THE IMPACT OF CREDIT UNIONS ON MEMBER BUSINESSES: A COMPARATIVE STUDY OF CREDIT UNIONSAND TRADITIONAL BANKS IN THE TECHIMAN MUNICIPALITY

By

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DECLARATION

I hereby declare that this submission is my own work towards the Executive Masters of Business Administration and that, to the best of my knowledge, it contains no 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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ABSTRACT

The influx of many traditional banks, credit unions and other financial institutions in the country and in particular the Techiman Municipality call for this thesis.

The thesis is about the impact of credit unions on member businesses; a comparative studies of credit unions and traditional banks in the Techiman Municipality.

The main objectives of the study are as follow; to examine the benefit of credit unions to member businesses.

Again, to find out procedures customers go through before accessing a credit facility from either a credit union or a traditional bank,

Also, to identify the factors that motivate members and customers to seek financial assistance from credit unions and traditional banks and finally to examine the challenges members and customers face when accessing credit facility from the two financial institutions which is not limited to but the institutions themselves.

The research was purely an exploratory; for the information and operations of credit unions are not widely diffused to many people coupled with little literature especially in print media in the Municipality.

The research design adopted for the study include face- to- face structured interviews and administration of closed- ended and open- ended questionnaires. Convenience sampling technique was adopted for the study simply because the 310 sample selected who were also respondents were considered to have in-depth knowledge of the problem studied.

Notable among the findings for the study include delayances in granting loans to clients, rigid collateral guarantee requirements, high interest rate on credit facilities and its hidden charges by traditional banks.

However, traditional banks were identified to provide secured and sound safe keeping of customer's valuables, funds and wide range of financial services and huge working capitals as compared to credit unions.

Credit unions were found to contribute to the existence of member businesses, yet some were beset with high loan delinquency and liquidity challenges.

In conclusion, therefore, the assertion that micro-finance institutions such as credit unions have outlived their relevance in the 21st Century is not wholly truth for the modus operandai of credit unions are mostly not known to many people yet some they provide wide range of financial services to some individuals, small and medium enterprises as intermediary financial institutions that contribute tremendously to human development. The striking difference between the two institutions is the level and order of service.

DEDICATION

I dedicate this thesis to my children: Daniel Adu Appiah Junior, Ebenezer Manu Agyarko and Caleb Darko Appiah, and also to Apostles S.R.Odum, John Appiah Aidoo and their wives.

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ABREVIATIONS

ACCION	A global Financial Organisation
ACCOSCA	African Confederation of Co-operative Savings and Credit Association.
AIMS	US based Non-governmental Organisation
AO	Applicant Orientation
ASSIP	Agricultural Services Investment Project
BI	Background Information.
BM	Bank Manager
BRB	Bonzali Rural Bank
°C	Degree Celsius
CBRD	Community Based Rural Development programme
CDFIs	Community Development Finance Institutions
CEMBA	Commonwealth Executive Master in Business Administration
CI	Client Information
CO	Client Orientation
CPP	Convention People's Party
CUA	Ghana Co-operative Credit Unions Association.
CUNA	Canadian Credit Unions Association
°F	Degree Fahrenheit
FAO	Food and Agricultural Organisation
FED	A Non-governmental Organisation based in Equador
FINSSP	Financial Sector Strategic plan
FSIP	Financial Sector Improvement project
GNACUTA	Ghana National Union and Thrift Association

GPRS	Growth and Poverty Reduction Strategy
ILO	International Labour Organization
ITNs	Insecticides Treated Nets
KAF	Konrad Adenauer Foundation
KM	Kilometres
KNUST	Kwame Nkrumah University of Science and Technology
KUPEDES	A Social programme Run by Traditional Banks in Rayat, Indonesia that gives Credit to women.
LI	Legislative Instrument
LPG	Liquidfied Petroleum Gas
LTD	Limited
M	Mean
MM	Millimeters
MFIS	Micro Finance Institutions
MP	Microfinance Project
N	Number
NADMO	National Disaster Management Organisation
NBSSI	National Board for Small Scale Industries
NGO	Non-governmental Organisation
NHIS	National Health Insurance Scheme
NLC	National Liberation Council
NPDP	National Plantation Development Programme
NRSP	National Rural Support Programme
PACT	A Women NGO based in Nepal
PHC	Population and Housing Census

