A COMPARATIVE STUDY OF THE PERFORMANCE OF PEOPLE'S BANK AND COMMUNITY BANKS IN KADUNA STATE

BY

AYODEJI OLUFEMI ASOWO

A PROJECT SUBMITTED TO THE POSTGRADUATE SCHOOL, AHMADU BELLO UNIVERSITY, ZARIA, IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION. (M.B.A.)

DEPARTMENT OF BUSINESS ADMINISTRATIS
FACULTY OF ADMINISTRATION
AHMADU BELLO UNIVERSITY
ZARIA.

OCTOBER, 1994.

DECLARATION

I hereby declare that this project had been prepared by me and that it is a record of my own research work. All sources of information and where applicable, other writers' views have been acknowledged in the form of Bibliography.

Name of Student	Signature	Date

CERTIFICATION

This project report titled " A comparative study of the performance of People's Bank and community Banks in Kaduna State" meets the regulations governing the award of the degree of Master of Business Administration of Ahmadu Bello University, Zaria and is approved for its contribution to knowledge and literary presentation.

A-SILVA		18/5/95
Supervisor	Signature	Date
DR. A. D. SHEIDU		21/5/95
External Examiner	Signature	Date
Abu-Abdissamad		11/2/98
H.O.D.	Signature	Date
		27/3/98
Dean, Postgraduate School	Signature	Date

DEDICATION

This project is dedicated to my late father - Mr. Albert Ajayi Asowo and also my mother Mrs C. Modupe Asowo.

This is in recognition of their immense contribution towards my academic career.

ACKNOWLEDGEMENT

In the process of carrying out this research project, I have enjoyed the assistance of Mr Omoware of U.B.A. Zaria who had accommodated me throughout my stay in Zaria.

I am also grateful to God for giving me good health to carry out the project. My gratitude goes to Mr A.S. Mua'zu - my boss in the office for his moral and financial support throughout the course.

I also wish to acknowledge with profound gratitude the devotion and encouragement of my supervisor - Mr A. Silva. His encouragement and guidance have been of great help to me.

Finally, I wish to express my appreciation to my wife - Toyin and two loving children - Olasumbo and crown prince Kolawola. They showed unusual patience and understanding when I had to turn off television and deny them attention in order to concentrate and complete this project on schedule.

ABSTRACT

It is an accepted fact that banks are instruments for stimulating and inducing development in both formal and informal sectors of the economy. Banking in Nigeria from it's inception which dated back to the colonial period had been urban orientated. This is due to the fact that the primary objectives of establishing these banks were to facilitate trade and commerce with the metropolitan headquarters.

Efforts made by the government to extend banking services to the rural areas through rural banking was rebuffed by the conventional banks. Establishment of People's Bank and introduction of Community Banks were therefore a direct consequence of the marginalisation of the low income group and rural areas of the economy.

These banks have been able to inculcate banking culture in the people, extend credit facilities to the less privileged members of the society and complement government efforts in improving the productive base of the economy.

The study has compared the performance of both People's Bank and community banks in Kaduna State. The research shows that both schemes have achieved tremendous success. The operations of the two types of banks were examined through data collected from questionnaires administered for bank officials and their customers.

Community banks appear to have gained more acceptance because of the community ownership, while People's Bank suffered because of bad publicity. However, both banks have been able to deepen the process of monetising the Nigerian economy down at the grassroots. This has enabled the informal sector to become part of the mainstream of the economic process in the country.

People's Bank could still be revived if adequate publicity is given to its activities and if the government encourages private participation in its shareholding, while community banks will consolidate their success in the state if they are not allowed to be hijacked by rich individuals. Community banks are in a position to obviate the profound shortcoming of the CBN rural banking scheme. They should however adopt a more expeditious approach in public enlightenment of their activities, systematic manpower training and creation of a favourable rapport with local communities.

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CHAPTER ONE

INTRODUCTION

1.1 AN OVERVIEW

Agriculture had been playing a dominant role in the economy of the Country. Between 1960 and 1970, it accounted for over 50 per cent of our gross domestic product (GDP). However, the sector's contribution had decreased consistently since 1971,.

Two major reasons were adduced by Olashore for this sudden development. According to him, one is education which most Nigerians regarded as a means of escaping the back-breaking manual labour on the land while the second was the discovery of oil. The upsurge in revenue from oil led to total neglect of agriculture and besides, revenue realised was used to develop the urban centres. The resultant effect of this was the massive movement of people from the rural to the urban centres.

Following the decline in oil revenue, government realised the need to reverse the trend and thus various programmes were embarked upon. One of such programmes was rural banking scheme.

The basic philosophy behind rural banking scheme was to mobilise rural savings which could then be used in granting credit to farmers and businessmen in the rural areas to stimulate economic development and growth. The programme was however beset with problems of inadequate infrastructure and non-chalant attitude of

Commercial Banks.

Meanwhile, world-wide recession took its toll on the economy of the Country. The price of crude oil fell in the world market and agriculture was not in a position to save the Country. Government was left with no option than to embark on various economic programmes aimed at revamping the economy. One of these programmes was Structural Adjustment Programme (SAP)

The thrust of SAP, introduced in 1986, was to restructure and diversify the productive base of the economy in order to reduce over-dependence on imports and the oil sector. But, the implementation of the programme led to high rate of unemployment and high cost of living.

In an effort to cushion the adverse effect of SAP on the low income group whose access to credit is restricted, government established People's Bank in 1989. People's Bank was established to focus attention on the under-utilised sectors of the economy, provide the opportunities for self-employment and inculcate banking habits at the grassroots level.

In a continuous effort to elevate the status of the rural areas, government thought of the need to encourage Community participation in the financial system and this also led to the introduction of Community Banking scheme in 1991 although the Decree establishing the scheme was out in 1992.

1.2 STATEMENT OF THE PROBLEM

The major object of both People's Bank and Community Bank was to transform the rural areas of the Country and encourage the informal sector of the economy in both rural and urban areas.

The economy of the country had manifested serious symptoms of unfortunate imbalance in socio-economic development in different dimensions. A critical diagnosis of the Nigerian economy quickly revealed that grassroots development had been neglected in near totality.

The term grassroots does not connote rurality rather it is an amorphous residual sector which contains some elements of both rural and urban.

Government's introduction of rural banking, People's Bank and Community Banks, was to address the imbalance. To ensure their success, various concessions were granted to encourage participants. Inspite of these efforts, there was continuous drift of people from the rural to the urban, agriculture's contribution to the GDP continued to fall while there was hight rate of unemployment in the economy.

1.3 OBJECTIVES OF THE STUDY

The objectives of this study are to assess and evaluate the performance of both People's Bank and Community Banks and this will involve examining the following:-

(a) How much financial assistance had been extended to the informal sector in Kaduna State.

(b) How much awareness both schemes have created among the targeted groups.

(c) The impact of these banks on the socio-economic life of the people.

(d) Identify problems and success of both schemes.

(e) Suggest methods of overcoming these problems.

1.4. SIGNIFICANCE OF THE STUDY

The study is important in view of the vital role of Banks in the development process of any economy. Apart from being the mobiliser of economic surplus, banks also lend to the productive sector of the economy. Therefore, if these schemes are able to accomplish their objectives pressure on the urban centres would be reduced considerably. There will also be less dependency on oil sector while unemployment rate will fall.

1.5 SCOPE OF THE STUDY

The study covers the operation of People's Bank and Community Banks with emphasis on data available in Kaduna State. Some selected branches of these Banks were visited for interview and contributions of targeted groups were taken.

Attempt was also made to look at the rural banking in the state, its problems and achievements. People's Bank and Community Banks are off-shoots of rural banking.

1.6. DEFINITION AND EXPLANATION OF TERMS

1.6.1 PEOPLE'S BANK OF NIGERIA

It is a Bank established by the Federal Government in 1989 to extend credit facilities to the less privileged members of the society who cannot normally benefit from the services of the conventional Banks.

1.6.2 COMMUNITY BANK

It is a Bank set up under the Community Bank decree of 1992. It is owned by the people, financed by the people, managed by the people to serve the socio-economic welfare of the people.

The fundamental concepts of a community bank is of a self-sustaining financial institution, owned and managed by a community or group of communities, for the purpose of providing credit, deposits, banking and other financial services to its members, largely on the basis of their self-recognition and credit-worthiness.

1.6.3 RURAL AREA

According to Awosika and Nwoko, the rural sector is seen as consisting of all economic activities outside the urban economy and Agriculture forms the major bulk of their economic activity. Besides, United nations defined in 1973 a rural Community "as an area with a population of less then 10,000 persons and characterised by a highly integrated social system, social values, attitudes, interpersonal relations and work habits".

1.6.4 ECONOMIC DEVELOPMENT

Oyaide (1977) described it as the structural transformation of a society such that it can acquire capacity and capability to supply goods and services needed by its entire population.

1.6.5 RURAL DEVELOPMENT

Adebola (1985) defined it as a set of policies aimed at transforming the rural sector. It is also an attempt to improve the welfare of rural residents and contribution which the rural resources base will make generally to the welfare of the population as whole.

1.6.6 RURAL BANKING SCHEME

It is a programme which mandates conventional Banks to open and operate branches in the rural areas of the economy. The scheme was introduced in 1977.

1.6.7 NATIONAL BOARD FOR COMMUNITY BANKS (NBCB)

Section 2(i) of decree No 46 of 1992 legalises the establishment of the NBCB, whose functions are to promote, develop and generally supervise the Community Banks.

1.6.8 COMMUNITY DEVELOPMENT ASSOCIATION (CDA)

It is an association of indigenes of a particular Community whose objective is to engage in self-help projects in their locality. They are always the promoters of Community Banks.

1.6.9 ESUSU:

It is a Yoruba word and called 'Adashi' in Hausa. It is a rotating credit association where members contribute weekly or monthly with

schedule of collection within a particular period. Participation imposes certain obligations on individuals apart form the privileges of securing credit.

1.6.10 CORRESPONDENT BANKING

Correspondent banking is the voluntary alliance of a bank with one or more other banks that offer either complimentary services or service in other geographical areas. Correspondent Banks are used by both People's Bank and Community Banks for clearance of cheques, issuance of drafts and other inter-bank transactions. This is because they are not part of clearing system. Infact, it is mandatory for a Community Bank to provide evidence of correspondent Bank nearest to the Community before it can commence business.

1.6.11 COMMUNITY

Community means a group of people who possess a common bond arising from residence, occupation, profession or other similar attributes and who interact, fairly frequently in pursuit of economic or social goals.

1.6.12 CREDIT FACILITY

This is any service or benefit that one party can offer another that is essentially intangible and creates a borrower-lending relationship over a period of time.

1.6.13 CHEQUE KITING

Is a method whereby a depositor utilises the time required for cheques to clear to obtain an unauthorised loan without any interest charge.

1.6.14 INTERNAL CONTROL

It is the whole system of controls, financial and otherwise, established by management in order to carry on the business of the enterprises in an orderly and efficient manner, ensure adherence to management policies, safeguard the assets and secure as far as possible the completeness and accuracy of the records.

1.7 PRESENTATION OF THE PROJECT:

This project is divided into five chapters. The first chapter is the introductory part which mentions various reasons for the introduction of rural banking, People's Bank and Community Banks.

Chapter two reviews the literature on the concept of rural banking and operations of both People's Bank and Community Banks. Chapter three describes the approach used in collecting data for the project, while chapter four is a presentation and Analysis of data collected for the project.

Chapter five presents the summary of the whole study, conclusions and recommendations on how to make these banks much more effective in achieving their objectives.

CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

The literature review commences with the concept, objectives and problems of rural banking. Another section presents the operation of both People's Bank and Community Banks. The establishment of these banks was a direct response to the failure of rural banking which was beset with problems.

The chapter also mentions traditional financial methods and the role of community development association. The final section presents the conclusion on all the aspects discussed in the literature review.

2.2 THE CONCEPT OF RURAL BANKING

Rural banking is a concept designed to encourage banking culture in the rural areas of the country. The idea stems from the realisation of the paucity of facilities in the rural areas of the country that have genuine potential for making a substantial contribution to the nation's total economic development. Besides, the majority of the population live in the rural areas and engage in agriculture which was the main-stay of Nigeria's economy before the advent of oil.

The basic requirements for true development were absent in the rural areas. True development as defined by the Ministry of National Planning means "the development of man -- the unfolding and realisation of his creative potentials -- enabling him to improve his material conditions of living through the full utilisation of resources

available to him".

Most conventional banks commenced their operation in the urban centres and no serious effort was made to integrate the rural areas into the mainstream. The rural populace have been left to do their banking and credit in the traditional way. This has therefore denied them the much needed credit for transformation.

Research as also shown that apart from rural dwellers' inaccessibility to the bank credit, the stock of money in their possession were kept outside the modern banking system. Economic planners have, therefore, realised the need for rural credit as a vital requirement for rural transformation.

Rural banking scheme was launched in July 1977 with the need to have one bank in each local government headquarters and to site new branches near each bank's existing branches to mitigate the communication problem. It was also decided to allocate the identified rural centres to banks on the basis of a formula which relates the number of each bank's rural branches to its total network throughout the country.

