem to practically everybody in the vicinity".

The menacing disposition of these youth informed People's bank to design packaged programmes aimed at engaging them into productive ventures. One of these programme is block moulding at Adeniji Adele low cost, Lagos. The initial take off of this venture was made possible through a donation of N95,000.00 by Chief Fulawiyo and a contribution of N95,000.00 by People's Bank. A year after this programme was initiated over 50 youths have been graduated and they are presently engaged in various self-employed jobs.

It is not surprisisng therefore that these rehabilitation centres are . found in Oyo, Akwa Ibom, Borno, Imo and Kano States.

IMPACT ON NEW MARKETS FOR LOAN BENEFICIARIES

To encourage loan beneficiaries, earn high incomes from their produce, some branch managers (found out by this study) have deviced strategies aimed at establishing a linkage between farmers and major consumers of their farm produce. A good example is Maigana branch where (Kaduna State) where in 1994, a group of seven beneficiaries were successfully linked with Nestle Food plc for the supply of Sorghum with a local purchase order valued one million naira.

In 1995, the same branch facilitated the process of assisting the farmers to obtain a local purchase order (LPO) from cadbury maker of Bournvita drink, with a value of N5 million. Although this contract could not be discharged because of price differential between market price and the value of LPO, the effect of this type of direct contact between farmers and major buyers of grain is that middlemen are eliminated, and this help to increase the inconme acruing to farmers.

4.3 PROBLEMS AFFECTING THE OPERATIONS OF PEOPLE'S BANK OF NIGERIA

People's bank is unorthodox in its operations particularly when compared with commercial banks. To find out peculiar problems of these bank, two sets of questionnaires were designed and distributed to branch

managers as well as general public. The outcome of these questionnaires are tabulated below:

Table 4.4

Summary of Responses

No of respondents	Questions responded by manager and general public	Responses
30	Adequacy of loan	Not adequate (100%)
30	Frequency of loan	Not regular (100%)
10	Responsiveness of State/local government	Very poor (90%)
31	Staff walfare	Very poor (100%)
20	Presence of Cash Office	None (18) (90%)
15	Communication between head office and branches	Poor (15) (100%)
10	Commercialisation of PBN	Not yet (9) (90%)
20	Effectiveness of credit Committee	Not effective 18(90%)

INADEQUACY OF LOANABLE FUND TO BRANCHES

This study found out that as at 31st December 1993, People's bank has only succeeded in disbursing N300 million to six million Nigerians out of an estimated population of 100 million of which 90 million are below the poverty line. N300 million shared by 6 million people is N50.00 per person, an amount inadequate to make any meaningful impact on the beneficiaries. Although some of these 6 million beneficiaries may have obtained loan more than once from people's bank, the truth is that grant by the government to the bank is inadequate.

From table one (1) the pattern of loan disbursement by selected branches shows that Maigana branch disbursed the sum of N391,6106.00 to 300 persons (186 males and 144 females) out of 1500 applicants, four years after the branch was established. Similarly, Kafachan, branch which had mobilised over N32 million as a pre-condition for obtaining loan, only disbursed N545,665.00 to 606 persons.

The implications of this pavcity of loan has given birth to the following:

(1) disillusion on the part of the general public about the objectives of People's Bank.

(2) low patronage in terms of saving mobilisation.

Another fundamental problem is the irregularity of loanable fund from Head office to branches. In Kaduna State, only Kaduna and Zaria branches out of nine branches

received loanable fund in 995. Specifically, Maigana branch recorded this tread in loanable fund from its Head office; N100,000.00 (1991), N85,666 (1992), N106,000.00 (1993) and N100,000.00 (1994).

In summary, 30 managers who responded to the question on adequacy of loan and its sregularily were of the view that the loanable funds were inadequate and irregular.

