PRESBYTERIAN UNIVERSITY COLLEGE – GHANA
OKWAHU CAMPUS, ABETIFI

DEPARTMENT OF BUSINESS ADMINISTRATION

TOPIC
THE IMPACT OF RURAL BANKING ON ECONOMIC DEVELOPMENT
A CASE STUDY OF THE UNITY RURAL BANK LTD OF GHANA

A REPORT SUBMITTED IN PARTIAL FULFILLMENT FOR THE AWARD OF A
BACHELOR OF SCIENCE IN BUSINESS ADMINISTRATION
(Accounting and Finance Option)

BY

AHIABLE NICHOLAS
OK770/08
MAY, 2012
DECLARATION

I hereby declare that in the absence of the references of other authors’ literatures cited, this work is entirely my own and the report presented here has never been presented in this institution or elsewhere for any certificate.

NAME OF STUDENT  SIGNATURE

Ahiable Nicholas (OK 770/08)  .......................  

DATE: .....................

CERTIFICATION

I hereby certify that, the preparation of the project work was supervised in accordance with guidelines on supervision of project work laid down by the Presbyterian University College.

SUPERVISOR  SIGNATURE  DATE

Mr. Osei Bonsu.  .......................  .........................

HEAD OF DEPARTMENT  SIGNATURE  DATE

Dr. S. S. Bafour Awuah.  .......................  .........................
DEDICATION

This work is dedicated to God Almighty for his protection, guidance and mercy. To my parents H. E. Modestus Ahiable and Ms. Mary Opoku for all the assistance they gave to me. Also, to my fellow course mates who helped me in one way or the other. Finally, to Mr. Osei Bonsu for his time and supervision.
ACKNOWLEDGEMENT

I would like to express my sincere gratitude to God Almighty for the life He has bestowed upon me.

My sincere thanks go to my supervisor; Mr. Osei Bonsu, for his time, guidance, advice and constructive suggestions that were of immense help to me in the preparation of the work.

Indeed, I wish to acknowledge the staff and management of Unity Rural Bank (Ziope) for their co-operation during the research.

Many thanks to my family and friends for their support in numerous ways in helping make this work a success.
ABSTRACT

This paper is an investigation into the impact of rural banking on economic development. The study involves a survey of management and employees of Unity Rural Bank Limited and the inhabitants of “Ziope”; a rural area in the Volta Region of Ghana. Interviews and questionnaires were the main research techniques adopted for the data collected for this study.

Results show that, for the bank to be able to contribute effectively to economic development, further education of the rural folks must be undertaken so as to enlighten the people about the benefits that comes with banking. Until that is done, the banks’ impact on economic development remains relatively low.
# TABLE OF CONTENTS

DECLARATION ........................................................................................................................................... i

CERTIFICATION ......................................................................................................................................... ii

DEDICATION ............................................................................................................................................... iii

ACKNOWLEDGEMENT .......................................................................................................................... iv

ABSTRACT ................................................................................................................................................... v

CHAPTER ONE ............................................................................................................................................... 1

INTRODUCTION .......................................................................................................................................... 1

1.0 BACKGROUND OF THE STUDY ........................................................................................................ 1

1.1 PROBLEM STATEMENT .................................................................................................................... 3

1.2 AIMS OF THE STUDY ....................................................................................................................... 4

1.3 OBJECTIVES OF THE STUDY .......................................................................................................... 4

1.4 RESEARCH HYPOTHESIS .............................................................................................................. 4

1.5 SIGNIFICANCE OF THE STUDY ...................................................................................................... 5

1.6 ORGANISATION OF THE STUDY .................................................................................................. 5

1.7 LIMITATION OF THE STUDY ......................................................................................................... 6

1.8 SCOPE OF THE STUDY .................................................................................................................... 7
CHAPTER TWO ................................................................. 8

LITERATURE REVIEW  ........................................................................ 8

2.0  INTRODUCTION ........................................................................... 8

2.1 OVERVIEW AND CONCEPT OF BANKING .............................................. 9

2.2 THE TYPES OF BANKS ..................................................................... 10

2.3 RURAL BANKING............................................................................ 11

2.4.0 TYPES OF RELATIONSHIPS THAT EXIST IN THE RURAL BANKING SECTOR IN GHANA ................................................................. 12

  2.4.1 THE BANKER – CUSTOMER RELATIONSHIP .................................. 12

  2.4.2 DEBTOR – CREDITOR RELATIONSHIP ........................................ 12

  2.4.3 AGENT – PRINCIPAL RELATIONSHIP ......................................... 12

  2.4.4 BAILER – BAILEE RELATIONSHIP .............................................. 13

2.5 GOOD CUSTOMER RELATIONS ........................................................ 13

2.6 THE FUNCTIONS OF RURAL BANKS .................................................. 14

2.7 OPERATIONS OF RURAL BANKS ..................................................... 15

2.8.0 WORKFLOW CHART IN RURAL BANKS ......................................... 16

  2.8.1 THE WASTE .............................................................................. 17
3.6.3 MISSION STATEMENT OF THE UNITY RURAL BANK LIMITED .......... 29

3.6.4 VISION STATEMENT OF THE BANK .................................................. 29

3.7 CONCLUSION .......................................................................................... 30

CHAPTER FOUR ................................................................................................. 31

ANALYSIS AND INTERPRETATION OF DATA .................................................. 31

4.0 INTRODUCTION .......................................................................................... 31

4.1 PRESENTATIONS AND ANALYSIS OF DATA SURVEY ON MANAGEMENT AND TARGET POPULATION .............................................................. 31

4.2 AGE GROUP THAT INVESTS IN ECONOMIC ACTIVITIES ......................... 32

4.3 GENDER GROUP THAT INVESTS IN ECONOMIC ACTIVITIES .................. 34

4.4 OCCUPATION OF THE LOCALITY ................................................................. 36

4.5 AWARENESS OF RURAL BANKING ............................................................ 36

4.6 FINANCING THE PROJECT ........................................................................... 37

4.7 LEVEL OF ASSISTANCE .............................................................................. 38

4.8 ECONOMIC ACTIVITIES IN THE RURAL AREAS ........................................ 40

4.9 TASKS PERFORMED BY RURAL BANKS .................................................... 40

4.10 CONTRIBUTION TO ECONOMIC DEVELOPMENT ..................................... 41
CHAPTER ONE
INTRODUCTION

1.0 BACKGROUND OF THE STUDY

Many developing countries including Ghana, suffer anaemic economic development as an outcome of poor advancement of the primary, secondary and tertiary sector of their economies. The structure of the Ghanaian economy embraces all the various sectors, and of these, the primary sector contributes a very large proportion of the economy’s output making direct use of natural resources in the fields of agriculture, forestry and fishing, animal husbandry, mining, and extraction of oil and gas. Most of these activities are located in the rural areas and manned by the aborigines operating mostly on low capital basis. It is for this reason that the rural banks were set up to assist the rural folks financially in their various occupations so as to increase productivity in the short run, and economic development in the long run.