Government considered the futility of solving the problem at one stroke and Central Bank of Nigeria (CBN) decided to phase the programme for easy execution and control. The period July 1977 to June 1980 was marked out as the first phase of the scheme and a total of 198 branches were allocated to the commercial banks.

2.2.1 OBJECTIVES OF RURAL BANKING

Rural banking scheme was introduced to achieve the following objectives:-

* To mobilise the savings of the rural areas for their development.
* Create banking habit among the rural dwellers.
* To place credit facilities on reasonable terms within the reach of rural dwellers and low income group.
* Increase the productivity of rural sector and informal sector.
* To promote and expand the rural economy in an orderly and effective manner.
* To stem the rural-urban drift.

2.2.2 INCENTIVES

In an effort to ensure the success of rural banking scheme, government introduced a lot of incentives to encourage banks to establish branches in the rural areas. The approach used was more of persuasion than coercion. The following incentives were made available:-

* Each bank was allowed to enjoy monopoly for a reasonable period in each rural centre as compensation for the sacrifice it will make for the social and economic development of the area.

* In addition, banks were not required to back-up their application to open rural branch with feasibility report.

* Capital expenditure incurred in setting up a rural branch was allowed to be set-off against the income of the Bank.

* Capital allowances for individual assets were also increased.

* Credit facilities granted in rural branch may be excluded from the bank's total credit in computing the permissible growth in the bank's loans and advances.

* Government enjoined all state governments to embark on improvement of infrastructural facilities like road, electricity and communication in the rural areas.

2.2.3 PROBLEMS OF RURAL BANKING

Inspite of the laudable objectives of the scheme and coupled with the incentives offered by the government, it was beset with problems. Some of the problems are:-

* Lack of infrastructural facilities: Some of the areas allocated are not accessible, no communication facilities; while most of them rely on generator as source of power supply. All these facilities that are indispensable in banking are absent in rural areas.

* No choice of areas: Government allocated branches to banks whether it is profitable or not. Since most banks are profit oriented they cleverly avoid unprofitable areas.

* Accommodation: Most rural areas lack modern and durable buildings which can be rented for banking purpose. Yet it takes time to acquire land and erect new building and often at very high cost.

  Staff accommodation poses a more serious problem. In some localities some staff members have been forced to travel long distances on poor roads everyday from nearby towns where they can find suitable accommodation. This situation discourages efficiency and hampers the recruitment of high quality staff for rural bank work. Attempts to force experienced staff to the rural areas had resulted in high labour turnover.

* Low Business Volume: the seasonal nature of agriculture which attracts seasonal business coupled with the present peasantry of our farming community results in low volume of business. Most banks were unable to break-even talk less of making profit. Since they do not consider their services as welfare but strictly profit-oriented they shy away from these rural areas. In fact, many went to the extent of renting a building in the rural area but refuse to operate it just to comply with CBN directive.

* Bad debts: There was high rate of bad debts in the rural banks because most rural dwellers lack knowledge of credit management. Credits granted to them were diverted to social use yet no adequate collateral to liquidate them.

2.2.4 FAILURE OF RURAL BANKING

The non-chalant attitude shown to the rural banking scheme by the conventional banks led to its failure. Rural banking was a costly business to the banking institutions as its operation was unprofitable. They were unable to breakeven, and if they ever made any profit, the return on capital was very small compared to the profitability of operation in the urban centres. Apart from that, low income earners were also marginalised and this led to the establishment of both People's Bank and Community Banks.

2.3 PEOPLE'S BANK

People's bank programme established through Decree No.22 of 1989 was a new phenomenon in banking. The development of people oriented bank with the basic needs of the majority as the focus became imperative following the short-comings of the conventional banks to the rural banking scheme.

Although Commercial Bank branches went up to 765 in both urban & rural areas by the end of phase 3 of rural banking schedule in June 1991 with total deposit increased to ₦8.3 billion and total loans that stood at ₦5.1 billion. Despite these statistics, actual impact on peasants agriculture and rural development was negligible. People's Bank is an innovative credit programme for poor people who due to non-availability of collateral securities do not have access to the facilities available at the conventional banks.

Besides, the decline in oil revenue following the collapse of oil price forced the government to evolve various economic measures to restructure the economy. One of such programmes was the introduction of Structural Adjustment Programme (SAP).

The effect of the programme resulted in unmanageable inflation rate and embarrassingly high cost of living. This worsened the already bad situation of the peasants who felt the bitter impact more and this led to massive pressure on the government to come to their rescue.

The scheme was fashioned after the Grameen Bank in Bangladesh and money shops in the Philippines. Other countries that have successfully implemented the scheme include Malaysia, Sri Lanka, Tanzania etc.

2.3.1 OBJECTIVES OF THE BANK

The bank is charged with the following objectives.

* Extension of credit facilities to the less privileged members of the society who cannot normally benefit from the services of the mainstream banks.

* Provision of opportunities of self employment for the vast unutilised and underutilised manpower resources.

* Complement government efforts in improving the productive base of the economy.

* Inculcate banking habits at the grass-root level and reduce rural-urban migration.

* Cushion the painful effect of the Structural Adjustment Programme (SAP) on the depressed sectors of the economy.

2.3.2 OPERATION OF THE BANK

People's bank is wholly owned and financed by the Federal Government. Apart from subvention from the government, it also receives deposits from customers. Management of the bank is through Headquarters, Zonal offices, and Branches nationwide.

Branches established in a particular states are supervised by the Zonal Office who in turn report to the headquarters. The following states are under Kaduna Zone - Kaduna, Kogi, Kano, Niger and Federal Capital - Abuja. Apart from the branch in Kaduna City, there are six other branches with one each in Kachia, Kafanchan, Ikara, Kaura, Zaria and Maigana all in Kaduna State.

2.3.2.1 MONITORING OF THE OPERATION

This is done through daily submission of statement of returns prepared by each branch Manager for the Zonal offices while they in turn prepare monthly report on behalf of the branches for the Headquarters. The Headquarters reports to the Central Bank of Nigeria through Federal Ministry of Finance.

2.3.2.2 MODALITIES FOR OBTAINING LOAN

Basic requirements to be fulfilled to quality for loan:-

* Formation of group
* Consolidation of membership
* Contact with the nearest People's Bank centre.
* Meetings and consultation between Bank's field officials and group members.
* Determination of the amount required at group meeting as well as the selection of the first 5 beneficiaries by the group.

* Bank official will visit place of business of each prospective customer with a view to ascertaining individual request for credit facilities.
* Disbursement of loans directly to the individual loanee and not through an agent or group leader.
* Monitoring of proper utilisation of loan by field workers.

People's bank has gone into full commercial banking, customers are encouraged to open various accounts where commercial interest is paid. Consequently, all loans granted to their customers attract commercial rate.

Repayment:- All loans are granted without collateral and are payable within 52 weeks. Most branches limit their loan to a single customer to ₦30,000.00. Defaulters who fail to respond to their repeated calls are normally charged to court.

Some of the projects under People's Bank scheme include the following:-

* Loan to petty traders
* Loan to the informal sector like mechanics, carpenters, barbers etc.
* Loan for handicrafts like weaving, pottery, dyeing etc.
* Loan to rural farmers
* Savings account scheme
* People's bus loan scheme (Mass Transit).
* People's emergency deposit scheme (PEDS) - which was fashioned after traditional financing system called 'ESUSU'.

* Fund transfer
* Children special saving scheme
* Fixed deposit Account with attractive interest.

2.3.3 PROBLEMS OF PEOPLE'S BANK

Although People's Bank had commenced full commercial banking service, its services had been constrained by the following problems.

2.3.3.1 PERCEPTION:

The scheme was introduced during the last Military administration of President I.B. Babangida (IBB) and the impression was that it will die with the administration. This was responsible for the lukewarm attitude of the public to deposit with the bank.

2.3.3.2 MANPOWER:

The bank was unable to secure the services of professional bankers because the salary structure was unrealistic and thus the services rendered could not meet up the standard expected of the bank.

2.3.3.3 CLEARING SYSTEM

Inspite of offering commercial banking services, it is constrained by its inability to join the clearing system. Instead, People's bank had to transact their business through correspondent banks which are supposed to be their competitors.

2.3.3.4 HIGH RATE OF DEFAULTERS:

Loan seekers have no intention of paying back because they assumed that the loan is their own share of the national 'cake'. Loan recovery was also made difficult because the bank does not ask for collateral securities.

2.3.3.5 GOVERNMENT SUBVENTION:

People's bank like any other parastatals is financed by the government. The subvention has been reduced drastically in the past few years because of government's dwindling revenue and this has affected loan disbursement of the bank too.

2.3.3.6 CORRUPTION:

High level of corruption in the bank has scared the intending depositors. The pioneer Chairman of the bank resigned because of this and yet the government never thought it wise to probe the bank.

2.4 COMMUNITY BANK:

Advent of Community banking with wider scope for direct community participation had posed a great challenge to People's Bank. Besides, both schemes targeted the same informal sector of the economy but people prefer their own Community bank to People's bank.

2.4.1 COMMUNITY BANKING:

Community banking is a form of specialised unit banking introduced through Decree 46 of 1992 as a new concept in the Nigerian financial system. In fact,the first Community Bank was established late in 1991. It will provide grassroot financial services to any defined local community whether in the urban or rural areas. Its patronage, ownership, management and sanctions are community based and therefore enhance recovery.

In an effort to elevate the status of the rural areas, government set up the Directorate of Food, Roads and Rural Infrastructure (DFRRI) to achieve integrated rural development thereby making rural sector activities more attractive and as a consequence stem the tide of rural-

urban migration.

Besides, DFRRI was also charged with the following mandates:
To organise and mobilise Nigeria rural communities for development activities and provide these communities with infrastructural facilities like roads, water and electricity.

DFRRI's mandate of promoting productive activities was stalled because efforts made to persuade mainstream banks to make their credit provision process more appropriate to the circumstances of the rural populace and low income group were in vain.

One basic fact of life in Nigeria is that a large part of our population and economic life is still governed by traditional, pro-capitalist social relations of production. Access to land and credit is still determined by kingship and communal relations than by market forces.

The only way to secure credit for a venture is to participate in any of the innumerable types of rotating credit associations. At the same time, there is another widely recognised and appreciated institution which had grown in importance since colonial period. It is called Community Development Association (CDA) which engages in various self-help projects in the locality.

The basic idea underlying the Nigerian version of community banks is to radicalise institutions of both the community development associations and the traditional savings system in a manner to integrate them into the mainstream of National financial and economic development.

The critical element in this innovation was that, credit is now being made available not by the grace of the privileged few nor by the flawed benevolence of government but by self-recognition and personal worth. Besides, it enhances banking habit and bridges the credit gap of its community thereby facilitating productive activities in the area.

2.4.2 OBJECTIVES OF THE COMMUNITY BANKING SYSTEM

The objectives of the Community Banking System include:-

* The promotion of rural development by providing financial and banking services (credit and deposit services) as well as other facilities to communities inadequately supplied with such facilities.

* The rapid enhancement of the development of productive activities in both rural and urban areas and thereby improve the economic status of small producers in the informal sectors of the national economy.

* Promotion of an effective and integrated national financial system that is responsive to the needs of the whole economy especially at the grassroots level.

* Inculcate disciplined banking habit among the masses of low-income workers in Nigeria and bridge the credit gap of the communities.

* It also fosters the spirit of community ownership, use of economic assets and maintenance of such facilities.

2.4.3 TRADITIONAL FINANCING METHOD & COMMUNITY DEVELOPMENT ASSOCIATION

2.4.3.1 TRADITIONAL FINANCING METHOD:

Tradition could be defined as the long established belief and custom in the life of a community. Traditional methods of financing, therefore, are those systems of financing credits which had been in existence and dating back to history. In the past, communities practised barter system. The decline of the system and monetisation of the economy, motivated the desire for some form of mobilisation of savings through either formal or informal methods.

Thus, a type of 'banking' activity known as 'rotational saving' became common in both rural and urban areas. It was practised in most parts of the country but under different names depending on the location. The Hausa/Fulani axis of the North refer to it as 'ADASHI' while the Yorubas call it 'ESUSU'.

The system was built on confidence and trust. A group of people come together and agree to contribute fixed amounts at regular intervals. There is also a list of how it will be shared. On each due date of collection, the amount collected is handed over to the person due on the list. This goes on in turn until each contributor gets his own collected sum.

Any contributor is, however, allowed to apply for loan which is interest free. This form of finance encourages the habit of saving and enables one to have unconstrained loan for business need. The system is, however, not for mobilising huge amount of money but rate of default is minimal.

The system provides, easy access to investible funds with minimum formality and free from credit expansion restriction of Central Bank of Nigeria.

PROBLEMS OF THE TRADITIONAL FINANCING SYSTEM

As simple as this system may appear to be, it has its own share of problems:-

a. The fund involved is always small and cannot accommodate a big project.

b. A default by a member might halt the whole programme.

c. Where one of the members who owes money to the group dies, his immediate family will be held liable to liquidate the debt.