RESPONSIVENESS OF STATES AND LOCAL GOVERNMENTS

One of the strategies employed by People's Bank for an accelerated net-work of branches throughout the Federation was linking a branch location to provision of basic infrastructure such as rent free office accommodation, generators and fittings and furniture. These amenities were to be provided by any community, local government, state government or individuals. Regretably, this study found out only few actually responded.

In Kaduna state where 10 manager responded to this question of government/individual assistance for branch location revealed that Maigana branch as the only branch that received N15,000.00 for a cash office in a neighbouring village Soba, in addition to the mainbranch with furniture and fitting donated as free.

Below is a table showing the total contributions by States; local government and general public. The implication of the information disclosed by the table is

that virtually all the branches of People's bank is being paid for, as rent and its associated cost.

4.5 States and Local Government Donation 31/12/94

S/N	State/Local govt/individual	
1	Bendel State Government	1,000.00
2	Borno State government	72,660.00
3	Katsina State Local goverment	
	- Funtua	18,000.00
	- Mari	8,000.00
4	Kaduna State government	
	- Soba (Maigana)	15,000.00
5	Kano State government	250,000.00
6	Gongola state government	50,000.00
7	Alhaji Bature Adamu	20,000.00
Total		1,433,660.00

STAFF WALFARE

Virtually all the 30 managers who responded to the question on staff walfare agreed unanimously that the walfare of staff is very poor. The background of this problem has its root from non-commercial nature of People's bank. Initially, the bank was charging handling charge of 5

percent on loans (1989) while commercial banks interest rate on loan was 30 percent. As at 1993, the bank handling charges was 15 percent when their counterpart in the same banking sector were charging an interest rate of 40 percent.

This inhibiting problem is supported by the decree that established People's bank.

Section 9(i) of this decree says:

> "The bank shall charge on each loan granted by it, a minimal service charge of not more than 5 percent to cover overheads and operating costs of the bank"

Unfortunately, this operating costs of the bank cannot be sustained by a mere 5 percent and this has given birth to the following:

(1) Staff are poorly renumerated far below what is obtained in banking industry.

(2) Poor medical facilities. Staff are not attached to medical centres.

(3) Inadequate staff training and Development

(4) Selective and arbitrary promotion without any clear guidelines.

(5) Cash pilferage by staff who cannot resist temptations.

(6) Absence of motivating incentive for competent hands to offer their intention to join the service of the bank.

OTHER PROBLEMS

Other problems affecting the operation of People's bank identified by this study are:

(i) Absence of an effective communication between Head office and branches.

(ii) Absence of credit committees or where they exist they are ineffective

(iii) Political considerationis which informed the location of some branches hence low patronage.

(iv) Halo effect on the general public that the bank was set up to distribute National cake and this affect loan recovery efforts.

(v) Seasonal variation of income yieldidng projects which have overbearing influence on the saving patterns of rural people and loan repayment ability.

(vi) The specialised natur e of people bank which restricts its banking operation to savings and credit facilities thus leaving a major aspect of banking, i.e, current account.

PROSPECTS

The economic crisis of 1980s which gave birth to the establishment of People's Bank in 1989 is still very visible, as evidenced by the squalid living conditions of many Nigerians. This has made People's Bank to be more relevant more than ever before. To address the problems of poverty aggravated by SAP adequately, the Federal government

should increase its annual subvention to the bank as a way of encouraging greater participation by Nigerians hitherto considered unbankable by conventional banks.

Another area of relevance of People's Bank is the global concern to eradicate poverty before the year 2000. This concern will readily attract international bodies e.g world Bank and friendly countries to channel donations and other financial assistance through Peoples Bank to the poorest of the poor.

CHAPTER 5

SUMMARY, RECOMMENDATIONS AND CONCLUSION

5.0 INTRODUCTION

For every begining there must be an end. In this final and concluding chapter, we summarise issues of importance discussed in previous chapters with a view to providing a sound base to make recommendations. These recommendations are however distilates of a distinct line of difference drawn between essentials and desirables. Furthermore, in line with the fact that a research study on People's bank is multifaceted, the research study recommends further areas of research for inquisitive minds.