The mainstay of Ghana’s economy is agriculture and this is mostly practiced in the rural areas, and not until recently, individuals and the government did not show adequate interest in investing in economic activities such as farming, fishing and animal rearing. Over the years, the economic development of Ghana has been closely linked with the performance of the agricultural sector. However, due to inadequacy of funds and poor education, the agriculture sector is left undeveloped and this has contributed to low productivity, poor distribution and low consumption hence to the weak development of the country.

Many farmers, fishermen and herdsmen face the problem of inadequate capital to acquire equipment that large-scale production requires. They also lack the skills and knowledge that such large-scale activities require and as such face difficulties in marketing their produce. The above
mentioned problems amongst others led to the introduction of the Ghanaian Banking System in recent times known as Rural Banks.

In 1976, the Ghanaian government, through the Bank of Ghana, established Rural Banks to channel credit to productive rural ventures and promote rural development. The banks were introduced to assist the Agric Development Banks (ADB). Rural development is a strategy intended to improve the economic and social life of the rural poor (World Bank 1975).

Understanding in the first place and recognizing the impact of rural banking on economic development will be an advantage that will reorganize individuals in the agriculture sector to patronize the banks. Banks fall under financial institutions. Kolari W. (1995) defined financial institutions as a business firm whose principal assets are financial assets or claims such as stocks, bonds and loans, instead of real assets such as buildings, equipment and raw materials. According to Hadjimichalaris, M.G. and Hadjimichalaris K.G (1995) financial institutions fall into two categories namely, depository and non-depository institutions. Under the depository institutions we have the commercial banks, and then life insurance companies for non-depository institutions. However, banking can be defined as a practice of accepting deposits and giving loans including monetary advisory services to customers. Kolari W. (1995) defined a bank as a financial institution offering two major services. These he said include transaction accounts which may be used to make payment for goods and services and are widely accepted by the public and then the issuance of direct loans to individuals, businesses and other institutions. Banks also represent a vital link in the transmission of government policies. From the perspective of various groups in the economy, access to banks credit and other banking services is absolutely essential for economic development.
For the purpose of this research, chapter two will unveil the impact of rural banks to the development of the economy. These banks are affiliated to the Central Bank, their operation is really that of a commercial bank, therefore, the functions of the rural banks are the same as that of the commercial banks except for the fact that rural banks concentrate on rural areas.

1.1 PROBLEM STATEMENT

Most people in the rural areas do have problems in dealing with the rural banks or the credit unions. Some of these problems include preparing viable business proposals and collateral securities that the banks do demand. Meanwhile, majority of the local folks are not well educated in order to plan or write their own business proposals. In addition, it becomes very difficult for them to secure loans because of the collateral securities demanded by the banks. Some of the banks even look at the scale of the farm before granting loans.

Since independence in 1957, the Ghanaian government has made several attempts to promote rural development in an effort to increase the living standard of the people who reside in rural areas (Kudiabor 1974). These projects have failed for several reasons, including the high cost of living for farmers, and the lack of coordination between government agencies (Amonoo 1977; Brown 1986; and Opoku-Afriyie 1974).

The most disturbing problems that the rural dwellers do face are the high interest rates or bank charges. It is very difficult these days for them to borrow money from the rural banks because of the high interest rates. In some cases, farmers do even end up by selling their lands or assets in order to pay the loans they have borrowed. This does not foster our bid to develop as a country.
1.2 AIMS OF THE STUDY
The overall aim of the study is to bring the people living in the rural areas closer to the rural banks.

1.3 OBJECTIVES OF THE STUDY
The general objective of the study is to identify the impact of rural banks on economic development.

Other specific Objectives include;

- To find out the types of economic activities in the rural areas that can bring about economic development.
- To find out the impact of rural banks on the rural dwellers.
- To find out whether rural banks do help all category of people in the rural areas.
- To find out how people in the rural areas finance their projects.
- To know the gender and age group that invests in economic activities in the rural areas.
- To find out how people in the rural areas can help contribute to economic development.
- To find out some economic activities the rural banks can support to bring about economic development.
- To attempt to offer suggestions and recommendations based on the findings of the research.

1.4 RESEARCH HYPOTHESIS
This study is mainly to seek practical evidence to examine the hypothesis below:

Null hypothesis (H0): ‘Rural banking promotes economic development’
Alternative hypothesis (H1): ‘Rural banking does not promote economic development’

1.5 SIGNIFICANCE OF THE STUDY

It is the researcher’s fervent hope that this research work will be a useful tool in the hands of individuals, firms and the nation at large. Also, it is envisaged that the result of this study would help to create awareness of the functions of the rural banks in the rural areas to the people of Ghana and the policy makers. This would enable the nation to adopt strategies which will help to achieve the objectives of the rural folks.

Finally, it will serve as a reference for students, teachers and other individuals to aid them in further research work.

1.6 ORGANISATION OF THE STUDY

The research is organised into five chapters:

- Chapter one covers the introductory phase which focuses on the background of the study, problem statement, aims and objectives of the study, research hypothesis, limitation of the study and the scope of the study.

- Chapter two which is the literature review highlights the theoretical framework of the study and the relevant existing literature significant of the study and how the study was organised.

- The third chapter looks at the methodology adopted in acquiring data for the research. Under this is the description of the study area, sample size and sampling technique, methods of data collection, methods of data analysis and research strategy.

- Chapter four consists of data presentation, analysis, and discussion of the main findings.
The final chapter presents the summary, recommendations and conclusions of the research work.

1.7 LIMITATION OF THE STUDY

There are a number of factors that boost economic development but this study is limited to the impact of rural banking on economic development.

- **Time schedule:** The time limit for the research work may not be adequate for an effective, qualitative and quantitative work in relation to the researchers lecture hours. This may not enhance in-depth findings.

- **Availability of information:** The organisations may not be willing to disclose some information because of secrecy, which could impede the data collection process needed by the researcher for a successful work.

- **Availability of supervisor:** The supervisor has lecture hours, office hours and other relevant things to do in addition to research work supervision. It may be difficult to get the supervisor at the researcher’s convenience.

- **Financing the project:** As researchers, financing a project may be very difficult to execute. It involves significant amounts of money to embark on a quality and sufficient work.
1.8 SCOPE OF THE STUDY

- For the purpose of this study, the researcher will not research on all rural banks in the country, rather, on Unity Rural Bank Ltd in the Volta Region of Ghana because it is nearer to the researcher.
CHAPTER TWO
LITERATURE REVIEW

2.0 INTRODUCTION

The importance of rural banking on the economic development of a country cannot be overlooked. The Chairman of the Board of Directors of Unity Rural Bank Limited, Togbe Binah Lawluvi VI, addressing the 15th annual general meeting (AGM) of shareholders of the bank at “Ziope” last year said, “Real Ghana lies in villages, and the village economy is the backbone of the Ghanaian economy”. Without the upliftment of the rural economy as well as the rural people of our country, the objectives of economic planning cannot be achieved. In fact, the real growth of the Ghanaian economy lies in the emancipation of rural masses from acute poverty, unemployment, and socio-economic backwardness. Keeping this end in view, various important plans and programmes of rural development have been conceived and implemented by the government of Ghana over the years. But an appraisal of the achievement of these programmes clearly reveals that most of them failed to achieve the desired objectives due to the backward economic condition and lack of adequate finance to the poor people in the rural areas. Hence, banks and other financial institutions are of vital importance for development of the rural economy of a country. This study is a modest attempt to make an appraisal of the credit needs of the rural people and the way rural banks, i.e., Unity Rural Bank Limited, has been extending its services to meet the needs of the people in the town of “Ziope” in the Volta Region of Ghana. The study tackles the performance evaluation of Unity Rural Bank on rural development in the short-run and on national development in the long-run.
2.1 OVERVIEW AND CONCEPT OF BANKING

Banking started several centuries ago. Hadjimichalaris M. G. and Hadjimichalaris K. G. (1995) stated that banking started in Venice dating as far as the 13th century. Greek money changers are on record to have accepted deposits and lend them at an interest. This idea was further progressed by the Romans who accepted written orders on deposits as a form of payment. The Italian bankers and the Jews pursued their banking trade in the United Kingdom until the “Lombard’s” gradually drove them out of business. The Lombard’s became entrenched and built the foundation of the present system. The World Bank is believed to have been driven from the Lombard’s benches on which they conducted their business.

