ASSESSING THE EFFECTIVENESS OF ARB – APEX BANK PROGRAMMES
ON THE OPERATIONS OF RURAL AND COMMUNITY BANKS IN GHANA.
A CASE STUDY OF ARB – APEX BANK, ASHANTI REGIONAL OFFICE

By

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DECLARATION

I hereby declare that this submission is my own work towards the CEMBA and to the best of my knowledge, it contains neither material previously published by another person nor material which has been accepted for the award of any other degree of the University, except where due acknowledgement has been made in the text.

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The ARB – Apex was established with the aim of bringing all the Rural Banks under one umbrella, and providing the needed technical and other banking support services, to streamline the Rural Banking concept and deepening the rural financial sector. With this, the study sought to assess the effectiveness of ARB- Apex Bank Ltd, Ashanti Region in providing banking support services in the areas of; Liquidity Management, Capacity Building, Computerization; examine the impact of these programme of ARB – Apex Bank Ltd on the operation of the Rural and Community Banks and to assess the challenges the bank is facing in carrying out this important mandate. The study employed interviews and questionnaires administration to collect data from the staffs of rural banks and ARB – Apex Bank Ltd. The findings of the study revealed that ARB - Apex Bank provides liquidity management support programme, capacity building support programme and computerization support programme to all rural and community banks in Ghana. The study found that liquidity management, capacity building and computerization support programmes being provided by the ARB - Apex Bank are effective. However, the effectiveness of these support programmes depends on the type or class of the bank. The result of the study shows that the impact of ARB – Apex bank programmes on the operation of the Rural and Community Banks was satisfactory. the outcome of the study shows that the low service fee the bank charges which hardly covers the bank operational cost, inadequate capacity and skills i.e. technical know-how on the part of some staffs, inadequate logistics, lack of some department e.g. information technology and investment department in some of the zonal office and inadequate staffs are the challenges facing the ARB – Apex Bank Ltd. in carrying out its mandate effectively. It is recommended that the government through the central bank should provide capacity in terms of logistics and technical know-how (e.g. bullion van, computers, training, etc) to ARB- Apex Bank to enable the bank to execute its mandate effectively.
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DEDICATION

I dedicate this work to my daughter Nana Akua Frimpomaa Opoku Appau, and her mother Mrs. Emelia Opoku for their moral and spiritual support throughout this course.
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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Rural and community banking concept was introduced in Ghana in 1976, during the reign of General Kutu Acheampong’s Supreme Military Council I government to deepen rural financial sector. The concept was borrowed from Philippines to complement the efforts of the existing banks to provide the banking needs of the rural communities. The concept was piloted at Agona Nyakrom, a farming community in the Central Region which gave birth to Nyakrom Rural Bank in Eastern, Ashanti, Volta and Brong Ahafo Regions were also pick to expand the concept. The bank of Ghana was given the sole responsibility to ensure the successful implementation of the rural and community banking concept.

Its responsibilities in relation to the establishment and implementation of the concept were the following:

1. To supervise the establishment of any rural or community bank any district which may express interest and has the needed economic environment to sustain its growth.

2. To give banking license and supervise the operations of these banks in the rural communities.
3. To be involved and supervise the selection of the management officials of these banks and run their affairs.

4. To create a common platform, to champion the course of the rural and community banks in Ghana.

The bank of Ghana and other stakeholders gave the rural banking concept, a further boost by promoting the establishment of the association of rural and community banks in 1981, through the assistance from international federation for Agricultural development (IFAD). The association was tasked with the following mandate:

1. To bring all the rural and community banks together under one umbrella.

2. To organize training for staffs of rural and community banks to enhance their capacity building.

3. To do the necessary advocacy duties and serve as the mouth piece to champion the course of the rural and community banking concept. The rural banking concepts in spite of its teething challenges were growing very fast and it was therefore becoming extremely difficult for bank of Ghana alone to supervise its establishment and other core functions. Upon the recommendation of Messrs J.S. Addo and his team of consultants in 1994, the ARB-Apex Bank Ltd was established and commenced operations on July 2, 2002. To provide the Rural and community banks with the technical, managerial and financial support services to compliment the efforts of Bank of Ghana in bringing sanity to the operations of the rural banks in Ghana.
The ARB – Apex bank was tasked with the following roles and duties:

1. To serve as the mini central bank for all rural and community banks in Ghana.
2. To be in charge of the development of new products for the rural and community banks.
3. To spearhead the computerization of all rural and community banks to streamline their operations in Ghana.
4. To help in building the capacity of the rural banks staff to enable them handle the complex nature of banking business.
5. To provide all the banking support services that will ensure efficient operations of the rural and community banks.

1.2 Statement of the Problem

ARB – Apex Bank Ltd was incorporated and licensed to operate the business of Banking on the 2nd July 2002. The acronym ARB is the Association of Rural Banks. The bank is owned by all the Rural Banks in Ghana. It was financed through the joint stock from all 127 rural banks in Ghana. Every Rural and Community bank in Ghana was mandated to contribute two thousand Ghana cedis to buy shares of the ARB – Apex bank Ltd, to enable the bank become accountable to the rural and community banks. So every rural and community bank in Ghana own two thousand Ghana cedis worth of shares in Apex Bank. The remaining shares of the bank are also owned by the government of Ghana. To enable the bank have access to resources, every rural and community bank in Ghana is mandated to deposit five percent of its total deposit with ARB – Apex Bank to enable the
bank have access to some deposit, to strengthen their financial muzzle and position them for the business of banking.

ARB – Apex Bank Ltd automatically became a member of Banks clearing house controlled by Bank of Ghana. Where the inter bank settlements is transacted. The ARB – Apex Bank represented all Rural and community banks in the banks clearing house. Before the establishment of the ARB – Apex Bank Ltd. All Rural Banks cheques were cleared through the traditional banks, who are members of the clearing house. Thereby prolonging the cheques clearing periods for Rural Bank cheques. Other operational bottlenecks such as difficulties in borrowing from Bank of Ghana. When they have short-term liquidity problem, the existing life line that the bank of Ghana provides to the traditional banks when they have such difficulties was not available to the rural and community banks. The ARB – Apex was therefore established with the sole aim of bringing all the Rural Banks under one umbrella, and providing the needed technical and other banking support services, to streamline the Rural Banking concept and deepening the rural financial sector. Having operated for almost seven years this research sees to assess the effectiveness of ARB – Apex Bank Ltd programmes in the following areas of operation;

i. Liquidity Management

ii. Computerization

iii. Capacity Building

iv. Cheques Clearing

v. Product development
vi. General Banking support services in the Rural Banking sector.

Using Ashanti Regional Zonal office of the Bank as the case study, it must be pointed out that it is only an empirical study that can help answer the question. Due to heterogeneous nature of the Rural banking environment, the researcher chose three different Rural Banks, within the Ashanti Region, namely Asante Akyem, in the Asante Akyem North District, Odotobri Rural Bank in the Amansie Central District and Bosomtwe Rural Bank in the Bosomtwe District, which belong to different grading or rating categories for this study.

1.3 The Objective of the Research

The Objective of the research are;

1. To identify the various programmes under the ARB – Apex Bank Ltd in the Ashanti Region

2. To assess the effectiveness of ARB- Apex Bank Ltd, Ashanti Region in providing banking support services in the areas of;
   a. Liquidity Management
   b. Capacity Building
   c. Computalization etc.
   d. To examine the impact of these programme of ARB – Apex Bank Ltd on the operation of the Rural and Community Banks
   e. To assess the challenges the bank is facing in carrying out this important mandate
1.4 Research Questions

In relation to the purpose of this study the research question to be addressed are

1. What impact has the establishment of the ARB – Apex Bank Ltd made in streamlining the operations of the Rural and community banks in Ghana?

2. What are the operational challenges hindering ARB – Apex Bank Ltd in carrying out this core mandate?

3. Has the ARB – Apex Bank Ltd programme or interventions in the Rural Banking sector been successful seven years after its establishment?

1.5 Significance of the Study

The study is to assess the effectiveness of ARB – Apex Bank Ltd programmes on the operations of the Rural and community banks in Ghana. It is hoped that the study will be of immense help to all the stakeholders in the Rural Banking industry, the policy makers such as the government, who see the Rural banking concept as a tool in deepening rural financial intermediation, the regulators of the banking industry and students in general.

It is further hoped that this research work would add up to the existing stock of literature on rural banking. This will be useful to students who will be taking banking and finance as a course. Furthermore, students who would undertake similar or related research for academic purpose can rely on this material as a basis for reviewing their literature. Policy makers would as well benefit from this work. This is because the work would draw their attention to various challenges the ARB – Apex Bank Ltd is facing in executing its mandate of streamlining the activities of the Rural and community banks in Ghana and
the need to provide the needed resources to support the ARB – Apex Bank Ltd program, to enable it live up to expectation.

The study will also serve as a source of educational material to the stakeholders in the rural banking fraternity to enable them embrace fully the ARB – Apex Bank Ltd programmes to improve upon their performance.

1.6 Limitation of the Study

A major limitation of this research work was time, the researcher did not have enough time to enable him expand the sample population for the administration the sample tools. That is the questionnaires and the interviews. This same limiting factor also influenced the selection of only three rural banks from banks in the Ashanti regional zone to form the sample population for the study. Also the researcher selected Asante Akyem Rural Bank, Odotobri Rural Bank because they are located in communities that exhibit rural characteristics with different categories of occupation, this therefore provided the needed opportunity to enable the researcher have a clear picture in assessing the effectiveness of the ARB – Apex Bank Ltd programme on the operations of these rural and community banks selected.