2.4.3.2 **COMMUNITY DEVELOPMENT ASSOCIATION (CDA)**

A Community Development Association is an association of indigenes of a community for social interaction and also engages in self-help projects. They are widely recognised and appreciated institutions which had grown in importance since colonial period. They bear different names like town union, community organisations, youth clubs, or similar bodies that represent the traditional apex

organisation for planning and directing development activities within the community.

There are general features of community setting in Nigeria and they include the following:-

(a) Lack of or near absence of major infrastructural developments such as good network of roads, electricity, health facilities etc.

(b) Low educational facilities and the attendant low overall educational level.

(c) Conservative behaviour etc.

Most Community Development Associations therefore channel their efforts toward the improvement of standard of living of their communities. Besides, they create social and political awareness among the populace.

They are therefore recognised as one of the major shareholders of a community bank. They are expected to pick up at least 30% of the shares. They can also come together to promote a community bank.

2.4.4 REQUIREMENTS FOR ESTABLISHING A COMMUNITY BANK

Prospective owners must incorporate a Community Bank company to give it a legal status to operate as a corporate entity. The

incorporation with the Corporate Affairs Commission will however be done through the National Board for Community Banks.

The owners of a Community Bank must raise an equity share capital in cash of not less than ₦250,000 before they can be licensed to operate a Community Bank. However, no government-be it local, state or federal is allowed to own shares in the Community Banks. Through NBCB, the Federal government may be willing to give matching gant when necessary.

This contrasts with the system in Ghana where the Central Bank of Ghana provides most of the initial equity capital but encourages individuals to buy shares. The bank also exerts overbearing surveillance over their day-to-day operations.

After satisfying all in the conditions for issuance of licence, the National Board for Community Banks (NBCB) will issue a provisional licence to last for a year. Thereafter, based on the satisfactory performance and recommendation of the NBCB, the Central Bank of Nigeria (CBN) would issue a formal operating licence to the bank.

2.4.5 OPERATION OF COMMUNITY BANKING

2.4.5.1 OWNERSHIP STRUCTURE OF COMMUNITY BANKS

Community Banks are jointly owned by the following three categories of people.

a. Community Development Association (CDA)

The Community Development Associations are primary promoters of the bank. They include town unions, district

associations or similar bodies that represent the indigenes of the community.

b. Trade Associations such as co-operative societies, farmers group, occupational unions, market women organisations, social clubs etc operating within the community.

c. Indigenes of, and individuals within, the community except that no single indigene or individual shall hold more than 5% of the shares of a Community Bank.

STAFFING: A Community Bank must be managed by educated personnel at board and management levels. In particular, manager must have at least 8 years banking experience while sectional head should have 5 years. Preference for employment is given to the indigenes of the community.

Correspondent Bank: Community banks are not part of the clearing system and thus have to transact their business through the mainstream banks nearer to them.

Management; Apart from the Manager and Accountant, a community bank is allowed to have a maximum of 13 (Thirteen) persons with three departments. The first is Banking division which maintains customers' transactions and Accounts. General service division forms the working tools of the bank with the following functions: maintenance of a register of members, arranging board meetings, recruitment of staff etc. Credit and development division undertakes initial counselling of borrower and monitor recovery of loans granted.

2.4.5.2 MAIN FEATURES OF NEW PRODUCTS AND INNOVATIONS IN COMMUNITY BANKING

(a) ESTABLISHMENT OF A MOBILE UNIT:

Most Community Banks particularly in Kaduna State have set up a unit that goes from house to house (or shops) to collect money from their customers, enter the amount collected in their passbooks and thereafter pay into the bank. All withdrawals are however made at the bank office. The major target groups are petty traders, artisans, tailors etc.

(b) FESTIVAL ACCOUNT:

Customers are encouraged to open a special festival account where payments are made daily, weekly or monthly. Withdrawals are made just before the commencement of the festival period. Such festivals include Easter, Christmas, the Moslem festivals as well as the native festivals of the community.

(c) YOUNG ENTREPRENEUR SAVING SCHEME (YESS)

YESS is a scheme where young artisans, taxi drivers, motor-cyclists, tailors etc are encouraged to make payments into their accounts daily or weekly and after a specified period a multiple of the amount already paid into the account is advanced to them by the bank to buy assets for their business.

What is bought is however in the name of the bank, insured and registered before the asset is handed-over to the young

entrepreneur who is expected to render returns to the bank, at least weekly or on agreed terms. As soon as payment is completed, the ownership of the asset is transferred back to the client.

(d) TERM LOANS:

These are loans which mature within a year.

(e) BRIDGING FINANCE:

This type of facility serves as interim financing until a project is completed and long-term financing is arranged.

(f) PROJECT FINANCING:

This is an extension of credit to finance capital projects and borrower's sole source of repayment is derived from the successful operation of the project.

(g) LOAN SYNDICATION:

This is another credit facility offer by the Community Banks. This involves a consortium of banks and the purpose is to spread the risk inherent in the project. Community Banks join hands with their colleagues to syndicate loan to customers.

(h) WEEKEND BANKING:

Community Banks operate on weekends and open beyond normal hours. This gives them added advantage over conventional banks which do not operate during the above period.

2.4.6 ROLE OF NATIONAL BOARD FOR COMMUNITY BANKS (NBCB)

Community Banking, being a new dimension in banking, requires a unique body to guide it towards attaining the standard of a conventional bank.

National Board for Community Banks (NBCB) was established through Decree 46 of 1992. The board is charged with the responsibility of promoting the establishment, supervision and monitoring of the activities of Community Banks. The board operates under the general overview and surveillance of the Central bank of Nigeria.

The board operates through Eight (8) zonal offices scattered over the country. Each zone co-ordinates the activities of community banks within its zone. The NBCB grants provisional licence to a community bank to operate pending the full licence from the Central Bank of Nigeria. It also conducts training in collaboration with financial institution training centre (FITC) for various levels of staff of these community banks.

The board through its Kaduna zonal office has conducted various seminars and workshops both for bank Managers and the beneficiaries. It also collates data to determine the performance of these banks under Kaduna Zone.

2.4.7 PROBLEMS OF COMMUNITY BANKING

Inspite of success of Community Banking, it has its own share of problems and some of them are:-

a. **LACK OF EXPERIENCED MANPOWER:**

A new scheme of this nature requires the services of trained and experienced manpower to build a solid foundation for it. Unfortunately, the scheme does not enjoy this privilege. Besides, most community banks cannot afford to pay for the services of these experienced staff.

b. **LOW CAPITAL BASE:**

The share holding is limited to the community where the bank is located, and this limits the capital base of these banks. The minimum share capital of ₦250,000 is very low particulary in urban areas like Kaduna where the cost of set-up is very high. This resulted in the promoters borrowing to ensure a timely start-up.

Some obtain loans at a very high interest rate thus making them indebted from day one.

(c) **UNPROFESSIONAL ACTS:**

Most board members engage in inside dealing like giving loans to themselves. Besides, they also lodge money with finance houses because of attractive upfront interest. Most of these finance houses and newbreed banks are already distressed.

Board members are also known to have diverted community banks' fund into their private business.

(d) CORRESPONDENT BANKS:

Community banks are outside the clearing system and thus transact their business through the conventional banks who act as their correspondent banks. Unfortunately, these correspondent banks treat them as their competitors rather than a helper.

Most community banks have been 'hijacked' by 'money-bags' who disguise under the names of their relatives in the community. They exercise enormous influence in the decision of these banks.

(e) POOR SALARY SCALE:

There is no generally accepted salary scale for community bank workers because of their size. This is responsible for their inability to attract best hands.

2.5 CONCLUSION:

The banks' major responsibility is to mobilise funds from the surplus sector to the deficit sector of the economy. Rural banking was introduced to extend these services to the rural areas where majority of the population live. Besides, developing the rural areas socially and economically, it will enhance the social and political stability of the country.

The failure of rural banking led to the introduction of both People's and Community Banks. People's Bank was to take care of the low income group marginalised by the conventional banks while community banking was to encourage community participation in

banking.

Inspite of the laudable objectives of these schemes, they are however beset with different problems ranging from mismanagement, inside dealing by the directors, low capital base and poor staff salary.

There are people who are yet to be convinced because of the experience they had with 'wonders' banks. Unless these problems are solved, it might send bad signal to the public. Central Bank of Nigeria (CBN), insistent on denying them operating licence because of their weakness, will also add to their problems.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 INTRODUCTION

The objective of this study is to assess and evaluate the performance of both People's Bank and Community Banks in Kaduna State. To do a thorough evaluation, it is imperative to conduct the research in a way that the notions of both bank officials and their customers are obtained. This would have involved visiting all the branches in Kaduna State with thousands of their customers all over the state.

Apart from that, non-customers were also interviewed to ascertain their reasons for not using either of the bank. The supervising boards of these banks i.e. National Board for Community Banks (NBCB) and People's Bank zonal office both in Kaduna were also visited.

In view of the dearth of reliable data and research on these banks because of their uniqueness in Nigeria banking system, the questionnaire approach was adopted for obtaining vital information and statistics which are important for assessing the performance of these banks.

Another source of information was the use of secondary data which was obtained from NBCB and People's Bank's zonal office in Kaduna. The study is conducted in such a manner as to derive useful information essential for arriving at meaningful conclusions as regards the impact of both People's bank and Community Banks in Kaduna State.

3.2 SAMPLE SELECTION

In is impossible to survey the entire People's Bank branches and Community Banks in Kaduna for the purpose of this study. Instead four People's Bank branches and Community Banks in Kaduna City, Zaria and two other local government areas were chosen as constituting the population. They are found to be most active in the state as reflected in the newsletters issued by the National Board for Community Banks and People's Bank zonal office.

The number of banks visited were moderate enough to be handled without using random sampling. Selection of customers too was restricted to each community where these banks are located. The selection of customers was however based on random sampling because of the large size of the population.

3.3 DATA COLLECTION TECHNIQUES

Data used for this research were collected through primary and secondary sources. The primary sources used include the design of questionnaire and personal interview.

While secondary sources include consultation with relevant books, and publications in the financial journal and newspapers. The researcher relied also on newsletters published by People's Bank and National Board for Community Banks.

Papers presented at various seminars, workshops and conferences were also reviewed in addition to several unpublished MBA project reports.

3.3.1 QUESTIONNAIRE

The questionnaires were designed to elicit survey-type response from the respondents i.e. bank officials and customers. Although, they are structured but the purpose of the study was disclosed to ensure unambiguous answers and consistency in their response. Two types of questionnaire were designed. One for top official of these banks while the second was for their customers.

Thirty questionnaires each were sent to each customers of both People's Bank and Community Banks respectively. Four of them were however returned uncompleted.

Twenty questionnaires each were also sent to officials of both banks with five returned uncompleted. The questionnaire designed for bank officials sought information about their educational background and years of experience. It also sought for the category of customers and the level of defaulters.

The questionnaire designed for customers sought for their impression on the performance of their banks when compared to conventional banks. It also sought for frequency of their visits to the bank to deposit their savings and how long it takes to get loan. It also sought for the impact of community banks on their business activities.

(a) Response from People's Bank

50% of their customers are petty traders while farmers, businessmen and civil servants form 18%, 30% and 2% of their customers respectively. Petty traders also enjoy the highest percentage of their credit facilities with farmers and artisans

trailing behind.

Loan recovery did not show the usual trend. Their most faithful customers are the farmers and artisans. Their lukewarm attitude to repayment was borne out of their belief that the loan is their own share of the national 'cake'. The maximum loan to a customer is limited to ₦20,000.00.

Customers complained of decline in the activities of People's Banks particularly in granting credits. The bank was not active in the socio-economic programmes of their area. Almost 20% of the people interviewed would rather bank with Community Banks than use People's Bank.

(b) Report from Community Banks

The category of their customers are as follows. Petty traders 50%, civil servants 25%, Businessmen 5% and farmers 20%. This reflects the direction of community bank which is towards low income groups.

In terms of credit, both petty traders and farmers enjoy 40% percent each while businessmen, civil servant and artisans share the balance. Most bank officials confirmed that these loans are payable within 6 months.

Most Community Banks restrict their credit limit to 70% of their total deposit or 10% of their total share capital whichever is higher. This is done in compliance with the operational directive from the National Board for Community Banks.

3.3.2 PERSONAL INTERVIEW

Majority of the customers are illiterate and thus face-to-face interview had to be used to supplement questionnaires designed for them. Personal interview also reduces refusal rate and it is easier to assess incorrect information given deliberately.

Some bank officials were unwilling to fill the questionnaire but will prefer personal interview and this was done in order to get their views on the subject.-

Members of the public who are non-customers of these banks were also interviewed to ascertain their reasons for not banking with them. No questionnaire was designed for them because the question was just to know why they are not using any of these banks.

There response vary but include the following:

* Lack of confidence in these banks.
* Ignorance of their existence.
* Bad experience from distressed banks and finance houses.
* Possible take-over by rich individuals and government's incessant interference.
* High rate of inflation which left most people with nothing to save.
* Some people particulary the elites believe the banks are meant for poor people.
* Others are comfortable with the services of their

commercial banks.