Benson G.T. (1996) said in the 19th century that the economies of the British countries had been sufficiently monitored through trade. The British introduced banking into the Gold Coast, now Ghana. In 1896, the British Bank of West Africa opened a branch in Accra. In 1917 another branch of colonial bank was established by a royal charted in England in 1836 also in Accra. The colonial bank was changed to Barclays bank when it was taken over by Barclays Bank. These two banks dominated the banking scene in the Gold Coast for over thirty-six (36) years.


The banking system in Ghana consists of different types of banks which provide various services to the government and the public at large. Benson G.T. (1996), defined banking as a system of trading in money which involves safeguarding deposits and making funds available for borrowers. Preko E.A. and Armah-Tetteh B. (2005), defined banking as the practice of accepting deposits and giving loans including monetary advisory services to customers. Kolari R. (1995),
said banks fulfill two major services. These he said include accounts which may be used to make payments for goods and services and are widely accepted by the public and finally direct loans to businesses, individuals and other institutions.

2.2 THE TYPES OF BANKS

Preko E.A. and Armah-Tetteh B. (2005), stated that there are three main types of banks. These they said include central bank, commercial bank and development banks.

The central bank is a bank whose entire capital stock is owned by the state. Central bank is the head of all the banking and financial institutions in a country. It is for the government and it is regulated by a board appointed by the government. The head of the central bank is designated the “governor”. Examples of central banks in West Africa are Bank of Ghana, Central Bank of Nigeria and Central Bank of Sierra Leon

The commercial banks are joint stock financial institutions whose aim is to make profit for their shareholders. They are charged with the responsibility of accepting deposits as well as keeping valuable items of their customers and make them available on demand.

The development banks as one of the main banks is a financial institution established to provide long-term finance for developing a certain sector of the economy. An example is the Agriculture Development Bank (ADB).
2.3 RURAL BANKING

Rural banking could be seen as the process of providing banking services in the rural areas of a country to mainly the rural dwellers. Rural banks were introduced in Ghana in 1976 to perform specific functions towards the development of Ghana’s economy. Rural banks are affiliated to the central bank; their operation is really that of commercial banks. Therefore, the functions of the rural banks are the same as that of the commercial banks. This is to say that, apart from being situated in the rural areas, rural banks and commercial banks share the same functions. The establishment of rural banks is an answer to a long awaited search for a suitable institutional arrangement for providing credit facilities to the rural dwellers. They are the main vehicles for financial intermediation, capital formation and retention in the rural areas.

The first rural bank was established in 1976 at “Agona Nyakrom” in the Central Region. The rural banking concept is a hybrid between commercial and development banking and has been set up as a “Unit Bank” so that they will be mobilizing savings and lending money to the people in areas where they are located. In order to ensure that the rural banks serve the interest of the local people, the ownership, management, control and the general operations of the banks are vested in the people of that particular area.

Rural banks are limited companies registered under the companies’ code and licensed by the Bank of Ghana which takes up 50% of the capital as preference shareholders. Then bank of Ghana fixes their authorized share capital. The main function of the rural bank is to mobilize savings in the rural areas for lending to borrowers in these areas to enable them finance agriculture cottage industries as well as small scale industries in order to raise their standard of living. Since they are unit banks, they do not have many branch networks, some have agencies within the same catchment area.
2.4.0 TYPES OF RELATIONSHIPS THAT EXIST IN THE RURAL BANKING SECTOR IN GHANA

The manner in which the bank handles its clients goes a long way to foster understanding and trust with which the banks consider utmost.

2.4.1 THE BANKER – CUSTOMER RELATIONSHIP

Tandor et al (1995), suggests that banker-customer relationships are contractual in nature. The contract is concluded in the ordinary way – that is, by offer (usually to open an account) and by acceptance. This contractual agreement continues until it is terminated by consent or other legal means.

2.4.2 DEBTOR – CREDITOR RELATIONSHIP

Where a bank is in possession of funds belonging to its customer, the relationship between the bank and its customer is that of debtor (Bank) and creditor (Customer). Of course, where the customer owes the bank (as is the case e.g. when an overdraft facility is granted the customer) the customer becomes the debtor and the bank is the creditor.

2.4.3 AGENT – PRINCIPAL RELATIONSHIP

As long as the banker-customer relationship exists, the banker is bound at one point or the other to act as the agent of the customer, who whenever this happens will become the principal. Example of when the banker acts as an agent are:

- When the bank, in its capacity as “collecting banker”, receives cheques for the credit of his customer account, and forwards such cheques on behalf of its customer to the paying
bank (Drawee Bank) with a view to obtaining the proceeds of the cheque when it is paid for its customers.

- When the bank establishes documentary credits on behalf of its customers.
- When the bank is empowered by its customers to “clear” goods from a port on behalf of its customer.

2.4.4 BAILER – BAILEE RELATIONSHIP

Sometimes, customers deposit their valuable items such as jewellery for safe custody. Other items which are often deposited with a bank for safe-keeping are “will” and confidential documents. The customers may also keep their goods in the bank’s warehouse. In all the above situations, the bank acts as a bailee to the customer who is the bailer.

2.5 GOOD CUSTOMER RELATIONS

According to public relations for Rural and Community Banks Reading Material issued in 2004 by ABB Apex Bank Ltd., customer relations do not consist only of spontaneous actions intended to please customers; these are well-planned activities which are implemented as part of the management functions and are participated in by the entire organisation. These are a continuing process by which management endeavours to gain the goodwill and understanding of its customers.

These considerations include:

- Attending promptly and courteously to customer.
- Listening and acting on customers’ complaints.
- Finding ways of serving customers in a more satisfactory manner.
• Keeping customers informed of bank policies which affect them.
• Providing a “Suggestion box” into which customers can drop their suggestions or complaints.
• Keeping the bank premises clean with a lot of decorations.
• Providing necessary facilities like comfortable chairs, fans, air-conditions, toilet/ urinal base etc. to make customers feel comfortable when transacting business.
• Speaking politely to customers and treating them as equally important.

2.6 THE FUNCTIONS OF RURAL BANKS

A lot of functions could be discussed in terms of rural banking. However, rural banks operate to promote saving habits amongst people in the rural areas (Preko E.A and Armah-Tetteh B, 2005). In the absence of rural banks, farmers, fishermen and herdsmen hardly save their profits.

