TITLE PAGE

THE ROLE OF COMMUNITY BANKS
IN THE DEVELOPMENT OF BANKING HABITS IN NIGERIA:
A CASE STUDY OF GWONG COMMUNITY BANK,
FADAN KAGOMA.

BY

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SUBMITTED TO THE DEPARTMENT OF BUSINESS ADMINISTRATION
AHMADU BELLO UNIVERSITY ZARIA, IN PARTIAL FULFILLMENT
OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE
OF MASTERS IN BUSINESS ADMINISTRATION.

DECLARATION

I declare that this project is my own work and has not been submitted in any form for another degree or diploma at any other University or Institution.

Information derived from the published or unpublished work of others has been duly acknowledged in the text. All errors and ommissions are mine.

BELLO I. PETER

CERTIFICATION

This thesis entitled **THE ROLE OF COMMUNITY BANKS IN THE DEVELOPMENT OF BANKING HABITS IN NIGERIA: A CASE STUDY OF GWONG COMMUNITY BANK, FADAN KAGOMA**. by **BELLO INUWA PETER** meets the regulations governing the award of the degree of **MASTERS IN BUSINESS ADMINISTRATION** of the Ahmadu Bello University, and is approved for its contribution to knowledge and literary presentation.

(NAME AND SIGNATURE)

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Above all my profound gratitude go to Almighty God for his ever divine guidance.

P.I. Bello.

ABSTRACT

For a' long time now there has been a growing need to bring banking closer to the grassroots thereby inculcating a sound banking habit within the grassroots population of the country because of its numerous advantages. In this light, concerted efforts like the rural banking scheme and the peoples bank were evolved. The failure of the rural banking scheme to actually inculcate banking, habits among the rural populace of the country led to the introduction cf the peoples Bank the inadequacies of which led to the introduction of a community based banking scheme known as the Community Banks. (CB). About four years now after its creation it is only pertinent at this juncture to ask to what extent have the CBs achieved the laudable objective of developing good banking habits within the rural population of the country.

To find out what extent the CBs have succeeded in this regards, a case study of Gwong community Bank Fadan Kagoma was undertaken. Two structured questionnaire were idministered, one to the banks management and the other to members of the Gwong Community.

The findings revealed that the introduction of CBs has indeed brought banking activities closer to the grassroots thereby allowing them have close access to banking acilities that were hitherto not available to them. In addition, the CBs have generated a lot o interest and awareness on banking activities thus steadily developing sound banking habits within the rural communities of the country.

There is however, a wide gap between the level of iterest and awareness generated by the CF activities and actual patronage by members of the community, There is need for CB management to evolve policies that will bridge such a gap.

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DEDICATION

THIS WORK IS DEDICATED TO MY LATE FRIEND

Mr. SHOMBE MAMMAN REYAS,

WHO DIED IN HIS SLEEP AT LAGOS.

MAY HIS GENTLE SOUL CONTINUE TO REST IN

PEACE AMEN.

CHAPTER ONE

1.0 INTRODUCTION

1.1 BACKGROUND OF THE STUDY

In every country, there will exist several sets of financial institutions and agents whose interactions one with another and with the rest of the economy will have repercussions not only on the growth and development of the economy but on the mechanism itself.

The Nigerian financial system has indeed undergone some remarkable changes in recent times. Specifically, the structural adjustment programme (SAP) has brought about some dynamic reforms of the system. Following the policy of deregulation, the system has become more market-oriented and the banking sector in particular has witnessed a remarkable growth between 1986 and 1991. This is buttressed by the fact that out of the 66 commercial banks in operation in Nigeria at the end of 1992, 32 or 49 percent of them were established between 1986 and 1991. The number of bank branches rose from 1,394 in 1986 to 2,171 in 1991.[1] It is noteworthy that community banking started within the same period.

The promulgation of the central bank of Nigeria Decree No.24 and Banks and other Financial institutions decree No.25 (BOFID) both of 1991, has given the central bank of Nigeria more flexibility in regulating and supervising the banking sector and licensing finance houses which hitherto

operated outside any legal framework. Of course, many of them came into existence within the period.

For many years, efforts were made to involve the Sub-Urban and rural people in Nigeria in modern banking practices. Apart from encouraging the establishment of commercial banks, merchant banks, specialised development banks were created focusing on mortgages, agriculture savings, co-operatives and other specific areas. Beyond this, rural branches were mandatory for the commercial banks so that the interest of the rural people could be catered for. Inspite of these efforts, the rural and sub-urban people could not fit into the conventional banking system as they are required to fill several forms, obey certain rules and are generally made to feel lost as their request for credit facilities are never met. This trend is more disturbing when it is realised that about 75 percent of the country's resource endowment abounds in the rural areas. And it is estimated that about 50 percent of total money supply are worn around the waist, or tucked away in pillow cases, tins and calabashes etc. rather than held in bank deposits.

This problem persisted over the years and has led government and some of it's agencies to seek acceptable solutions to the problem. The Central bank injunctions that specific number of rural branches of commercial banks be opened was the first major step. Many of such rural branches were opened across the country but they have not been able to make banking attractive to the people for whom they were

created. Banking operations have continued to be complex, sophisticated and often times cumbersome to the extent that the low-level education and outright illiteracy of the rural people have made participation difficult. As the then Nigeria's leader General Ibrahim Babangida puts it in his speech at the commissioning of the first community Bank in Nigeria:

> "The shift of emphasis to grassroots development is a matter of necessity at the present stage of our development _____. Part of our experience in rural development has clearly shown that efforts at expanding the economic base of the rural area almost always flounder because of scarcity of and restrictive access to loanable funds _____."3

The rural people have always had viable and functional local credit mobilisation systems which though informal serve their purpose. In various parts of Nigeria, the system is called 'AJO', 'ISUSU', 'BAM', and 'ADASHI'. The main characteristics of these local systems are voluntary contributions from members on daily or monthly basis. Such monies collected are given out as loans to needy members according to the rules. Nominal interest may or may not be charged on the loans, where any member defaults, appropriate and mutually accepted sanctions are imposed. But this system in itself is not enough since it does not entails channelling of such money into the formal banking sector of the economy for proper accountability and management.

Economic and social developments at the grassroots level has been stalled most times by the lack of proper economic structures. The peoples bank was introduced in 1989

which has it's clientele the masses in rural and urban areas. It was realised later that a large segment of the population required a higher level of credit than the people's bank can accommodate and yet too small a credit level to elicit the interest of the conventional banks. (It's initial maximum credit was ₦2,000.00 and later increased to ₦5,000.00). This was the rationale for the Central Banks continuous search for a solution to monetize the rural economy through the planned establishment of rural co-operative banks which did not take off properly because of low capital base and poor management. Since then the directorate of Food; Roads and Rural Infrastructure (DFFRI) by virtue of it's grassroots oriented programme came up with the idea of grassroots Unit banks which would aid the programmes of rural development, self-reliance and better economic well being for the majority of the people in Sub-Urban and rural areas. The idea gave birth to what is now known as Community Banking.[4]

The Community banking system was launched with the opening of Alheri Community Bank, Tudun Wada Kaduna by General Ibrahim Badamosi Babangida, then Nigeria's President on 31 December, 1990. All communities that have the capacity to establish their own bank are encouraged to do so. Since then, the scheme has experienced a phenomenal growth. Communities all over the country have been opening their own branches. As at the end of 1993 there were about 879 licensed Community Bank branches across the country.[5]

The fundamental concept of a Community Bank is of a self-sustaining financial institution owned and managed by a community for the purpose of providing credit, deposits, banking and other financial services to it's members largely on the basis of their self recognition and credit worthiness.[6] Community banking represents an institutional attempt at modernising the system of credit provision to people at the grassroots. It is a way of formalising traditional and informal systems of credit provision in the country. It is based on the well known and honoured practice of community self help and self reliance. Professor D.I. Saror, Vice Chancellor of Ahmadu Bello University observed that Community Banks were introduced in Nigeria to serve as a veritable instrument of rural development. They were intended to provide financial and banking services to communities; enhance the development of productive activities in both rural and urban areas thereby improve the economic status of small producers in the economy; promote an effective financial system and inculcate good banking habits among Nigerians.[7]

It is imperative that after about three and half years of Community Banking in Nigeria to begin to ask the role they have been playing in the development of banking habits among the rural and sub-urban population. This research work is an attempt to answer such a question. It intends to study the Gwong Community Bank, Fadan Kagoma. Established in November 1991 by the Kagoma (Gwong) Community of Jema'a

Local Government Area in Kaduna State. The Kagoma Community is made up of several villages with the main village Fadan Kagoma a sub-urban settlement 22km from Kafanchan the Local Government headquarters. Members of the community are predominantly farmers with a few others engaged in small scale business activities like milling, carpentry, trading etc.

1.2 STATEMENT OF THE PROBLEM

Essentially, the purpose of establishing Community Banks is for them to be able to provide credit, banking and other financial services to it's members largely on the basis of their self recognition and credit worthiness with less emphasis on collaterals. General Ibrahim Babangida, the then Nigeria's leader in his 1990 budget speech said of Community Banks, that "each community Bank by serving its particular area, will also be contributing to the overall development of the banking system and for the economy as a whole". It can then be seen that a lot of hope has therefore been placed on the community banks to serve as a veritable tool for inculcating banking habits among the rural and sub-urban population of the country.

This study is intended at finding out how the people have imbibe banking habits through the activities of Community banks within their community, or is it also one of those grandiose schemes by government and laudably welcomed by the people only to be jettisoned when they face their first teething problems or when it is later realised that it is not producing the desired results.

1.3 OBJECTIVE OF THE STUDY

The introduction of the community banking system to a great extent has enjoyed spectacular welcome from various communities in the country since it's inception in December 1990 with about 879 branches as at December 1993. This research work is intended to establish in clear terms the role these community banks have been playing in order to improve the banking habits of both rural and sub-urban population of the country. Thus the objective is to identify the achievements, problems and prospects of community banks in the development of banking habits using the Gwong Community Bank, Fadan Kagoma as a case study.

1.4 SIGNIFICANCE OF THE STUDY

The result of this study should in the end be able to shade more light to members of the society as to the role of Community Banks in relation to their activities as grassroot bank.

The study will highlight the achievements, problems and prospects of Community Bank which will be of interest to the communities who already have their own Community Banks in terms of the way their services are being received and on ways of improving these services if the need be. And for Communities yet to establish their own banks, the research findings will show them if there will be any need for them to establish one.

The findings of the study should also be of interest to various government agencies like the Community Banks governing body, the National Board for Community Banks (NBCB), the Directorate of Food, Roads and Rural Infrastructure (DFRRI), the Nations economic planners in that it will show to what extent the community banks are achieving their role as vanguard for mobilising economic activity within the rural and sub-urban population of the country through the inculcation of banking habits on them.