Personal interview was also conducted with the officials of NBCB and People's Bank zonal office in Kaduna.

3.3.3 DOCUMENTS AND RECORDS

To supplement questionnaire and personal interview, several documents and records were consulted. These include newsletters published by the National Board for Community Banks (NBCB) and People's Bank Zonal Office, relevant books on banking, financial newspapers and journals. Papers presented at various seminars and unpublished MBA project reports.

3.4. CONCLUSION

In the foregoing analysis, an attempt has been made to identify through the views of bank officials and customers the extent of acceptance of this unique banking system.

Findings from the research also show that the managers of these banks did not have more than 2yrs banking experience. Infact, many started their banking career with their respective banks.

The educational background of these officials is very poor. Some did not go beyond diploma but claimed to have acquired 'enough' experience in other banks.

Statistics also show that People's Bank restricts itself to petty traders while Community Banks were able to take on both petty traders and

civil servants. This was also demonstrated in the category of credit granted.

It is obvious that Community Banks cover wider area than People's Bank because they are Community based and owned; while People's Bank is considered by all as another government agency.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 INTRODUCTION

Information from data collected for this research shows that majority of the customers of these banks are within low income bracket. They include petty traders, farmers, artisans and civil servants.

Out of these categories of their customers almost 85% are men while 15% are women. This shows the level of awareness among men in these communities. Although, the low response of the women could however be attributed to islamic religion which restricts them to their homes.

Customers of People's Bank are visited daily and thus are able to make deposits daily. The maximum loan collectable from the People's bank is ₦20,000 while Community banks were able to loan up to ₦50,000 to an individual customer.

Repayment period of People's Bank is 52 weeks while most Community Banks restrict themselves to 3 to 6 months loan. Some of the problems encountered by the Community Banks in granting loans include:-

(a) Inability of the customers to supply the needed data for proper analysis and assessment of proposals.

(b) Dishonesty on the part of some beneficiaries.

While People's Bank have similar problems stated above, but lack of funds is their major constraint. Federal government is the major owner and because of its dwindling revenue it could not fund the bank adequately to meet its obligation.

Although, People's Bank is worried about the general impression of their customers who perceived the loan as their own share of national 'cake'; this has led to serious scrutiny of customers to determine their seriousness before granting loans to them. Many of them, therefore, consider this as a deliberate ploy to deny them loans.

The response to questionnaires sent out to customers shows that 92% were filled while 8% were returned uncompleted. While 75% of the bank officials responded to the questionnaire only 25% returned theirs uncompleted.

The information obtained clearly shows the performance of these banks in Kaduna State.

4.2 PERFORMANCE OF PEOPLE'S BANK IN KADUNA STATE

People's bank made appreciable impact on the life of the peasants, farmers, artisans and petty traders in Kaduna State. Various credits were granted to them to improve the level of activity of their business.

In addition, farm tools were bought for farmers at subsidised rate to increase their farm produce. Where big tractors are bought they are offered to farmers at a very reasonable charge for use in the farm. Loans are also made available to artisans to buy tools for their trade and to pay back at ease within one year.

The unemployed were also assisted to start a trade and prevent them from becoming a menace to the society. The bank was able to create banking habit among the populace. The number of customers of People's Bank in Kaduna State is close to ten thousand scattered all over the state.

The bank was able to reduce the level of unemployment in the economy through generous credit facilities offered to their customers.

4.2.1 FUND MOBILISATION

Although People's Bank is funded by the Federal Government, the bank has been able to integrate itself into the grassroots to source for fund. On average, the bank receives over ₦1,000,000.00 deposit monthly from its customers.

With the commencement of full scale commercial banking, People's bank has the following accounts for their customers, family savings account, children savings and fixed deposit account.

Apart from current and savings accounts, the bank introduced mobile deposit scheme which enables their customers to make deposit without coming to the office. A commercial interest rate is paid on this deposit.

Another product designed to mobilise fund is People's Emergency Deposit Scheme (PEDS). It is a deposit scheme to imbibe savings culture in the masses in case of emergency. It is a modernisation of the traditional system of contribution otherwise known as 'ESUSU' or 'ADASHE'.

The objectives of the scheme apart from imbibing savings culture include the following:-

(a) To pool financial resources from small savers and manage such resources on their behalf;

(b) Invest the pooled resources in approved investment outlets in order to achieve a high level of returns to the benefit of the account holders.

(c) To stimulate the development of the Nigerian capital market through mobilisation of idle funds and channelling such funds into the market through viable investment outlets.

The scheme is targeted towards the market women and men and artisans engaged in tertiary occupations e.g. carpenters, tailors, mechanics etc.

The scheme enables a customer to take care of emergency relating to:-

(a) New product line.
(b) Increase in stock level.
(c) Unexpected farm hazards.
(d) Increase and payment of school fees or settlement of hospital bills.
(e) Personal development.

4.2.2 LOAN DISBURSEMENT

The bank disbursed over ₦700,000 monthly in form of credits to its customers. Petty traders accounted for 50% of its customers who enjoy these loans while farmers and artisans accounted for 30% and 20% respectively.

Credits are also extended to National Directorate of Employment graduates to start a new business. This considerably reduced high rate of unemployment.

Loan disbursement is also done through bulk purchase of farm tools and tractors which are offered to their customers at a reasonable charges.

People's bus loan scheme was introduced to complement the federal government's mass transportation programme. The objective is to reduce generally, the hardship being encountered by commuters in both urban and rural areas. The bank had invested over ₦10m on this scheme to date in Kaduna State.

Under this scheme, commercial vehicles are provided on lease/hire purchase basis to registered transporters who form a recognised group. Repayment is made on daily basis, and at the completion of payment the bus would automatically become the property of its beneficiaries.

The limit the bank can loan to a single customer is ₦20,000.00. Between 1992 and 1994 over ₦10m had been disbursed as credit in Kaduna State.

4.2.3 SOCIO-ECONOMIC ACTIVITY

People's bank has always associated itself with the social and economic life of the people. It has extended over ₦20m to people's bus loan scheme in an effort to reduce the communal problems of the masses.

People's Bank also invest in farm equipments which are loaned to farmers at moderate charge to increase food production in these areas. People's bank is also involved in the provision of basic infrastructures in the rural areas in collaboration with the indigenes of the community. The bank also offers assistance to indigenes involved in natural disaster like flood to settle their family until they can stand on their feet.

4.3. PERFORMANCE OF COMMUNITY BANKS IN KADUNA STATE

Community Banks achieved tremendous success both in the urban and rural areas. The community ownership has continued to encourage the indigenes to patronise them. The banks introduced various accounts to attract deposits from their customers to supplement their initial capital.

Customers enjoy quick service from community banks either when making deposit or withdrawal. This has been made possible because most of them had computerised their system.

In terms of loan disbursement, they are also efficient and encourage customers to have free access to them. Credits offered to customers include short-term loans, overdraft, bridging loans during off-season, contract financing, etc.

Community banks are also active in the provision of basic amenities in their community in collaboration with community development association. They are involved in mass transit, road grading, formation of football team etc.

The greatest hindrance to rural development is the lack of skilled and semi-skilled manpower. The job opportunities available in the urban areas virtually attract every employable person from the rural areas leaving only the unadventure some in the rural areas with no incentive to acquire or develop new skills.

Community banks have been able to select few of them for specific training attachments to handle vital and technical aspects of community life.

4.3.1 FUND MOBILISATION

Research shows that Community Banks were able to mobilise over ₦90m deposit within a year with three out of the banks surveyed recorded ₦20m each. Himma Community Bank based in Zaria whose capital was ₦.5m in 1992 was able to raise deposit between ₦8.5m and ₦20m to date while asset base stood at ₦2.5m.

This success is a reflection of various products and services offered to their customers. The National Board for Community Banks (NBCB) too gives matching grant to Community Banks to increase their lending base. Five of the banks surveyed had received their matching grant of ₦500,000.00 each.

Ahmadu Bello University Community Bank, for example, if well-managed could take over all receipts and payments of the university, the university community and its environment.

Some Community Banks try to encourage civil servants in their area to receive their salary through their Community Bank. They have been able to enjoy people's confidence and the study shows that in general one customer introduces at least two new customers to his bank.

4.3.2. LOAN DISBURSEMENT

Loan disbursement involves channelling funds mobilised to the deficit units of the economy through extension of advances in form of loans and other credits to quicken development.

The research shows the following category of credit beneficiaries in Community Banks; Farmers 40% Petty traders 40% and Artisans 20%. The sum of ₦54,895,527.00 had been extended in from of loan and advance in 1993. These credits were channelled through various projects considered beneficial to the Community.

The community banks also initiate scholarship scheme for skill acquisition for operators and mechanics to maintain and service equipments. They have also been able to sponsor training of specific skill-teachers who will bring improvement to the quality of local manpower.

Community banks also initiate and organise farmers into co-operative societies to enable them borrow funds to buy farm tools such as hoes, matchets and fertiliser which will improve their productivity.

4.3.3 SOCIO-ECONOMIC ACTIVITY

Community Banks are also involved in the socio-economic development of the Community. Mutunchi Community Bank financed small scale industries like Jollibry Aluminium and Welding Company and also road rehabilitation within the Community. It also established commuter services within Kaduna Metropolis.

Giwa Community Bank in collaboration with the Community had financed the construction of 4 dispensaries, classrooms, and veterinary clinic. There facilities have enhanced the economic, social and political activities in the area.

Balera Community Bank also purchased threshing machine to assist farmers at a discounted rate compared to the market value.

Some community banks buy fertiliser and sell to their customers at moderate prices. The multiplying effect of that gesture is that farm produce will be cheaper and cost of living will be reduced.

Through provisions of credit to their numerous customers, they have been able to reduce the rate of unemployment in their community.

4.4 COMPARATIVE ANALYSIS OF THE PERFORMANCE OF PEOPLE'S BANK AND COMMUNITY BANKS

People's Bank rendered services to the less privileged members of the society marginalised by the conventional banks. The target was on petty traders and farmers who enjoy more credits from them than

any other sector.

While Community Banks embrace both petty traders and farmers, they also embraced low income groups like civil servants and students who may require overdraft to meet up before they receive their monthly salary or allowance.

While People's Bank limits its credit facility to an individual to ₦20,000.00, Community Banks can grant up to ₦50,000.00.

The Community Banks were able to participate in communal activities more because of availability of funds but People's Bank could not due to cash crunch.

People's Bank officials' attitude to work still remind one of another governmental parastatal. They believe their services have no correlation with their salary and thus their lukewarm attitude. In Community Banks, service to customers is considered a priority and work is done in a business-like manner.

Besides, People's Bank and Community banks are closer to the community they intend to serve. People's Bank relies more on mobile cash centre to reach its customers.

In terms of fund, most community banks have more to lend out than People's Bank whose major source of fund is from the federal government. Their venture into full commercial banking did not attract enough patronage to make them independent of government fund.

4.4.1 FUND MOBILISATION

Research shows that Community Bank mobilised over ₦90m within a year as against ₦5m by People's Bank. The operation network of the Community Banks in Kaduna State is wider than People's Bank whose performance is being hindered by logistic problems.

Besides, Community Banks have more attractive products and enjoy more acceptance because of Community ownership than People's Bank.

The wide gap in the fund mobilised by these banks is a reflection of aggressiveness and level of acceptance by the people. People's bank generates its fund through government subvention, People's emergency deposit scheme (PEDS), family account, children saving account.

Community banks however generate their funds through various accounts designed for their customers. They include festival account young entrepreneur service scheme, partnership account, community development association account, trade associations etc.

Community banks are able to attract salary earners whose salaries are paid through their banks. This category of people are not the priority of People's bank. They are not likely to get an overdraft from People's Bank unlike community banks who are willing, provided their employer guarantees the continuous payment of the customer's salary to the bank.

4.4.2 LOAN DISBURSEMENT

While People's Bank could afford close to ₦13m credit per annum, Community banks disbursed ₦54,895,527 within the same year.

The direction of their credit also differs. People's Bank lends more to petty traders and artisans while Community Banks embrace all segments within the Community.

People's bank's attention is on petty traders, artisans, and farmers. Their loan portfolio is shared among these groups. In addition, they also participate in mass transit programmes.

Community banks' credit goes to low income group, businessmen, petty traders, artisans and farmers. They are directly involved in the business of their customers to guarantee safety of their funds.

Community banks grant credit through purchase of tools for their customers who are expected to pay back on agreed terms. Some are also involved in mass transit programme within their community and this will also aid transportation of farm produce from the farm.

4.4.3 SOCIO-ECONOMIC ACTIVITY

The mandate of these banks is not just grassroots banking but also to assist the communities in social and economic development.

Community Banks participated more in the social and economic activities of the Community than People's Bank. Community Banks are involved in road rehabilitation, classroom construction, formation of football team and giving festival loans.

People's Bank extends its services to Mass Transit Programme and to graduates through National Directorate of unemployment to enable them go into profitable ventures.

Community banks are also involved in granting scholarships to indigenes to acquire needed skill which will in turn contribute to the social upliftment of the area.