1.7 Organization of the Study

This study is divided into five chapters the study addresses the background to the study, Statement of the Problem, Purpose of the study, Research Questions, Significance of the Study, Limitation of the Study as well as the organization of the Study.
Chapter two deals with the literature Review, it looks at what other authors from different backgrounds have said. Chapter three focuses on the research method and looks at the population sample and the method used in the collection of the data. It also describes the instruments used.

Chapter four, deals with the presentation and analysis of data collected from the field.

Chapter five concludes with the major findings of the study and suggestions based on the findings of the study.
CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

Breaking the circle of poverty and attaining sustainable development has eluded the developing countries for several decades, due to the continued failure to integrate all segments of the society especially the low income group in the production process. The system has not provided the majority of poor people with secure access to credit for investment in economically productive ventures. Successive government effort to solve the problem, through several rural finance and development programmes, has met with unsatisfactory results. This was due to inadequate mechanism to encourage the mobilization of savings among people and at the same time simplify the disbursement of funds through loans and advances. (Yunnusa 1998)

As reported by the then government statistician Dr. Twum Baah (2000). In the Ghanaian population and housing census, and living standards survey report. over 63.26% of Ghanaians are living in the rural areas out of this, 50% live far below the poverty line that is two dollars a day because of this, the propensity to save in the rural areas is very low. A statement from Bank of Ghana (1987) reveals that there is a huge flow of funds from the rural areas to the urban centres even though rural dwellers have been saving in few large commercial banks located in the rural communities, their operations do not have any serious impact on the rural dwellers. This therefore necessitated the call for an
alternative rural financial intermediary institution which would help mobilize savings in the rural areas and grant them in the form of credit to rural entrepreneurs. This chapter reviews on some selected literatures on legal and regulatory framework for the establishment and management of the rural and community banks in Ghana, access to credit facilities in the rural communities in Ghana, some of the problems of the rural banking concept and recommended solutions to problems facing rural banks in Ghana.

2.2 LEGAL AND REGULATORY FRAMEWORK FOR THE IMPLEMENTATION OF RURAL BANKING CONCEPT

Although the Gold Coast Cooperative bank was technically the first financial institution dedicated to agricultural finance. Its operations were limited to cocoa marketing business of the marketing cooperative societies that formed its membership. The first attempt at specialized banking for rural areas open to the general public was the Agricultural credit and cooperative Bank. According to (Anin 2000). This bank was later shortened to Agriculture development bank. It was established in 1965 by Act 265 of parliament as a development bank and subsequently in 1971 expanded to permit all banking services (kowubaa 2000). It remains owned by the government of Ghana (64%) and the bank of Ghana (36%)

The rural banks were initiated in 1976 as a response to the limited penetration of agricultural development bank into the rural areas and to better mobilize savings from local communities. The rural and community banks were licensed under the banking Act of 1970 (Act 339) with special rules by bank of Ghana permitting small unit banks to be
established with a minimum capital of $43,000 (compared to $650,000 required for commercial banks at that time) provided that the capital was raised from the local community that the bank was serve. Thus simple adjustment of the regulations within the existing framework permitted the creation of rural bank without separate legislation. Until 1994, bank of Ghana provided the initial working capital of each rural bank in the form of preference shares. The rural banks were restrained from lending within the first 6 months of their establishment, capacity building of rural and community banks has been promoted by the association of rural banks and supported by projects of the World Bank, DANIDA and others.

In 1987, the concept of a locally owned unit bank was exceptionally extended to an urban area with the issuing of a licensed to the La community bank in Accra after several years of efforts rejected on the grounds that the rule was intended only for rural areas. Since 1995 the name community bank was adopted for new rural banks which were commissioned. These community banks were subjected to higher entry standards including full capitalization by the shareholders and the expectation to maintain the requisite capital adequacy ratio. The intention at the time was to apply the term community bank also to the existing rural banks that consistently maintained high performance and full compliance with prudential requirements. However this two-tier structure to denote the achievements of minimum standards was abandoned in 1998, by bank of Ghana which decided to address the problem systematically by upgrading the rural and community banking concept as a whole. Only 6 out of 115 rural and community banks are presently called community Banks.
During the 1990s, many of the more progressive rural and community banks found their growth and services to members constrained by high reserve requirements and unsatisfactory services from correspondent commercial banks, on whom they depended for clearing cheques, purchase of treasury bills, specie movement and other critical services. At the same time bank of Ghana found the task of supervising over 130 rural and community banks spread throughout the country to be costly in terms of personnel and the high reserve requirement to be an overly blunt. If necessary instrument to deal with varying capabilities among rural and community banks to manage funds. The outcome was an agreement to establish an ARB-APEX Bank as a licensed banking institution under the banking law 1989 PNDC Law 225 owned exclusively by rural and community banks and restricted to servicing them. Its establishment was supported by the World Bank (International Development Association – IDA) international fund for Agricultural Development (IFAD), the African Development Bank (IFDB), and the German Agency for Technical cooperation (GTZ) under the rural financial services project (R.F.S.P., Effective in 2001)

2.2.1 THE NEED FOR RURAL CREDIT

The 1992 constitution of the Republic of Ghana makes a commitment to rural development as part of a national strategy to improve the living conditions in Rural areas. In an effort to mitigate the government agency coordination problems, the constitution incorporates a decentralization approach under which the national government establishes political and administrative regions and districts. (Essel and Newsome 1995)
Despite the district assembly government successes; the national government has recognized a need for rural credit. Access to rural credit increases the participation of rural people in development activities. A rural credit policy that mobilizes rural resources and redistributes them to the rural sectors creates the potential for more development traditionally, rural development credit has been provided by two types of sources institutional and non-institutional. In rural communities, non-institutional credit is provided by money tenders, relatives, friends, traders, commission agents, cooperatives, consumers, distributors of farm inputs and processors of Agricultural products. Research has shown that the most common process of loans in rural areas are friends and relatives who usually charge no interest or collateral (FAO 1994). This credit market is small, however, and the total credit from these non-institutional sources is insufficient to implement rural development programs. For rural development to proceed at a smooth pace, large institutional sources of credit need to be created. In Ghana, institutional source of credit are the commercial banks, the Agricultural development bank and the rural banks.

The inability of rural borrowers to offer adequate security for loans and the enormous risks associated with Agricultural production are the typical reasons given for the urban based bias of commercial lending. The Agricultural Development Bank established to service rural sector in particular too followed the traditional urban based banking activity. To overcome many of these difficulties; The government introduced rural banking concept in the country in 1976.
2.2.2 ACCESS TO CREDIT FACILITIES IN THE RURAL COMMUNITIES

The need for rural credit for rural development is something that cannot be ignored. According to Agama (1995), the need for credit facilities is highly felt in the rural areas since they form the main foundation upon which any meaningful economic development can be based. Murray (1975) asserts that credit makes it possible for farmers to take advantage of new machinery, improve seeds fertilizers and other facilities which enable them to operate their farm on a more daily basis. It can also be seen that credit is an important factor when it comes to the development of the productive capacity of small scale farmers in order to increase production and such raise incomes of farmers. According to Oyataye (1980), because of low yields, farmers are faced with very low levels of income and thus there are several limitations on their savings capacity, rural credit appeals to be the only means of improving farm capital investment and without it there can be no progress in the country’s agricultural development.

Afriyie (1984) observed that the scarcity of credit is considered as one of the distinctive obstacles to efficient and rapid Agricultural development. Acheampong (1986) had the same view that agricultural credit could play a very important role in rural development. What he means is that for rural development to be accelerated, there must be a comprehensive credit scheme accessible to the agricultural sector which provides employment to most people in the rural areas.

According to La Ayane (1985), there is enough evidence that the use of credit could bring about increase incomes in the agricultural sector. Gardiner (1976) looked at the rural and
agricultural population as a submerged majority who can earn their living on lands. Looking at the rural sector as a whole, it is realized that it is not only rural farmers who need assistance but other groups in the rural areas.

Bonsu (1983) was of the view that rural banking concept is a conscious effort at improving the well being of the rural people in their environment, to him the scheme is a means of raising income through increased productivity. In addition, the rural banking scheme is an attempt to narrow social inequalities through income distribution.

According to ISSER report (1994) it was to improve the credit source for farmers and rural entrepreneurs that the rural banking system was introduced in Ghana in 1976. Also the establishment of rural banks has led to the decline in the population of commercial bank loans and advances since 1985. This means that the rural banking system in Ghana is gradually becoming a sustainable source of rural financing. As Ellis (1992) puts it, the question of funds from sources is considered as a key feature of self sustaining financial institutions, it is therefore the duty of rural banks to help anchor people in the rural environment through granting of credit as observed by Brown (1986).

According to Ukwe (1978), he assets that there is a great deal of savings in the rural areas which could be mobilized for financing output expansion and raising of income. However, a great deal of these savings is being moved-off to the urban centres.

2.2.3 PROBLEMS FACED BY RURAL BANKS
According to Addeah (1989), the expectations that rural banks would operate efficiently appears to be difficult to attain various views have been expressed on the difficulties that have characterized and choked the smooth operations of the rural and community banks in realizing fully the objectives under which the whole concept was implemented to achieve.