5.1 SUMMARY

In the opening chapter, the objective of the research study was stated as the need to find out the extent of achievement People's bank has succeeded in its aims and objectives. To attain this, objectives of the bank were reduced and stated as two hypotheses. These hypotheses are:

(1) The People's bank has not imbibed the culture of banking on its target group.

(2) Credit facilities in People's bank are not adequate to create any economic impact on beneficiaries.

With these hypotheses in focus, chapter two examined literary works on mass-oriented programmes designed to solve the problem of poverty in Nigeria and elsewhere such as Bangladesh and India. This literature review thus provided

a sound theoretical frame work necessary to examine a comparative operations of people's bank.

Chapter three, therefore, historically examined economic trends in Nigeria, which finally culiminated into the birth of People's bank. In order to appreciate the operations of the bank, an open-ended approached gullibles and the un-informed public of procedudres associated with the services rendered by PBN.

In chapter four, data presentation and analysis were carried out and the outcome revealed that the two hypotheses stated in chapter one are not valid. However, problems inimical to an effective discharge of People's Bank responsibilities were identified, one of which is that the Bank's operation is being funded by the Federal government. The implications of this problem are that (i) inadequate loanable fund, and (2) staff are poorly renumerated.

In any case, this research study beleives that for every problem there must be a solution. Therefore, the following possible recommendations if implemented will no doubt take the Bank to a higher height.

5.2 RECOMMENDATIONS

Funding

This study found out that the present funding arrangement in People's Bank to be inadequate and accordingly recommends an increase in Federal government subvention. To make this increase in subvention meaningful,

state and local governments should be made to bear an equivalent financial responsibility. Other areas of assistance are the provision of basic infrastructure such as office accommodation, generators, furniture and fitting.

Also recommended is identification of People's bank saving account by Federal, State and Local government. Wealthy Nigerians as well as companies should similarly help the bank to combart the problem of poverty through donations. Such donations should be held under a trust fund arrangement.

STAFFING, TRAINING AND DEVELOPMENT

Although some staff of the bank have been exposed to some form of training and development, it is reg retable that there are many staff who have never attended any training since joining the bank.

This study therefore recommends that the management of PBN should design an elaborate training programmes for all categories, of staff, particularly those staff who have never been exposed to the basic rudiments of banking. The main advantage of training staff is that it raises their level of consciousness and make them to resist temptation to commit fraud.

AN EFFECTIVE ZONAL SYSTEM

This study found out that a zonal system designed to ease out administrative problems was in operation until late 1993; when it was scrapped on the excuse that the system was

not effective. A cost-benefit analysis of this study shown that the system should be recalled and to avoid the pitfalls of the old system, each zone is to be staffed by the right calibre of staff and such staff are to be renumerated adequately.

For an effective discharge of their responsibilities, this study recommends that each zone should be equipped with working aids such as car, computer, phone e.t.c. To minimise the overhead cost of each zone, staff strength should not exceed six and a zonal Heardquarters should not include a state representatives's office. All administrative problems such as staff welfare and discipline should be handled by zonal managers with dispatch.

STAFF WALFARE

The study appreciates the fact that People's bank is non-commercial bank and this has largely determined the take home pay of staff. However, a comparative study on other government Bank shown a wide gap between people's bank staff and these banks. Accordingly, staff salaries should be harmonised in line with government banks such as Nigeria Agricultural and corporative bank (NACB) and Federal saving bank.

Staff apprasial should be a continuous exercise unlike the present arrangement where over five years, appraisal of staff have not been carried out. Head office records of staff must be kept properly and updated regularly with a

view to enhancing staff responsibilities within various branches or offices.