Community banks also assist in the provision of simple storage and preservation facilities for agricultural products. This will ensure price stabilisation and improved income for the farmers.

Banks are among the most stable, profitable and growth-oriented industries in the developing countries. They are therefore the most dependable employers of labour in a setting that has lately been characterised by extensive unemployment of human resources.

4.5 CONCLUSION

An important fact of any financial system can be traced directly to the existence of some economic units in the society that have access to funds. At the same time, there are economic units that do not have enough for their needs.

Financial institutions play an intermediary role by pooling savings from surplus units to these deficit units. The most neglected and marginalised sectors are the low income group and the informal sector of the economy. Therefore, no concerted effort was made to mobilise the 'stranded' fund in this important sector of the economy.

This denied the financial system close to 34% of the total money supply. The idea of People's Bank and Community Banking was, therefore, to integrate the grassroot to the mainstream and channel whatever is realised to investment.

Government envisaged that this will lead to true development in the grassroots and local farmers will be able to rise above subsistence farming and have enough to supply to the economy. The infrastructural facilities would have been put in place and life would have been conducive enough in the rural areas to discourage urban migration.

Although government introduced rural banking scheme but its failure led to the establishment of people oriented bank with the specific objective of targeting the neglected group.

It is an established fact that majority of Kaduna State indigenes live in the rural area. The few industries in the state are based in the urban centres where basic amenities are in abundance.

In the beginning stage, People's bank was wholeheartedly accepted by the low income group in the state. Awareness was created through aggressive publicity. People opened various accounts with the bank and secured credit from the bank with ease and without collateral security.

Suddenly, the urban elites infiltrated the informal group with a fraudulent intention of taking the loan without repayment. They termed the loan National 'cake' and encouraged others not to repay.

Also, the bank officials were also involved in fraudulent activities and this demoralised some of their customers. The low popularity rating of the government of the day led to the belief that the bank will die with the government.

Community banking came on board at the time people had lost interest in People's bank. However, it gained popularity because of its community participation posture.

The research shows that People's Bank could not make much impact recently because the people perceived it as another government agency which would die with the administration.

The bank does not mobilise enough funds neither does it receive adequate funds from the government.

Community Banks have been able to achieve success because of the community ownership. Besides, it is being managed by their people who will give them compassionate attention when in need of assistance. They are visibly involved in the social and economic activities in their communities.

However, members of the public not patronising these banks claimed not to be convinced of the sincerity of these Banks. Their fear stems out of the persistent rumour about People's Bank disbursing 'national cake'. However, most of them are urban based elites whose interest is taken care of by the conventional banks.

The emergence of People's bank and Community banks will result in structural transformation that would put the Nigerian economy on a path of self-reliance and sustainable growth.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 SUMMARY

Agriculture was the main-stay of the economy before the advent of oil. Majority of Nigerians who are engaged in it live in the rural areas. However, banking services were not extended to these areas and the effect was that the money supply outside the banking system continues to grow at a faster rate than the rate of total deposit growth.

Besides, survey carried out by the Central Bank of Nigeria (CBN) also shows that bank density of one bank branch to 170,000 persons was one of the highest in the third world countries.

Apart from poor bank density, most of the existing banks are colonial left-overs and had no interest in serving the rural areas where profits could not be guaranteed. Consequently, majority of the rural populace felt little or no impact of the banking industry.

Government realised the need to stimulate the agricultural production, diversify the rural economy and develop banking habits among the rural populace.

To remedy the situation, government accepted the report of the financial system review committee of the Central Bank of Nigeria (CBN) (headed by Dr. P.O. Okigbo) to enjoin the banks to tinge their 'profit motive' with 'socio-economic' motives by extending their services to the less profitable rural areas of the country.

This gave birth to the implementation of rural banking scheme by the CBN in 1977. The scheme was phased for easy control. The government offered generous incentives to entice the banks but the scheme achieved little success because of non-chalant attitude of conventional banks.

The collapse of the world oil market came as suddenly as the beginning of the oil boom and found Nigerian economy completely ill-equipped for the situation. The government introduced various economic programmes to restructure the economy and one of such programmes is structural adjustment programme (SAP). Unfortunately, the programme worsened the already bad situation of the informal sector.

To cushion the effect of Structural Adjustment Progamme and halt the continued marginalisation of the low income group and rural areas, government decided to establish People's Bank.

People's Bank was fully funded by the government with focus of attention on the unutilised sectors of the economy. The bank was able to design attractive products which encouraged people to patronise it. Besides, credits were granted without collateral security.

In the same spirit, government introduced community banking as a way of encouraging community participation in the monetization of the economy.

Community Banks are community based, owned and managed. There are thirty-eight community banks in Kaduna State with a paid up capital of over ₦23m and over ₦70 million mobilsed deposit. Well

over ₦45 million had been extended in the form of credit.

People's bank have eight branches in Kaduna State but relies on the government for funds and this greatly reduces its loan disbursement capability.

Both banks have contributed to the socio-economic development of the state through direct participation in the communal activities. They enjoy the dual advantage of proximity and regional commitment and can serve their areas better than the conventional banks.

5.2 CONCLUSION

People's Bank and Community Banks are novel institutions in Nigeria and particularly in Kaduna State. To majority of the rural populace in Kaduna State, People's Bank was their first direct contact with modern banking. It is also an opportunity for them to receive credit needed to improve their productivity.

Community banking gave ample opportunity to people to boost their confidence through direct participation in the ownership and management of a bank. The idea of community banking stems from traditional financing method they are used to. Besides, the banks are being managed by their indigenes.

In concluding this study, several findings bear out themselves as largely indisputable. First, these schemes have not reduced rural-urban migration considerably. Second, agriculture's contribution to the Gross Domestic Product remains insignificant while rate of unemployment continues to rise in Kaduna State.

Various reasons can be attributed for this development. First, the level of poverty in the state is so high that people do not have enough for consumption talk less of saving. This is due to high cost of living and inflation.

Another reason is the lack of confidence in the schemes borne out of their bad experience with newbreed banks who offered generous interest rates but in the end became distressed. Unstable political climate also forced people to doubt the sincerity of the government. In fact, the general notion is that People's bank will certainly go-down with the military government and this was responsible for high rate of defaulters in the bank.

Unstable price of crude oil in the international market has reduced the revenue of the government who is the sole owner of People's bank to fund it adequately.

Community banks still enjoy the confidence of the low income group because of their uniqueness. In fact, they have made meaningful contribution to the socio-economic development of the state within two years of their existence. Their major problem is low capital base which deny them the opportunity to employ experienced bankers as staff.

Their inexperience is also responsible for their inability to secure licence from Central Bank of Nigeria (CBN). The CBN has consistently emphasised their lack of experienced managerial team and accounting procedure as a basis for denying them licence.

Because of the greed of some individuals, there are some community banks actually set up by one or two people using the names of children and relatives to control the major shares in the Bank. They direct the affairs of the bank like their personal property.

The growth of People's Bank and Community Banks in Kaduna State will however depend entirely on how deeply they can explore and help in the development of the potential of their catchment areas.

5.3 LIMITATIONS OF THE STUDY

An attempt to compare the performance of People's Bank and Community Banks in Kaduna State would require a visit to all the banks in Kaduna State. Unfortunately, this could not be done because of logistic and financial problems.

Kaduna State is a very large State with eighteen Local Government Areas. Majority of the indigenes live in the rural areas and thus reaching them would have taken a year.

The uniqueness of People's Bank and Community Banks makes it difficult to get enough materials on them. The few available ones are found either in their zonal offices or headquarters in Abuja.

Also, the study was conducted at the time there was national crisis which resulted from the annulled presidential election held in 1993. The oil industry workers went on strike and the economy was at a standstill. Movement was restricted, while business was very dull. Some bank officials were not in a mood to attend to me either in person or accept my questionnaire.

Some bank officials bluntly refused to fill the questionnaire on the pretext that the information I require might get to their competitors. Some agreed to fill it but refused to sign, while some deliberately gave unreasonable figures just to satisfy me. I attribute this to their level of education and experience.

Most of the customers of these banks are petty traders, artisans, farmers, and civil servants. It was almost impossible to track them down to respond to my questionnaire. Most of them are illiterate and thus could not understand my intention inspite of my repeated explanation.

Some of the defaulting customers of People's bank mistook me for a 'debt recovery officer' from the bank and quickly turned down my request for an interview.

There was also the language problem which necessitated the temporary employment of an in interpreter when it became obvious that I will not succeed unless I speak their language - Hausa.

5.4 RECOMMENDATIONS

Banks, being the financial intermediaries, offer an efficient institutional mechanism through which resources can be mobilised and directed from less essential uses to more productive investment. People's Bank and Community Banks, therefore, will render these services effectively if the following recommendations are implemented.

(a) **Market Segmentation of Customers**

By the nature of People's Bank and Community Banks, they are to serve a particular locality be it rural or urban. They must

evolve their own strategies for marketing their products and service. Their customers should be divided into three categories: High net-work individuals; the medium income working-class; and the low income group of workers including artisans, traders, farmers etc.

(1) **High Net-work individuals.**

The people in this bracket are being taken care of by the conventional banks and are not likely to patronize either of these banks. If they do, their patronage may be token. The target of these people is mostly fixed deposit, as most of them may not want to keep current accounts.

(2) **Medium income working class group**

This group will comprises of teachers, civil servants etc and they are likely to patronise these banks if there is no other bank within the vicinity. Effort should be directed at their employers to pay their salaries through their banks. They should also be targeted for overdrafts and bridging loans to meet end-of-month pressures.

They are well-known in the locality, they are not likely to default in the repayment of small loan. Having an appreciable number of customers in this group will also assist, as they will influence their peer groups, friends, colleagues or relations to come and patronise the bank.

(3) **low Income Group**

The strength of these banks will lie in the mass appeal to this group. They should design products and services that will take care of this less privileged group. Many of them never had banking experience and thus will require less cumbersome approach.

Many of them will be more disposed to community banks which they will see as theirs. This group will comprise artisans, farmers and petty traders. Their savings will be very small because of the volume of their business. Their target should therefore be savings account, festival accounts and young entrepreneur savings scheme.

Whatever is the success that is achieved with this group, will determine the survival of any bank be it People's Bank or Community Bank.

(b) **Social environment**

For successful marketing of their services, these banks should acquaint themselves with the social environment in which they operate. They should determine their saving habits, the period they have liquid cash, the produces of the area - in term of season. They should identify community leaders and identify themselves more with the teachers and civil servants who may have strong influence on the farmers and traders.

A study must be made of the various social groups to determine how much cash could be generated within the society. They are usually in form of social clubs, church meetings committee, town unions and market unions.

(c) **Social Support**

These banks must identify themselves with the community development programmes in their area. They should undertake grading of roads, sponsor construction of classroom blocks and occasional donation to communal efforts. Occasional donations to community development efforts will endear them to members of the community.

(d) **Manpower Development**

Banking service is labour intensive and this explains why manpower development is vital. Bank work requires banking experience, transparent honesty, prudence, patience and accuracy. To attain these attributes will entail developing the knowledge, skills, expertise and attitudes of human resource - the people.

Rapid expansion in the banking sector which led to the establishment of People's Bank, Community Banks, Mortgage Bank along with numerous finance houses has led to short supply of qualified man-power. The situation led to cut-throat competition in the job market for the few available ones which are very expensive for these bank. Besides, low capital base of People's Bank and Community Banks makes it difficult for them to compete for the best hands around.

(e) **Capital Base**

At present People's Bank is grossly under-funded by the government and what it could mobilise from its customers is not adequate enough to achieve its objective. The minimum share capital of community bank is ₦250,000 which in the present day reality is absolutely small for any meaningful banking business.

Government should be encouraged to fund People's Bank adequately while Community Bank' minimum share capital should be increased to ₦2 million. In addition, National Board for Community Banks should increase matching grants to these banks from the present ₦500.000 to ₦2 million. All these efforts will enable these banks to increase their credit facilities to their customers.

In the alternative, government should encourage commercial banks to hold shares in People's Bank as a way of boosting their liquidity base. Besides, industrial companies operating within a community should be mandated to keep specific amount in People's Bank in their locality as part of their social responsibility to the development of the community.

(f) **Avoid Common Mistakes**

Most commercial banks are known for their cumbersome process of opening and closing accounts, favouritism in grating loan, irregular issuance of Statement of Accounts, poor service and arrogant officials. Both People's Bank and Community Banks should guard against these shortcomings of the conventional banks.

Customers should be accorded due respect and offered good advice when needed. No customer should be regarded as too small to be given attention. They should also computerise their accounting system to quicken their service.

(g) **Other Banks in the Environment**

Where there are several banks in the environment, they should strive to initiate products that are entirely different from those of the existing banks.

Experience has also shown that most members of the community may still have faith in the conventional banks but would only go to People's Bank and Community Banks if they have confidence in their stability.

There is also the tendency that other banks may want to mount negative campaigns about their likely instability. They must maintain very cordial relationship with these banks, as they might act as their correspondent banks for the purpose of clearing and heavy cash lodgements.