1.5 DELIMITATION AND LIMITATIONS

This research work is a case study of the Gwong Community Bank which is only one out of the 879 operating in the country as at December 1993. This may appear insignificant particularly as it affects generalisation of findings. The researcher would have love to include more community banks in the study but due to time and financial constraint this is not possible. However, this not-withstanding, the Gwong Community Bank being one of the pioneering community banks in the country (it was established in 1990 November) its three years of existence should be able to have enough impact on the community so as to be able to bring out to a large extent the role community banks are playing in the development of banking habits.

Furthermore, agreed that generalisation of findings may not be possible but the findings could serve as a lead and an inducement to further research work in this area.

1.6 RESEARCH METHODOLOGY

1.6.1 DATA COLLECTION

In conducting this study, both primary and secondary data will be required. To source the secondary data, the banks books, annual general meeting reports will be perused to gain an insight into the real activities of the bank.

For the primary data, two structure questionnaire will be served, one to the Bank Management and the other to members of the Gwong Community. The questionnaire to be served within the community will be produced in both Hausa and English to cater for those respondents who cannot really understand either of the two languages well. For respondents who cannot understand both languages properly, interpreters will be used. They will not only interpret but fill the questionnaires for them when the need arises. The problem of interpreter bias has been greatly reduced by the nature of the questions.

1.6.2 SAMPLING

The Gwong Community is made up of several villages and hamlets. Due to financial and time constraint, it will not be possible for the researcher to visit each of them and serve them with the questionnaire, rather, the villages will be sampled out randomly taking into consideration the two districts that made up the entire community. In all ten of such villages and hamlets will be served with the questionnaire. Five from each district.

FOOTNOTES

1. See Appendix i

2. Uzoga, O.W. (1981) **Money and Banking in Nigeria** Fourth Dimension Publishing Company 1981. Enugu. p.17

3. Babangida, I.B. (1990) Address delivered at the "Commissioning of the first Community Bank in NIgeria" at Tudun Wada Kaduna 31 December 1990.

4. **The Community Banking System in Nigeria; An Introduction** NBCB Publication 1992 p.18

5. **Community Bank Newsletter** 2(12) December 1993 p.1

6. Op. cit p.53

7. Saror, I.D (1994) Address on the occasion of the "National Board for Community Banks Day at the 16th Kaduna International Trade fair Kaduna. 1 January 1994.

CHAPTER TWO

2.0 LITERATURE REVIEW

"Since rural development is a scheme of broad and umbrella nature, it cannot be permanently sustained if its actual beneficiaries are not positively involved in its conception, design, financing and implementation within the limit of their own belief system, ability to comprehend its motive, gains and ultimate purpose____". Mohammed Jekada (1991)

2.1 INTRODUCTION

The significance of banks to the economic development of any society can never be over emphasised. Thus the availability of banks in all nooks and corners of a country is of great importance. The presence of these banks however, is something, and the use of the banks is another. These banks can only be properly made use of if the people have cultivated a banking habit.

In this chapter, we shall review the activities of the various types of banks available in the country from inception to see what impact or role they have or are playing towards the development of banking habits in Nigeria and also the problems and prospects that they may have or are encountering.

2.2 COMMERCIAL BANKS

A parallel in the saying that "the ship follows the flag" can be found in the origin of intitutionalised banking in Nigeria. Banking in the form it is known today in Nigeria followed the trade and commerce of early European trading firms. Little wonder then that the early banking institutions were of commercial nature and initially

attended to British and Arab trading and commercial interests and later, that of the colonial government in distributing sterling coins in addition. The precursor of western-style banking in Nigeria was the African banking Corporation established in 1892 a Lagos outpost of a South African based firm and by 1893, a fast growing shipping and trading firm based in liverpool. However, it was not until its transformation in 1894 into the bank for British West Africa (BBWA) that its full commercial banking potentials albeit of a localised nature were realised. First Bank of Nigeria PLC is the present day remnant of that pioneer Commercial Bank in Nigeria.

Since then there has been no looking back as to the number of commercial banks established by the regional Governments, (later states), individuals and organisations. But the watershed of commercial banking in Nigeria was September 1986 when the government commenced the policy of deregulation of the economy. Since then the commercial banking sector has witnessed rapid growth, especially in terms of the number of institutions and innovations in the market. The number of commercial banks rose from 30 in 1986 to 66 at the end. A significant outcome of the rapid growth in the number of commercial banking institutions is the expansion in the network of bank branches in Nigeria. Altogether, there were 2,171 in 1992 from 1,991 in 1986 branches all over the country.

The long history of commercial banking in Nigeria no doubt has enabled commercial banks to contribute enormously to Nigeria's economic development especially in the mobilisation of domestic savings, provision of credits, inculcation of banking habits and generation of employment among others. Inspite of these contributions, critics however believe that commercial banks have not responded adequately to the developmental needs of the Nigerian economy. They blame this on the maladapted banking structure and orientation inherited from the colonial era. This fact is manifested by the concentration of banks in the Urban areas.

As Olashore (1988) rightly observed, the early banks were established by colonial masters to service the commercial and administrative interests of the metropolitan authorities in the colony. Consequently, the promotion of indigenous entrepreneurship was very low in their list of priorities. They had their offices in the then few administrative headquarters. Other than mobilisation of savings among indigenous population, they cared little or nothing for their economic development except in so-far-as this conformes with the policies and objectives of the colonial masters.[1]

When the Nigerians finally decided to break the stranglehold of these foreign owned banks on the local economy they employed the strategies and techniques of their foreign competitors. In effect they operated in the same

urban areas where business thrived. A large part of the country remained and indeed still remains without adequate banking facilities; and because of the drift to the urban areas, have also become inadequate to meet the demand. Whereas there are no banking offices in most part of the rural areas, those in urban areas have become badly congested. The result is that neither in the rural areas nor in the urban areas is access to banking services easy or convenient.

2.3 POSTAL SAVING BANK

The history of the postal saving bank system in Nigeria dates back to 1923 with the enactment of the post office savings bank Ordinance. At the inception and with its reorganisation into the Federal Savings Bank in 1974, the post office savings bank as it was then called, operated through the facilities or network of post offices in the country and mobilised the savings of the users of the postal services and those of other interested savers especially small savers. However, despite the enormous changes brought about by its reorganisation in 1974, coupled with the vast opportunities for mobilising saving provided trough the network of post offices, the bank continued to be dogged by a record of lack-lustre performance. Although it must be admitted, the facilities provided by them ironically became a source of its weakness rather than strength due mainly to its bad public image, it is right to add that the bank's low interest regime and other conservative policies did not put

it in a position of strength to compete effectively with other financial institutions. Nevertheless, the bank's role in financing Government programmes through the purchase of its short and long dated securities apart from encouraging the habit of thrift among small savers neglected by other banks are noteworthy and justified its unique identity in the country's financial system prior to becoming a full-fledged commercial bank FSB International Bank plc in 1990.

2.4 CO-OPERATIVE BANKS

By their historical orientation, commercial banks in Nigeria inspite of their enormous financial resources were not initially well disposed to dealing with small and rural customers engaged in agriculture and other productive activities. This resulted in a gap in financing these neglected but essential economic activities. Thus the rationale for co-operative banking in Nigeria in the 1950's can be explained by the desire to fill the financial gap which arose from the conservative financing orientation of the commercial banks at the period. At the inception therefore, they were expected to cater for the banking interest of co-operative bodies and their members.

A number of co-operative banks were established all over the country. But most of them have since assume the status of commercial banks and change their names e.g. the Co-operative Bank of Western Nigeria (now Co-operative Bank Limited), Co-operative bank of Eastern Nigeria (Co-operative and Commerce Bank of Nigeria Plc), Kaduna State Co-operative Bank (Nigeria Universal Bank Ltd.).

A number of reasons can be used to explain the demise of co-operative banking in its unadulterated form in Nigeria. One of them was the sheer force of competition from its commercial banking counterparts. Coupled with this was the pressure to expand the bank's deposit base by attracting the deposits of both cooperatives and co-operators. Having acquired commercial banking licence, co-operative banks reasoned that they would be availed more opportunities for a wider deposit base which would help them to provide greater support for the co-operative movements. This development was clearly to the disadvantage of the co-operative banks which as a consequence lead to the lost of their rural orientation and therefore their understanding of their special problems of rural agricultural financing and of the requirements of small scale industries in Urban and Semi-Urban areas. Other plausible explanations were the lack of qualified personnel in the field of co-operative banking and the absence of a virile co-operative system in Nigeria.

2.5 MERCHANTS BANKS

Historically, Merchant Banks originated as a result of Merchants who lent their names to commercial papers to finance International trade. Given the absence of local merchants of international repute, it is not surprising that like their commercial banking counterparts, merchant banks are alien to the Nigerian financial system.

Merchant banks are wholesale bankers in that they cater for the needs of corporate and Institutional customers and

were required to accept deposits of ₦50,000 and above until recently when the minimum deposit was reduced to ₦25,000. Their role in the economy is to provide medium to long-term finance by engaging in activities such as equipment leasing, loan syndication and debt factoring, including project financing.

Merchant banks operate under the same regulatory framework as the commercial bank with some few exceptions. In terms of granting of loans, only a small proportion of their loans and advances is of the overdraft type unlike the commercial banks. Merchant banks also do not have widespread branch network owing to the nature of their operations.

At the end of December 1992, Merchant banks numbered 55 as against 12 in 1986.

2.6 DEVELOPMENT FINANCE INSTITUTIONS

These are institutions established specifically to contribute to the development of specific sectors of the economy. They consist of:

2.6.1 The Nigerian Industrial Development Bank (NIDB)

The NIDB was established in 1964. Specifically, the NIDB was set to provide credit and other facilities to industries particularly medium and large-scale enterprises on concessionary terms. Recently some small-scale enterprises have also benefited from its financing.

2.6.2 The Nigerian Bank for Commerce and Industries (NBCI).

Following the promulgation of the Nigerian Enterprises Promotion Decree of 1972, there was the need to develop indigenous enterprises, particularly small and medium-scale enterprise. The Federal Government through Decree 22 of 1973 established NBCI for that purpose. Apart from granting loans to small and medium scale enterprises, the bank engages in share underwriting, project identification and feasibility studies.

2.6.3 The Nigerian Agricultural and Co-operative Bank (NACB).

The NACB was established in 1973, mainly to finance agricultural development projects and allied industries.

2.6.4 The Federal Mortgage Bank of Nigeria (FMBN).

The FMBN was established by Decree No.7 of 1977. It took over the assets and liabilities of the Nigerian Building Society. The main functions of the FMBN include the provision of banking and advisory services, mortgage financing, research activities pertaining to housing. Following the announcement of the National Housing Policy in 1990 and the promulgation of Decree No.3 of January 1991, the FMBN was empowered to license and regulate mortgage institutions in Nigeria and act as the apex regulatory body for the mortgage industry. Since this Decree, there has been a rapid increase in the number of mortgage institutions in the country from 23 in 1991 to 145 in 1992.