The rural banks grant loans and overdraft facilities to the dwellers of the area that are in need of funds to increase production in their various fields of work. According to Preko E.A and Armah-Tetteh B. (2005), most of the time, farmers, fishermen and herdsmen who are in need of money have to go to money lenders for loans which are subjected to very high interest rates. This tends to affect their working capital drastically.

They also serve as the means through which the government supplies farm implements to farmers. Through this medium, even farmers, herdsmen and fishermen who do not have cash immediately can have access to farm tools and pay later (Ofosu-Djamerah M., 1999).
The rural banks also grant credit to customers for the payment of school fees, acquisition or repairs of houses and to meet medical expenses. This is to ensure the welfare of the rural dwellers and to support their livelihood; Ofosu-Djamerah M. (1999).

According to Preko E.A and Armah-Tetteh B. (2005), rural banks help carry out government financial and monetary policies in the rural areas. Thus, if the government decides to change the currency, they simply go to the rural banks and get all the assistance they require. It is evident that the “Akufo” cheque system designed to pay cocoa farmers is operated through rural banks; here currency change will be done smoothly for the farmers.

2.7 OPERATIONS OF RURAL BANKS

Hyde (1993); suggests four main characteristics of banking businesses. This includes the following:

- Accepting money from, and collecting cheques for customers.
- Honouring cheques or other withdrawal authorities given by customers.
- Maintaining current accounts or accounts of a similar nature.
- The bank should have a reputation of being a bank within the financial community.

Kwegyir (1999); identifies two main characteristics of banking business which includes the following:

- Accepting deposits from customers and honouring cheques and other withdrawals from customers.
- Maintaining all sorts of accounts and being recognised as a bank as a whole in the financial community.
Savings A/C Ledgers | Current A/C Ledgers | Loans Ledger | P & L A/C Register | Office A/C Register | Other A/Cs Registers
---|---|---|---|---|---

DAILY BALANCING SUMMARY

GENERAL LEDGER

(Source: Association of Rural Banks, standard Operating Procedures (January 2000))
2.8.1 THE WASTE

The waste is the stage in the workflow of the bank where all transactions are recorded. Before writing the Waste, the Waste keeper must write his name at the top left corner and put down the day’s date. All the days voucher, both cash and non–cash items for the day should be recorded in the Waste in detail under the various accounts columns by the waste keeper. The procedure is as follows:

- Add previous General ledger cash balances to total cash received, draw a line and add up.
- Add total cash paid out the days cash balance, draw a line and add up.

(Note that the day’s cash balance is a balancing item).

- Add all other debit totals beginning from current accounts column to the last credit column and subtotal.
- Add the day’s cash balance to the sub-total to get a grand total.
- Add all other credit totals beginning from current accounts column to the last credit column and sub-total.
- Add the previous cash balance to the subtotal to get a grand total.
- Ensure the debit and credit grand totals agree. It must however be noted that, before vouchers are entered, all cash vouchers must bear the cashier’s stamp, date and signature of responsible official. Every voucher, which has passed through the Waste, must be stamped with the WASTE stamp bearing the date of the transaction.
2.8.2 DAILY BALANCING SUMMARY (DBS)

A Daily Balancing Summary is a sheet into which all summarized totals for the various account in the General Ledger are recorded. Procedure for posting or preparing a daily balancing summary (DBS) is as follows:

- Pick up current account debit and credit summarized totals in the journals and post.
- Machine all inter – Agency or Head Office vouchers both debits and credits and post.
- Machine all clearing accounts vouchers both debits and credits and post.
- Pick summarized debits and credits loans of journal totals and post.
- Pick summarized debits and credits of savings journal totals and post.
- Machine all share credit vouchers and post.
- Add the day’s cash receipts/payments and post.
- Machine the various debits and credits of profit and loss account vouchers and post.
- Add up and draw two straight lines under the totals for both debit and credit balance, which should agree.

2.8.3 THE GENERAL LEDGER

From the daily balancing summary, the various debit and credit totals are recorded in the respective accounts in the General Ledger. In the case of cash account in the General Ledger, the debit sub – total of the Daily Balancing Summary for the day must be recorded at the credit side and the credit sub – total to the debit side.
The General Ledger is the principal control book, which controls all the books kept by the bank. It is from this book that the Balance sheet of the bank is prepared. The totals of the debits must agree with the totals of the credits. The General Ledger (G/L) must be posted daily.

2.9 ECONOMIC DEVELOPMENT

A nation prospers by making good use of its resources. Productivity is the key to a higher standard of living, which eventually brings economic development.

One cannot talk about economic development without firstly considering economic growth. Economic growth facilitates economic development. Colander D. C. (1994) defined economic growth as an increase in the amount of goods and services an economy produces. When economists talk about growth, they mean the economy’s ability to increase the real Gross National Product (GNP) from one year to the other. However, economists often use a measure called real GNP per capita, which is determined by dividing our real GNP by the total population. It represents the cedi amount of real GNP produced for every person in the country.

A country experiencing economic growth has the ability to bring a higher standard of living to its people. The quality of life is based on the possession of necessities and luxuries. When there is an increase in production, distribution and consumption, there will also be a corresponding increase in income levels which will in turn lead to more job creation to reduce unemployment cases. All these factors merge in one scenario to make economic development possible.

Economic growth helps to solve domestic problems in the sense that an increase in production serves as an indication of an increase in income levels. For instance, Ghana is faced with a certain number of social problems, to mention a few are poverty, inadequate education,
inadequate medical care and inadequacy of opportunity. Most of these problems stem from economic want. A great output of goods and services means more jobs and more income for the people. This in turn will help cut down the economic want, which will help in the development of the economy.

2.10 THE IMPACT OF RURAL BANKING ON ECONOMIC DEVELOPMENT

The contribution of rural banks affects the level of economic development in the country. The following are some contributions of the rural banks towards the development of our economy.

People living in the rural areas hardly save any profits they make mainly because of the risks of theft and the like. Since they have their monies at their disposal, they engage in litigations or disputes with regards to possessions of assets like land; there is also the issue of expensive funeral spending instead of investing their income to yield them more and/or better returns. Rural banks operate to encourage these people to save and/or invest their incomes or profits; Preko E.A and Armah-Tetteh B. (2005). The banks encourage them with financial advices and saving options to help them in improving upon their various occupations.

The rural banks also grant credit to customers for the payment of school fees, acquisition or repairs of houses and to meet medical expenses. This helps to improve the life of the rural dwellers so that they can contribute immensely to increase or improve productivity in the rural areas and the country at large; Ofosu-Djamerah M. (1999).

Most of the rural people are unable to raise the needed capital to finance their projects. According to Preko E. A. and Armah-Tetteh B. (2005), rural banks grant loans and overdraft facilities to these people to help them solve the issue of inadequate capital. Most of the people
are unable to engage in large-scale production as a result of inadequacy of capital. These loans enable them to acquire the needed implements and remuneration for labour with regards to the proper execution of the work at hand so as to increase productivity. When the loans are given out, the banks assign a team to monitor the beneficiaries so as to ensure that the loans are being used for their intended purpose. Eventually, productivity will increase, income levels will also increase and more jobs will be created out of the income of the citizens if efficient uses of these resources are recorded. Upon the creation of more jobs, social problems like armed robbery and prostitution will be reduced drastically.