Agama (1996) catalogued some of the numerous problems of the whole concept stretching it from the legal and regulatory framework, which is the main regulatory foundation upon which the concept is built to capacity and governance. He enumerated some of the specific problems such as inadequate skilled and qualified staff, financial maladministration, operational difficulties, local politics, weak internal controls, irregular submission of prudential control return and absence of an effective Apex body to provide technical services to rural banks.

These problems resorted in the closure of some rural banks, thus by March 1991 data from Bank of Ghana showed that out of 122 rural banks in Ghana, 98 had become distressed and are not able to refund depositors money. The rural and community banks are unit banks owned by members of the rural community through purchase of shares and are licensed to provide financial intermediation in the rural areas. Rural banks were first initiated in 1976 to extend savings mobilization and credit services in the rural areas not served by commercial and development banks.

The number expanded rapidly in the early 1980s in response to the demand for rural banking services created by the government’s introduction of special Akuaflo cheques instead of cash payment to cocoa farmers. The small number of rural, outlets of
commercial banks were woefully inadequate to meet the demand of Akuafo cheques payment system that the government has introduced. This was creating undue hardships to the farmers who often had to travel long distances or spend days at a nearest banking facility to cash their cheques. To solve this problem, more rural banks were therefore hurriedly opened to help service areas without banking facilities, (Steel & Andah) (2003). The strong promotion of rural banks to service the government’s policy of paying cocoa farmers with Akuafo cheques had adverse consequences for their financial performance through a combination of rapid inflation, currency depreciation, economic decline, mismanagement of funds and natural disasters (especially in 1983) combined with weak supervision, only 23 of the 123 rural and community banks qualified as a satisfactory. In 1992, when the grading and classification started, (Steel & Andah) (2003). Bronya (1997) states that as at January 1994, the government through the Bank of Ghana had to use tax payers’ money to the tune of 611 million cedis to pay depositors of distressed rural banks in order to preserve the confidence of the public in the rural banking concept.

ADB (1985) states that rural banks in particular and other financial institutions in general in Ghana, which provides credits in the rural areas are relatively new to the rural environment. Their staff on the average are more or less inexperienced in credit administration, most of the directors lack the knowledge of financial management information and this leads to the formulation of bad lending policies and practices. According to (kowubaa 2000) while, the agricultural development bank has played an important role in making finance available for agriculture, it suffered from poor economic conditions in the 1970s and early 1980s, poor repayment and other problems resulting in negative net worth by the end of the 1980s and restructuring in 1990. After
restructuring of ADB to permit universal banking, its financial profitability has improved but it has remained subsidy-dependent. Mittenorf (1986) admits that customers have little knowledge about facilities available at the rural banks and links this problem to lack of close linkage between the bank and their customers.

Addeah (1989) went further to analyse the whole legal and regulatory framework for the implementation of the whole concept. He examined the banking law of 1989 PNDC Law 225, the Banking Act of 1970 ACT 339, with special rules by Bank of Ghana permitting small unit banks to be established. A critical analysis of his views exposes the inadequacies of that law as far as the modern day rural financial intermediaries are concerned. That provision in that law restricts the rural and community banks to operate within a radius of about thirty-eight kilometres of their area of location, and can only open agencies situated within this demarcated areas of operations. They are unit banks and cannot open branches, one therefore begins to wonder the legal basis for the approval of rural and community banks branches in the city centres. Has the law restricting the opening of branch outlets outside their locality been amended? A careful look into the new banking act of 2004 ACT 673 did not give any special consideration to address this very legal and regulatory back-bone inadequacies.

2.3 THE EFFECTS OF FINANCIAL SECTOR REFORM PROGRAMME IN 1988

By the late 1980s, the World Bank and the government of Ghana had agreed that a reform and restructuring of the financial system was indispensable to a successful economic recovery programme with technical and financial assistance from international
development association a wing of World Bank. The government embarked upon a financial sector reform programme in 1988. The objectives of the programme were:

1. To undertake the restructuring of financially distress banks.

2. To enhance the soundness of the banking system through an improved regulatory and supervisory framework.

3. To improve the mobilization and allocation of financial resources including the development of money and capital markets.

These objectives were supported by the international development association through a financial sector adjustment credit of US$ 100million. S. Mensah (1997), Financial sector reform programme (FINSAC/(1988-90)

(a) Restructuring of financially distress banks. The international development association IDA supported study, identified seven banks as ‘distressed’. The restructuring of these banks involved the following measures:

- Reconstitution and strengthening of Board of Directors of affected Banks.

- Closure of unprofitable branches

- Reduction of operating cost through retrenchment of staff

- Cleaning of balance sheets by off-loading the following categories of loans. Non-performing loans to state-owned enterprises, loans
guaranteed by the government of Ghana and non-performing loans granted to the private sector.

- Upgrading of managerial capacity and deficiency of banks
- Intensified staff training of affected banks
- Providing enough capital and adequate liquidity to enable the distressed banks to operate in a self-sustaining manner after restructuring, S. Mensah (1997).

Recovery of non-performing assets as part of the process of restructuring banks involved removing from the banks portfolios all non-performing loans and obligation to state-owned enterprises which totaled 31.4 billion at the end of 1989 and non-performing loans to the private sector amount to 21.9 billion at the end of 1989. Through the issuance of Bonds, (Mensah 1997).

This and other interventional programmes embarked on by the government of Ghana injected fresh capital into the operation of traditional banks, but because the rural banks were much disintegrated, such package did not include them. The need therefore arose clearly to get an apex body which will support the rural and community banks in solving their numerous problems. This research sees to assessing the effectiveness of ARB-Apex banks programmes on rural banking sector, with a special emphasis on ARB-Apex Bank Limited, Ashanti Regional office that has within its fold 25 rural and community banks.
2.4 RECOMMENDED SOLUTIONS TO SOME OF THE PROBLEMS THE RURAL BANKING CONCEPT IS FACING

The various problems hindering the operations of the rural and community banks discussed above is basically centered on four main thematic areas namely; inadequate capitalization, capacity building, governance, liquidity management and general operational difficulties due to the absence of Apex body to provide the needed support to streamline the operations of this banks. Using Nigerian community banking concept as a test case, before the introduction of community banking concept to deepen rural finance sector in 1990, a new decree was passed which led to the establishment of National Board for community banks. The decree of 1992 led to the formation of the Apex body to coordinate the activities of these unit banks who are not members of the bank clearing house of Nigeria. The national board for community banks (NBCB) set up by decree 46 of 1992 was charged with the responsibility of promoting, developing, monitoring and generally supervising the community banks.

The management and board of each community bank bears the responsibility for proper and sound operation, according to laid down provisions and to ensure its profitability and viability in the prevailing economic climate. The introduction of the rural banking concept in Ghana in 1976 did not put in place such an apex body to coordinate the activities of these banks initially. Hence the numerous bottle necks that characterized the running of the concept till July, 2002, when the ARB-Apex bank Limited was established to help address these numerous difficulties. According to the views of Salomey (1996) to overcome the problems of rural banks and their operations streamline effectively, the bank of Ghana in collaboration with the World Bank commissioned team of consultants
who recommended the establishment of APEX body to help streamline the operation of rural and community banks.

Entu-Mensah (1992) also retreated that to solve the problems of rural banks, there is the need for banks to educate their customers, as well as other stakeholders within their catchment areas of operations to enable them appreciate the importance of the bank. Aidoo (1992) emphasized on the capacity building of the board and management of the rural banks to enhance the formation of good policies and programmes that would benefit a lot of the banks. The recapitalization of the rural and community banks should be seriously addressed in spite of the tremendous improvement in the share capital over the years, more need to be done.

Agama (1996) stated that the ordinary share capital of rural and community banks rose from ¢327.69 million in 1991 to ¢1.6 billion in 1996. Capital adequacy ratio for rural banks as at the end of June 1996 showed a general satisfactory performance as a result of these achievements viable rural banks are being upgraded to status of community banks so that they can efficiently support agricultural development among others.

Presently the rural financial services project (RFSP) which has an estimated outlay of US$22.96 million and spans from 2001 to 2006 is being implemented by the Bank of Ghana. The project aims at providing a coherent framework for rural economic transformation and growth. It aim is to broaden and deepen financial intermediation in the rural areas through effective linkages between the formal and semi-formal micro-
finance. Institutions and informal entities operating in the rural areas, the project has the following objectives:

- Capacity building of the informal financial sector. This component aim is to strengthen operational linkages between informal and semi-formal micro-finance to expand services to a large number of rural clients.
- Capacity building of rural and community banks and strengthening their internal control system including provision of new information technologies. Logistics and training of staff and developing an overall development plan for all categories of staff including Board of Directors.
- Establishment of the ARB-Apex Bank for the rural banks to become competitive.
- Strengthening the institutional and policy framework for improved oversight of the rural finance sector. To achieve this, key logistics including training will be provided by the programme to Bank of Ghana to better equip it for effective supervision of Apex Bank and rural banks. (Amut Negi & Warriar) (2003)

2.5 REFORMS OF RURAL BANK

The regulatory framework for the governance and supervision of the rural banks was reformed with the passage of the Association of Rural Banks (ARB) Apex Bank Regulations 2006, (L.I.1825). This framework specifies the core functions of the ARB Apex Bank and provides for the ARB Apex Bank to perform a role similar to a “central
bank” for the rural banks subject to the overall supervisory authority of the Bank of Ghana (L.I. 1825) also provides detailed guidance on the relationship between the Bank of Ghana and ARB Apex Bank and the rural and community banks, Association of Rural Banks, government, micro finance institutions etc. The Bank of Ghana also introduced a number of rural banking reforms in February 2008 covering the ownership structure and governance. Minimum reserve requirements, secondary reserve requirements, the loan ratification (Bawumiah, 2010).