PR	Payment Records
PRs	Pre-Numbered
PVO	Private Voluntary Organisations
RCBs	Rural and Community Banks
REP	Rural Enterprise Project
RFSP	Rural Financial Services Project
ROSCAS	Rotating Savings and Credit Associations
SEWA	Small Enterprise Women Associations
SIF	Social Investment Fund
SME's	Small and Medium Enterprises
UN	United Nations
UNDP	United Nations Development Programme
UNICEP	United Nations International Children Emergency Fund
USA	United States of America
WOCCU	World Council of Credit Unions

CHAPTER ONE

INTRODUCTION

1.0 Background to the Study

1.0.1 The Credit Union

The Credit Union has existed around the world for more than 140 years. It originated from Germany in 1846 and later spread to other parts of the world. At the moment, there are over 86 countries that operate Credit Unions.

Credit Unions are micro non-banking financial co-operatives owned and run by their members who pool their savings together. Loans are granted to members at a reasonable rate of interest. In addition to the loans, they provide other financial services.

According to the World Council of Credit Unions (WOCCU), Ghana was the first country to operate a Credit Union in the entire African continent. Presently, there are 34 countries operating a Credit Union in Africa. The African Confederation of Co-operative Savings and Credit Associations (ACCOSCA), with its Headquarters in Nairobi, Kenya, oversees the activities of all African Credit Unions.

Different countries have embraced the concept of Credit Unions for a variety of reasons with the following as the notable ones, among them:

First and foremost, Credit Unions encourage thrift by helping members to save on regular basis thereby building a fund or pool of money for their own benefit and that of their dependants. Credit unions believe that for an individual or group of people to develop holistically, there must be the need to inculcate the habit of regular savings. Credit unions further teach people to be more responsible and this brings to the fore, prudential financial management that self regulates their spending habit.

Secondly, it creates a source of Credit for the benefit of members at a fair and reasonable rate of interest. When members of a credit union pull their financial resources together in the shortest possible time a chunk of savings is mobilized which enhances the administration of credit facilities to members at lowest and barest minimum rate of interest. This is because the funds are generated internally from the various member contributions and as a result makes it possible for a lower and competitive rate of interest to be charged on credit facilities.

Thirdly, most members do not judiciously use the credit facility they have obtained. Furthermore, they do not efficiently use the limited resources which they pool.

Finally, credit unions promote the welfare of the communities where they operate. That enhances holistic development to all classes of people in a given community (Ghana Co-operative Credit Unions Association (CUA Ltd) Quarterly magazine, 2010).

The study though emphasises on the impact of Credit Unions on member Businesses and makes a comparative study of Credit Unions and the traditional banks, yet efforts were made to address some challenges that militate against the smooth running of Credit Unions. Some of these challenges are loan delinquency, limitation to capital, liquidity problems, lack of trust, and other external factors that influence the operations of Credit Unions vis a vis the traditional banks. This is in the area of bureaucracies and rigid collateral systems.

1.0.2 Traditional Banks

Traditional banks and others are often joint stock companies that make their living out of handling funds and other valuables. They are profit making enterprises who are solely committed to their shareholders wealth maximisation. Their main sources of income are generated through interest on loans, discounting bills of exchange, commission charged on current accounts and transfers, returns on investments and industrial enterprises and other charges made on customers.

Traditional Banks can be any of the following types of banks: Commercial Banks, Development Banks, Corporate Banks, Mortgage Banks, Funds Managers, Home Financing Companies, Investment Banking, and Asset Managers among others.

The principal traditional banks in Ghana include: Barclays Bank, Standard Chartered Bank, Ghana Commercial Bank and the newly emerging developing banks such as Agricultural Development Bank, Merchant Banks, National Investment Bank, Rural and Community Banks, among others.

The principal functions of these traditional banks are outlined below.

I. Acceptance of deposit: The most fundamental function of a traditional bank is accepting deposits from their customers in the form of current or deposit account. The deposit account is further divided into savings account and fixed or time deposit accounts.

II. Lending of money to their customers: the second most important function of a traditional bank is to lend money to its customers in the short term and long term.