2.7 RURAL BANKING SCHEME

It is a generally accepted fact that in the early stages of development, government plays a crucial role in

mobilising and purveying funds for investment in rural areas. This is because the relatively low saving ratio of the rural household is not entirely caused by low productivity, but also by the absence of intitutionalised agencies which mobilise savings and channel them into productive investment. Until recently, institutional arrangement for mobilising and channelling of funds in the rural sector was entirely outside the banking system. Inspite of the long history of banking in Nigeria (100 years) branch banking which is a phenomenon of the 60's tended to concentrate in a few large towns spread all over the country. These banks have had little contact with or impact on the rural population.

Hitherto, the credit needs of the rural areas was met largely outside the organised institutional arrangement. The non-institutional or informal sources, include neighbours, money lenders, produce buyers and group savings ('osusu' or 'esusu' system).

Credit is one instrument for promoting rural development. To the extent that banks are essentially profit-motivated, their role as suppliers of credit is limited by the level of development already attained. The cost of expansion into rural areas, and the servicing of a large number of small and often risky loans and advances, would tend to outweigh the financial returns to the bank, although the social returns would be high for the economy as

a whole. As one Commercial banking executive puts it, you spend as much energy giving a loan of ₦5,000 as that of ₦5 million. In any event, the greater the amount of credit demand, and in terms of quantity and profitability the greater the role of commercial banks in the supply of such credit. It was in the recognition of this role that the Federal Government of Nigeria introduced the rural banking scheme in Nigeria.

The genesis of the rural banking scheme was the report of Dr. Okigbo Committee which highlighted the need to develop our rural areas as a way to halt rural-urban drift. The rural-urban migration had continued unabated long after the national independence in 1960 especially during the oil boom period in the 1970's. The Committee reported that the banks should be made to actively facilitate the transformation of the rural environment by promoting the rapid expansion of banking facilities, services and banking habits in the rural and near rural communities. They will thus serve as paying and receiving stations for hand to hand currency and provide facilities for remittance to and from their customers and thereby help to mobilise rural savings. Most important of all they will serve as vehicles for the creation of credit in the rural areas; this credit will take the form of equity and loan for small scale businesses.[2]

In response, the Government among other measures introduced the rural banking scheme in 1977 by compelling the commercial banks to open branches in the rural areas. It

was the beginning of a conscious and deliberate policy aimed at introducing the rural and semi-urban areas into the banking system of the country. Banks were allocated specific places and the number of branches they should open under the first phase of the scheme. The banks were given three years (1977-1980) within which to open 200 branches under the first phase.[3] Rural banks were to promote and expand the rural economy in an orderly and effective manner; to place credit facilities on reasonable terms within easy reach of the country dwellers; and generally to increase the productivity of the rural sector.

The objectives of the rural banking scheme are as follows:

(a) Mobilisation of rural savings.

(b) The allocation of credit among productive activities.

(c) The institution of commercial banks as a back up for new introduced government development programmes.

(d) The linkage of money markets in these fields especially in the rural areas, with capital markets of the rest of the economy.

The efficient allocation branches and place to the commercial banks were:

i) Where there was a rural town of 50,000 population;

ii) Where there were suitable institutions available in the area;

iii) In the headquarters of a local government area;

iv) At the discretion of the Central Bank of Nigeria.

Other criteria were the size of the existing banks and a waiver of the feasibility study which normally have to accompany a Bank's application to the Central Bank of Nigeria for approval to establish a branch.

By the end of June, 1980 a total of 206 rural branches were opened. This achievement was quite remarkable especially when it is noted that the banks were not particularly forced into opening these branches.

The second phase of the scheme took off in July, 1980 with 260 branches scheduled for opening by June, 1983. This target date was later extended to the end of June 1984. Opinions abound that this phase was particularly hampered with many problems. It was ill-planned. Allocations were made without regards to viability, but in obedience to interest groups and some highly placed Nigerians who wanted branches of banks in their localities. Some of these locations were inaccessible by road and some were virtually without infrastructures.

As at the end of December 1989, the total number of rural branches opened under the three phases of rural banking programme stood at 765 (compared with 766 allocated)[4]

Inspite of this seemingly impressive number of commercial bank branches in the rural areas, the rural sector still lacks access to sufficient credit for their economic activities.

It is pertinent also to note that this apparent level of success not withstanding, commercial banks did face a lot of obstacles in the cause of opening up rural branches. One such obstacles is that of inadequate development of the banking habits in rural areas. People have dealt for so long with the traditional lending institution such as money lenders and 'Esusu' clubs and similar credit institutions that changing over to use the western-type institutions inspite some of the apparent advantages is not a decision that is easy to make. Understandably, though the rural public is reluctant to make the change because of the rigidity and red-tape associated with the use of modern banking facilities. Partly too, the commercial banks are to blame because it does not appear that enough advertisement and salesmanship is done to market their business and bring more clients into the institutionalised financial system.[5] This apathy by the rural populace to banking habits is further attested to by P.A. Ladipo who conducted a research with 50 farmers at Ile-Ife, he found out that almost all mentioned that they did not have enough money to open and maintain an account, or that the amount of money they could save was small in relation to cost of travelling to town and waiting in a bank. Other reasons given were illiteracy, lack of knowledge about operating an account, fear of bank liquidation, and a preference for borrowing rather than saving.[6]

Another of such obstacles is the neglect of the rural areas which has meant no supply, in most cases, or at best an inadequate supply of social amenities such as good pipe borne water, electricity, communication facilities and access roads without most of these a modern bank branch cannot function well and the absence of most of them has meant the reluctance of banks to move into these areas.

Closely related to the obstacles mentioned above are the cost structure and attitudinal problems. The first relates to the high salary structure and establishment costs such as buildings, strongroom machineries and other costs. These invariably constitute a fixed element in costs of running a branch and because of their size, require a large amount of business to enable a new branch to break even. The second difficulty is concerned with the general apathy of bank staff towards rural banking. One reason is that most bank staff are recruited in Urban areas are not always keen to transfer to the rural branches. Apart from the fact that banks were not given adequate time to prepare for the rural banking in terms of training of staff for example, the scheme also suffered in-adequate publicity on the role and function of the rural banks. Given the low level of banking habits in Nigeria and the salient features of the traditional rural communities earlier outlined, a lot of public enlightenment campaign need to have been embarked upon long before the programme was finally launched.

Similarly, the non inclusion of the rural people in the

scheme. The banks are owned and operated by the people who are alien to the rural communities. The services offered by the banks are even more alien to the people. This made Iornum (1991) to say that " the idea of using rural banking as a tool for cultivating banking habit to rural dwellers as a major objective of the scheme was by itself a misnomer".

Thus inspite the level of success achieved by rural banking schemes in terms of opening targeted rural branches (see appendix 2) in 1990, and despite delays in phases and pressures from the CBN the rural banking scheme was not able to mobilise the rural and semi-urban population of the country and probably inculcate banking habits within them as was expected. This made people to conclude that the scheme was a failure.

2.8 PEOPLES BANK

The realisation of the Babangida administration that its efforts at improving the socio-economic circumstances of the people of the grassroots level could only be more successful via a credit delivery system which is tailor-made for them culminated in the creation of a unique and non-conventional banking system known as the peoples Bank. This bank which is designed to provide credit facilities for the Urban and semi-urban poor commenced operations towards the end of 1989. However, the enabling instrument establishing it Decree 22 of 1990 had a retrospective effect from October 1989 when the first branch of the bank took off in Ajegunle-Lagos.

appears to be largely met. At the end of its first year of operation, records show that the bank had more than 1200,000 beneficiaries of its credit facilities totalling ₦74 million.

However, there are reservations on the extent to which the bank in its present structure can continue to meet its objectives. Against the background of a deteriorating debt recovery and over reliance on government treasury, the bank may be heading gradually to its peak performance.

2.9 COMMUNITY BANKS

The significance of lack of access to banking facilities is better appreciated when one realises that the bulk of the rural population and indeed Nigerians population is engaged in agriculture, hand craft and other basic small-scale enterprises. The stock of money in their hands is kept outside the banking system.

With the above picture, the total neglect of rural communities in the scheme of bank expansion and inadequacies of banking services generally related to the size of Nigerias territory and population, it is easy to appreciate the concern which the monetory authorities and indeed the government as a whole expressed for the establishment of a diffused network of bank to all parts of the country in a bid to develop banking habits among the people and build up a banking system that could sustain rapid and balanced development of the economy. It is against the backdrop of

this that the concept of community banking was introduced in the country.

The fundamental concept 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, deposit, banking and other financial services, to its members, largely on the basis of their self recognition and credit worthiness. This is in contradiction to the near-total reliance by the orthodox banks on viable and negotiable collaterals as the basis for giving credit.

The objectives of the community banking system amongst others include:

a) 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.

b) The rapid enhancement of the development of productive activities in both rural and urban areas and hence the improvement of the economic status of small producers in the informal sectors of the national economy.

c) The promotion of the emergence of an effective and integrated national financial system that responds to the needs of the whole economy, especially at the grassroots community levels.

d) The inculcation of disciplined banking habits, among the masses of low income workers in Nigeria especially those in the rural areas.

e) The fostering of the spirit of community ownership and use of economic assets and the maintenance of such facilities and organisations on a suitable basis.