Ofosu-Djamerah M. (1999) said that rural banks devote part of their profits to meet social responsibilities. The rural banks make donations to support education, and health to mention but a few. Before one can ensure an increase in productivity, the social welfare of the people must be put into consideration. Therefore providing or supporting education and health will definitely improve the living standard of the rural dwellers and also help to maintain them in the rural areas so as to contribute to the development of the dominant sector of the economy like agriculture. Once the agriculture sector is developed, there will be an increase in agriculture products, hence an increase in total exports and increased internal consumption. As part of the social responsibility of the rural banks, most of the paths and roads linking the various farms with the towns will be enhanced all other things being equal. The banks go on to arrange for institutions to purchase the produce from the area. Alternatively, the banks may take over the produce of the people as a means of repayment of loans granted them. This way, the burden of transportation and marketing of their produce is taken off. This in effect encourages the people to produce more.
2.11 OTHER FINANCIAL INSTITUTIONS

Besides the central bank, commercial banks, development banks and rural banks, there are other financial institutions that play different roles in the development of the economy. Some of these financial institutions are;

Money markets; these are financial institutions set up essentially for granting of short-term financial instruments such as treasury bills, certificate of deposit and commercial paper with a maturity period of one year or less.

According to Kolari R (1995), the focus of money markets is based on providing a means by which individuals and business firms are able to rapidly adjust their actual liquidity position to the amount desired. As the desired amount is obtained, businesses can be expanded which can also lead to an increase in production of goods and services.

Insurance companies; these are organizations which receive periodic payments known as premiums from members and pay back to such contributors who actually suffer losses. In undertaking of economic activities, businessmen encounter certain dangers and risks. The risks may include fire, accident, theft and death. In this regard, periodic contributions are made to these insurance companies so that upon the occurrence of any such misfortune, they will be indemnified. As a result of the accumulated premium, the insurance companies invest in various sectors of the economy. In the long run, jobs will be created, productivity will be high, standards of living will increase and the economy will be experiencing gradual development all other things being equal.
2.12 CONCLUSION

Literatures reviewed relate to impacts of rural banks and/or banking on the economic development of Ghana. A fully developed economy means better education, healthcare delivery, shelter and better employment options. This is the dream every citizen would want to realize and can be achieved by recognizing the help needed in the rural areas and assisting accordingly.
CHAPTER THREE
METHODOLOGY

3.0 INTRODUCTION
This chapter brings out the numerous research methods adopted in collecting information on the “Impact of rural banking on economic development”. These include personal interview, questionnaires, and literature review. This chapter also analyses the research strategy, population and sample size, sampling techniques, procedure for data collection and methods of data analysis.

3.1 RESEARCH STRATEGY
The researcher has adopted the exploratory research strategy because it seeks an insight of the research problem, asks questions about the research problem and also helps in clarifying understanding of the research problem.

3.2 POPULATION AND SAMPLE SIZE
As far as the study of the subject matter is concerned, the target population consists of management of Unity Rural Bank Ltd. and target population in the community. The sample size chosen for the research is forty (40). However, the researcher intends to survey a substantial portion of the total sample size. Due to time constraint and limited resources, the researcher used thirty (30), which are fifteen (15) men and (15) women
3.3 SAMPLE TECHNIQUES

The researcher has used simple random sampling and purposive sampling to select the respondents. Simple random sampling is the method of drawing a portion of a population so that each member has an equal chance of being selected. Simple random sampling was used for management of the bank because everyone has an equal chance of being selected.

Purposive sampling is a method used to enable the researcher to answer research questions and to meet the researcher’s objectives. The researcher used purposive sampling to select the target population.

3.4 METHODS OF DATA COLLECTION

In order to gather relevant and efficient information for the research problem, the researcher has used both primary and secondary sources of data. These data were explored to obtain understanding of rural banking and its impact on economic development and give factual recommendations thereafter. The primary sources of data used by the researchers include the following:

Questionnaires: These were designed and issued to management of the bank and target population.

Interviews: As part of the primary sources, interviews were used in data collection. The researcher found it prudent to interview some of the people in the community. Personal interview was conducted on both staff and management of the banks to ascertain further information that could enable the researcher draw a tangible conclusion.

Some of the secondary data the researcher consulted include extracts from published sources such as Association of Rural Banks (ARB) Apex Bank Operating manuals, Banking Act, 2004
(Act 673), textbooks, pamphlets and handouts. These were data used to seek other relevant information that could help the researcher to form a concrete conclusion on the project work.

3.5 METHODS OF DATA ANALYSIS

Information derived from the respondents will be analyzed with tables, bar graphs and pie charts. Data collections from the field were thoroughly edited and tabulated. Responses were crosschecked to ensure that they are consistent and followed a logical sequence.

Quantitative data was arranged in the form of tables with brief headings to explain what each table represented. This was to make the discussions simple and clear. The tables were used to show to show the findings of the research. Also, the researcher used simple proportions and percentages as well as charts to describe the field data.

3.6.0 AREA OF STUDY

The nature of the project needs an area of study where there is a rural bank. The area chosen for the topic or project is “Ziope”, a town in the Volta Region of Ghana where Unity Rural Bank Limited can be located.

Unity Rural Bank Limited is 42 kilometers from “Ho” on the “Ho-Aflao” road. It is located opposite the “Ziope” main station. Unity Rural Bank Limited was established on October 28, 1983 under the name “Adaklu Rural Bank” with its main office at “Adaklu Waya” in the Volta Region. It is the 79th rural bank to be established by the Bank of Ghana. During the latter parts of the year 1984, a branch of the bank was opened at “Ho” the capital city of the region and in 1985, the banks name was changed from “Adaklu Rural Bank” to Unity Rural Bank Limited by a
special resolution and with the approval of the registrar of companies. Currently, the main office of the bank is at the “Ziope” branch.

The customer profile of the bank ranges from salaried workers through small and medium scale entrepreneurs to large trading concerns, quasi-governmental institutions, to large corporate customers. The management of the bank is entrusted in the hands of the Board of directors made up of experienced bankers, lawyers, and other professionals.

As part of the social responsibility, the bank is involved in a number of social and other developmental projects aimed at improving the standard of living of the people residing within and outside of the community. The bank’s social responsibility includes bursary to brilliant children of shareholders, yearly donation to district best farmers Day Celebration. The bank also donates to Ghana Education Service (GES) in the area of Science, Technology and Mathematics among others.

3.6.1 OBJECTIVES OF THE BANK

The objectives of the bank include the following:

- To accept cash and cheques for credit on current and savings accounts.
- To mobilize cash in the form of savings.
- To be good stewards for all monies entrusted into the care of the bank.
- To provide trustworthy and sound accounting to their customers.
- To accept securities for its customers.
- To educate the people of the catchment area to acquire saving habits.
• To engage in economic activities that will promote development of the community and country at large.
• To act as a mediator for other financial institutions.
• To cultivate banking habits among the people of “Ziope” traditional area and its surroundings.
• To mobilize funds and/or savings from the rural areas and channel savings to profitable ventures.
• To develop agriculture and agro based industries in the rural areas.