2.6 OWNERSHIP STRUCTURE AND GOVERNANCE OF R/B

Rural and Community Banks (RCBs) were established from inception as comminute-owned banks with members of the community as shareholders. Individual and corporate shareholding was therefore limited and decision making was based on a one-shareholder, one-vote principle. In this regard, even an individual or corporate entity that owned 30% of the shares were entitles to the same vote as one with 0.001% of the shares. This model generated widespread participated of the rural community in the affairs of the bank. In practice, however, this model was also at the same time limiting the ability of rural banks to raise capital as well as impacting negatively on the governance of the rural banks. Shareholders saw their purchase as shares not as an investment but as a social contribution and hardly took much of an interest in the day-to-day running of the bank. Under this model, many rural banks were unable to raise the capital requirements of GH¢50,000 by the end of 2007 (Bawumiah 2010).
2.7 MACRO ECONOMIC AND POLICY CONTENT

Ghana has an estimated population of about 24.5 million, which has been growing at about 3% per year. Recent statistics (1999-2000) indicate that 63% of the population lives in rural areas and 37% in urban areas. Gross Domestic Product (GDP) for 2001 at current prices stands at US $5.36 billion, with an annual growth rate of 4.2%. Per capita GNP of US $390 remains lower than the average per capita income level of US $520 for the sub-Saharan Africa. Inflation and high interest rates have been a persistent problem. The end-of-period inflation rate rose from 13.8% in 1999 to 40.5% in 2000. Before declining to 21.3% in 2001. With 91 days Treasury bill rates reaching 42% in 2001 before declining to 22% in 2002. Ghana’s financial structure is fairly shallow. The degree of monetization of the economy stands at 20.7% as measured by the M2/GDP ratio. With international reserves at only 1.5 months of import as of 2001. Ghana economy is markedly vulnerable to external shocks. (Steel & Andah) (2003).

Ghana has focused on poverty reduction as the core of its development strategy. This approach was galvanised in 1995 with launching of the first version of Ghana-vision 2020. Initiation of institutional arrangements to promote and analyze poverty reduction. The government prepared a development strategy for poverty reduction in 2000 and has since prepared the Ghana poverty reduction strategy 2002-2004. An agenda for growth and prosperity. Poverty in Ghana has decreased from 51% of the population in 1991-92 to about 43% of the population living below the poverty line in 1998. Although the average consumption level of the poor in Ghana is about 30% below this level, the reductions in poverty.
Remains substantially higher in rural areas (52%) than in urban areas (23%) and more than one-half of the population living in the rural savannah zones continue to be extremely poor. Poverty is highest among the self-employed households cultivating agricultural crops and has deceased only slightly compared to the self-employed households engaged in export-crop agriculture and the wage employees in the public and private sectors. The overall policy framework for microfinance is informed by the poverty reduction strategy, which seeks to balance growth and macroeconomic stability with human development and empowerment in such a way as to positively reduce the country’s poverty levels in the medium term. The strategy identifies the main sources of poverty and aims to assess all sectoral strategies and programmes in terms of the extent to which they contribute to reducing poverty. The overall strategy emphasizes the reduction of inflation and the need to sharply reduce the fiscal deficit, as a key step to reduce the extent of the public sector’s crowding out of the private sector in the financial markets and to help lower interest rates.

A microfinance strategy paper was prepared through a consultative process in 2000 but was never taken up by cabinet before a change of government. The poverty focus has led the new regime to expand, directed subsidized credit programs that are not consistent with best practice in microfinance and tend to undermine development of the industry. Steel and Andah (2003)
2.8 STRUCTURE AND PERFORMANCE OF THE RURAL BANKING INDUSTRY IN GHANA

Formal financial institution are those that are incorporated under the companies code 1963 (Act 179) which gives them legal identities as limited liability companies and subsequently licensed by the Bank of Ghana (BOG) under the banking law 1989 (PNDCL 225) to provide financial services under Bank of Ghana regulation. Most of the banks target urban middle income and high net worth clients. Rural and community Banks (RCBs) operate as commercial banks under the Banking law, except that they cannot undertake foreign exchange operation. Their clientele is drawn from their local catchment area and their minimum capital requirement is significantly lower. The commercial banking system, which is dominated by a few macro banks (Among the 23 total) reaches only about 5% of households most of which are excluded by high minimum deposit requirements. With about 60% of the money supply outside the commercial banking system, the rural and community banks and other micro finance institution play a significant role in Ghana’s private sector development and poverty reduction strategies. The Assets of Rural and community banks are nearly 4% of those of the commercial banking systems. (Steel & Andah) (2003).
CHAPTER THREE

METHODOLOGY AND PROFILE OF THE STUDY AREA

3.1 Introduction

This chapter focuses on the method used in achieving the objectives of the study. It takes into account the entire research design i.e. the sampling technique; sample size of the study; the nature and source of data, and the way these data were collected and analyzed. The chapter also captures the profile of the study area.

3.2 The Research Design of the Study

A research design is the overall plan for relating the conceptual research problem to relevant and practicable empirical research. In other words, the research design provides a plan or framework for data collection and its analysis.

There are three research designs being descriptive, exploratory and explanatory. This is an explorative research which aims at finding out effectiveness of ARB – Apex bank programme on Rural Banking sector using Ashanti zonal office as a case study. thus the study evaluate the operational systems of ARB-Apex bank. It also evaluates the effectiveness of the various interventional programmes being implemented to address the challenges the rural and community banks with in their zone face in the following areas of their operations.

(i) Liquidity Management
(ii) Cheques clearing

(iii) Capacity building and Computerization.

The researcher designed questionnaires for the staffs of the institutions. This enabled the researcher to sample and evaluate the views of staffs to be able to draw reasonable conclusions from the qualitative and quantitative data gathered.

3.3 The Population of the Study

The population is the relevant group of people under investigation. It is the entire set of individuals and objects of interest or the measurements obtained from all individuals or objects of interest. In a more current definition, Malhotra (2007) define population as the aggregate of all the elements, sharing some common set of characteristics that comprises the universe for the purpose of the research problem. The target population for the study included all the rural and community banks in Ashanti region and ARB-Apex bank in Kumasi.

The region was chosen as the study area because of the role it plays in the socio-economic and political development of the country. It is the administrative, communications, and economic centre of the country. Because of this special role, the region turns to have all demographic elements of the country that were very necessary for the outcomes of the study. For instance, all social group of the country, in terms of tribes, religions, beliefs, etc, can be found in the area. The region also has all required elements of the chosen fields for the study in terms of structure of the rural banking activities. The
region also has the leading rural bank in Ghana. Because of the demands of the area and other economic activities, professional personnel of the region are of the highest abilities. Rural banks in this area therefore became the obvious choose for the study.

3.4 The sample

A sample is a portion, or part, of the population of interest. According to Malhotra (2007), a sample is a subgroup of the elements of the population selected for the participation in the study. The importance of samples lies in the accuracy with which they mirror the larger population. The study was conducted using the staffs of rural and community banks in the region and staffs of ARB-Apex bank in Kumasi zonal office.

3.5 Sampling Technique

The main sampling technique employed for the questionnaire administration of the study was the simple random. In order to operationalize the adopted sampling technique, lists of all rural and community bank that qualify for the sampling frame were obtained from the ARB Apex Bank office, Kumasi. The sampling frame was first stratified into three main strata based on their size and performance (i.e. deposits, quality of loans, profit and net asset) before a random sampling approach was adopted for the selection of the samples. By employing this method, Bosomtwe Rural Bank, Odotobri Rural Bank and Asante Akyem Rural Bank which belong to the top, middle and bottom in terms deposits, quality of loans, profit and net asset were respectively samples. The simple random
sampling technique in the stratified sampling frame gave all banks in the sampling frame an equal chance of being included in the sample. The characteristics of the individual bank within a stratum were therefore irrelevant to their selection. To satisfy the condition of randomness, a table of random numbers was used in the sample selection to ensure that chance alone did not determine which bank would have been selected.

It should be emphasized that, even though the banks were randomly selected within each of the three strata, the actual respondents from the banks were purposively selected. Respondents were required to be either a middle manager or higher with an appreciable knowledge of risk management in the bank. Purposive non-probability sampling technique was employed because it seeks to get all possible cases that fit particular criteria. In all 30 staffs were sampled for the questionnaires administration. Also, regional manager at Kumasi zonal office of ARB-Apex bank were interviewed.

3.6 Data Collection Instrument and Methods

The research employed questionnaires to collect the data. The questionnaires were administered to 30 staffs of the three sampled rural banks. The questions were made of both closed and open-ended questions. The data gathering techniques used for the questionnaire included: programmes under ARB-Apex bank, effectiveness of ARB- Apex Bank Ltd programmes , impact of the programme of ARB – Apex Bank Ltd on the operation of the Rural and Community Banks and the challenges the bank is facing.
The first drafts of the questionnaire were pre-tested using Kumawuman rural Bank located at Bomso, Kumasi. This helped to fine tune the tools for possible re-design, reduce the total time spent on using each tool for the data collection and the relevant of the responses to the answering of the study questions. Questionnaires with covering letters were delivered personally to potential respondents at the various branches of the bank to eliminate the unreliability of the postal system. Annual reports both from sampled bank and ARB-Apex bank was reviewed. The study therefore made use of both primary and secondary data. Appendix 1 presents the final structured questionnaire used for the study.