2.9.1 **FUNCTIONS OF THE COMMUNITY BANKS**

i) Accept various types of deposits including savings, time and target deposits, from individuals, groups and other organisations.

ii) Issue redeemable debentures to interested parties to raise funds from members of the public.

iii) Receive money or collect proceeds of banking instruments on behalf of its customers.

iv) Provide ancillary banking services to its customers such as remittance of funds deposits facilities etc.

v) Maintain and operate various types of accounts with, or for other banks in Nigeria.

vi) Invest surplus funds of the bank in suitable instruments including placing funds with other banks.

vii) Pay and receive interests as may be agreed upon between community banks and their clients in accordance with public policy.

viii) Provide credit to its customers, especially small and medium scale enterprises based in its area of operation, and promote and monitor effective loan usage, amongst them.

ix) Operate equipment leasing facilities, and supervise credit scheme to ensure excess of its customers to farm inputs, including financing inputs purchase on a

consignment basis, for groups of clients.

x) Give guarantee in favour of its customers to give them access to credit and other resources.

xi) Receive re-financing or other funds from the NBCB and other sources, private and public, on terms mutually acceptable to both the provider of the funds and the recipient community banks.

xii) Perform non-banking functions that promote grassroots developments such as supporting individual, co-operative and group formation activities, assisting clients in marketing of agricultural, rural, industrial and other products and providing financial and other extension services to clients, and other community members.

xiii) Shall not engage in sophisticated banking services like foreign exchange transaction or international commercial papers, corporate finance in order to enable them retain their local focus and concentrate on community services.

xiv) Enlighten the community on the effective use of credit and other banking services so as to enhance individual collective and community production and development.[9]

Against a backdrop of these functions it can be seen that a lot of responsibility has been placed on community banks to serve as a veritable tool for the mobilisation and upliftment of economic life of the rural and semi-urban

areas and inculcating banking habits within them. And as Mabongunjo (1993) observed "A few innovation no matter how good or profitable, is received in every society with caution. While some people are quite willing and eager to accept innovation, some tarry a little longer waiting to see how it goes before joining.". [11] In the light of this the community banking system to a great extent has enjoyed spectacular welcome since its inception in 1990 December. From a modest 98 banks in December, 1991, the banks have risen to 897 at the end of 1993. This feat may be better appreciated when it is realised as the NBCB Chairman Mr. Mabongunje euphorically observed at the third anniversary conference of the NBCB at Durbar Hotel Kaduna that;

> "Within the three years of establishing community banking system in the country, the number of community banks has risen to 897. The total assets of the 611 community banks fully operating as at December 1993 stood at ₦3.2 billion with 72 of them already having assets of over ₦10 million each. The total deposits mobilised by these banks as at date stood at over ₦2.2 billion with 55 of the banks having mobilised more than ₦10 million. By that date also, the community banks have disbursed over ₦5 million each. In short, the community banking system has had an impact on credit availability at the grassroots beyond our wildest dreams" 12

It is important to note that essentially these mobilised deposits are contributions from the various communities where these banks are situated. In addition, these community banks do not enjoy government largesse as is the case with several other banks owned by the government.

Further commenting on the apparent growth of the community banking system in Nigeria, the NBCB Executive Chairman said that experience has shown that people are

willing to adopt new ideas provided it has relevance to their life styles and expectation. The message of Community Banking may appear new but it has always been practised in an informal manner. He also observed that the community banking system presents to our communities a modernised traditional system. It therefore makes it easier for the message of community banking to be acceptable to the vast rural and sub-urban people. In fact, the presence of CB's and other credit institutions has not diminished the stature of the traditional system. They are still largely being practised inter-changeably. They can co-exist and complement each other for the greater good of the people.

Mobilisation of idle funds at the local and rural levels of the economy is one of the main reasons for the establishment of the community banks. A CBN reports states that about ₦62 billion is in circulation out of which only about ₦35 billion is in the banking system.[13] The role of community banks is to bring this huge sums of money into the banking system hence the need for them to encourage the common man to have confidence in the banking system.

Mabogunje (1993) said this can only be achieved if the promoters of the banks are themselves community oriented enthusiast. They must be knowledgeable about the people in terms of the history, culture, occupation and environmental circumstances. In this way, the promoters and directors of the bank will work through the existing social structures of

the community development association (CDA), town unions, trade groups, co-operative and opinion leaders to make the people imbibe modern banking culture that gives return on investible funds. In addition the funds are secured and are put at the disposal of needy people at the appropriate time.

Owualah (1993) succintly puts it that community banking systems holds the promise of being a potent substitute or means of integrating the informal rotating savings and credit Association (RSCA) that abound in the nook and crannies of the rural areas into the formal system. However, the level of success in this regard will depend very much on how far these banks are able to rise to the challenges of rural banking which the conventional banks have failed to meet on one hand and the extent to which the rural environment is made conducive for their operations on the other.

The community banking (CB) scheme looks like it is the solution to the banking need of the rural and semi-urban populace of the country unlike the rural banking scheme because it involves the communities right from its conception, design, financing and implementation. Thus it is envisaged that it will successfully inculcate banking habits within the rural communities thereby ensuring development of such communities and the country in general.

2.10 SUMMARY

Since the inception of banking in Nigeria about a hundred years ago, various categories of banks and their branches have been established in the country. But the bulk of these banks have followed the patterns set by the foreign banks who were the first to start banking business in the country, by establishing their bank branches only within the urban areas where economic activities thrives to the neglect of the rural and semi-urban areas of the country. Thereby making banking habit predominantly an elitist activity.

However, the bulk of the nations human and material resources abound within the rural and semi-urban areas and have remained idle. Past administrations in the country have realised the need to mobilise and develop these resources. One quick way of doing such is through the banks. The idea was to introduce banks in the grassroots and thereby develop banking habits among the rural populace and thus in the long run mobilise these idle resources.

Firstly, the government tried to use the commercial banks through the rural banking scheme to achieve this but it failed to obtain the desired result due to various reasons ranging from poor banking habits of the rural populace, poor rural infrastructure and apathy by bank workers to cost of operating rural branches. And of course not forgetting selfishness by both government and well placed Nigerians.

The government then came up with the idea of Peoples bank which was to provide credit to both rural and urban areas. But it was realised that the peoples bank cannot accommodate the credit requirements of most of its clients, either because the amount needed was too much for the bank or too small for the client. So the community banking system was introduced. These are banks to be solely owned and financed by the community setting it up.

From the level of success it has so far achieved, opinions seem to show that it is the solution to the problem of banking in the rural and semi-urban areas of the country. But only if it is able to rise to the challenges of rural banking which the conventional banks have failed to meet and the rural environment is made conducive for their operations.

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CHAPTER THREE

3.0 DATA PRESENTATION AND ANALYSIS

3.1 INTRODUCTION

In order to find the role community Banks are playing in the development of banking habits in Nigeria, a case study of Gwong community Bank (GCB) Fadan Kagoma was undertaken. Two structure questionnaire were administered. One to a randomly selected members of the 'Gwong' Community, while the management of GCB was interviewed using a structured questionnaire. This was done with the hope that it will inform us on what the Community Bank are doing and what impact they are actually having on the banking habits of the community.

3.2 STRUCTURAL ANALYSIS OF SAMPLE

A total of 150 copies of questionnaire were administered within the community out of which 62 representing 41% were returned . 83% of these respondents were male, the rest female.

22% of the respondents have been to tertiary institutions like colleges of Education, Polytechnics and Universities. 32% have secondary education. 26% Primary while the remaining 19% have no formal education.

The age of the respondents range between 25 - 50 years. 40% of them are farmers, civil servants 20%, applicants 18% and traders 17%.

3.3 DATA PRESENTATION AND ANALYSIS

Of the 62 respondents, 37 or 59% of them have operated bank accounts in other banks before while the remaining 41% have not. At the same time, 29 or 46% of the total respondents currently have bank accounts with the Gwong Community Bank, Fadan Kagoma. Showing that some of the respondents have either closed their accounts to open an account with the GCB or they are still operating the two accounts together.

GCB presently offers to its customers the following range of services:

i) Savings account

ii) Current account

iii) Fixed deposit

iv) Infant saving scheme

v) Target Saving Scheme

   a) Xmas Savings

   b) Sallah Savings

vi) Loans/Advances

vii) L.P.O. finance/ contracts

viii) Business advisory Services

ix) Inter-bank fund placement

x) Joint partnership

xi) Equipment leasing

xii) Safe custody

xiii) Remittance of funds

xv) Door step banking

xvi) Feasibility studies for small scale/large scale industries

xvii) Sourcing machinery/raw materials.

In relation to those services offered by the banks 85% of the respondents are aware of the banks loaned facilities. But only 26% of them have actually gone to the bank to seek for any of its loan facility. Of this figure 9 applied for Agriculture/Livestock loan, 4 for commercial activities (trading) and 3 for other reasons like building of houses, paying school fees etc. 8 respondents out of those who applied were given the loan. The others were asked to hold on.

As earlier said, 29 respondents have accounts with GCB and 16 respondents representing 55% of them have applied for the banks loan, this shows a fairly good interest by the community on the use of such facility.

As the record received from management in table 3.1 shows most of the loan sought is for Agriculture and with 90 beneficiaries, followed by commerce with 36 then manufacturing and food processing with 32 as at June 1994. This implies that the bulk of beneficiaries are farmers. The table also shows a steady growth in the number of loan beneficiaries, from 69 in 1992 a year after the bank was established, the number of beneficiaries rose to 203 as at June, 1994 with a total disbursement of ₦433,423.69 and ₦1,685,000 respectively shown an encouraging improvement.

The loans pay-back by the beneficiaries is either installmental or bulk as the beneficiary may wish. The bank has since inception not experienced any default in loan repayment as at June 1994. Some beneficiaries do lag behind schedule in paying back, thus, the GCB evolved a policy of sending periodical reminders to beneficiaries and according to the management the beneficiaries have always responded positively to such reminders. Some respondents have however called on the GCB to further increase the pay-back period of their loan.

TABLE 3.1 LOAN DISBURSEMENT AND BENEFICIARIES

TYPES OF LOAN	NUMBER OF BENEFICIARIES			TOTAL DISBURSEMENT		
	1992	1993	1994*	1992	1993	1994*
Agriculture and forestry	35	54	90	150,000	400,000	590,000
Manufacturing and food processing.	25	30	32	60,000	200,000	250,000
Real Estate and construction	4	18	20	80,000	180,000	200,000
Commerce	3	28	36	133,423	280,000	350,000
Transport and communication	2	16	25	10,000	160,000	235,000
Others	-	4	10	-	20,000	60,000
TOTAL	69	150	203	433,423	1240,758	1,685,000

Source: Responses to questionnaires.

*The figures are as at June 1994.

The GCB currently operates savings, current and fixed deposit accounts only even though it can offer other forms of account like the infant savings account, target savings account, etc., the customers have not yet started patronising these accounts. Table 3.2 shows the types of accounts operating in the bank and their annual level of growth since the inception of the bank.

TABLE 3.2

TYPES OF ACCOUNT -66	NUMBER OF ACCOUNT HOLDERS* 1992	1993	1994	TOTAL DEPOSITS 1992	1993
Savings Account	827	1,123	1,254	780,277.53	1,159,839.00
Current Account	407	530	543	102,285.30	123,946.74
Fixed Interim Deposit	13	41	44	646,408	1,080,204.00
TOTAL	1,247	1,694	1,841	1,478,970.83	2,363,989.74

SOURCE: Responses to questionnaires.

*Figures are as June, 1994.

It can be seen that the GCB has been enjoying a steady growth both in terms of account holders and amount of deposits. From 1,247 accounts with a total deposits of ₦2,363,984.74 in 1993. The account holders have further grown to 1,841 as at June, 1994. This portrays the fact that the bank is growing. But a lot still has to be done as it is realised that of the total respondents 33 or 53% of them still don't have accounts with the bank.