3.6.2 PRODUCTS OF THE BANK

The bank’s products can be grouped under the following:

I. Customer Accounts:
   • Savings accounts
   • Current accounts
   • Fixed or time deposit accounts
   • “Susu” Savings accounts
   • Acceptance of securities for safe custody
   • Microfinance facilities

II. Lending products:
   • Traditional loans and overdrafts
   • Workers loans
   • “Susu” loans
   • Group loans
• Funeral loans

III. Transfer services:
• Apex link transfers
• Western union money transfers
• “E-Zwich”

IV. Other Services:
• Paying of salaries to employees of both governmental and private institutions.
• Credit facilities for small-scale entrepreneurs, merchants and government workers of private organizations, industrialists and corporate bodies.
• It serves as a channel through which funds from government for specific purpose are disbursed. E.g. Women’s Development Fund, Traders Assistance Loan and Farmers Assistance Loan.

3.6.3 MISSION STATEMENT OF THE UNITY RURAL BANK LIMITED
To be amongst the leading rural banks in Ghana through a well-motivated, tailor-measured workforce, satisfying products and more customer friendly services to their chosen clientele than their competitors by the year 2015.

3.6.4 VISION STATEMENT OF THE BANK
The study reviewed that; the banks vision is to be a most profitable and well-managed Rural Bank in Ghana.
3.7 CONCLUSION

The higher the representational faithfulness, the higher the generalization and reliability of the findings, therefore, useful research tools have been employed to facilitate the researcher in achieving the objectives of the study.
CHAPTER FOUR
ANALYSIS AND INTERPRETATION OF DATA

4.0 INTRODUCTION

This chapter presents the analysis of data gathered from respondents in order to release vital information about the research problem. With this, the researcher with the aid of tables, bar charts and pie charts analyzed most of the respective respondents. In all, a total of thirty (30) questionnaires were issued to both management and target population. These included ten (10) to management of Unity Rural Bank and the rest issued to the target population.

4.1 PRESENTATIONS AND ANALYSIS OF DATA SURVEY ON MANAGEMENT AND TARGET POPULATION

From the table below, a total of thirty (30) questionnaires were issued. Out of the total issue, ten (10) were given to management; this represents thirty-three percent (33%) of the total issued. Twenty (20) were given to the target population which represents sixty-seven percent (67%) of the total issued. In all, the total issued represents a hundred percent (100%).
Table 4.1 Data collection on both management and target population

<table>
<thead>
<tr>
<th>Personnel</th>
<th>Number Issued</th>
<th>Number Returned</th>
<th>Number Not Returned</th>
<th>Percentage Returned</th>
<th>Percentage Not Returned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management</td>
<td>10</td>
<td>6</td>
<td>4</td>
<td>20</td>
<td>13</td>
</tr>
<tr>
<td>Target population</td>
<td>20</td>
<td>17</td>
<td>3</td>
<td>57</td>
<td>10</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>23</td>
<td>7</td>
<td>77</td>
<td>23</td>
</tr>
</tbody>
</table>

Source: Field survey; March 2012.

From table 4.1 above, ten (10) questionnaires were issued to management; of which six (6) were returned; representing twenty percent (20%), four (4) out of the ten (10) questionnaires issued were not returned, representing thirteen percent (13%). A total of twenty were issued to target population, of which seventeen (17) were returned representing fifty-seven percent (57%) and three (3) out of the total of twenty (20) issued to the populace were not returned which represents ten percent (10%). In all, a total of thirty (30) questionnaires were issued which represents one hundred percent (100%). The overall response rate was seventy-seven percent (77%).

RESPONSES FROM TARGET POPULATION

4.2 AGE GROUP THAT INVESTS IN ECONOMIC ACTIVITIES

The purpose of this analysis is to find out the age group in the rural area that invests most in economic activities.
Table 4.2 Data collection on age group

<table>
<thead>
<tr>
<th>Age</th>
<th>Number Of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>20 – 30</td>
<td>5</td>
<td>29</td>
</tr>
<tr>
<td>31 – 40</td>
<td>10</td>
<td>59</td>
</tr>
<tr>
<td>41 – 50</td>
<td>2</td>
<td>12</td>
</tr>
<tr>
<td>Total</td>
<td>17</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Field survey; March 2012.

Figure 4.1 Data collection on age group

Source: Field survey; March 2012.
Table 4.2 and figure 4.1 above represents the age group received. With regards to age group 20 – 30, the researcher recorded five (5) Persons; the researcher recorded ten (10) persons from the 31 – 40 age group and two (2) from the age group 41 – 50. The total turn up from the target population is seventeen (17). From figure 4.1 above, the higher bar indicates that age group 31 - 40 invests most in the rural area. The other age groups recorded a lower return, which may be attributed to a number of factors. Among these factors include migration of the youth to urban areas in search of jobs other than farming, fishing and animal husbandry.

4.3 GENDER GROUP THAT INVESTS IN ECONOMIC ACTIVITIES

The purpose of this analysis is to find out the gender group that invests most in economic activities in the rural area.

Table 4.3 Data collection on gender group

<table>
<thead>
<tr>
<th>Sex</th>
<th>Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>14</td>
<td>82</td>
</tr>
<tr>
<td>Female</td>
<td>3</td>
<td>18</td>
</tr>
<tr>
<td>Total</td>
<td>17</td>
<td>100</td>
</tr>
</tbody>
</table>
Table 4.3 and figure 4.2 above show the sex group that invests most in economic activities. Fourteen (14) were given to male and six (6) given to females. Out of a total of seventeen (17) questionnaires received from target population, fourteen (14) are males and three (3) are females. The total of seventeen (17) questionnaires received from target population represents hundred percent (100%). Out of these, eighty-two percent (82%) are males and eighteen percent (18%) are females. This reveals that males invest more in economic activities than females. This is attributable to a number of factors. Notable among these factors are; females are occupied with household chores and caring for the young and aged at home.
4.4 OCCUPATION OF THE LOCALITY

The purpose of this analysis is to find out the major occupation of the rural area. From a total of seventeen (17) questionnaires received from the target population, all respondents chose farming as the major occupation of the area. This represents hundred percent (100) of the questionnaires received from target population. This is due to the availability of fertile farmlands in the area.

4.5 AWARENESS OF RURAL BANKING

The purpose of this analysis is to find out whether the rural dwellers have heard of any rural bank. Table 4.4 is used to address the objective above.

**Table 4.4 Data collection on the awareness of rural banks**

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Number Of Respondents</th>
<th>Percentage Of Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>15</td>
<td>88</td>
</tr>
<tr>
<td>No</td>
<td>2</td>
<td>12</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>17</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

*Source: Field survey, January 2012.*

From table 4.4 above, out of seventeen (17) questionnaires received from target population, fifteen (15) answered yes, meaning they are aware of the availability of a rural bank and two (2) answered no; that they have never heard of such a name. This implies eighty-eight percent (88%) answered yes and twelve percent (12%) answered no. These indicate that majority of the people in the rural area are aware of the existence of a rural bank.
4.6 FINANCING THE PROJECT

The purpose of the above is to find out how people in the rural area finance their projects. Table 4.5 is used to address the objective above.