(h) **Social Campaign**

There is a general notion that People's Bank is established to distribute 'national cake'. A campaign should be mounted to disabuse the mind of the people. Their attention should be drawn to the merit of repaying loans granted to them.

The campaign should be channelled through local chiefs, community development associations and other social groups

in the area. The emphasis should be on the merit of People's banks to the informal sectors which include the farmers artisans, petty traders etc.

(i) **Machinery and Equipment**

There is a complete absence of mechanisation of activities in the rural area. The woman who converts maize to maize flour still does it by using mortar and pestle. Milling and drying of rice is still being carried out in crude method.

These banks can provide credit to stimulate the acquisition of simple equipment for this purpose. They can encourage them to link up with local equipment research institutes such as Federal Institute of Industrial Research, Oshodi (FIIRO) to source for equipment that can improve and simplify certain rural activities.

(j) **Formation of Association**

Community Banks can form an association at either State or national level. This is similar to the type in America called Independent Banks Association of America (IBAA). The association will provide sophisticated banking services such as cheque clearance, transfer, loan syndication and investment services.

(k) **Export Promotion**

These banks can develop inter-communal trade by assisting their customers to export products that are available in the local communities to other places. Customers can also be encouraged to form a trading association whereby they can

benefit from bigger loans for this type of business.

Trade and commerce are vital part of any community life but the poorer the community, the smaller the trading and commercial activities. Members of the community who show interest in the trading should be encouraged by providing short-term capital to enable them purchase goods in bulk from the farmers for sale in the urban markets.

(l) **Control Against Fraud**

People's Bank and Community Bank are new in Nigeria's banking system. Fraud is a major economic crime being perpetrated in the banking industry today. This nefarious activity could send a warning signal to intending customers and can also lead to financial crisis. The demise of newbreed banks and finance houses is fresh in the minds of the public.

Fraud could be due to the following reasons:-

(i) Volume of work done which makes frauds to pass easily undetected.
(ii) Where an official supervises quite a large number of staff.
(iii) Inexperienced staff in these banks.
(iv) Inadequate training.
(v) Poor management.
(vi) Use of sophisticated accounting machines etc.

Fraud in banks vary widely in nature, character and methods of perpetration. The following are however common

(i) Advanced fee fraud ('419').
(ii) Cheque kiting.
(iii) Account-opening fraud.
(iv) Letter of Credit fraud.
(v) Money transfer fraud.
(vi) Loans fraud.

(vii) Counterfeiting of money.

(viii) Cheque fraud.

(ix) Clearing fraud etc.

People's Bank and Community Banks should envolve strict internal control systems for detection and prevention of fraud. The following should be put in place:

(i) Internal audit or inspection.

(ii) Organisation control.

(iii) Proper segregation of duties.

(iv) Supervision.

(v) Physical and authorisation control.

(m) **PUBLIC RELATIONS**

Every organisation that deals with the public must consider the public impact of their action or inaction because of the powerful effect of public opinion. Both People's Bank and Community Banks should establish public relations department to improve the existing channels of communication and establish avenues that will aid successful flow of ideas, information and understanding.

People's Bank's image has been badly dented with fraud and 'national cake distributor' tag. Public relation efforts will seek to persuade and influence a change in attitude and behaviour of the people. Both banks exist to effect attitudinal changes in those who hitherto have lost confidence in the banking industry because of its inadequacies.

The interviews conducted with the public in the course of this study show that there is high expectation for Community Banks in particular but the concept is still not understood by many people. This is due to gap in communication, barriers created by ignorance and the absence of adequate information on relevant topics.

Appendix A

AHMADU BELLO UNIVERSITY

ZARIA

DEPARTMENT OF BUSINESS ADMINISTRATION

Dear Respondent,

I am a Post-graduate student at the Ahmadu Bello University, Zaria. I am conducting a research on the performance of both People's Bank and Community Banks in Kaduna State as part of my MBA programme.

Please endeavour to respond to the following questions by indicating 'Yes' or 'No', tick and comment where applicable.

The information shall be used for academic purposes only and will be treated with utmost confidence.

_____ _____

Signature Date

QUESTIONNAIRE FOR BANK STAFF

1. Your designation:_____
2. Sex:_____
3. Educational background (Highest)

   ☐ Secondary ☐ Diploma ☐ Degree/Professional

   ☐ Post-graduate
4. Type of Bank ☐ People's Bank ☐ Community Bank
5. Years of experience with the Bank.....
6. Category of your customers in percentages ☐ Civil Servant

   ☐ Petty traders ☐ Businessmen ☐ Farmers
7. Types of Credit facilities offered:

   .....

.....

.....

.....

8. Is Collateral required? ☐ Yes! ☐ No!

9. State the average level of your monthly deposit.....

.....

10. State the average level of your monthly Credit.....

.....

11. State limit of your loan monthly.....

.....

.....

12. Categories of your customers granted loan in percentage

☐ Civil Servant ☐ Petty traders ☐ Businessmen

☐ Farmers ☐ Artisans

13. Percentage of loan recovered from customers:

☐ Civil Servant ☐ Petty traders ☐ Businessmen

☐ Artisans ☐ Farmers.

14. No of Customers Between 1992 and 1994.....

15. Problems encountered in granting loans.

.....

.....

.....

.....

.....

.....

.....

16 State the maximum loan you can grant a customer.....

.....

_____ _____

Signature Date

Appendix B

AHMADU BELLO UNIVERSITY

ZARIA

DEPARTMENT OF BUSINESS ADMINISTRATION

Dear Respondent,

I am a Post-graduate Student at the Ahmadu Bello University, Zaria. I am conducting a research on the performance of both People's Bank and Community Banks in Kaduna State as part of my MBA Programme.

Please endeavour to respond to the following question by indicating "Yes" or "No", tick and comment where applicable.

The information shall be used for academic purposes only and will be treated with utmost confidence.

_____ _____

Signature Date

QUESTIONNAIRE FOR CUSTOMERS

1. Your age:.....
2. Occupation: ☐ Civil servant ☐ Petty Trader. ☐ Student.
3. ☐ Businessman ☐ Farmer ☐ Artisan.
4. Sex:.....
5. State of Residence
6. Type of Bank: ☐ People's bank ☐ Community bank.
7. Type of Accounts you operate ☐ Current Accounts ☐ Saving Account
8. How often do you make deposit in your Accounts? ☐ Daily

   ☐ Weekly ☐ Quarterly ☐ Yearly. ☐ Monthly.
9. Have you collected loan from your bank at any time?

☐ Yes ☐ No

10. What is the repayment period?.....

11. What did you use the loan for?.....

.....

12. How long did it take you to get loan from your bank.....

.....

13. Have you ever had any deal with a commercial bank before? ☐ Yes

☐ No

14. Compare the commercial bank with your present bank.....

.....

15. How many Customers have you introduced to your bank?.....

.....

16. Do you have shares in this bank? ☐ Yes ☐ No

17. If Yes, how many?.....

18. What else has this bank done for the development of your Community.....

.....

.....

19. Any improvement in your business?.....

.....

.....

.....

_____ _____

Signature Date

NBCB 100A

NATIONAL BOARD FOR COMMUNITY BANKS

MONTHLY STATEMENT OF ASSETS AND LIABILITIES

AS AT.....DAY OF.....19.....

NAME OF COMMUNITY BANK.....

BANK CODE.....

CODE		ITEM	MONTH	CUMULATIVE
10000	A.	**LIABILITIES**	₦	₦
10100		**CAPITAL:**		
10110		Authorised ( )		
		Issued and Paid Up		
10120		Ordinary Shares (Individuals)	.....	
10130		Preference Shares	.....	.....
10140		Shares (CDA)	.....	
10150		Shares (Organisations)	.....	
10200		**RESERVES:**		
10210		Statutory Reserve	.....	
10220		General Reserve	.....	
10240		Other Reserves	.....	
10250		Undistributed Profits	.....	.....
10410		**BALANCES HELD FOR:**		
10410		Other Banks in Nigeria	.....	.....
10600		Inter Bank Placements	.....	.....
10700		**DEPOSITS:**		
10710		Demand	.....	
10720		Savings Accounts	.....	
10730		Time/Term Deposits	.....	.....
10740		Other Deposit	.....	.....
10900		**LOANS & ADVANCES FORM:**		
10910		Federal Government	.....	
10960		State Government	.....	
10970		Local Government	.....	.....
10950		Others (Specify)	.....	.....
11000		**OTHER LIABILITIES**		
10001		TOTAL		

NBCB 100B

NATIONAL BOARD FOR COMMUNITY BANKS

MONTHLY STATEMENT OF ASSETS AND LIABILITIES

AS AT.....DAY OF.....19.....

NAME OF COMMUNITY BANK.....

BANK CODE.....

CODE		ITEM	MONTH	CUMULATIVE
20000	A.	**ASSETS**	₦	₦
20100		**CASH:**	.....	.....
20110		Notes	.....	.....
20120		Coins		
20200		**BALANCES HELD WITH:**		
20210		Central Bank of Nigeria	.....	
20220		Other Banks in Nigeria	.....	
20222		Uncleared Effects	.....	
20223		Others (Specify)	.....	
20400		Inter-Bank Placement		.....
20500		Treasury Bills		.....
20600		Treasury Certificates		.....
20900		Bills Discounted		.....
21300		Loans and Advances		.....
21600		**INVESTMENTS:**		.....
21610		Federal Govt. Dev. Stock		
21620		State Government Bonds		
21630		Local Government Bonds		
21650		Ordinary Shares		
21660		Preference Shares		
21670		Debentures		
21680		Others (Specify)		.....
21700		**FIXED ASSETS:**		
21710		Bank Premises (Including Land and Building)		
21720		Furniture and Fixtures		
21730		Other Real Estates		
21740		Other Fixed Assets		
21800		Other Assets		
20001		TOTAL		

APPENDIX E

NBCB 200

NATIONAL BOARD FOR COMMUNITY BANKS

MONTHLY MATURITY PROFILE OF ASSETS & LIABILITIES

AS AT.....DAY OF.....19.....

NAME OF COMMUNITY BANK.....

BANK CODE.....

ITEM		TENOR					
CODE	ASSETS	0-30 DAY N'000	31-90 DAYS N'000	91-180 DAYS N'000	181-365 DAYS N'000	1-3 DAYS N'000	OVER 3 DAYS N'00
20400	INTERBANK PLACEMENT						
50100	GOVERNMENT SECURITIES						
21000	CERTIFICATES OF DEPOSITS						
50200	OTHER INVESTMENTS						
21400	LOANS & ADVANCES						
	CASH						
50001	TOTAL						
	LIABILITIES						
10700	DEPOSITS						
10600	INTERBANK PLACEMENT						
10800	CERTIFICATE OF DEPOSIT						
10740	OTHER DEPOSIT CERTIFICATES						
50001	TOTAL						

NATIONAL BOARD FOR COMMUNITY BANKS
PROFIT & LOSS ACCOUNT

AS AT.....DAY OF.....19.....
NAME OF COMMUNITY BANK.....
BANK CODE.....

CODE	ITEM	MONTH N'000	CUMULATIVE N'00
30100	**INTEREST INCOME**		
30110	Interest income/Discounts on:		
30111	- Loans		
30112	- Advances		
30120	Discount Income		
30130	Income from Inter-Bank Transactions		
30140	Others		
30300	**INTEREST EXPENSE**		
30210	Interest on Deposits		
30220	Interest on Inter-Bank Transaction		
30230	Others		
30300	**NET INTEREST INCOME**		
30400	**NON INTEREST INCOME**		
30410	Commission		
30420	Fees		
30430	Foreign Exchange		
30440	Equity Investment		
30450	Others		
30500	**OPERATING INCOME**		
30600	**OPERATING EXPENSES**		
30610	Salaries and Employee Benefits		
30620	Training Expenses		
30630	Directors Remuneration & Other Expenses		
30640	Occupancy & Rental Expenses		
30650	Repairs & Maintenance		
30600	Depreciation		
30670	Provision for Credit Losses		
30671	- Specific		
30672	- General		
30680	Recoveries		
30690	Bad Debt Written off		
30700	Other Losses		
30710	Other Expenses		
30800	**NET PROFIT/(LOSS)**		
30810	PROFIT/(LOSS) Year to date		
30820	PROVISION FOR INCOME TAX		
30900	EXTRA-ORDINARY ITEMS (NET OF TAX)		
30001	**NET INCOME**		

NBCB 400

NATIONAL BOARD FOR COMMUNITY BANKS

MONTHLY ANALYSIS OF LOANS AND ADVANCES

AS AT.....DAY OF.....19.....
NAME OF COMMUNITY BANK.....
BANK CODE.....