III. Acting as agents to their customers: Traditional banks act as agents for their customers in the sale and purchase of stock and shares. They further advise their customers on choice of investment and make periodic payments directly into customers accounts. Some of these payments are transfer of monthly allowance, subscriptions, customers interest, dividends and other forms of credits.

IV. Investing in the economy: Traditional banks at times invest directly, either in the form of partnership or alone, in the economy. In Ghana for instance, traditional banks can invest in some sectors such as Agriculture, Mining, industry and, to some extent government bonds and securities.

V. Financing Foreign Trade: Traditional banks are a force to reckon with in foreign exchange operations. They see to the necessary transfer of foreign currencies for both their customers and non customers and they are sometimes prepared to guarantee payments through letters of credit on behalf of their clientele.

VI. Acting as Trustees and Executors: Traditional banks sometimes act as trustees and executors, particularly in the administration of estates. A customer may instruct his bank to act as an executor of his estate. It is believed that traditional banks normally have the best legal and financial advice in dealing with disposition of estates and other related transactions.

The study can lead to a number of research question such as "to find out the procedures that customers go through before assessing a credit from either a credit union or a traditional bank, identify factors that motivate customers to seek financial assistance from either a credit union or a traditional bank and identify the challenges customers face when accessing a credit facility from the two financial institutions. To examine the criteria, standards and operating principles that regulates the operations of these institutions. Upon these, that the thesis seeks to find some relevant answers by examining and analyzing the impact of the three vibrant Credits unions and any two of the traditional banks that operates within the Techiman municipality and their impact on member or customer business.

1.1 The Problem Statement

There have been many misconceptions and opinions from individuals, small and medium business enterprises and corporate business entities that microfinance institutions have outlived their relevance in the twenty first century with the proliferation of larger commercial banks (Traditional Banks) that provide a wide range of financial services due to their sophisticated infrastructure, technology and innovations. (Philip, MM 1993)

However, there are other school of thought that agitate that microfinance institutions such as Credit Unions are still relevant in the twenty first century. Though large commercial banks provide wider and volumes of financial services to their clientele but such services are mainly confined to larger commercial, industrial and mining towns in Ghana. Thus, their services are not defused in the hinterland. (Darko, 2005).

Again in as much as traditional banks are perceived to provide needed financial services to individuals, small and medium scale enterprises (SME's) access to credit facilities there remains a formidable constraint to most business in Ghana (Agyeman, 1998).

Not only accessibility to credit but where they are made available, their inadequacies, high cost of borrowing pose a great challenge to many businesses in Ghana due to predominant agrarian economic activities that most people engage in. (Agyeman 1998).

It is against this background that the researcher is investigating into the impact of Credit Unions on member businesses, a comparative study of Credit Unions and the Traditional Banks, Techiman Municipality as the case study.

1.2 Objective of the Study

The prime objective of this study is to examine the impact of credit unions on member businesses.

Specifically, the study seek to address some benefits that accrue to member businesses, in terms of developing or modifying procedures customers go through when accessing a credit from the two financial institutions under study. It also examines some factors that motivate customers to source funding from either a credit union or a traditional bank. These bring the specific objectives out as follows:

1. To examine the benefits of credit unions to member businesses.
2. To find out the procedures customers go through before accessing a credit facility from either a credit union or a traditional bank;
3. To identify the factors that motivate members and customers to seek financial assistance either from a credit union or a traditional bank; and
4. To examine the challenges members and customers face when accessing credit facility from a credit union or a traditional bank.

1.3 Research Questions

To be guided in the data collection process, a number of research questions were determined as follows

1. What are the benefits of credit union operations on member/customer businesses?
2. What procedures or guiding principles, criteria and policy guidelines do members/ customers go through before accessing a credit facility either from a credit union or a traditional bank?
3. What factors motivate members and customers to seek financial assistance either from a credit union or a traditional bank?
4. What challenges do customers face when accessing a credit facility from a credit union or a traditional bank?