STAFF RESPONSIBILITIES

Staff should with humility accept the challenges associated, of working with the poor. The era of arm-chair banking has since gone with the wind and the present dispensation in banking industry calls for innovation on the part of staff at all levels of responsibility. Branch managers should initiate innovative ideas aim at placing their branches in strategic positions capable of enhancing saving mobilisation and loan repayment. In doing this staff should exhibit transparency of honesty, technical competance and patience in official matters with the general public. Anything fall short of this is an abdication of a sacred responsibility bestow on them by the aims and objectives of People's Bank.

LOCATION OF BRANCHES

This study found out that some branches of People's Bank were largely located because of political consideration, which has contributed to low patronage by neighbouring villages, in terms of saving mobilisation and loan repayment. To solve this problem, this study recommends that management should take the courage in declaring these branches as cash centres and consequently

identify viable village/town for the location of a main branch.

PARTIAL COMMERCIALISATION OF SERVICES

In the words of Mrs Maria Sokenel, the former managing Director of PBN, "Banking the poor is an exspensive business", particularly in a country like Nigeria with a vast land of 923,768 square kilometres. To reduce the present huge overhead costs, and position the bank for self-reliance in future years, this study recommends an investment centre in each state capital with a branch, solely to monitor branches liquidity on a monthly basis and invest cash in excess of liquidity ratio in a high yielding and secured businesses. Such businesses include grain buying from local farmers and selling to major users like cadbury, Nestle etc.

CONCLUSION

One of the legacies worthy of mention left behind by General Ibrahim Babangida is People's Bank of Nigeria. The Bank, despite its financial limitation and other constraints has succeeded in bringing banking habit to the rural people and helped in raising the standard of living among beneficiaries, especially when viewed against the background that there is a general awareness among rural people hitherto considered unbankable by coventional banks.

There is, however, that need to sustain and increase the gains so far achieved by People's Bank. To attain this,

and with a view to ensuring that the bank exhibit a practical relevance to all class of Nigerians, the Federal government should increase the yearly subvention to the bank. An equivalent responsibility is to be borne by the management of the bank. In this regard, issues of importance such as staff walfare, economic considerations for branch location and effective structure necessary for timely responses to branches operations deserve immediate attention.

FURTHER AREAS OF RESEARCH

A study on People's Bank is multifaceted and consequently, this research study is too far from being described as exhustive. Possible areas worth researching into is a conparative study of People's Bank with similar mass oriented programmes in Nigeria and other countries. An appraisal of People's bus scheme is another aspect of research study, which an inquisive mind may find interesting.

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QUESTIONNAIRES

Below are questions designed to assess the performance of People's Bank of Nigeria in places where branches are established. The questions are part of a research being conducted by a post-graduate student of Ahmadu Bello University Zaria, with the title "The impact of Rural Banking and Credit administration under People's Bank of Nigeria, Fellow Managers should kindly assist by providing candid answers.

(1) When was your branch established ----------

(2) State total loanable fund received and disbursed since inception ----------

(3) State total number of beneficiaries (a) Male----------
(b) Female----------

(4) What is the rate of repayment (a) Below average
(b) Average (c) Above average

(5) State Sectorial distribution of loan in your branch.
---

(6) How regular is loanable fund in your branch (a) Regular
(b) Fairly regular (c) Not regular

(7) How adequate is loanable fund in your branches
(a) Adequate (b) Not adequate

(8) State gross Savings deposited since inception of your branch ----------

(9) Are you satisfy with the level of Savings Mobilization

---

(10) State problems facing savings mobilisation (Separate Sheet)

(11) How responsive is local government to your branch operations (a) Very responsive (b) Not responsive

(12) State whether working conditions of People's Bank of Nigeria is adequate or not (a) Poor (b) Very poor (c) Good (d) Excellent

(13) Use separate sheet to state any other opinion about People's Bank of Nigeria.