S/NO	SIZE OF LOAN SECTOR		I	II	III	IV	V
1.	AGRICULTURE & FORESTRY	NO.					
		N					
2.	MINING & QUARRY	NO.					
		N					
3.	MANUFACTURING & FOOD PROCESS	NO.					
		N					
4.	MANUFACTURING (OTHERS)	NO.					
		N					
5.	REAL ESTATE & CONSTRUCTION	NO.					
		N					
6.	COMMERCE	NO.					
		N					
7.	TRANSPORT & COMMUNICATION	NO.					
		N					
8.	OTHERS	NO					
		N					
	TOTAL	NO					

NOTES: * I = UNDER ₦5,000.00
II = ₦5,000.00 - ₦9,999.00
III = ₦10,00 - ₦20,000.00
IV = OVER ₦20,000.00
V = TOTAL

APPENDIX H

FORM NBCB 500

NATIONAL BOARD FOR COMMUNITY BANKS

MONTHLY STRUCTURE OF DEPOSITS

AS AT.....DAY OF.....19.....

NAME OF COMMUNITY BANK.....

BANK CODE.....

S/NO	DEPOSIT SIZE	TOTAL		DEMAND		SAVINGS DEPOSIT		TIME DEPOSIT		OTHERS	
	N	NO OF ACCTS	AMOUNT N'000	NO. OF ACCTS	AMOUNT N'000	NO. OF ACCTS	AMOUNTS N'000	NO. OF ACCTS	AMOUNTS N'000	NO. OF ACCTS	AMOUNT N'000
1.	5,000 OR LESS										
2.	5,001 - 25,000										
3.	25,001 - 50,000										
	Sub - Total										
4.	50,001 OR MORE										
	TOTAL										

APPENDIX I

FORM NBCB 600

NATIONAL BOARD FOR COMMUNITY BANKS

MONTHLY REPORT ON CREDITS TO DIRECTORS, PRINCIPAL SHAREHOLDERS AND THEIR RELATED INTERESTS

AS AT.....DAY OF.....19.....
NAME OF COMMUNITY BANK.....
BANK CODE.....
PAID-UP CAPITAL.....RESERVES.....

Name of Borrower	Relationship to Reporting Institution	Date Granted	Expiry Date	Authorised Credit N'000	Outstanding Credit N'000	Rate of Interest %	PERFECTED SECURITY				Bank's Remarks
							Nature	Value	Date of Valuation	Charged Amt. N'000	

NOTE:

* Principal shareholders are those that have 5% or more equity interest in the bank.
* Credit Extended to staff under scheme of service should not be included.
* Related interest refers to any interest in nay entity that is 20% or more, or affiliates with interlocking or management
* Changed amount should reflect excess/shortfall of security value in relation to outstanding credit.

APPENDIX J .

NATIONAL BOARD FOR COMMUNITY BANKS

THE PRESIDENCY

COMMUNITY BANK KADUNA

REPORT ON LOANS AND ADVANCES AS AT.....

S/NO	NAME OF CUSTOMER	ADDRESS	DATE OF ADV	AMOUNT	DUE DATE	AUTHORISED BY	INT RATE	BALANCE S/O	SECTOR	SECU-RITY	REMARKS

Appendix K.

APPENDIX A

COMMUNITY BANKS DECREE 1992
ARRANGEMENT OF SECTIONS

1. Establishment of Community Bank, etc.
2. Establishment of the National Board for Community Banks, etc.
3. Establishment of the fund
4. Power to accept gifts.
5. Functions of a bank.
6. Restriction on certain transactions.
7. Restructuring of bank, etc.
8. Minimum paid-up share capital
9. Shareholder's voting rights.
10. Restriction of legal proceedings in respect of shares held in the name of another.
11. Notification of change.
12. Power to grant loans or advances.
13. Restriction on dividend.
14. Display of interest rate.
15. Books of accounts.
16. Returns.
17. Power to require information.
18. Annual accounts of the bank.
19. Appointment, power and report of auditor.
20. Prohibition of certain persons, etc.
21. Appointment of directors
22. Disclosure of interest by manager, etc.
23. Prohibition of the receipts of commissions, etc. by director, secretary or officer of the bank.
24. Appointment of examiner.
25. Examiner to exercise duty of care.
26. Special examination.
27. Revocation of licence.
28. Failure to supply information
29. Insurable deposit.
30. Duty of care.
31. Power to provide course of training.
32. Decree subject to 1991 No. 25.
33. Delegation of function.
34. Regulations.
35. Jurisdiction to try offences.
36. Interpretation.
37. Citation and commencement.

Decree No. 46
[See section 37]

Commencement
28th April, 1990

THE FEDERAL MILITARY GOVERNMENT hereby decrees as follows:

Establishment of Community Bank, etc

1 - (1) A community or group of communities may establish a Community Bank (in this Decree referred to as a "bank") for the purpose of

(a) promoting rural development through the provision of finance and banking services;

(b) enhancing the rapid development of productive activities especially in the rural areas; and

(c) improving the economic status of small-scale producers both in the rural and urban areas.

(2) A community or group of communities desiring to establish a bank shall apply, in writing through the National Board for Community Banks, to the Governor of the Central Bank of Nigeria (in this Decree referred to as "the Governor") for the grant of a licence.

(3) An application for a licence under subsection (2) of this section shall be accomplished with the following, that is -

(a) a draft copy of the memorandum and article of association of the proposed bank;

(b) documentary evidence that-

(i) the applicants are able to raise the minimum equity share capital

(ii) the premises sought to be used are constructed and equipped to such a standard as the National Board for Community Banks may prescribe;

(c) a list of the shareholders, directors and principal officers of the bank and their particulars;

(d) the prescribed application fees; and

(e) such other information and documents as the National Board for Community Banks and the Central Bank of Nigeria may, from to time to time, specify.

(4) Where an application is made through the National Board for Community Banks in accordance with the provisions of subsection (2) of this section and is accompanied by such information and documents as are required under that subsection, the National Board for Community Banks shall, if satisfied -

(a) as to the adequacy and suitability of the premises sought to be used; and

(b) that the applicants are -

(i) capable of complying with such conditions as may be imposed or attached to the licence.

(ii) in all other respects suitable persons to be granted a licence, recommend to the Governor the granting of a licence, subject to such conditions as may be imposed or as may be attached thereto.

Establishment of the National Board for Community Banks, etc.

2. - (1) There is hereby established for the promotion, development, monitoring and general supervision of a bank under this Decree, a National Board for Community Banks (in this Decree referred to as "the Board").

(2) The Board shall be a body corporate with perpetual succession and a common seal and may sue and be sued in its corporate name.

(3) The Board shall consist of a Chairman, a Secretary and the following other members, that is -

(a) a representative each of -

i) The Federal Ministry Finance.

ii) The Directorate of Food, Roads and Rural Infrastructures.

iii) The Presidency; and

(b) four other persons.

(4) The Chairman, Secretary and the four other persons referred to in subsection (3) of this section shall be appointed by the President, Commander-in-Chief of the Armed Forces

(5) A person appointed as a member of the Board, other than an ex-officio member -

(a) shall hold office for a period of three years from the date of his appointment and may be eligible for re-appointment for one further period of three years and thereafter he shall no longer be eligible for re-appointment

(b) may resign his office by a letter addressed to the President, Commander-in-Chief of the Armed Forces and the resignation shall take effect from the date of the receipt of the letter by the President, Commander-in-Chief of the Armed Forces;

(c) Shall be paid such remuneration and allowances as the Board may determine

(6) The Board shall meet at such times and places as the Chairman shall direct.

(7) The quorum at any meeting of the Board shall be five consisting of two public and three non-public officers who are members of the Board.

(8) The Board shall have the power to appoint its officers and other employees on term and conditions as the Board may from time to time determine.

3 - (1) The Board shall establish and maintain a fund for the promotion and development of banks under this Decree. Establishment of the Fund.

(2) There shall be paid and credited to the fund established pursuant to subsection (1) of this section -

(a) such moneys as may be provided by the Government of the Federation or of a State for payment into the fund;

(b) fees charged for services rendered by the Board;

(c) all sums accruing to the Board by way of gifts, testamentary disposition and endowments of contributions form philanthropic persons or organisations or otherwise howsoever.

4-(1) The Board may accept gifts, grant, gifts of land, donations, money, voluntary subscriptions or other property bequests upon such terms and conditions, if any as may be specified by the person or organisation making the gift. Power to accept Gift

(2) The Board shall not accept any gift, grant or donation under subsection (1) of this section, if the conditions attached to the acceptance thereof are inconsistent with or inimical to the objectives of the Board under this Decree.

(3) The Board may, subject to the provisions of this Decree and the conditions of any trust created in respect of any property, invest its funds including any of its surplus funds in any securities as it may approve.

5. Without prejudice to the provisions of section 1 of this Decree, a bank licensed under this Decree shall - Functions of a bank

(a) accept from persons various types of deposits, including savings and time and target deposits;

(b) issue for the purpose of raising funds, redeemable debentures to interested parties;

(c) receive or collect on behalf of its customers, moneys or proceeds of banking instruments;

(d) provide for its customers, ancillary banking services;

(e) maintain and operate various types of accounts with other banks in Nigeria;

(f) invest its surplus funds in suitable instruments, including the placing of such funds with other banks;

(g) provide credit facility to its customers;

(h) operate equipment leasing facilities designed to ensure the access of its customers to farm inputs;

(i) perform such non-banking functions as may promote grass-roof development within the bank's geographical area; and Restriction on certain transactions

(j) do anything in connection with or incidental to the functions conferred on the bank by this Decree.

(6-(1) A bank shall not without the prior approval of the Board and the Central Bank of Nigeria -

(a) open or close any cash office within its geographical area in Nigeria; or

(b) engage in any foreign exchange transaction.

(2) Any bank which acts in contravention of the provisions of subsection (1) of this section commits an offence and is liable on conviction to a fine of ₦200 for each day during which the offence continues.

7. Except with the prior approval of the Board and the Central Bank of Nigeria, no bank shall enter into an agreement or arrangement - Restructuring of banks etc.

(a) which results in a change in the control of the bank;

(b) for the sale, disposal or transfer of the whole or any part of the business of the bank;

(c) for the amalgamation or merger of the bank with any other person or body;

(d) for the reconstruction of the bank;

(e) to employ a management agent or to transfer its business to any such agent.

8-(1) The minimum paid-up share capital of a bank shall be ₦250,000. — Minimum paid-up share capital.

(2) Notwithstanding the provisions of subsection (1) of this section, the board shall, subject to the approval of the governor, have power, from time to time, to vary the minimum paid-up share capital.

9. Notwithstanding the provisions of the Companies and Allied Matter Act or any agreement or contract, the voting rights of every shareholder in the bank shall be proportional to his contribution to the paid-up share capital of the bank. — Shareholder's voting rights. Cap. 59 LFN

10-(1) Notwithstanding anything contained in any law or in any contract or instrument, no suit or other proceeding, shall be maintained against any person registered as the holder of any share in a bank on the ground that the title to the said share vests in any person other than the registered holder. — Restriction of legal proceedings in respect of shares held in the name of another

(2) Nothing in this section shall bar a suit or other proceeding, on behalf of a minor or person suffering from any mental illness on the grounds that the registered holder holds the share on behalf of the minor or person suffering from the mental illness.

11.-(1) If at anytime after the grant of a licence to a bank a change occurs in - — Notification of change

(a) the persons who are directors of that bank; or

(b) the person in accordance with those directions or instructions the directors of that bank are accustomed to act.

the bank shall within one month serve on the Board a notice giving details of the change.

(2) Any bank which fails to comply with the provisions of subsections (1) of this section commits an offence and is liable on conviction to a fine of ₦50,000.

12-(1) For the purpose of improving the working capital of a bank, a bank may upon application to the Board request for a matching loan or advance not exceeding ₦500,000 at such rate of interest not more than the Central Bank of Nigeria minimum re-discount rate or at a percentage to be determined, from time to time, by the Governor. — Power to grant loan or advances

(2) Any loan or advance made to a bank pursuant to subsection (1) of this section shall -

(a) be repaid within a period of not more than five years from the date it was granted; and

(b) not be written off and shall, for winding up purposes, rank in priority to wages or tax.

13. No bank shall pay any dividend on its shares unless - — Restriction on dividend

(a) any loan or advance secured under section 12 of this Decree has been fully repaid;

(b) all its preliminary expenses, organizational expenses, shares selling commission, amount of losses incurred and other capitalised expenses not represented by tangible assets have been completely written off;

(c) it has complied with any requirement of the Board pursuant to section 16 of this Decree.

14.-(1) A bank shall at all times display at its office its lending and deposit interest rates and shall render to the Board information on such rates as may be specified from time to time by the Board. — Display of interest rate.

(2) A bank found in breach of the provisions of subsection (1) of this section commits an offence and is liable on conviction to a fine of ₦50 for every day during which the offence continues.

15.-(1) A bank shall cause to be kept at its office, proper books of account with respect to the transactions of the bank. — Books of Account

(2) If any person being a director, secretary or officer of a bank-

(a) fails to take all reasonable steps to secure compliance with the provisions of subsection (1) of this section; or

(b) has by his wilful act, been the cause of any default thereof by the bank, he commits an offence under this section and is liable on conviction to a fine of ₦500 or to imprisonment for a term of 3 months or to both such fine and imprisonment.