**Table 4.5 Data collections on how rural dwellers finance their project.**

<table>
<thead>
<tr>
<th>Source Of Financing</th>
<th>Number Of Respondents</th>
<th>Percentage Of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Friends</td>
<td>…</td>
<td>…</td>
</tr>
<tr>
<td>Relatives</td>
<td>…</td>
<td>…</td>
</tr>
<tr>
<td>Rural banks</td>
<td>13</td>
<td>76</td>
</tr>
<tr>
<td>Own capital</td>
<td>4</td>
<td>24</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>17</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

**Source: Field survey; March 2012.**

From table 4.5 above, findings reveal that out of a total of seventeen (17) questionnaires received from target population, thirteen (13) of the respondents finance their projects through assistance from the rural banks and the remaining four (4) financed theirs through own capital investments. The number of respondents assisted by the rural banks represents seventy-six percent (76%) out of the total of hundred percent (100%). The remainder of twenty-four percent (24%) covers respondents financing their projects from own capital. In effect, this analysis shows that most of the people in the rural area finance their projects with support from the rural bank mainly in the form of farm loans.
4.7 LEVEL OF ASSISTANCE

The purpose of this analysis is to find out if the rural dwellers are satisfied with all kinds of assistance they derive from the rural banks. Table 4.6 is used to address the objective above.

**Table 4.6 Data collection on the level of satisfaction derived from the support of the rural banks.**

<table>
<thead>
<tr>
<th>Responses</th>
<th>Number Of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>10</td>
<td>59</td>
</tr>
<tr>
<td>Not really</td>
<td>3</td>
<td>18</td>
</tr>
<tr>
<td>No</td>
<td>4</td>
<td>23</td>
</tr>
<tr>
<td>Total</td>
<td>17</td>
<td>100</td>
</tr>
</tbody>
</table>

*Source: Field survey; March 2012.*
From table 4.6 and figure 4.3 above, ten (10) respondents answered yes to mean that they are satisfied with the assistance the banks give them. Three (3) people answered not really, meaning they have not obtained the level of satisfaction they require and finally, four (4) answered no, which is to mean that they are unsatisfied with the assistance given them by the banks. Fifty-nine percent (59%) answered yes, eighteen percent answered not really and twenty-three percent (23%) answered no. the researcher found that it is the terms or condition of banking that is not favourable to some of the people in the localities and as such the reason for some unsatisfied respondents.

**Source:** Field survey; March 2012.
RESPONSES FROM MANAGEMENT

4.8 ECONOMIC ACTIVITIES IN THE RURAL AREAS

The purpose of the above is to find out some economic activities that the rural banks can support to bring about economic development in the rural areas. Out of a total of ten (10) questionnaires issued to management of which six (6) were received, management selected or chose the following economic activities as being prominent; farming, animal husbandry and fishing. This means that an investment in any of the above could bring about economic development in the rural areas and the country at large.

4.9 TASKS PERFORMED BY RURAL BANKS

The purpose of this area is to find out some of the basic tasks performed by rural banks. Table 4.7 is used to address the above.

Table 4.7. Data collection on tasks performed by rural banks.

<table>
<thead>
<tr>
<th>Tasks Performed</th>
<th>Number of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accept deposit</td>
<td>6</td>
<td>100</td>
</tr>
<tr>
<td>Grant farm loans</td>
<td>6</td>
<td>100</td>
</tr>
<tr>
<td>Make payment</td>
<td>6</td>
<td>100</td>
</tr>
<tr>
<td>Promote rural development</td>
<td>6</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Field survey; March 2012.
From table 4.7 above, out of a total of ten (10) questionnaires issued, comments received from six (6) respondents acknowledged the fact that acceptance of deposits, granting of farm loans, making payment on behalf of people and entities and promotion of rural development like infrastructure and social amenities are all part of the tasks performed by the rural banks.

4.10 CONTRIBUTION TO ECONOMIC DEVELOPMENT

This section is to find out how people and entities in the rural areas could help contribute to economic development. Out of the six (6) questionnaires received from management, all respondents answered by choosing the following activities; investing in farming, animal husbandry and fish farming. These indicate that when people in the rural areas invest in any of the above mentioned activities, there is a direct impact on the development of the economy. Thus, an increase in investment in these sectors means a corresponding increase in the overall performance of the economy and vice versa.

4.11 PERCENTAGES OF CUSTOMERS WHO PATRONISE THE RURAL BANKS

This is to find out the percentage of customers who patronise the banks. Table 4.8 is used to address the above.
Table 4.8 Data collection on percentages of customers who patronize the banks.

<table>
<thead>
<tr>
<th>Customers</th>
<th>Percentage</th>
<th>Degree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farmers</td>
<td>60</td>
<td>216</td>
</tr>
<tr>
<td>Herdsmen</td>
<td>20</td>
<td>72</td>
</tr>
<tr>
<td>Fishermen</td>
<td>10</td>
<td>36</td>
</tr>
<tr>
<td>Others</td>
<td>10</td>
<td>36</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>360</td>
</tr>
</tbody>
</table>

Source: Field survey; February 2012

Figure 4.4

A Pie Chart representing the percentages of customers who patronise the bank

Source: Field survey; March 2012.
Table 4.8 and figure 4.4 above are used to analyze the percentages of customers patronizing the bank. Farmers make up sixty percent (60%) of the total percentage, herdsmen take up twenty percent (20%), ten percent (10%) to fishermen and others accounted for ten percent (10%) as well. These reports are represented on the pie chart above.

4.12 ACCESSIBILITY OF THE BANK

This study is to find out if the people actually patronize the banks. The six (6) respondents received from management all indicated that people patronise the banks but certainly with room for improvement in their response rate. They answered the question by choosing yes. The researcher found out that the bank is established at an area that is easy to locate and access.
CHAPTER FIVE
SUMMARY OF FINDINGS AND RECOMMENDATIONS

5.0 INTRODUCTION

This chapter contains summary of findings and recommendations by the researcher during the research study. The findings were derived from the questionnaires issued to respondents and also the responses of unstructured personal interviews granted to the respondents.

5.1 SUMMARY OF FINDINGS

From the presentation and analysis, it has been realised that out of a total of seventeen (17) questionnaires received from target population, fourteen (14) are males and three (3) are females. These indicate that males invest more in economic activities as compared to females.

However, out of the seventeen (17) questionnaires received from target population, five (5) out of the total number were from age group 20-30, ten (10) from age group 31-40 and two (2) from age group 41-50.

The findings also revealed that farming dominates amongst the economic activities in the locality as attested to by the respondents.

Rural banks are established for a purpose, they have certain tasks to perform in the localities in which they have been established. Management responses include the following as tasks performed by the banks; they accept deposits, grant farm loans, make payments and promote rural development and also indicate that farming, animal husbandry and fishing are types of economic activities that can bring about economic development in the rural areas and the country at large.
From the study it came to light that rural banks are established to support economic activities which will lead to the development of the economy.