The respondents gave various reasons why they don't

save with the GCB. They included:

i) Lack of the money to save.

ii) The distance between the bank and their homes is too long and the cost involved in transportation is a further deterrent.

iii) Some feel isolated, being a community bank, their various section of their community are not represented in terms of recruitment or representation on the board. So the sense of belonging is non existent.

iv) Lack of interest in banking.

v) Some are not used to visiting places like the bank. They feel the bank is not a place for people like them.

As regards other services offered by the bank such as advises on financial and business matters, 80% of the respondents said they are aware of the availability of such services. But only 32% of the respondents have actually gone for or benefited from any of such advises. The management on the other hand said customers rarely come for such services. The advises given to customers is normally by management initiative when for example a customer comes for a loan or to deposit huge amount of money in the bank.

Commenting freely on what they feel about the community bank in their community, the respondents replied variedly. Almost all of them commended the good services the GCB is doing within the community in terms of improving the economic life of the community by bringing banking close to their domain. This they said the bank is doing this by

giving farmers loans and advises. As one respondent said "Establishing this bank has made us the Gwong community to know ourselves and has made us know the importance of collecting a loan, something that we were afraid of doing before.".

Some respondents see the GCB as a symbol of co-operation and unity among the Gwong community for example one respondent puts it "I feel proud of Gwong community bank because the bank has helped the rural people to come close to each other.". This kind of feeling of course makes the members of the community have a strong commitment and attachment towards the bank.

Closely related to the above point, other respondents feel bad by the way recruitment of staff is done in the bank. In that it does not show a fair representation of all section of the community. This grievances probably explains why some don't save with the bank.

In regards to the bank staff, some respondents feel that they are doing a good job towards the advancement of the bank by their polite approach to customers and their efforts towards enlightenment of the community on the bank activities. Others feel there is the need to send them for more training to further enhance their performance on the job. However, some respondents complain of the favouritism shown by the bank staff to some customers whom they know or are related to particularly on the issue of loans.

On the banks loan facility, some respondents called for

an extension of the pay-back period of their loan. While some call on the bank to give loans to non-savers with the bank as this will further attract more customers to the bank.

There is also a call on the bank management to further improve on its publicity activities as some members of the community are yet to fully appreciate the role of the bank, talkless of patronising it.

The GCB management view the community's attitude towards community banking as highly encouraging. This view is reinforced by the fact that the community members know that the bank belongs to them and having begun to realise the benefits associated with community banking have been doing everything within their means to make sure that the bank does not fail. The profit declared by the bank from (₦59,000 in 1992, to ₦123,000 in 1993) is probably a testimony to that effect. They therefore feel that the bank is seriously changing the banking habits of the Gwong Community as a lot of the community members are beginning to know and appreciate the importance of banking to their economic life and have openly express it so.

To change the habit of a people from their former ways is not something that can be hurriedly done, more so, when the changes is to a thing that was hitherto alien to the people. In this light, the banks level of achievement notwithstanding, it has and is still facing a number of

obstacles towards achieving one of its objectives that is improving the banking habits of the Gwong community. Primarily, one of such obstacles for example is probably due to ignorance or poor level of education or even the appearance of the bank. Some people within the community are finding it difficult to trust the bank. They still see the bank as elitist as such they have nothing to do with it. To overcome problems like this, the management has introduced a public enlightenment campaign in which it goes from village to village to assure them that it is not so and also draw their attention to the benefits they can derive by associating themselves with the bank.

Furthermore, as earlier highlighted by some respondents, the management also pin-pointed the issue of proximity between the bank and some of the communities they are supposed to serve. Some of them are not easily accessible by road and for some the cost of transportation to and from the bank is prohibitive. This has discouraged some of the banks potential customers from patronising the bank. This problem is further compounded by the fact that community banks as at now are not allowed to operate branches. However to overcome this problem, the bank has introduced the 'door step banking' to enable them reach such communities. This innovation has not been particularly easy for the bank to operate due to the risk involved and of course they have only one car. And the terrain on which they have to pass through is not smooth meaning probable constant breakdowns.

CHAPTER FOUR

4.4 SUMMARY CONCLUSION

4.1 CONCLUSION

About a century of banking in Nigeria saw a situation whereby banks have concentrated their activities mainly in the urban areas where business activities thrives to the detriment of the rural areas which in no small measure has crippled the development of banking habits among the rural and semi-urban people of Nigeria.

The need to develop the banking habits of the rural populace has therefore been paramount in the minds of the nations economic planners. Because of the enormous advantages that can be associated with the development of banking habits, concerted efforts have been made to bring banking to the grassroots. Schemes like the rural banking were introduced the failure of which lead to the introduction of peoples Bank. The inadequacies of the peoples Bank lead to the creation of a community based banking whereby the communities themselves will form their own banks. The idea it was hoped, will go a long way to help in the development among other things, the banking habits of the rural and semi-urban areas of the country.

This research work was therefore embarked upon to find out to what extend have the community banks gone in the development of banking habits in the rural areas.

One significant finding of this research is that the creation of Community Banks has in no small measure brought banking activities close to the rural populace. Thereby making them have close access to banking facilities that were hitherto not available to them. In addition, the financing and ownership structure of these Community Banks has indeed generated a lot of awareness and interest on banking activities by members of the community. This awareness and interest is positively inculcating banking habits within these communities. This ownership structure also means that the community members no longer see the bank as something alien to them, thus making the banks more approachable to them. In other words, the organisational set up of the banks given their autonomous nature makes them to be more flexible and more sensible to the social and cultural needs of the communities that set them up.

For the community, community bank means more than just a bank. It is a rallying point in terms of unity and economic co-operation amongst them. This explains the high degree of interest shown on the community banks by the various units of the community. As Burke (1966) puts it, "The interest and willingness of the community for which a programme is meant is very fundamental for its success.".

The activities of the community bank has generated a great deal of interest and awareness among members of the community. People now know what a bank is and what type of activities and benefits can be derived therein. But there

seems to be a wide gap between the level of interest and awareness generated and the actual participation by members of the community. In other words more members are aware of the banks activities than those who actually patronise the bank. Otherwise, the banks would probably have outgrown its present level.

The growth and development of banking habits would have by far superseded its present level but for a member of factors which have tended to inhibit such growth. One of such factors is the poor level of education and ignorance among certain members of the community. This factor has made it difficult for such members to fully appreciate what the bank stands talkless of patronising it. They still see the bank as something alien or elitist and not for people like them, inspite of efforts to make them see otherwise by the banks management.

Another of such inhibiting factors is the poor level of infrastructure available within the community. Of particular concern is the poor road network within the community which has made accessibility between certain nooks and corners of the community near impossible. This has greatly reduced the number of customers for the bank, who either seek banking services elsewhere or are forced to operate their own 'banks' in their homes, as the cost and the risk of transportation to and from the bank is too high for them to bear. This problem is further compounded by the fact that community banks are not allowed for now to open branches.

4.2 RECOMMENDATIONS

The activities of community banks is indeed generating a lot of interest and awareness on banking within the community. But there is a seeming wide gap between the level of such awareness and actual patronage by members of the community. There is need therefore for the bank management to make concerted efforts to bridge such gap. For instance, some farmers have only seasonal income which comes after the sale of their farm produce and the income is not enough for them not to talk of saving. But they can be encouraged to patronise the bank through a scheme like saving for purchase of fertiliser, seedlings etc. this could encourage the culture of thrift within the community. The management can also select some pilot customers within each of the various villages of the community and promote them through advises, financing etc. This will encourage others to patronise the banks. Students savings could also be introduced to help them finance their education. In addition, more efforts should be geared towards publicising the banks activities and the benefits those who have been patronising the bank have gained.

Furthermore, the bank's management should sustain the level of awareness and interest generated by the community banks within the community by ensuring equity in recruitment of staff for the bank and the services rendered by the bank like loans and sponsoring of development projects. That is all various villages within the community should be

equitable represented.

One important finding of this research work is that the community banking scheme has and is greatly enhancing the development of banking habits within the rural and semi-urban population of this country. As such, everything possible should be done by government to sustain the tempo at which the Community Banks are moving in this regards. The government should therefore, through its various agencies provide these communities with basic infrastructure that will not only boost the social but also the economic lives of these communities. For instance all season roads should be provided by government to boost accessibility all year round. Electricity, pipe-borne-water, should also be provided. Measures that will reduce the level of illiteracy and ignorance like the mass literacy programme should also be encouraged. All these will go along to further boost the performance level of community Banks.

The branching policy of Community Banks as of now does not allow them to open branches even within their operational territory. As such some community banks following the peculiar geographical spread of their operational territory have found it difficult to do business with some communities within their territory. It is therefore, expedient for the NBCB to allow for re-designing of geographical boundaries of community Banks, such that communities that may have been 'cut-off' or have problems

doing business with their initial Community Banks be allowed to form their own Community Bank if they so desire and are capable of doing so.

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APPENDIX 1

Deposits, Total Assets and Number of Banks in Nigeria for selected years.

YEARS	No. OF BANKS	No. OF BANK OFFICES	TOTAL DEPOSITS (₦MILLION)	TOTAL ASSETS (₦MILLION)
1960	13	193	137.00	235.80
1964	19	229	229.00	401.60
1965	18	255	298.00	439.80
1970	15	277	630.40	1,159.80
1975	23	442	2,902.50	4,494.00
1980	26	752	10,295.10	17,348.00
1985	40	1,323	19,445.70	36,999.00
1986	42	1,394	20,478.60	48,024.10
1987	50	1,545	26,469.00	62,108.40
1988	66	1,711	33,882.60	76,429.30
1989	81	1,904	30,974.20	80,756.30
1990	107	2,001	45,093.40	111,692.90
1991	119	2,171	59,477.10	155,700.00

Source: NDIC Quarterly Sept. 1992.