3.7 Data Analysis

The data collected from the staffs was edited, coded and analyzed by the researcher. With editing, the researcher went through the questionnaire from the field to check for the consistency of the responses. After editing, the next stage was the tabulation. Here the main information was classified and tabulated. This was the process where the researcher summarized the quantitative data into statistical tables. After the table had been drawn, then the researcher analyzed the data. SPSS was employed in the entire data analysis process. The statistical methods involved those of descriptive (mean and standard deviation) and inferential statistics (Chi-square). Frequency tables and graphs were also employed in the data analysis. The outcome of the interviews been qualitative in nature was subjected to detailed analysis and conclusions drawn.
3.8 Ethical Consideration

The permission of the supervising managers of Odotobri, Asante Akyem and Bosomtwi Rural Banks, were sought. The researcher also sought the permission of the managing director of ARB-Apex bank Ltd, before having access to Kumasi office for the study for the commencement of the research. Participants were given adequate explanation of the research and allowed to voluntarily participate. This was done by the researcher.

The Study Area

The Ashanti Region is the third largest of 10 administrative regions in Ghana, occupying a total land surface of 24389 square kilometers or 10.2 per cent of the total land area of Ghana. In terms of population, however, it is the most populated region with a population of 3,612,950 in 2000, accounting for 19.1 per cent of Ghana’s total population. The Ashanti region also harbors the capital city of Kumasi.

The Ashanti region is centrally located in the middle belt of Ghana. It lies between longitudes 0.15W and 2.25W, and latitudes 5.50N and 7.46N. The region shares boundaries with four of the ten political regions, Brong-Ahafo Region in the north, Eastern region in the east, Central region in the south and Western region in the South west. The region is divided into 27 districts, each headed by a district chief executive

The center of population of the Ashanti Region is located in the Kumasi Metropolitan District. According to the 2000 census, the region had a population of 3,612,950, making
it the most populous region; however, its density (148.1 per square km) is lower than those of the Greater Accra (895.5/km²) and Central (162.2/km²) Region. Majority of the region’s population are Ghanaians by birth (87.3%) with about five per cent naturalized Ghanaians. A smaller proportion (5.8%) of the population originate from outside Ghana, made up of 3.7 per cent mainly from the five English-speaking countries of ECOWAS and 2.1 per cent from other African countries. The non-African population living in the region is 1.8 per cent of the total population. Akans are the predominant ethnic group in the region, representing 77.9% of Ghanaians by birth. A high proportion (78.9%) of the Akan population is Asante. The non-Akan population in the region comprises the Mole-Dagbon (9.0%), the Ewe (3.2%), the Grusi (2.4%), the Mande-Busanga (1.8%) and the Ga-Dangme (1.4%). The other smaller ethnic groups form about 1.3 per cent of the population of the region.
CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.1 Introduction

The chapter presents the findings of the study that are required to answer the research questions of the study thereby achieving the study objectives. In order to keep the findings in the right context, it first presents the profile of the respondents of the surveyed before looking at the effectiveness of APR-Apex Bank prorammes of the study. The chapter presents the actual results of the study variables under three main headings of extent to which microfinance operations affects the profitability of Asante Akim Rural Bank Ltd; the kind of credit/loan facilities offered by the Asante Akyem Rural Bank; and the problems associated with micro finance operations of Asante Akyem Rural Bank’s micro finance. Moreover ways to mitigate such challenges are also presented. In order to rationalize the findings of the study, the chapter also discusses the findings in the light of relevant literature.

The study achieved a response rate of 73.3% as 22 out of the distributed 30 questionnaires to the staffs of the three rural banks were responded and returned. Also the Ashanti regional zonal manager of the ARB-Apex Bank responded to the interview. The response rate can be described as remarkable and so can be deemed to give an accurate picture of the population from which they were drawn. The high response rate can be due to the manner in which the questionnaire was designed which according to the
respondents was easy and convenient to respond to and the persistent call on the respondents by the researcher.

4.2 Profile of Respondents

4.2.1 Gender

Sixty eight percent of respondents were males while thirty two percent were females. Figure 4.1 shows the result in detail. The resulted proportion demonstrates the number of male staffs is likely to be higher than female staffs. The high population of male staffs may ensure that the banks operation may not be impair as more female staffs may tend to go on maternity leave.

Figure 4.1: Gender representation
4.2.2 Age of the respondents

Twelve of the respondents representing 54.5% fall 36 - 40 years of age group. Those that are above 41 years present 27.3% of the respondents. The modal age group of the respondents was 36 – 41 years. Four of the respondents representing 18.2% fall below 35 years. Table 4.1 presents the result in detail. The age distribution of the staffs is good for the rural banks since about 72.7% of the sampled staffs are young adults. This may ensure that the banks may not have difficulty with the staffs’ capacity as the staffs have the energy to work.

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>26-30</td>
<td>1</td>
<td>4.5</td>
<td>4.5</td>
</tr>
<tr>
<td>31-35</td>
<td>3</td>
<td>13.6</td>
<td>18.2</td>
</tr>
<tr>
<td>36-40</td>
<td>12</td>
<td>54.5</td>
<td>72.7</td>
</tr>
<tr>
<td>41 and above</td>
<td>6</td>
<td>27.3</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>22</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

4.2.3 Educational Level

All the respondents have had some form of formal education. Forty one percent each of the respondents have had university degree and diploma respectively. Four percent of the respondents have had ACCA qualification. Fourteen percent have had other form of education. Figure 4.2 presents the educational levels of the respondents in detail. The level of formal education of the respondents (high percentage of university and
polytechnic graduate) may suggest that they have requisite skills to handle their work with ease.

**Figure 4.2: Educational level of the respondents**

![Pie chart showing educational levels of respondents]

**4.2.4: Bank class**

Whilst seven each of the respondents representing 31.8% were staffs of Asante Akyem rural bank and Bosomtwe rural bank, eight representing 36.4% were staffs of Odotobri rural bank. Figure 4.3 shows the result in detail.
4.2.5 Work experience

Figure 4.4 shows the detail of work experience of the respondents. Majority of the respondents, 9 representing 40.9% have worked with 7 – 9 years with their institution. Two of the respondents indicated that they have spent 13 – 15 years at their current job while 6 respondents representing 27.3% have also spent between four to six years at their current job. The modal category of the number of years that employee have spend on their current job is 7 – 9 years. Figure 4.4 shows the result in detail.
Figure 4.4: Duration with the banks

<table>
<thead>
<tr>
<th>Duration with the Bank</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-3 years</td>
<td>4</td>
<td>18.2</td>
</tr>
<tr>
<td>4-6 years</td>
<td>6</td>
<td>27.3</td>
</tr>
<tr>
<td>7-9 years</td>
<td>9</td>
<td>40.9</td>
</tr>
<tr>
<td>13-15 years</td>
<td>2</td>
<td>9.1</td>
</tr>
</tbody>
</table>

4.3 ARB – Apex Bank Programmes

To identify the various programmes or banking support that ARB - Apex Bank extends to rural banks, an interview was first conducted with the Ashanti regional manager of ARB Apex bank about the bank programmes and support for rural and community bank. An interview with regional manager revealed that ARB - Apex Bank serves as the mini central bank to rural and community banks and also provide additional supporting services to them. He mentioned that ARB - Apex Bank provide liquidity management to rural banks in terms of supplying money to the rural banks in situation where the they run out of liquidity, manage excess liquidity on behalf of rural banks and investment advisory service. According to the regional manager ARB – Apex bank also provide capacity building in form of training for the staffs of rural banks. He mentioned that ARB
– Apex bank is assisting the rural banks in computerization project. When asked of other support ARB – Apex bank provide to the rural and community banks the regional manager indicated that the bank serves as cheque clearing agency for the rural banks. on the question of whether ARB – Apex bank charges a service fee in relation to the services they provides to the rural banks, the manager confirmed that service fee is charge in relation to the service they ARB – Apex bank provide to the rural and community banks. On the question of the sustainability of ARB – Apex bank programmes, the regional manager said the sustainability is being threaten because of inadequate funding. He however added that innovative ways of raising funds are being considered by the ARB – Apex bank to raise enough funds to cater for their programmes. In the manager’s opinion, the rural banks are well cooperating with the programmes since their challenges is being addressed.

From the perspective of the selected employees of the rural and community banks, the following views were opined on ARB – Apex bank programmes.

all the twenty two of the selected staffs of three rural and community banks considered for the study indicated that their banks receive support service from ARB – Apex bank. Table 4.2 shows the result in detail.

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>22</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Field Data (2011)
On the kind of support service that the rural banks receive from ARB – Apex bank, twenty out of the twenty staffs selected for the study indicated that ARB – Apex bank provide liquidity management to their institutions. Fifteen out of the twenty two staffs mentioned staffs training programmes as the additional support they do receive from ARB – Apex bank. Fourteen of the selected staffs mentioned computerization programme as the additional support service they receive form ARB – Apex bank. Thus the most frequent service been rendered to the rural banks according the staffs of the bank was liquidity management. Figure 4.5 shows the results in detail.

**Figure 4.5: ARB – Apex bank programmes**
4.4 Effectiveness of ARB – Apex Bank Programme

The effectiveness of ARB – Apex Bank Programme was assessed both at the aggregate level and individual bank level. The aggregate level comprise all the selected staffs of the three rural banks considered for the study without due regard to the class or type of the rural bank. In the case of individual bank level, due regard was given to class or type of rural bank.