1.4 Scope of the Study

The study is focused on three vibrant credit unions namely Abosomakotre, Ebenezer and Abotareye credit unions and two of the traditional banks (Ghana Commercial Bank and Standard Chartered Bank) operating within the Techiman Municipality. Customers and members of these financial institutions ranging from medium to small scale business including management and staff of both Credit Unions and the Traditional Banks operating within the Techiman Municipality were some of the study variables.

1.5 Overview of Research Methodology

The Research Methodology is about the plan for collecting, organizing and interpreting the data so that the objective of the study could be achieved. The study was be mainly exploratory with little descriptive research methodology as the existence of credit unions and their operations are not widely known by most people within Techiman Municipality coupled with less literature that have been dealt with in print media. It covers the research design, sampling procedure (the target population, sampling units, sampling frame, sampling selection and sampling size). Data collection technique employed for the study were administration of questionnaires which were prepared in closed- ended and open- ended and structured interview checklist.

1.6 Significance of the Study

The study is relevant in the sense that it would help in the formulation of policies for small and medium businesses in Ghana and other parts of the world.

Not only that, it can also serve as a road map to both banking and non-banking financial institutions on strategies that can address the needs of members and customer businesses and other related services that are financial in nature.

This is because the documented policies, procedures and standards can be replicated by new emerging financial institutions such as savings and loans companies, credit financing companies among others.

Again, it would pre-empt government, other state agencies and many development actors to identify the role and impact that credit co-operatives and Traditional Banks play in the area of credit advancement. This would pave the way for credit unions to be incorporated into the development agenda of the state by providing the needed budgetary allocation and other related resources and create a convenient atmosphere for the smooth running of Credit Unions within Ghana as a whole.

The suggested solutions to the challenges that member/customers go through before accessing a credit facility can be implemented by any newly established credit union or a traditional bank.

It may also help in teaching and learning and research to further address some of the internal weaknesses and other major administrative bottlenecks in the operations of credit unions and traditional banks in Ghana.

Limitation of the Study

The study could not cover the extent to which the operations of credit unions impact on all the businesses of people living within the study area.

Again, not all the seven credit unions and all the fourteen traditional banks that operate within the Techiman Municipality were investigated due to time constraint, limited funds and the dispersed nature of the branches as well as their obscure locations.

Also, some of the interview guides and questionnaires administered had insignificant margin of errors that emanated from unco-operative attitude of some respondents and those interviewed. However, this has not affected the results of the study adversely.

1.7 Organisation of the Study

The study is composed of five main chapters. Chapter one entails the background of the study and objectives of the study. It also includes the problem statement, the relevance of the study, scope of the study and limitation of the Study.

Chapter two focuses on the review of related literature that was considered relevant to the study.

Chapter three deals with the research methodology of the study. This chapter describes the research design, sampling procedures or technique, data tools and procedures, data analysis and presentation procedures.

Chapter four presents the data analysis and results of the study.

Chapter five, being the final chapter, contains the summary of the main findings, suggestions and recommendations of the study.

Other attachments include title page, acknowledgement, declaration, dedication, abstract, table of contents, list of tables and figures, references, and appendices.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The review of this study would consider among other things, the impact of Credit Unions on members businesses in other parts of the world, both developed and under developed countries, with specific reference to Ghana. The literature is divided into issues about microcredit administration, credit unions in communities through rural banks and related credit schemes. The others are motivation to access credit, procedures for accessing credits, and impact assessment of schemes and challenges of the operations of the credit programmes. Most of the literature is Ghanaian based. The other part which covers some aspects of similar credit programmes is related to studies around the world.

2.2 The Concept of Credit Union

2.3 Definition of Credit Union

Credit Union has been given many definitions by many authors:

The Ghana Co-operative Credit Unions Association (CUA) Magazine 1993, defines a Credit Union as a financial Co-operative society organized to promote thrift, encourage savings and create a source of credit for its membership by pooling their savings together to obtain loans at reasonable interest rates.

A Credit Union can also be defined to be a group of people with the same interest agreeing to save together to create a financial pool out of which they can give credit among themselves in times of need for productive or provident purposes. (Darko, 2007).

According to Darko 2001, Credit Unions exist only to serve its members but not to get profit from their needs. It is not purposely organized to accumulate money or make profit but as a way of developing the people. He however stated that Credit Unions must operate on sound financial and prudent business principles which must be sustainable to serve its members.