(14) Does the distance between your branch and beneficiaries affect loan recovering Yes/No

(15) Do you have a Credit Committee Yes/No

(16) How effective is this Credit Committee (a) effective (b) Not effective

(17) Does your branch Operate a Cash centee Yes/No

(18) How adequate is Communication between Head Office and your branch (a) adequate (b) Not adequate

(19) Would you advise dthat People's Bank of Nigeria go commercial Yes/No

QUESTIONNAIRES

Below are questions designed specifically to satisfy a research project on People's Bank of Nigeria. The objective is to find out the general public perception on services of the bank. Open-ended answers will be appreciated from respondents.

(1) Name (Optional) ..... (a) male (b) Female

(2) Are you aware of the existence of PBN. Yes/No

(3) Do you maintain an account with PBN Yes/No

(4) When did you open an account (if 3 is Yes)

(5) Which of these services are you aware that PBN render

(a) Savings (b) Accepting cheques/draft

(c) Loan disbursement.

(6) Why did you open a saving account with PBN

(a) To acquire Loan (b) Normal Saving (c) Others

(7) Have you ever benefited Loan facility from PBN Yes/No

(8) If Yes, how adequate was the loan

(a) Adequate (b) Not adequate

(9) If No, were you dissappointed and discouraged Yes/No

(10) What trade are you engaged (a) Agric (b) Petty trading

(c) Artisan (d) Transport

(11) Have you repaid your Loan Yes/No

(12) Which of these benefits have you derived by loan obtained (a) Capital accummulation (b) Free from Money leaders (c) More disposuble income.

(13) Suggest possible ways PBN will serve you better.

APPENDIX 1

STATE	1995	1994	1993	1992	1991	
1. LAGOS	19,362,594	17,362,594	16,362,594	16,423,381	13,988,208	
2. Ogun	7,756,633	5,756,633	4,756,633	3,236,411	1,871,236	
3 Oyo/ Osun	6,519,226	4,519,226	3,519,226	2,178,623	2,485,623	
4. Ondo	7,301,886	5,301,886	4,301,886	3,388,830	2,490,806	
5. Edo/ Delta	6,755,095	4,755,095	3,755,095	3,622,814	2,724,601	
6. F.C.T. Abuja	6,471,069	4,471,069	3,471,069	3,423,283	877,640	
7. Niger	6,583,657	4,583,657	3,583,657	3,051,141	3,052,725	
8. Kwara	5,798,520	3,798,520	2,798,520	1,275,268	1,450,484	
9. Kogi	5,072,978	3,072,978	2,072,975	1,226,640	877,192	
10. Kano	7,506,746	5,506,746	4,506,746	2,464,116	1,519,771	
11. Gigawa	5,695,292	3,695,292	2,695,292	1,608,979	1,305,682	
12.Adamawa	6,342,048	4,342,048	3,342,048	1,653,514	2,484,078	
13.Taraba	3,927,784	1,927,784	927,784	614,444	302,026	
14.Borno	4,934,689	2,934,689	1,934,689	4,334,563	1,417,864	
15.Yobe	8,303,169	6,303,169	5,303,169	2,983,738	1,086,363	
16.Kaduna	6,533,683	4,533,683	3,533,683	2,879,802	3,585,197	
17.Katsina	6,580,681	4,580,681	3,580,681	3,922,717	3,955,584	
18.Sokoto	6,006,082	4,580,681	3,580,681	3,922,717	3,955,584	
19.Kebbi	6,699,141	2,699,141	1,699,141	504,904	-	
20.Anambra	5,079,524	3,079,524	2,079,524	1,206,008	1,052,892	
21.Imo	4,880,378	2,880,378	1,880,378	1,735,972	708,001	
22.Enugu	5,025,617	3,025,617	2,025,617	893,516	481,806	
23.Abia	4,239,599	2,239,599	1,239,599	783,682	458,829	
24.Benue	6,531,775	4,531,775	3,531,775	2,648,504	1,556,740	
25.Bauchi	7,822,286	5,822,286	4,822,286	2,640,084	2,368,488	
26.Plateaus	6,917,401	4,917,401	3,917,401	503,123	2,366,484	
27.Rivers	5,350,663	3,350,663	2,350,663	1,899,510	2,064,563	
28.Cross Rivers	4,312,498	2,312,498	1,312,498	1,115,230	1,882,214	
29.Akwa Ibom	4,415,992	2,415,992	1,415,992	956,970	1,200,565	
30.Others	8,884,043	6,884,043	5,884,043	2,894,839	-=	
SOURCE:	197,610,749	135,610,749	105,610,746	77,959,628	64,038,962	