Effectiveness of liquidity management

Figure 4.6 shows the aggregate result of level of effectiveness of liquidity management support service offer to the rural banks by ARB – Apex bank. While 4 (18.2%) of the selected staffs of the three rural banks considered for the study were indifferent about the level of effectiveness of the liquidity management support service, 5 representing 22.7% indicated that the level of effectiveness of the liquidity management support service is low. However, majority, 59.1% of the staffs observed that the effectiveness of the liquidity management support service is high. The majority observation suggests that the liquidity management support service provide to the rural and community banks are effective.
Table 4.3a shows the results of individual rural banks and how they evaluate the effectiveness of liquidity management. Majority of staffs of Asante Akyem Rural Bank, 57.1% view liquidity management support service as ineffective. In the case of Odotobri Rural bank, all the staffs (100%) mentioned that the effectiveness of liquidity management support service provided by ARB – Apex Bank is high. at Bosomtwe Rural Bank, 42.9% of the staffs indicated high effectiveness of liquidity management support service provided by ARB – Apex Bank. however, 42.9% of the staffs remain indifferent of the effectiveness of liquidity management support service.
When subjected to chi-square dependency test, effectiveness of liquidity management support was found to depend on rural bank class. As indicated in table 4.3b, the Pearson chi-square statistic and the corresponding p-value for the dependency of effectiveness of liquidity management on bank class were 13.224 and 0.010 respectively (N = 22, df = 4, \( \alpha = 0.05 \)). This suggests a significant dependency at 5% significance since the p-value of 0.01 is less than the \( \alpha \)-value of 0.05).

Table 4.3a: effectiveness of liquidity management support and bank class

<table>
<thead>
<tr>
<th>Bank class</th>
<th>Asante Akyem</th>
<th>Count</th>
<th>Low</th>
<th>Indifferent</th>
<th>High</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>4</td>
<td>1</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% within Bank class</td>
<td>57.1%</td>
<td>14.3%</td>
<td>28.6%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Odotobri</td>
<td>Count</td>
<td>0</td>
<td>0</td>
<td>8</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% within Bank class</td>
<td>.0%</td>
<td>.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Bosomtwe</td>
<td>Count</td>
<td>1</td>
<td>3</td>
<td>3</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% within Bank class</td>
<td>14.3%</td>
<td>42.9%</td>
<td>42.9%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Total</td>
<td>Count</td>
<td>5</td>
<td>4</td>
<td>13</td>
<td>22</td>
<td>22</td>
</tr>
<tr>
<td></td>
<td>% within Bank class</td>
<td>22.7%</td>
<td>18.2%</td>
<td>59.1%</td>
<td>100.0%</td>
<td></td>
</tr>
</tbody>
</table>

Table 4.3b: The chi-square test result for the dependency of effectiveness of liquidity management support on bank class

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp. Sig. (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>13.224</td>
<td>4</td>
<td>.010</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>14.693</td>
<td>4</td>
<td>.005</td>
</tr>
<tr>
<td>Linear-by-Linear Assoc.</td>
<td>1.590</td>
<td>1</td>
<td>.207</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>22</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. 9 cells (100.0%) have expected count less than 5. The minimum expected count is 1.27.
Effectiveness of Capacity building (staff training) programme

Among the 22 staffs selected for the study, 18.2% indicated the banking support that ARB – Apex Bank provide in area of capacity building is low while 27.3% of the selected staffs were indifferent. The majority of the selected staffs, 54.5% mentioned that the capacity building programme being provided by the ARB – Apex Bank is effective. The ARB – Apex Bank provision of capacity building is to deal with inadequate skilled identified by Agama (1996) as a challenge facing rural and community banks. Aidoo (1992) also emphasized on the capacity building of the board and management of the rural banks to enhance the formation of good policies and programmes. Table 4.5 shows result of the effectiveness of staff training support service. The majority agreement to the effectiveness of capacity building support programme to rural banks by ARB – Apex Bank imply that the ARB – Apex Bank is on course of helping to build the capacity of rural banks staffs to enable them to handle the complex nature of banking business.

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>4</td>
<td>18.2</td>
</tr>
<tr>
<td>Indifferent</td>
<td>6</td>
<td>27.3</td>
</tr>
<tr>
<td>High</td>
<td>12</td>
<td>54.5</td>
</tr>
<tr>
<td>Total</td>
<td>22</td>
<td>100.0</td>
</tr>
</tbody>
</table>

The effectiveness of staffs training support programme was found to depend on the bank class. As indicated in table 4.6a, 57.1% of the respondents from Asante Akyem rural bank mentioned that staffs training support is effective. In the same manner, 87.5% of Odotobri Rural Bank staffs also confirmed of the effectiveness of staff training support programme. In the case of Bosomtwe Rural Bank, only 14.3% agree to the effectiveness of staff training support programmed. The chi-square statistic and the corresponding p-
value for the dependency of effectiveness of staff training support programme on bank class were 15.092 and 0.005 respectively \( (N = 22, \text{df} = 4, \alpha = 0.05) \). This connotes significant dependency at even 1\% significance level. Table 4.6b presents the chi-square dependency test result for the dependency of effectiveness of staff training support programme on bank class.

Table 4.4a: effectiveness of capacity building support programme and bank class

<table>
<thead>
<tr>
<th>Bank class</th>
<th>effectiveness of staffs training support</th>
<th>Low</th>
<th>Indifferent</th>
<th>High</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asante Akyem</td>
<td>Count</td>
<td>3</td>
<td>0</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>Odotobri</td>
<td>Count</td>
<td>0</td>
<td>1</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>Bosomtwe</td>
<td>Count</td>
<td>1</td>
<td>5</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>Total</td>
<td>Count</td>
<td>4</td>
<td>6</td>
<td>12</td>
<td>22</td>
</tr>
</tbody>
</table>

| % within Bank class | 42.9\% | .0\% | 57.1\% | 100.0\% |
| % within Bank class | .0\% | 12.5\% | 87.5\% | 100.0\% |
| % within Bank class | 14.3\% | 71.4\% | 14.3\% | 100.0\% |
| % within Bank class | 18.2\% | 27.3\% | 54.5\% | 100.0\% |

Table 4.4b: The chi-square test result for the dependency of effectiveness of capacity building support on bank class

<table>
<thead>
<tr>
<th>Value</th>
<th>df</th>
<th>Asymp. Sig. (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>15.092\textsuperscript{a}</td>
<td>4</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>17.039</td>
<td>4</td>
</tr>
<tr>
<td>Linear-by-Linear Association</td>
<td>.115</td>
<td>1</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>22</td>
<td></td>
</tr>
</tbody>
</table>

a. 9 cells (100.0\%) have expected count less than 5. The minimum expected count is 1.27.
Effectiveness of Computerization support programme

ARB – Apex Bank was tasked during its establishment to spearhead the computerization of all rural and community banks to streamline their operations in Ghana. To make certain of the effectiveness of the computerization support programme, respondents were asked to indicate their position on the statement. Of the 22 staffs selected for the study, 6 (27.3%) indicated that the effectiveness of the computerization support programme is low whilst majority, 11 (50%) of the respondents indicated that the computerization support programme is effective. However, 5 (22.7%) were not sure about the effectiveness of computerization support programme. Table 4.7 presents the result in detail.

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid Low</td>
<td>6</td>
<td>27.3</td>
<td>27.3</td>
<td>27.3</td>
</tr>
<tr>
<td>Indifferent</td>
<td>5</td>
<td>22.7</td>
<td>22.7</td>
<td>50.0</td>
</tr>
<tr>
<td>High</td>
<td>11</td>
<td>50.0</td>
<td>50.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>22</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Field Data (2011)*

When subjected to chi-square dependency test, effectiveness of the computerization support programme was found to depend on bank class. Table 4.8a presents effectiveness of the computerization support programme and bank class. Whilst only 28.6% of bankers from Asante Akyem agreed to the effectiveness of the computerization support programme, 87.5% and 28.6% of bankers from Odotobri and Bosomtwe respectively indicated high effectiveness of the computerization support programme. As indicated in
table 4.8b, the Pearson chi-square statistic and the corresponding p-value for the dependency of effectiveness of the computerization support programme on bank class were 9.848 and 0.043 respectively ($N = 22$, df = 4, $\alpha = 0.05$). This suggests a significant dependency at 5% significance since the p-value of 0.043 is less than the $\alpha$-value of 0.05.

<table>
<thead>
<tr>
<th></th>
<th>Effectiveness of computerization support programme and bank class</th>
<th></th>
<th></th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Low</td>
<td>Indifferent</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Bank class</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asante Akyem</td>
<td>4</td>
<td>1</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>% within Bank class</td>
<td>57.1%</td>
<td>14.3%</td>
<td>28.6%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Odotobri</td>
<td>0</td>
<td>1</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>% within Bank class</td>
<td>.0%</td>
<td>12.5%</td>
<td>87.5%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Bosomtwe</td>
<td>2</td>
<td>3</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>% within Bank class</td>
<td>28.6%</td>
<td>42.9%</td>
<td>28.6%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Total</td>
<td>6</td>
<td>5</td>
<td>11</td>
<td>22</td>
</tr>
<tr>
<td>% within Bank class</td>
<td>27.3%</td>
<td>22.7%</td>
<td>50.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp. Sig. (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>9.848a</td>
<td>4</td>
<td>.043</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>11.143</td>
<td>4</td>
<td>.025</td>
</tr>
<tr>
<td>Linear-by-Linear Association</td>
<td>.378</td>
<td>1</td>
<td>.539</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>22</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. 9 cells (100.0%) have expected count less than 5. The minimum expected count is 1.59.
4.5 Impact of ARB – Apex Bank Programmes on Rural Banks

According to the regional manager the ARB – Apex bank has made a significant impact since its establishment as some success has been chalked. He mentioned that rural and community banks now have ease of clearing cheque which hitherto takes a long time. According to the manager, people perceptions of rural banks of being “rural” has changed and now have confidence in the rural bank. Through the ARB – Apex bank, rural and community banks now provide domestic money transfer called ARB – Apex Link. Also the rural banks now collaborate with western union in providing international money transfer service. the regional manager again mentioned that ARB – Apex bank prodives support services and logistics to rural banks. the logistics support include computers, generators and printers.