TABLE 5 RURAL BANKING PROGRAMME, 1ST, 2ND, AND 3RD PHASES: ALLOCATION OF BRANCHES AND COMPLIANCE BY COMMERCIAL BANKS AS AT 31st DECEMBER 1990

S/No	BANKS	1st Phase			2nd Phase			3rd Phase			Total		
		Allo-cation (1)	Opened (2)	Out-stand (3)	Allo-cation (4)	opened (5)	Out-stand (6)	Allo-cation (7)	opened (8)	Out-stand (9)	Allo-cation (10)	opened (11)	Out-stand (12)
1.	African Continental Bank Limited	16	16	-	19	19	-	14	14	-	49	49	-
2.	Allied Bank Nig. Ltd	6	6	-	7	7	-	11	11	-	24	22	-
3.	Bank of Credit & com International Ltd.	-	-	-	6	6	-	16	16	-	22	22	-
4.	Bank of the North ltd.	6	6	-	19	19	-	14	14	-	39	39	-
5.	Commercial Bank clyonnasis Limited	-	-	-	-	-	-	5	5	-	5	5	-
6.	Co-operative Bank Limited	5	5	-	8	8	-	9	9	-	22	22	-
7.	Co-op. & Comm. Bank Nigeria Limited	7	7	-	8	8	-	9	9	-	24	22	-
8.	First Bank of Nigeria Limited	40	40	-	37	37	-	28	28	-	105	105	-
9.	Gamji Bank of Nigeria Limited	-	-	-	-	-	-	5	5	-	5	5	-
10.	Habib Bank Nigeria Limited	-	-	-	-	-	-	6	6	-	6	6	-
11.	International Bank of West Africa	11	11	-	13	13	-	15	15	-	39	39	-
12	Lobi Bank Limited	-	-	-	-	-	-	6	6	-	6	6	-
13	Mercantile Bank of Nigeria Limited	3	3	-	6	6	-	8	8	-	17	19	-
14.	National Bank of Nigeria Limited	15	15	-	19	19	-	10	9	1	44	43	1
15.	New Nigeria Bank Limited	4	4	-	9	9	-	8	8	-	21	21	-
16.	Nigeria Arab Bank Limited	7	7	-	6	6	-	9	9	-	22	22	-
17.	Nigeria Inter. Bank Limited	-	-	-	-	-	-	-	-	-	5	5	-
18.	Nigeria Universal Bank Limited	3	3	-	6	6	-	5	5	-	14	14	-
19	Owena Bank Nigeria Limited	-	-	-	-	-	-	6	6	-	6	6	-
20.	Pan African Bank Limited	5	5	-	6	6	-	5	5	-	16	16	-
21.	Progress Bank of Nigeria Limited	-	-	-	-	-	-	5	5	-	5	5	-
22.	Savanah Bank of Nigeria Limited	7	7	-	11	11	-	14	14	-	32	32	-
23.	Societe Generale Bank Nig. Limited	-	-	-	6	6	-	15	15	-	21	21	-
24.	Tropical Comm. Bank Limited	6	6	-	6	6	-	5	5	-	17	17	-

25.	Union Bank of Nigeria Limited	27	27	-	36	36	-	28	28	-	91	91	-
26.	United Bank for Africa Limited	27	27	-	32	32	-	28	28	-	87	87	-
27.	Universal Trust Bank of Nigeria Limited	-	-	-	-	-	-	5	5	-	5	5	-
28.	Wema Bank Limited	5	5	-	6	6	-	6	6	-	17	17	-
	TOTAL	200	200	-	266	266	-	300	299	1	766	765	1

Source: CBN ANNUAL REPORT AND STATEMENT OF ACCOUNT FOR THE YEAR ENDED, DECEMBER 31, 1990.

REVISED
COMMUNITY BANKS
PROSPECTUS

NATIONAL BOARD FOR COMMUNITY BANKS

1. INTRODUCTION

The aim of this prospectus is to provide essential information on the objectives, functions, requirements and procedures for the establishment of Community Banks.

2. WHAT IS A COMMUNITY BANK?

2.1 The fundamental concept 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, deposit, banking and other financial services, to its members, largely on the basis of their *self recognition and credit worthiness*. This is in contradistinction to the near-total reliance by the orthodox banks on viable and negotiable collaterals as the basis for giving credit.

3. THE OBJECTIVES OF THE COMMUNITY BANKING SYSTEM

3.1 **The objectives of the Community Banking System, amongst others, shall include:**

3.1.1 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.

3.1.2 The rapid enhancement of the development of productive activities in both rural and urban areas and hence the improvement of the economicstatus of small producers in the informal sectors of the national economy.

3.1.3 The promotion of the emergence of an effective and integrated national financial system that responds to the needs of the whole economy, especially at the grassroots community levels.

3.1.4 The inculcation of disciplined banking habits, among the masses of low-income workers in Nigeria especially those in the rural areas.

3.1.5 The fostering of the spirit of community ownership and use of economic assets and the maintenance of such facilities and organisations on a suitable basis.

4. FUNCTIONS OF COMMUNITY BANKS

4.1 **Community Banks shall perform the followings functions:**

4.1.1 Accept various types of deposits including savings, time and target deposits, from individuals, groups and other organisations.

4.1.2 Issue redeemable debentures to interested parties to raise funds from members of the public.

4.1.3 Receive money or collect proceeds of banking instruments on behalf of its customers.

4.1.4 Provide ancillary banking services to its customers such as remittance of funds, safe deposit facilities, etc.

4.1.5 Maintain and operate various types of accounts with, or for other banks in Nigeria.

4.1.6 Invest surplus funds of the bank in suitable instruments including placing such funds with other banks.

4.1.7 Pay and receive interests as may be agreed upon, between Community Banks and their clients in accordance with public policy.

4.1.8 Provide credit to its customers, especially small and medium scale enterprises based in its area of operation, and promote and monitor effective loan usage, amongst them.

4.1.9 Operate equipment leasing facilities, and supervise credit schemes to ensure access of its customers to farm inputs, including financing inputs purchase on a consignment basis, for groups of clients.

4.1.10 Give guarantee in favour of its customers to give them greater access to credit and other resources.

4.1.11 Receive re-financing or other funds from the NBCB and other sources, private or public, on terms mutually acceptable to both the provider of the funds and the recipient Community Bank.

4.1.12 Perform non-banking functions that promote grassroots development such as supporting individual, co-operative and group formation activities, assisting clients in marketing of agricultural, rural, industrial and other products, and providing financial and other extension services to clients, and other community members.

4.1.13 Shall not engage in sophisticated banking services like foreign exchange transactions or international commercial papers, corporate finance in order to enable them retain their local focus and concentrate on community service.

4.1.14 Enlighten the community on the effective use of credit and other banking services so as to enhance individual, collective and community production and development.

5. OWNERSHIP STRUCTURE OF COMMUNITY BANKS

5.1 Community Banks shall be owned jointly by the following three categories of proprietors:

5.1.1 Community Development Associations (CDAs) which are regarded as the primary promoters of the Banks. The term "Community Development Association" shall refer to such community organisations as Town Unions or District Associations or similar bodies that represent the traditional apex organisation for planning and directing developmental activities within the community. A group of government recognised "Community Development Councils" (CDC) can also come together to promote a Community Bank.

5.1.2 Trade Associations such as co-operative societies, Farmers Groups, Occupational Unions, Market Women's Organisations, Social Clubs, Age Grades, Corporate Bodies, etc, operating within the community.

5.1.3 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. The number of promoting individuals must not be less than 50.

5.2 More than one Community may jointly seek to establish a Community Bank, where a single community cannot meet all the NBCB requirements.

5.3 All shareholders will be presented with share certificates for the value of shares purchased.

5.4 Efforts should be made to ensure that the CDA owns at least 30 per cent of the shares especially through the capitalisation of the donation of fixed assets by members of the community to the bank.

6. REQUIREMENTS FOR ESTABLISHING A COMMUNITY BANK

6.1 **Community Bank Company:** Prospective owners must incorporate a Community Bank Company (CBC) to give it a legal status to operate as a corporate entity. The Community Bank Company MUST be incorporated with the Corporate Affairs Commission (CAC), through the National Board for Community Banks.

6.2 **Equity Share Capital (Cash):** The owners of a Community Bank, through their Community Bank Company must raise an equity share capital in cash of not less than Two hundred and fifty thousand Naira (₦250,000.00) before they can be licensed to operate as a Community Bank.

6.2.1 No government whether Local, State or Federal shall own shares in any Community Bank.

6.3 **Community Bank Licence:** A Community Bank must be licensed before it can carry out banking and other related functions. The

NBCB would give the Community Bank a provisional Licence to last for one year. Thereafter, based on its satisfactory performance and the recommendation of the NBCB, the Central Bank of Nigeria (CBN) would issue a formal Operating Licence to the bank.

6.4 **Fixed Assets:**

6.4.1 A suitable, secure and accessible building to be used by the Bank for a reasonable duration. Accordingly, a building donated free to the Bank or leased for at least five years would, subject to security and access, be acceptable. The building should not be isolated, should be built with cement blocks, be fenced, and be roofed with iron sheets or similar materials.

6.4.2 (1) Two safes of satisfactory sizes (one of at least 200 litres inside capacity and a smaller one) for storing vital documents. The two safes, which should have a provision for a minimum of dual control, should be built into a reinforced wall.

(2) Ultra violet rays for detecting forged notes.

(3) Two Deed boxes,

(4) One fire-proof filing cabinet and a regular one.

6.4.3 **Insurance:** Suitable insurance cover must be secured for the bank against each of the following:

(a) Cash in safe

(b) Cash in transit

(c) Fire

(d) Burglary

6.4.4 **Staffing:** A Community Bank must be managed by educated personnel at Board and Management levels. In particular, the Manager should have had at least 8 years experience in banking, accounting or related jobs. Section Heads should have at least 5 years relevant experience. (see management structure of each Community Bank in paragraph 10). In every case, the personnel should be supported with satisfactory guarantees as to character and integrity. Preference should be given to indigenes of the Community who actually reside in, and know the Community very well.

6.4.5 **Correspondent Banking Relationships:**

Providing evidence of correspondent and other agency relationships with at least two commercial banks preferably nearest to the community for ease of transactions).

6.5 **Operating Documents (cheque books, pass books, etc)**

Cheque books, pass books, other forms and books necessary for banking operations must be provided. Please note that cheque books and pass books (which are security documents) are printed by the Nigeria Security Printing and Minting Company THROUGH the National Board for Community Banks.

6.6 **Board Membership**:- Members of the Board of the Community Banks shall not be more than seven (7) or fewer than five.

6.7 The shareholders and Board membership must be representative of the broad spectrum of the community. Board membership MUST NOT be drawn from one section of the community.

7. **PROCEDURES FOR ESTABLISHING A COMMUNITY BANK**

7. A Community desirous of establishing its Community Bank should write to the National Board for Community Bank (NBCB) for the prescribed application forms.

7. After receiving the prescribed application forms (NBCB II) together with the Community Bank prospectus (NBCB I) a community or a group of communities, shall be expected to study the prospectus carefully especially as it relates to the ownership structure. It shall then formally apply to the National Board for Community Banks indicating the intention and capability of its Community Development Association together with other categories of proprietors to establish A Community Bank in the terms required on the forms. It should fill the forms appropriately, sign and return them to any of the following zonal offices which serves its State.

BAUCHI ZONE:

The Zonal Director,
National Board for Community Banks,
The Presidency,
Bauchi Zonal Office,
No. 6, Kano Road, G.R.A.,
P.M.B. 0260 Bauchi,
Bauchi State.
Tel: 077-42063
(Adamawa, Bauchi, Benue, Borno, Plateau, Taraba, and Yobe.)

ENUGU ZONE:

The Zonal Director,
National Board for Community Banks,
The Presidency,
Enugu Zonal Office,
9A Kingsway Road, Enugu,

Enugu State.
Tel: 042 - 335455, 254877
(Abia, Akwa Ibom, Anambra, Cross River, Enugu, Imo, and Rivers.)