The total number of six (6) questionnaires received from management all gave a favourable response to the statement "Rural banking contributes to economic development" by choosing yes. This is to mean that rural banks impact on economic development. They are established to support economic activities which will also lead to the development of the economy.

Rural banks are financial institutions; and this statement came to light with majority of the respondents from the questionnaires issued acknowledging the fact that indeed the rural banks support their projects financially. In effect, the rural banks are the main source of financial assistance for the rural dwellers.

5.2 RECOMMENDATIONS

In analysing the data and findings for the research work, some problems were identified and as a result, recommendations have been provided below:

- In order to influence the people in the rural areas to patronize the banks massively, management needs to educate the people more about the benefits associated with finance needed to accelerate their projects which can be made easily available by the banks. The education must be in the form of either door-to-door or local media on the ground and amongst the rural people. These will give the people a better understanding of why the banks were set up, and that, it was not meant for decorative purposes.
Management needs to conduct serious customer-care training seminars to their staff regarding good customer relations to enable customers be at ease while being handled in a tactful and diplomatic way any time they visit the banks. This somewhat will make the people feel and understand that the banks were established for them and their well being.

The need for management to develop a mechanism which will influence a lot of females in partaking in economic activities. This will help better their lives, increase productivity in both the rural areas and the country at large.

Interactions with the rural dwellers enveloped issues like uncertainty and fear of contracting loans from the banks. The popular saying is that the banks will take away all your properties in the long-run. In view of this, management can put in place more flexible terms of loan repayments some of which can take the form of daily collections and repayment through farm produce.

Finally, frequent awareness should be created to get the people well informed about the importance and/ or benefits of rural banking.
APPENDIX I

BIBLIOGRAPHY

IMPACT OF RURAL BANKING ON ECONOMIC DEVELOPMENT


APPENDIX II
PRESBYTERIAN UNIVERSITY COLLEGE – GHANA
OKWAHU CAMPUS
DEPARTMENT OF BUSINESS ADMINISTRATION (ACCOUNTANCY)

PROJECT WORK

QUESTIONNAIRES DESIGNED FOR MANAGEMENT

This questionnaire is designed to solicit information on the topic “THE IMPACT OF RURAL BANKING ON ECONOMIC DEVELOPMENT”, a case study of Unity Rural Bank, Ziope. I am hoping that you could spare me some of your precious time to complete this survey form. Through your participation, the study will be able to make possible recommendations that will highlight on rural banking and its benefits on economic development. Be assured that all information appearing herein will be kept strictly confidential and be used for academic purpose only. Your data will be used in this study only and will be prudently destroyed after use.

DIRECTION: Please tick (√) where appropriate.

1. Age:
   a. 20-30 (   )  b. 31-40 (   )  c. 41-50 (   )  d. 51-60 (   )

2. Sex:
   Male (   )  Female (   )

3. What are some of the economic activities available in the area that can bring about economic development?
   a. Farming (   )  b. Fishing (   )  c. Animal rearing (   )  d. Others (   )

(Please specify)........................................
4. What is the major occupation of your customers?
   a. Farming ( )   b. Fishing ( )   c. Animal rearing ( )   d. Others ( )
   (Please specify)………………………………………

5. What are some of the tasks performed by your bank?
   a. Accepting deposit ( )   b. Granting farm loans ( )   c. Making payments ( )
   d. Supply farm inputs ( )   e. Others ( )
   (Please specify)………………………………………

6. What forms of assistance does that bank give to the rural dwellers?
   a. Financial advice ( )   b. Investment advice ( )
   c. Marketing their products ( )   d. Others ( )
   (Please specify)………………………………………

7. Which of the following can lead to economic development?
   (Please rate 1, 2, 3, and 4; where 1 is the highest)
   a. Increase in production ( )   b. Increase in income ( )
   b. Increase in distribution ( )   d. Increase in job creation ( )

8. How can people in the rural areas help contribute to the development of the economy?
   (Please rate 1, 2, 3, and 4; where 1 is the highest)
   a. Investing in farming ( )   b. Investing in fishing ( )
   c. Investing in animal rearing ( )   d. Petty trading ( )

9. Do people in the locality patronize the bank?
   a. Yes ( )   b. No ( )
10. If the answer to the above question is yes, about what percentage of the population in the locality patronized the bank for the year just ended 2011?

………………………………

11. Is the percentage of the customers for the year 2011 greater than that for the year 2010?
   a. Yes ( )    b. No ( )

12. If the answer to the above question is yes, what accounted for such an increase?
   a. Radio advertisement ( )
   b. House to house movements to create awareness ( )
   c. Others ( )
   (Please specify)………………………………………………………………………………

13. What percentage of your customers are:
   a. Farmers ................
   b. Fishermen ...............
   c. Herdsmen ...............  
   d. Petty traders .............

14. Do customers complain about your services?
   a. Yes ( )    b. No ( )

15. I feel rural banking has no impact on economic development.
   a. Agree ( )    b. Disagree ( )
QUESTIONNAIRES DESIGNED FOR TARGET POPULATION

This questionnaire is designed to solicit information on the topic “THE IMPACT OF RURAL BANKING ON ECONOMIC DEVELOPMENT”, a case study of Unity Rural Bank, Ziope. I am hoping that you could spare me some of your precious time to complete this survey form. Through your participation, the study will be able to make possible recommendations that will highlight on rural banking and its benefits on economic development. Be assured that all information appearing herein will be kept strictly confidential and be used for academic purpose only. Your data will be used in this study only and will be prudently destroyed after use.

DIRECTION: Please tick (✓) where appropriate.

1. Age:
   b. 20-30 ( ) b. 31-40 ( ) c. 41-50 ( ) d. 51-60 ( )

2. Sex:
   Male ( ) Female ( )

3. What is your occupation?
   a. Farming ( ) b. Fishing ( ) c. Animal husbandry ( ) d. Others ( )
   (Please specify)………………………………………………
4. What is the major occupation of your locality?
   a. Farming ( )  b. Fishing ( )  c. Animal husbandry ( )  d. Others ( )
   (Please specify) ..............................................

5. Have you ever heard of any rural bank?
   a. Yes ( )  b. No ( )

6. If the answer to the above question is yes, how did you get to know of the bank?
   a. Friends ( )  b. Relatives ( )  c. Management of the bank ( )  d. Others ( )
   (Please specify) ..............................................

7. How do you finance your project?
   a. Own capital ( )  b. Assistance from the rural bank ( )
   c. Assistance from friends ( )  d. Others ( )
   (Please specify) ..............................................

8. Do you visit the rural bank?
   a. Yes ( )  b. No ( )

9. Have you ever requested for assistance from any rural bank?
   a. Yes ( )  b. No ( )

10. If the answer to the above is yes, which form of assistance did you require?
    a. Loan ( )  b. Farm inputs ( )  c. investment advice ( )  d. Others ( )
    (Please specify) .................................

11. Were you satisfied with the assistance given you?
    a. Yes ( )  b. Not really ( )  c. No ( )
12. What has the bank done to improve upon the development of your community?
   a. Constructed roads  
   b. Provided electricity  
   c. Built schools  
   d. Nothing / others  
   (Please specify)………………………………………………

13. I feel rural banking has no impact on economic development.
   a. Agree  
   b. Disagree  