All the twenty two respondents from the three rural and community banks confirmed that their banks clear their cheques through ARB – Apex bank. Table 4.9 shows the result in details.

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid Yes</td>
<td>22</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

however, while 77.3% of the respondents mentioned that it takes less than three days to clear the cheque, 22.7% are of the view that it usually takes three days and above to clear a cheque through ARB – Apex bank. Table 4.10 presents the result in detail.
Table 4.10: of duration of clearing local cheque

<table>
<thead>
<tr>
<th>Duration</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below three days</td>
<td>17</td>
<td>77.3</td>
<td>77.3</td>
<td>77.3</td>
</tr>
<tr>
<td>Three days and above</td>
<td>5</td>
<td>22.7</td>
<td>22.7</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>22</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Duration taken to clear cheque was found to depend on bank class. As indicated in table 4.11a, 42.9%, 87.5% and 100% of bankers from Asante Akyem, Odotobri and Bosomtwe respectively indicated that duration to clear cheques takes below three days. As indicated in table 4.11b, the registered Pearson chi-square statistic and p-value for the dependency of duration taken to clear cheque on bank class were 7.256 and 0.027 respectively (N = 22, df = 2, α = 0.05) confirming the dependency at 5% significance level.

Table 4.11a: of duration of clearing local cheque and bank class

<table>
<thead>
<tr>
<th>Bank class</th>
<th>Asante Akyem</th>
<th>Count</th>
<th>Below three days</th>
<th>Three days and above</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asante Akyem</td>
<td></td>
<td>3</td>
<td>3</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>% within Bank class</td>
<td></td>
<td>42.9%</td>
</tr>
<tr>
<td>Odotobri</td>
<td></td>
<td>7</td>
<td>7</td>
<td>1</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>% within Bank class</td>
<td></td>
<td>87.5%</td>
</tr>
<tr>
<td>Bosomtwe</td>
<td></td>
<td>7</td>
<td>7</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>% within Bank class</td>
<td></td>
<td>100.0%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>17</td>
<td>17</td>
<td>5</td>
<td>22</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>% within Bank class</td>
<td></td>
<td>77.3%</td>
</tr>
</tbody>
</table>
Table 4.11b: The chi-square test result for the dependency of duration of clearing local cheque on bank class

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp. Sig. (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>7.256²</td>
<td>2</td>
<td>.027</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>7.993</td>
<td>2</td>
<td>.018</td>
</tr>
<tr>
<td>Linear-by-Linear Association</td>
<td>6.212</td>
<td>1</td>
<td>.013</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>22</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. 3 cells (50.0%) have expected count less than 5. The minimum expected count is 1.59.

The overall impact of ARB – Apex bank programmes on the operation of the Rural and Community Banks was assessed from the perspective of staffs of the Rural and Community Banks. Of the 22 staffs selected for the study, 18 representing 81.8% indicated that the impact of the ARB – Apex bank programmes on the operation of the Rural and Community Banks were satisfactory. Whilst one respondent indicated excellence in terms of the impact, tow mentioned good. Table 4.12 shows the result in detail.

Table 4.12: Impact of ARB-Apex bank Ltd banking support service

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excellent</td>
<td>1</td>
<td>4.5</td>
<td>4.5</td>
</tr>
<tr>
<td>Good</td>
<td>2</td>
<td>9.1</td>
<td>13.6</td>
</tr>
<tr>
<td>Satisfactory</td>
<td>18</td>
<td>81.8</td>
<td>95.5</td>
</tr>
<tr>
<td>Average</td>
<td>1</td>
<td>4.5</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>22</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>
When subjected to chi-square dependency test, impact of the ARB – Apex bank programmes on the operation of the Rural and Community Banks was found not to depend on bank class. Table 4.13a and 4.13b present the result in detail. As indicated in table 4.13b, the Pearson chi-square statistic and the corresponding p-value for the dependency were 8.315 and 0.216 respectively (N = 22, df = 6, α = 0.05). This confirms the non-dependency at even 10% significance level.

Table 4.13a: Impact of ARB-Apex bank Ltd banking support service and bank class

<table>
<thead>
<tr>
<th>Bank class</th>
<th>Asante Akyem</th>
<th>Count</th>
<th>Excellent</th>
<th>Good</th>
<th>Satisfactory</th>
<th>Average</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>0</td>
<td>0</td>
<td>6</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>% within Bank class</td>
<td>.0%</td>
<td>.0%</td>
<td>85.7%</td>
<td>14.3%</td>
<td>100.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Odotobri</td>
<td>Count</td>
<td></td>
<td>1</td>
<td>0</td>
<td>7</td>
<td>0</td>
<td>8</td>
</tr>
<tr>
<td>% within Bank class</td>
<td>12.5%</td>
<td>.0%</td>
<td>87.5%</td>
<td>.0%</td>
<td>100.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bosomtwe</td>
<td>Count</td>
<td></td>
<td>0</td>
<td>2</td>
<td>5</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td>% within Bank class</td>
<td>.0%</td>
<td>28.6%</td>
<td>71.4%</td>
<td>.0%</td>
<td>100.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>Count</td>
<td></td>
<td>1</td>
<td>2</td>
<td>18</td>
<td>1</td>
<td>22</td>
</tr>
<tr>
<td>% within Bank class</td>
<td>4.5%</td>
<td>9.1%</td>
<td>81.8%</td>
<td>4.5%</td>
<td>100.0%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 4.13b: The chi-square test result for the dependency of Impact of ARB-Apex bank Ltd banking support service on bank class

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp. Sig. (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>8.315a</td>
<td>6</td>
<td>.216</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>9.034</td>
<td>6</td>
<td>.172</td>
</tr>
<tr>
<td>Linear-by-Linear Association</td>
<td>2.048</td>
<td>1</td>
<td>.152</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>22</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. 9 cells (75.0%) have expected count less than 5. The minimum expected count is .32.
4.6 Challenges of ARB – Apex Bank

An interview with the Ashanti regional manager of ARB – Apex bank revealed that despite its success, ARB – Apex bank faces a number of challenges that affect the efficient and effective running of the bank. He mentioned that the bank service fee is low and therefore it hardly covers the bank's operational costs. The bank is also facing inadequate capacity and skills, i.e. technical know-how on the part of some staffs and this hinders the progress of the bank. The manager further mentioned that the bank has logistics challenges. He indicated that the bank has only one bullion van that serves 23 rural and community banks in Ashanti region. Even each of these rural banks has a number of branches. The manager again mentioned that the Ashanti regional ARB – Apex bank does not have an information technology department and investment department. The lack of investment department cause excess cash to lock up in clearing account. The manager finally mentioned that the bank is also face with inadequate staffs.
CHAPTER FIVE

SUMMARY OF FINDINGS, RECOMMENDATIONS AND CONCLUSION

5.1 Introduction

The last chapter outlined the research findings with their corresponding comments. In this chapter, the research findings are summarized after which appropriate recommendations are made.

5.2 Summary of findings

*ARB – Apex Bank Programmes*

The outcome of the study indicated that ARB – Apex Bank provide liquidity management to rural banks in terms of supplying money to the rural banks in situation where they run out of liquidity, manage excess liquidity on behalf of rural banks and investment advisory service. ARB – Apex bank also provide capacity building in form of training for the staffs of rural banks. It is also spearheading the computerization of all rural and community banks to streamline their operations in Ghana. The study found that ARB – Apex bank serves as cheque clearing agency for the rural banks. However, the study revealed that the sustainability of the ARB – Apex bank programmes is being threatened because of inadequate funding.
The outcome of the study shows that the liquidity management support service offer to the rural banks by ARB – Apex bank is effective. The majority, 59.1% of the staffs observed that the liquidity management support service is effective. The study found that all the staffs (100%) of Odotobri Rural bank mentioned that the liquidity management support service provided by ARB – Apex Bank is effective and in the case of Asante Akyem Rural Bank, 28.6% of the respondents view liquidity management support service as effective. At Bosomtwe Rural Bank, 42.9% of the staffs indicated high effectiveness of liquidity management support service provided by ARB – Apex Bank. The study found that the effectiveness of liquidity management support depend on rural bank class. The Pearson chi-square statistic and the corresponding p-value for the dependency of effectiveness of liquidity management on bank class were 13.224 and 0.010 respectively (N = 22, df = 4, α = 0.05).