KADUNA ZONE:

The Zonal Director,
National Board for Community Banks,
The Presidency,
Kaduna Zonal Office,
14C Rimi Drive
Unguwan Rimi, G.R.A., Kaduna,
Kaduna State.
Tel: 062 - 217860
(Jigawa, Kaduna, Kano, Katsina, Kebbi, Kogi, Niger, and Sokoto.)

LAGOS ZONE:

The Zonal Director,
National Board for Community Banks,
The Presidency,
54, Saka Tinubu Street, Victoria Island,
P.M.B. 80056, Victoria Island, Lagos.
Tel: 01 - 630479
(Delta, Edo, Kwara, Lagos, Ogun, Ondo, Osun, and Oyo.)

7.2 **Permission To Take Preliminary Steps to Establish a Community Bank**

7.2.1 A Community whose application is successful will receive from the NBCB **an authorisation letter (NBCB III)** to take preliminary steps towards the establishment of its Community Bank. This authorisation entails setting in motion the processes for incorporating the Community Bank Company (CBC), raising **the required minimum equity share capital of Two hundred and fifty thousand naira (=N=250,000.00).** as well as making available the other requirements listed in paragraphs 6.4, 6.5, 6.6, and 6.7 above.

7.2.2 To facilitate the efforts of a community in incorporating its Community Bank Company, a standard **Memorandum and Articles of Association (MEMART)** is sent by the NBCB along with the authorisation letter. Communities are advised to do this **MEMART urgently** and return it to the NBCB **duly completed** within **Two weeks** of receiving it. This is to allow for the relatively long time (eight to ten weeks) which it takes the Corporate Affairs Commission (CAC) to incorporate a company. The major information required to duly fill in the MEMART is:

(a) The names and signatures of Subscribers/ Directors. Particulars about every Director is expected to be provided in the accompanying form NBCB VIII and each Director is expected to submit a letter of consent indicating his willingness to serve in this capacity.

(b) The authorised share capital. Communities are advised that on **p.5 of the MEMART they should make the authorised share capital of their community banks =N=500,000.00** so that the bank can receive as matching loan the actual paid-up share capital they managed to mobilise up to that value.

7.2.3 In returning their MEMART, duly filled in with all the required documentation (as per NBCB VIIIa), communities should also send along both the filing fees and the stamp duties appropriate to their proposed authorised share capital as per the included tariff.

7.2.4 Whilst the Community Bank Company is being incorporated, the promoters of the bank should open an interest Yielding Trust account with a preferred Commercial Bank nearest to the Community in the name of the proposed Community Bank, for receiving funds etc, on its behalf.

7.2.5 To facilitate raising the share capital, promoters are advised to pay close attention to the prescribed ownership structure. Apart from the CDAs, they should start by listing all the trade associations, co-operative societies, farmers' groups, occupational and vocational unions, social clubs, corporate bodies etc as well as important sons and daughters of the community at home and abroad and write each of them to buy shares in the Community Bank Company. Wealthy sons and daughters as well as other philanthropic members of the community should be encouraged to make substantial donation to the bank on behalf of CDA. Such donations can be in form of fixed assets (building, safe, furniture, etc) which can later be capitalised as shares for the CDA.

7.2.6 When incorporated, the Community Bank Company (CBC) should offer its share as per the stipulated structure of ownership , on the special **Application Form for Equity Shares (NBCB IV)**. Prospective share-holders should complete the forms in triplicate as they make their payment to the Company's account. One of these copies must be put together in a batch and forwarded to the Zonal Office of the NBCB, the second copy must be lodged with the preferred Commercial Bank with which the Community Bank Company has its accounts, whilst the third copy is to be kept in the record of the Community Bank Company.

7.3 **Application For a Community Bank Licence.**

7.3.1 When the infrastructures, personnel equipment, and other requirements, stipulated in paragraphs 6.4, 6.5, 6.6, 6.7, above

are confirmed to be in place, and the prescribed minimum equity share capital of Two hundred and fifty thousand Naira (N250,000.00) has been raised, the Community Bank Company should apply to the NBCB Secretariat, Abuja through the Zonal Office for an Appraisal Inspection and a Community Bank Licence, using Form **NBCB V.**

7.3.2 The Community Bank Company should make available for Appraisal Inspection, the following:

(1) The type of office building specified in paragraph 6.4.1 above.

(2) The equipment specified in paragraph 6.4.2 above.

(3) Insurance cover (as specified in paragraph 6.6 above).

(4) Evidence of having the minimum share capital of Two hundred and fifty thousand Naira (=N=250,000.00)

7.3.3 The Community Bank Company should also indicate the availability of suitable and qualified personnel at Management level as specified in paragraph 6.4.4.

7.4 **Actions By NBCB to Grant A Community Bank Licence**

7.4.1 On receipt of the recommendation from the Appraisal Inspection Team that a Community Bank Company has satisfied all the prescribed requirements, the NBCB shall:

(1) Confirm that the minimum equity share capital of Two hundred and fifty thousand Naira (=N=250,000.00) has been raised.

(2) Certify and confirm that all infrastructures, personnel and equipment are in place.

(3) If satisfied that all the above requirements have been met, issue a provisional Licence to enable the Community Bank operate for one year. The Community Bank is again recommended to the Central Bank of Nigeria for the issuance of a formal Banking licence.

7.4.2 The NBCB would, having been satisfied with the performance of the Community Bank during the one year probationary period, recommend the Community Bank to the Central Bank of Nigeria (CBN) for the issuance of a formal Community Bank Licence.

8. APPLICATION FOR A MATCHING LOAN

8.1 To improve its working capital, a Community Bank may, if it wishes, apply to the NBCB for a low interest Matching Loan of a minimum of N250,000.00 and a maximum of N500,000.00 according to the size of its equity share capital (cash) at commissioning.

8.2 This application should be made on Form NBCB VI available on request from the offices listed in paragraph 7.1.1 above.

8.3 To secure the loan, the application from the Community Bank must enclose:

(a) an extract of the Community Bank's Board resolution accenting to the Matching Loan request must accompany the application for the Matching Loan Form NBCB VI.

(b) a letter indicating that the Directors of the Community Bank are willing to guarantee the loan jointly and severally.

8.4 After an initial approval has been granted the Community Bank by the NBCB Board, a letter of intent together with the NBCB loan agreement and guarantors' forms shall be issued to the Community Bank. These forms and the loan agreement when duly completed, should be forwarded through the appropriate NBCB Zonal Office to the Head Office.

8.5 **Conditions for granting the loan shall include the following:-**

8.5.1 The Bank must have been in operation for a minimum period of three (3) months.

8.5.2 The loan is for Two hundred and fifty thousand Naira (=N=250,000.00) which can be increased to a maximum of Five hundred thousand Naira (=N=500,000.00) subject to the availability of funds, the performance rating and the paid up capital of the Community Bank.

8.5.3 The loan will attract an interest below the CBN's minimum rediscount rate, a percentage to be determined from time to time by the NBCB.

8.5.4 The loan shall NOT be written off and for winding up purposes shall have a rank equivalent to wages or tax.

8.5.5 The loan shall be repaid within sixty (60) calendar months (5 years) after a moratorium of six (6) months.

8.5.6 The loan is payable in ten half-yearly instalments commencing six months after the first draw down.

8.5.7 Disbursement which is to be made at the Head Office at Abuja, is payable directly to the Community Bank, after conforming with paragraphs 8.2, 8.3, 8.4, above.

8.5.8 The Community Bank shall not declare dividends until the loan has been fully repaid.

8.5.9 Where the loan remains unpaid after 2 years, the NBCB or its successor may revoke the defaulting Bank's licence and preferentially redeem its lending.

8.5.10 Other loan conditions as may be provided by the National Board for Community Banks.

9. **TYPES OF CORRESPONDENT BANKING RELATIONSHIPS BETWEEN THE COMMUNITY BANKS AND THE COMMERCIAL BANKS.**

(1) **Account Relationship:-** Opening of Current, Saving and other Deposit Accounts (such as short and fixed Deposit Accounts) for the Community Banks by the correspondent Banks.

(2) **Cheque Clearing Facility:-** The correspondent Bank will serve as the medium through which the Community Bank's cheques will be cleared.

(3) **Remittance/Fund Transmissions:-** Remittance of proceeds through Bank Drafts/Cheques, Bankers payment and Mail/Telegraphic Transfer through the correspondence Bank for the Community Bank.

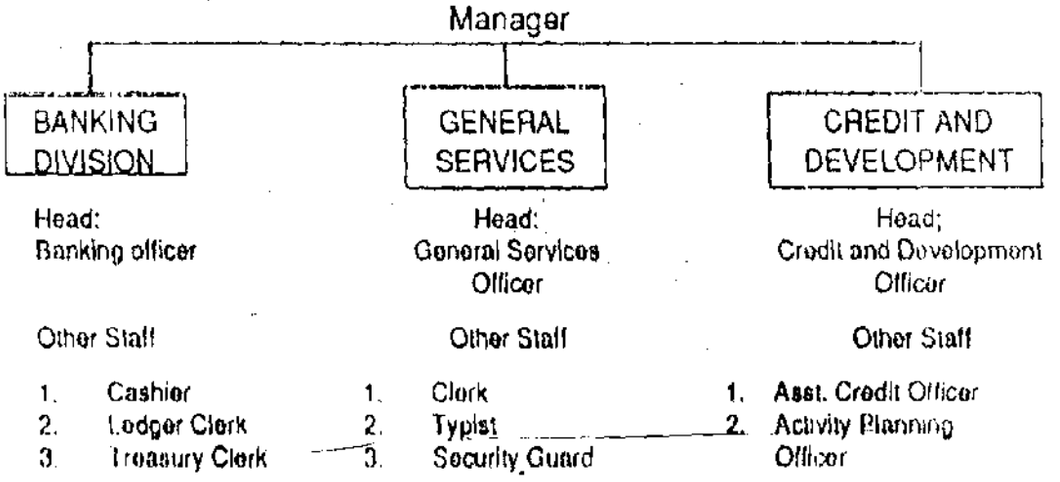
(4) **Other Services:-** Rendering such miscellaneous services like Safe custody, Trusteeship, and Financial/Business Advisory Services for the Community Banks by the correspondent Banks.

(5) **NERFUND:-** Funds borrowed from the NERFUND shall be repaid by the Community Bank directly but in the event of default, the correspondent banks' account shall be debited and paid to NERFUND. The enforcement of this shall be with the knowledge and agreement of the correspondent banks.

(6) **Penalty:-** The penalty clause invoked on the Community Banks will be enforced through the Correspondent banks by requesting them to debit the accounts and remit same to the NBCB.