Audited annual report and Statement of accounts of People's Bank of Nigeria 1993.

NOTE

(1) 1995 and 1994 loan figures are not audited but the assumption is that each state was officially granted a minimum of one million naira and dtwo million naira for the year 1994 and 1995 respectively.

(2) Loan figures are cumulative and net of service charge receivable.

(3) States creation effected the pattern of distribution of loan among the states.

APPENDIX 2

PEOPLE'S BANK OF NIGERIA

OPERATION 1992

DISBURSEMENT OF LOANS SINCE INCEPTION TO 31 DEC., 1992
(LISTED UNDER CATEGORIES OF ACTIVITIES)

ITEMS	MALE		FEMALE		TOTAL	
	No. of Loans	Amt Of Loans	No Of Loans	Amt Of Loans	No. Of Loans	Amt of Loans
		N ml		N ml		N ml
Processing & Manufacturing	70,000	20.07	130.000	37.26	200,000	57.33
Agric & Forestry	128,000	21.18	202,000	33,42	330,000	54.60
Livestock & Fisheries	25,000	3.9	45,000	7,02	70,000	10.92
Transport & Other Services	65,000	26.62	35,000	14.33	100,000	40.95
Tradidng	100,000	13.65	400,000	54.60	500,000	68.25
Collective Enterprises	23,000	9.42	77,000	31.53	100,000	40.95
TOTAL	411,000	94.84	889,000	178.16	1,3000.000	273

APPENDIX 3

NUMBER OF COMMERCIAL BANKS BRANCHES IN NIGERIA AND ABROAD AND DISTRIBUTION

YEAR	NUMBER OF BANKS	URBAN BRANCH	RURAL BRANCH	BRANCHES ABROAD	TOTAL NUMBER OF BRANCHES
1970	14	-	-	-	273
1971	16	-	-	-	318
1972	16	-	-	-	367
1973	16	-	-	-	385
1974	17	-	-	-	403
1975	17	-	-	-	436
1976	18	-	-	-	463
1977	19	474	13	5	462
1978	19	511	98	5	614
1979	20	533	133	6	672
1980	20	565	168	7	740
1981	20	622	240	7	869
1982	22	676	308	7	991
1983	25	694	407	7	108
1984	27	810	432	7	1,249
1985	28	839	451	7	1,297
1986	29	879	481	7	1,367
1987	34	947	529	7	1,483
1988	42	1050	602	7	1,659
1989	47	1078	771	7	1,856
1990	58	1079	771	7	1,877

Note: Classification of Branches into Urban and Rural started in July, 1977.

Source: CBN: Statistical Bulletin vol. 1 Nos 1 & 2 December, 1990.

APPENDIX 4

NUMBER OF MERCHANT BANKS BRANCHES IN NIGERIA

YEAR	NUMBER OF BANKS	NUMBER OF BRANCHES
1970	1	
1971	1	
1972	1	
1973	2	
1974	3	
1975	5	
1976	5	
1977	5	1
1978	5	7
1979	6	7
1980	6	12
1981	6	15
1982	8	19
1983	10	24
1984	11	25
1985	12	26
1986	12	27
1987	16	33
1988	24	46
1989	34	56
1990	49	74

Source: CBN: Statistical Bulletin vol. 1 No 1 & 2 December, 1990