Returns

16.-(1) A bank shall submit to the Board not later than 28 days after the last day of each month or such other interval as the Board and the Central Bank of Nigeria may specify, a statement showing-

(a) the assets and liabilities of the bank;

(b) an analysis of advances and other assets of the bank;

(c) any other information that may be required by the Board and the Central Bank of Nigeria.

(2) The Board may, if it deems it fit, require a bank to submit such other information, documents, statistics or returns as the Board may deem necessary for the proper understanding of any statement supplied.

(3) The Board shall submit periodic returns to the Central Bank of Nigeria as may be required, from time to time.

(4) Every statement and information submitted by a bank under this section shall be regarded as confidential.

(5) A bank which fails to comply with the provisions of subsections (1) and (2) of this section commits an offence under this Decree and is liable on conviction to a fine of ₦100 for each day during which the offence continues.

Power to require information

17. In addition to the powers conferred on it under this Decree, the Board may require any lawfully authorised person having access to a bank at all reasonable times to supply to it information in such form as the Board and the Central Bank of Nigeria may, from time to time, require, relating to, or touching on or concerning matters affecting the interest of depositors or shareholders of the bank.

Annual Account of the bank

18. Subject to the prior approval of the Board, a bank shall not later than 4 months after the end of the financial year cause to be exhibited at its office copies of its balance sheet and profit and loss accounts duly signed and containing the full and correct names of its directors.

Appointment power and report of auditor

19. (1) There shall be appointed annually by every bank, an auditor whose duties shall be to make to the shareholders, a report upon the annual balance sheet and profit and loss account of the bank and every such report shall contain a statement as to the matters and such other information as may be prescribed, from time to time, by the Board.

(2) For the purpose of this section, the auditor shall be an auditor who is:-

(a) a member of one of the professional bodies recognised in Nigeria;

(b) approved by the Board;

(c) resident in Nigeria; and

(d) carry on in Nigeria professional practice as an accountant and auditor.

(2) A person who -

(a) has an interest in the bank otherwise than as a depositor; or

(b) is a director, officer or agent of the bank;

(c) is a firm in which a director of a bank is interested as partner or director;

(d) is indebted to the bank,

shall not be eligible for appointment as the auditor for such a bank.

(3) A person appointed as an auditor who subsequently

(a) acquires an interest in that bank; or

(b) becomes a director, officer or agent of that bank; or

(c) becomes indebted as a partner in a firm in which a director of that bank is interested as partner or director, shall cease to be such an auditor.

Prohibition of certain persons, etc.

20 - (1) No bank shall -

(a) employ or continue the employment of a person who at any time has been adjudged bankrupt or has suspended payment or has compounded with his creditors or has been convicted by a court for an offence involving fraud or dishonesty to professional misconduct; or

(b) be managed by a management agent except as may be approved by the Board and the Central Bank of Nigeria.

(2) Except with the approval of the Board, no bank shall have as a director a person who is a director of -

(a) any other bank;

(b) companies which among themselves are entitled to exercise voting rights in excess of five per cent of the total voting rights of all the shareholders of the bank.

(3) Every director, secretary or officer of a bank shall sign a code of conduct in such form as the Board may, from time to time, prescribe.

Appointment of directors

21.-(1) Every bank shall before appointing a director or manager seek and obtain the Board's written consent for the proposed appointment.

(2) No person shall be appointed or shall remain a director, secretary or an officer of a bank who -

(a) is of unsound mind or, as a result of ill health, is incapable of carrying out his duties; or

(b) is declared bankrupt or suspends payments or compounds with his creditors, including his bankers; or

(c) is convicted of any offence involving dishonesty or fraud; or

(d) is guilty of serious misconduct in relation to his duties; or

(e) in the case of a person possessed of professional qualification, is disqualified or suspended (otherwise than of his own request) from practising his profession in Nigeria by the order of any competent authority made in respect of him personally.

(3) No person who has been a director of or directly concerned in the management of a bank which has been wound up by the Federal High Court shall, without the express authority of the Governor, act or continue to act as a director of or be directly concerned in the management of any other bank.

(4) A person whose appointment with a bank has been terminated or who has been dismissed for reasons of fraud, dishonesty or conviction for an offence involving dishonesty or fraud shall not be employed by any bank in nigeria.

(5) A bank which knowingly acts in contravention of subsection (1), (2), (3) of this section commits an offence and is liable on conviction to a fine of ₦50,000.

(6) It shall not be a defence for any director, secretary or officer of a bank, to claim that he is not aware of the provisions of subsection (4) of this section, except he can prove that he had obtained prior clearance of such a person from the secretary of the Banker's Committee who maintains a register of terminated, dismissed or convicted staff of banks on the ground of fraud or dishonesty.

Disclosure of interest by manager, etc

22.-(1) No manager or any other officer of a bank shall-

(a) in any manner whatsoever, whether directly or indirectly, be interested in any advance, loan or credit facility and if interested he shall declare the nature of his interest to the bank;

) grant any advance, loan or credit facility to any person nless it is authorised in accordance with the rules and egulations of the bank;

) benefit as a result of any advance, loan or credit facility ranted by the bank.

) Any manager or officer who contravenes or fails to comply ith the document of subsection (1) of this section commits an fence and is liable on conviction to a fine of ₦10,000 or iprisonment for a term of one year or to a fine and iprisonment and in addition, any gains or benefits accruing to person convicted under this section by reason of such ntravention, shall be forfeited to the government of the deration and the gains and benefit shall vest accordingly in Government.

-(1) Any director, secretary, officer or employee of a bank or y other person receiving remuneration from such bank, who ks for or receives, consents or agrees to any gift, commission employment, service, gratuity, money, property or thing of ue for his own personal benefit or advantage or for that of any nis relations from any person other than from his bank - Prohibition of the receipts of commissions etc. by director, secretary or officer of the bank

for procuring or endeavouring to procure for any person any vance, loan or credit facility from the bank; or

for permitting any person to overdraw any account with that nk without proper authority or compliance with rules and de-lines for this purpose, commits an offence under this tion and is liable on conviction to a fine of ₦2,000 or to risonment for a term of 6 months or to both such fine and risonment and in addition any such gift shall be forfeited to Government of the Federation.

The provisions of subsection (1) of this section shall not in manner derogate from and shall be without prejudice to any r written law relating to corruption or illegal gratification.

The Governor or the board shall have power to appoint such ber of examiners who shall - Appointment of examiner

(a) be officers of the Board or the Central Bank of Nigeria with powers to examine periodically and under conditions of secrecy, the books and affairs of every bank;

(b) have a right of access at all times to the books, accounts and vouchers of the bank;

(c) be entitled to require and obtain information and explanation from the directors and officers of a bank as may be deemed necessary in the performance of their duties; and

(d) have access to any account, returns and information with respect to any bank the provisions of this Decree which are in the possession of the Board.

25.-(1) In the exercise of the functions of an examiner appointed pursuant to section 24 of this Decree, an examiner shall exercise reasonable care to prevent unreasonable hindrance to the day-to-day activities of a bank and confine the investigation to matters of facts deemed necessary for the examination. Examiner to exercise duty of care

(2) A bank shall produce, as and when required, all books, accounts, documents and all information as the examiner may deem fit in the exercise of his functions.

(3) it shall be an offence under this Decree for a bank to -

(a) wilfully refuse to produce any book, account document or information; or

(b) negligently, wilfully or with intent to defraud, give an information which is false in any material particular.

(4) A person guilty of an offence under this section is liable on conviction to a fine of ₦500 or to imprisonment for a term of 3 months.

(5) An examiner shall forward a report of his findings direct to the Governor or the Board.

26.-(1) The Governor may at any time appoint two or more qualified persons to make a special examination of the books Special examination

and affairs of a bank under conditions of secrecy where the Governor is of the opinion that a bank

(a) may by carrying on business in a manner detrimental to the interest of its depositors and creditors;

(b) may be contravening the provisions of this Decree;

(c) may not be complying with the directives given by the Central Bank of Nigeria or the Board.

(2) The Governor shall have power to order that expenses incidental to an examination or investigation be paid by the bank examined or investigated.

Revocation of licence

27.-(1) Where the Board has reasonable grounds for believing that a bank has

(a) ceased to carry on, within its specified geographical area, the type of banking business for which the licence was issued for any continuous period of six months during a continuous period of twelve months;

(b) gone into liquidation or been wound up or otherwise dissolved;

(c) failed to comply with any condition subject to which the licence was granted;

(d) insufficient assets to meet its liabilities or that its premises are no longer fit to be used as a bank;

(e) failed to comply with any obligation imposed upon it by or under this Decree,

the Board may, after giving the bank the opportunity of being heard or making representation, by notice in writing require it before the date specified in the notice to remedy, to the satisfaction of the Board, the defects or observations specified in the notice.

(2) If the bank fails to comply with the requirements of a notice under subsection (1) of this section before the date specified therein, the board may, after calling on the to show cause why its licence should not be cancelled, recommend to the Governor the revocation of the licence.

Failure to supply information

28. Where a person lawfully required to supply information necessary to achieve the objectives and purposes of the Board and the Central Bank of Nigeria -

(a) supplies information which he knows to be false or supplies it recklessly as to its truth or falsity; or

(b) without reasonable excuse, fails to comply with any requirement of the Board and the Central Bank of Nigeria,

the supply or failure to supply, as the case may be, as therein provided, shall be an offence under this section punishable upon conviction by payment of a fine of not less than ₦1,000 or to imprisonment for a term of not less than four months

Insurable deposit

29.-(1) As from the commencement of this Decree, every bank with a deposit of not less than ₦5 million or such amount as may be determined, from time to time, by the Governor shall insure its deposit liabilities with the Nigerian Deposit Insurance Corporation.

Cap. 301. LFN

(2) The provisions of the Nigerian Deposit Insurance Corporation Act shall have effect as if such a bank is a participating institute under that Act.

Duty of care

30.-(1) Any person who, being a director, secretary or an officer of a bank, fails to take all reasonable care to secure -

(a) compliance with the provision of this Decree; or

(b) the authenticity of any statements submitted pursuant to the provisions of this Decree,

commits an offence and is liable on conviction to imprisonment for a term not exceeding six months or to a fine not exceeding ₦2,000 or to both such imprisonment and fine.

:1. In the discharge of its duties under this Decree, the Board shall have power to provide the officers and other staff of the bank as it may determine courses of training for the purpose of improving their efficiency.

Power to provide course of training

:2. The provisions of this Decree shall be subject to the provisions of the Banks and Other Financial Institutions Decree 1991.

Decree subject of 1991 No. 25

:3. The Governor may if he deems it fit delegate to the Board any of his functions under this Decree.

Delegation of function

:4. The Board may with the approval of the Governor make such regulations as may be required, from time to time, for the carrying into effect of the objects of this Decree.

Regulations

5. Notwithstanding the provisions of any other written law, the Federal High Court shall have jurisdiction to try any offence against this Decree and to impose the full penalty prescribed.

Jurisdiction to try offences.

6. In this Decree, unless the context otherwise requires -

Interpretation

"bank" means a Community Bank licensed under this Decree and whose business is restricted to a specified geographical area in Nigeria;

"Board" means the National Board for Community Banks established by section 2 of this Decree;

"community" means a group of people who possess a common bond arising from residence, occupation, profession or other similar attributes and who interact, fairly frequently in pursuit of economic or social goals;

"director" includes any person by whatever name he may be referred to carrying out or empowered to carry out substantially the same functions of a director in relation to the affairs of a company incorporated under the Companies and Allied Matters Cap. 59 LFN;

"governor" means the governor or any of the Deputy Governors of the Central Bank of nigeria;

"licence" means a licence issued under this Decree.

37. This Decree may be cited as the Community Banks Decree 1992 and shall be deemed to have come into force on 28th April 1990.

Citation and commencement

MADE at Abuja this 4th day of June 1992

President, Commander-in-Chief
of the Armed Forces,
Federal Republic of Nigeria.

A Summary of the Rural Banking Allocation Under the First Phase (July 1977 - June 1980) and the Performance of Banks up to 13 March, 1979

Bank	Number	No. Opened as at 13.379
African Continental Bank Ltd.	16	5
Nigeria-Arab Bank (Nigeria) Ltd.	7	2
Allied Bank of Nigeria Ltd.	6	2
Bank of the North Ltd.	6	Nil
Union Bank of Nig. Ltd.	27	18
Co-operative Bank Ltd.	6	2
Co-operative Bank of E.N. Ltd.	7	2
International Bank for West Africa Ltd.	11	6
Kano Co-op Bank Ltd.	5	2
Kaduna Co-op Bank Ltd.	3	1
Mercantile Bank of Nig. Ltd.	3	Nil
National Bank of Nig. Ltd.	15	6
New Nigeria Bank Ltd.	4	3
Pan African Bank Ltd.	5	1
Savannah Bank Nig. Ltd.	7	3
First Bank (Nig.) Ltd.	38	22
United Bank for Africa Ltd.	27	15
Wema Bank Ltd.	5	2
Societe Generale Bank Ltd.	-	-
TOTAL ALLOCATED	**198**	
NO. OPENED AS AT 13.3.79		**92**

Source: The Banking Supervision Department, Central Bank of Nigeria, Lagos.

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