10. **MANAGEMENT STRUCTURE FOR COMMUNITY BANKS**

10.1 Because Community Banks are not expected to perform sophisticated banking services of the type associated with commercial banks, a simple organisational structure of the type shown in the diagram below is recommended for each Community Bank.



10.2 The NBCB recognises the leadership of the Board of Directors of Community Banks as **Chairman** and **NOT** Executive Director or any other title.

10.3 A Community Bank is a unit bank, and its administrative head is a Manager. Under no circumstances should the head of any Community Bank answer such nomenclature as **Managing Director and / or Chief Executive, Executive Director, General Manager** or any other designation other than **Manager.**

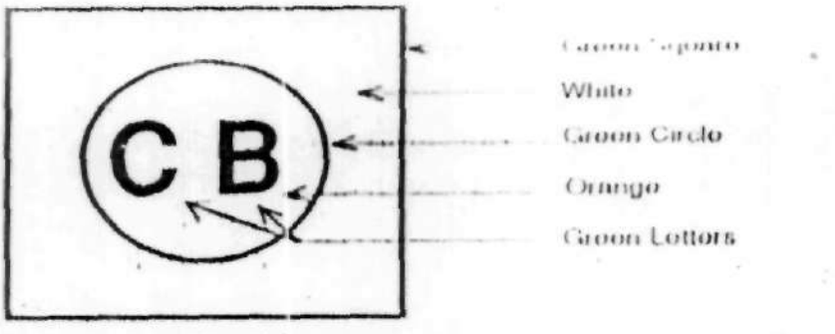
10.4 A Manager of a Community Bank cannot also be a Director of the Bank but attends all meetings of the Board in an ex-officio capacity.

10.5 **BRANCHING:**

No Community Bank is allowed to **CREATE, OPERATE AND UTILISE** a branching system. A Community Bank must striveand endeavour to effectively cover and serve its catchment area - (the community).

10.6 **COMMUNITY BANK LOGO:**

For uniformity of identification, the logo below is the official and standard logo for use by all Community Banks.



For effective coverage and to prevent overlapping, a Community Bank must provide for the approval of the NBCB a map showing the extent of its catchment area. Community Banks are advised to seek to build up as comprehensive a dossier as possible on all categories of economic actors and small scale producers within their catchment area to assist in effectively mobilising savings and promoting local development.

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 — Commencement.

[See section 37] — 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 accompanied with the following, that is -

(a) a draft copy of the memorandum and articles 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 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 of 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 such terms 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.

(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 or contributions from philanthropic persons or organisations or otherwise howsoever.

Power to accept Gift

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.

(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.

Functions of a bank

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

(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;

Restriction on certain transactions.

(i) perform such non-banking functions as may promote grass-root development within the bank's geographical area; and

(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 N200 for each day during which the offence continues.

Restructuring of banks etc.

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

(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.

Minimum paid-up share capital.

8.-(1) The minimum paid-up share capital of a bank shall be N250,000.

(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.

Shareholder's voting rights. Cap. 59 LFN

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.

Restriction of legal proceedings in respect of shares held in the name of another

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.

(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.

Notification of change.

11.-(1) If at any time after the grant of a licence to a bank a change occurs in-

(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 subsection (1) of this section commits an offence and is liable on conviction to a fine of N50,000.

Power to grant loans or advances

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 N500,000 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

(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.

Restriction on dividend

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

(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.

Display of interest rate.

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.

(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 N50 for every day during which the offence continues.

Books of Account

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

(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 N500 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 N100 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) carrying 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 or 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) or (4) of this section commits an offence and is liable on conviction to a fine of N50,000.

(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;

(b) grant any advance, loan or credit facility to any person unless it is authorised in accordance with the rules and regulations of the bank;

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

(2) Any manager or officer who contravenes or fails to comply with the provisions of subsection (1) of this section commits an offence and is liable on conviction to a fine of N10,000 or imprisonment for a term of one year or to a fine and imprisonment and in addition, any gains or benefits accruing to a person convicted under this section by reason of such contravention, shall be forfeited to the Government of the Federation and the gains and benefits shall vest accordingly in the Government.

... any director, secretary, officer or employee of a bank or any other person receiving remuneration from such bank, who asks for or receives, consents or agrees to any gift, commission or employment, service, gratuity, money, property or thing of value for his own personal benefit or advantage or for that of any of his relations from any person other than from his bank-

Prohibition of the receipts of commissions, etc. by director, secretary or officer of the bank

(a) for procuring or endeavouring to procure for any person any advance, loan or credit facility from the bank; or

(b) for permitting any person to overdraw any account with that bank without proper authority or compliance with rules and guide-lines for this purpose,

commits an offence under this section and is liable on conviction to a fine of N2,000 or to imprisonment for a term of 6 months or to both such fine and imprisonment and in addition any such gift shall be forfeited to the Government of the Federation.

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

24. The Governor or the Board shall have power to appoint such number 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 under 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 N500 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.

Special examination

26. - (1) - The Governor may at any time appoint two or more qualified persons to make a special examination of the books and affairs of a bank under conditions of secrecy where the Governor is of the opinion that a bank

(a) may be 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 or for any period aggregating 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 bank 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 N1,000 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 N5 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 impris-

onment for a term not exceeding six months or to a fine not exceeding N2,000 or to both such imprisonment and fine.

Power to provide course of training

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

Decree subject of 1991 No. 25.

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

Delegation of function

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

Regulations.

34. 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.

Jurisdiction to try offences.

35. 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.

Interpretation.

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

"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 Act;

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"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.

QUESTIONNAIRE

The purpose of this questionnaire is to establish the role community banks are playing in the development of banking habits in Nigeria a case study of Gwong Community Bank, Fadan Kagoma.

Please, kindly give the necessary response to the underlisted questions. Be rest assured that information so provided will be treated in high confidence.

1. Occupation
2. Sex (M / F)
3. Age:
4. Educational qualification: None( ), Primary( ),
5. Have you ever opened an account in any bank before?
   Yes( ) No( )
6. Do you have an account with the Gwong Community Bank?
   Yes( ) No( )
7. Are you aware that the Gwong Community Bank give loans?
   Yes( ) No( )
8. Have you ever sought for a loan from the Gwong Community Bank? Yes( ) No( )
9. What purpose was the loan for? Farming( ), Livestock( ), Trading( ), Purchase of equipment( ), Others specify_____
10. Were you given the loan? Yes( ) No( )
11. If the answer to question (10) above is No, what was the reason given for the refusal?_____

_____

12. Are you aware that Gwong Community Bank gives advice on Business matters? Yes( ) No( )

13. Are you aware that Gwong Community Bank gives advice on Financial matters? Yes( ) No( )

14. Have you ever gone to the Gwong Community Bank for any such advises? Yes( ) No( )

15. Do you always save your money with the Gwong Community? Yes( ) No( )

16. If the answer to 15 above is No. What are the reasons?

_____

_____

_____

17. Comment freely on what you feel about Gwong Community Bank Fadan Kagoma_____

_____

_____

_____

Thank you for your sincere response and co-operation.

PETER BELLO
DEPT. OF BUSINESS ADMIN.
FACULTY OF ADMINISTRATION
A.B.U. ZARIA.

14. In amsoshin tambaya na sha-daya i ne, ka taba zuwa neman

Fadan Kagoma a yanzu? i ( ) a'a ( )

15. In amsan i ne, wace shawara ne? Sha'anin Kudi ( )

Sha'anin kasuwanci ( )

16. Ko ka kan yi ajiyan kudika kullum a Gwong Community Bank? i( ) a'a( )

17. In ba haka bane dalilin?_____

_____

_____

18. Fadi ra'ayinka game da Gwong Community Bank Fadan Kagoma._____

_____

_____

_____

_____

Na gode da amsoshin da ka bayar.

PETER BELLO
DEPT. OF BUSINESS ADMIN.
FACULTY OF ADMINISTRATION
A.B.U. ZARIA.

Appendix 5

HAUSA

TAMBAYOYI

Duka amsoshin da za a bayar anan, na dauki alkawarin zan yi amfani da su a asirance.

1 Sana'arka _____

2. Namiji ko Namace_____

3. Shekarunka _____

4. Iliminka: Babu( ), Firamari( ), Sakandari ( ) Jami'a ko Polytechnic ( )

5. Ka taba bude asusun ajiya da Gwong Community Bank Fadan Kagoma a yanzu? i ( ) a'a ( )

6. Kana da asusun ajiya da Gwong Community Bank Fadan Kagoma a yanzu? i ( ) a'a ( )

7. Ko ka san cewa Gwong Community Bank na iya bada bashin kudi? i ( ) a'a ( )

8. Ka taba zuwa Gwong Community Bank neman bashi? i ( ) a'a ( )

9. Me kaso kayi da bashin? Noma( ), Kiwo( ), Kasuwanci ( ), Sayan kayan aiki( ), ko wadansu abubuwa ka fade su_____

10. An baka bashin? i( ) a'a( )

11. In ba a baka ba, menene dalilin da aka bayar na kin baka bashin?_____

_____

12. Ko ka san cewan Gwong Community Bank na iya bada shawara game da sha'anin kudi? i( ), a'a( )

13. Ko ka san cewan Gwong Community Bank na iya bada shawara akan sha'anin kasuwanci? i ( ) a'a ( )

QUESTIONNAIRE.

The purpose of this questionnaire is to establi the role Community Bank are playing in the development of ban ng habis in Nigeria. A case study of Gwong Community Bank Fada Kagoma.

Please, Kindly give the necessary response to the underlisted questions. Be rest assured that information so provided will be treated in confidence.

1. What date was the Gwong Community Bank establisted?

   _____

2. Specify the type and number of accounts so far opened in the Community Bank.

TYPE OF ACCOUNT	NUMBER OF ACCOUNT HOLDER
1.	
2.	
3.	
4.	

3. Are there cases of customers closing their accout in the bank. _____

   _____

4. Customers must have given some reasons for such closure can you mention them? _____

   _____

   _____

5. List the types of loans and credit facilities usually sought for by customers.

   1. _____ 2. _____
   3. _____ 4. _____
   5. _____ 6. _____

Comment on loan payback by your customers.

Can you state the number of loan defaults so far recorded

Does your bank offer financial and business services to its customers?

Comment on those services generally sought for your customers.

D. Give the number of these account holder in your bank.
   1. Farmers
   2. Civil Servants/Other workers.
   3. Businessmen.
   4. Students

1. Comment generally on the Gwong Communitys attitude on Community Banking.

2. Give general comments on the prospects, problems and achievements of CB in relation to banking habits among

the Gwong Community _____

_____

_____

_____

Thanks for your sincere response and cooperation.

PETER BELLO
DEPT. OF BUSINESS ADMIN.
FACULTY OF ADMINSTRATION
A.B.U., ZARIA.