The result of the study revealed that the majority of the selected staffs endorsed that the capacity building support programme being provided by the ARB – Apex Bank is effective. The effectiveness of staffs training support programme was found to depend on the bank class. The result of the study showed that 57.1% of the respondents from Asante Akyem rural bank mentioned that staffs training support is effective. In the same manner, 87.5% of Odotobri Rural Bank staffs also confirmed of the effectiveness of staff training support programme. In the case of Bosomtwe Rural Bank, only 14.3% agree to the effectiveness of staff training support programmed. The chi-square statistic and the
The findings of the study on the computerization support programmes by ARB – Apex Bank was found to be effective. This was confirmed by 50% of the respondents. The result of the chi-square dependency test showed that effectiveness of the computerization support programme depends on bank class. From the individual bank perspective, only 28.6% of bankers from Asante Akyem agreed to the effectiveness of the computerization support programme and 87.5% and 28.6% of bankers from Odotobri and Bosomtwe respectively indicated high effectiveness of the computerization support programme. The outcome of Pearson chi-square statistic and the corresponding p-value for the dependency of effectiveness of the computerization support programme on bank class were 9.848 and 0.043 respectively (N = 22, df = 4, α = 0.05).

**Impact of ARB – Apex Bank Programmes on Rural Banks**

The outcome of the study revealed that the ARB – Apex bank has made a significant impact of easing of clearing cheque which hitherto takes a long time. The identified that people now have confidence in the rural bank. ARB – Apex bank provides support services and logistics to rural banks. The logistics support includes computers, generators and printers. All the twenty two respondents from the three rural and community banks confirmed that their banks clear their cheques through ARB – Apex bank. However, while 77.3% of the respondents mentioned that it takes less than three days to clear the
cheque, 22.7% are of the view that it usually takes three days and above to clear a cheque through ARB – Apex bank.

The study found that duration taken to clear cheque depends on bank class. The result shows that 42.9%, 87.5% and 100% of bankers from Asante Akyem, Odotobri and Bosomtwe respectively indicated that duration to clear cheques takes below three days. The registered Pearson chi-square statistic and p-value for the dependency of duration taken to clear cheque on bank class were 7.256 and 0.027 respectively (N = 22, df = 2, α = 0.05) confirming the dependency at 5% significance level.

The impact of ARB – Apex bank programmes on the operation of the Rural and Community Banks was satisfactory. Of the 22 staffs selected for the study, 18 representing 81.8% indicated that the impact of the ARB – Apex bank programmes on the operation of the Rural and Community Banks were satisfactory. The result of the impact of the ARB – Apex bank programmes on the operation of the Rural and Community Banks was found not to depend on bank class. The Pearson chi-square statistic and the corresponding p-value for the dependency were 8.315 and 0.216 respectively (N = 22, df = 6, α = 0.05). This confirms the non-dependency at even 10% significance level.

**Challenges of ARB – Apex Bank**

The study revealed that ARB – Apex bank faces a number of challenges that affect the efficient and effective running of the bank. Among the challenges is the low service fee
the bank charges which hardly covers the bank operational cost. The bank is also face with inadequate capacity and skills i.e. technical know-how on the part of some staffs and this hinder the progress of the bank. The study revealed that the bank has only one bullion van that serve 23 rural and community banks in Ashanti region. The study identifies that Ashanti region ARB – Apex bank office does not have information technology department and investment department. The lack of investment department cause excess cash to be locked up in clearing account. The bank also faces inadequate staffs.

5.3 Conclusions

The study seeks to assess the effectiveness of ARB – Apex bank programme on Rural Banking sector using Ashanti zonal office as a case. To understand the research issues raised in the study and to place the relevant literature in context, as well as to generalize the study to some extent, a thorough review of the literature was made.

The findings study of the study revealed that ARB - Apex Bank provide liquidity management support programme, capacity building support programme and computerization support programme of all rural and community banks in Ghana. The study found that liquidity management, capacity building and computerization support programmes being provided by the ARB - Apex Bank are effective. However, the effectiveness of these support programmes depends on the type or class of the bank. The result of the study shows that the impact of ARB – Apex bank programmes on the operation of the Rural and Community Banks was satisfactory.
The low service fee the bank charges which hardly covers the bank operational cost, inadequate capacity and skills i.e. technical know-how on the part of some staffs, inadequate logistics, lack of some department e.g. information technology and investment department in some of the zonal office and inadequate staffs are the challenges facing the bank in carrying out its mandate effectively.

5.4 Recommendations

The study has produced some interesting results and one avenue for future research is to extend the investigation to cover other zonal offices and rural banks in other region.

However, as a follow up to the study the following recommendation is made to be considered by the ARB- Apex Bank Limited and government:

- ARB- Apex Bank mandate of rendering support service should not dependent on bank class or class as the study found it to be the case
- ARB- Apex Bank should do cost and benefit analysis and if possible set up information technology and investment department in all the zonal offices of ARB- Apex Bank.
- Government through the central bank should provide capacity in terms of logistics and technical know-how (e.g. bullion van, computers, training, etc) to ARB- Apex Bank to enable them to execute its mandate effectively.
- The effectiveness of the ARB- Apex Bank support programmes should be improved as some the staffs seem not appreciate the effectiveness of the support programmes.
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Please tick or provide brief responses where necessary.

1. Sex: Female [  ] Male [  ]

2. Age
   a. 20-25 [  ]
   b. 26-30 [  ]
   c. 31-35 [  ]
   d. 36-40 [  ]
   e. 41 and above [  ]

3. Which Rural and Community bank do you work with?
   i. Asante akyem [  ]
   ii. Bosomtwe [  ]
   iii. Odotobri [  ]

4. How many years have you been working in this firm?

5. What is your educational background?
   i. Degree from University [  ]
   ii. Diploma from Polytechnic [  ]
   iii. CIB [  ]
   iv. ACCA/CA [  ]
   v. Others [  ]

6. Does your bank receive banking support services from ARB-Apex bank Ltd?
   Yes [  ] No [  ]

7. What kind of support has your bank being receiving in the following areas of your operations?
   i. Liquidity management……………………………………………………………………
   ii. Staff training …………………………………………………………………………………
   iii. Computerization ……………………………………………………………………………
8. Has your bank complied with the 5% mandatory deposit placement with ARB-Apex bank Ltd?  
   Yes [ ]  No [ ]

9. Where do you keep your excess financial resources?  
   i. At ARB-Apex bank Ltd [ ]
   ii. At the other traditional banks [ ]

10. Do you clear your cheques through ARB-Apex bank Ltd?  
    Yes [ ]  No [ ]

11. How long does it take to clear a local cheque?  
    i. Below three days [ ]
    ii. Three days and above [ ]
    iii. One week and above [ ]

12. How long does it take to clear up-country cheque presented to your bank?  
    a. Three days and above [ ]
    b. One week and above [ ]
    c. Two weeks and above [ ]

13. Is your bank hooked to the national electronic cheques clearing/settlement system?  
    Yes [ ]  No [ ]

14. What are some of the service-gaps you can identify, in relation to the banking support services ARB-Apex bank Ltd has been supporting your bank with?...........................
    ............................................................................................................................
    ....

15. Do you pay for the services you are receiving from ARB-Apex bank Ltd?  
    Yes [ ]  No [ ]

16. How will you evaluate the ARB-Apex bank Ltd banking support service?  
    a. Excellent [ ]
    b. Good [ ]
    c. Satisfactory [ ]
    d. Average [ ]
Please tick or provide brief responses where necessary.

1. Sex: Female [ ] Male [ ]

2. Age
   a. 20-25 [ ]
   b. 26-30 [ ]
   c. 31-35 [ ]
   d. 36-40 [ ]
   e. 41 and above [ ]

3. Educational Background
   a. Degree from University [ ]
   b. Diploma from Polytechnic [ ]
   c. Professional qualifications [ ]
   d. CIB [ ]
   e. ACCA/CA [ ]
   f. Others [ ]

4. Which department of the branch are you working?
   i. Customer service [ ]
   ii. Cashiering [ ]
   iii. Specie supply [ ]
   iv. Cheques processing/Clearing units [ ]
   v. Investment unit [ ]
   vi. Product development unit [ ]
   vii. Human Resource/Training unit [ ]
   viii. Information technology unit [ ]

5. What are some of the functions of
   i. Specie supply unit…………………………………………………………
   ii. Investment unit…………………………………………………………
   iii. Information technology unit………………………………………………
6. Does the ARB-Apex bank Ltd has any other customers apart from the Rural Banks?
   ........................................................................................................................................
   ........................................................................................................................................

7. What are some of the services the bank provides to the rural banks?..............................
   ........................................................................................................................................

8. What are some of the challenges the bank encounter frequently in providing these services?
   ........................................................................................................................................
   ........................................................................................................................................

9. Does the bank charge any service fee in relation to the service that it provides to the rural and community banks?
   ........................................................................................................................................
   ........................................................................................................................................

10. How does the bank cover its operational cost?.................................................................
    ........................................................................................................................................

11. How sustainable is the ARB-Apex bank project/programmes?........................................
    ........................................................................................................................................

12. How co-operative are the rural and community banks in embracing the ARB-Apex bank Ltd
    programmes?......................................................................................................................
    ........................................................................................................................................

13. How successful are the ARB-Apex bank programmes?....................................................
    ........................................................................................................................................

14. How will you rate its achievements, seven years of its establishment? From A to C.
    A. Being excellent [   ]
    B. Being good [   ]
    C. Being satisfactory [   ]

15. How many ARB-Apex bank Ltd zonal offices nationwide are providing support services to the rural and community banks?
    ........................................................................................................................................
    ........................................................................................................................................