A Credit Union is further defined as a financial co-operative owned by members united in a Common Bond who put their savings into a common pool and funds are lent at reasonable rates of interest out of the pool to members for worthy purposes and could provide other services that are financial in nature (24th July 1997 Issue, Credit Union Newspaper)

From the foregoing, a Credit Union can be defined as a non-banking financial co-operative formed by interested members or a group of people having a common bond of either occupation, profession, clubs and associations, members of a community, among others, who pool their savings together in order to obtain a loan at fair and reasonable rates of interest for worthy, productive and provident purposes (CUA Beacon, 2010).

2.4 Formation of Credit Unions

Any group or individuals within a Common Bond of between one hundred and two hundred may form a Credit Union. This implies that persons living within the same geographical area or setting with a common interest, of a particular profession such as teachers or medical practitioners can form a Credit Union.

The aim of any established Credit Union is to encourage regular savings among its members, provide loans to its members at reasonable interest rates by educating the members on prudent financial management and efficient use of resources. (CUA Newsletter, 2003).

The first step in organizing a Credit Union is to get some people within the community who are interested in doing something for themselves and the community in which they live. In the formative stage of a Credit Union, the groups may be referred to as a "Study Group".

Credit Union Field Managers who work in the office help to organize credit unions; the following requirements must be met:

- The group must have a minimum membership of one hundred (100) and a potential membership of six hundred (600). A member is required to contribute a minimum share, entrance fees and minimum savings that are to be determined by the Credit Union.
- Credit Unions must employ part time or full time employees at offices where they conduct their business operations.

The apex body of all Credit Unions in Ghana (Ghana Co-operative Credit Unions Association (CUA) Ltd. supervises the activities of all the Credit Unions in the country.

2.5 The Loans System of the Credit Unions

Any member of a Credit Union is eligible to take a loan in a Credit Union lending system. Credit Unions have in place a Loans Committee which often meets more often to either approve or reject loan applications of their members. Loans are strictly administered to members as enshrined in the loan policy of Credit Unions. (CUA Bye-Laws & Policy Manual: 16).

Loans are granted to members who have operated with the Union for a minimum period of Six (6) months. The savings pattern of such members should be regular and the member must have a collateral which is usually in the form of a co-maker system or co-guarantor system. Other forms of collateral securities include employer's endorsement, bank standing orders, treasury certificates, signed building documents and other forms of title deeds. (Management Policy, Ebenezer Co-operative Credit Union 2010).

2.6 Sources of Funding for Credit Unions in Ghana

Sources of funding for Credit Unions are normally generated from members' savings, share contributions, donor capitalization, entrance fees and processing charges. (Revised Model Bye-Laws and Articles of Association, CUA Ltd 2003).

2.7 Problems and Challenges of Credit Unions

One of the key challenges of the Credit Union Movement in Ghana, and for that matter Credit Unions operating within the Techiman Municipality, is keen competition. It is often assumed that accessing a credit facility from the traditional banks is very cumbersome and prohibitive. Now it is becoming easier to access a credit facility at the traditional banks so the belief that it is easier to access a credit facility at the credit union than at the traditional banks does not hold true anymore (Agyemang, 1999).

Another challenge faced by Credit Unions is how to come out with products and services that will be demanded by its members. For an organization to continue to provide services to its loyal members, it must be able to adopt a proactive approach that can identify the needs and aspirations of its members.

In as much as Credit Unions in developing countries are neck-to-neck with traditional banks in a variety of services they provide to their clients and members, it is rather sad to know that in most of the African countries, with specific reference to Ghana, only savings and loans are the outstanding services that are offered. Therefore, one of the challenges of Credit Unions is how to design products and services that can meet and even exceed the expectation of their valued members.

Credit Unions should have been in a position to provide products such as lines of auditor personal loans, master cards, investment option loans and other services such as local and international money transfer, automated money transfer schemes (ATM), swift transfers and other related services. (Darko, 2010).

To crown it all, loan delinquency was identified as one of the serious challenges that confront the operations of credit unions in Ghana especially with the community type credit unions. This emanate from improper loan appraisal and assessment of members.

2.8 Organisation of Credit Unions

The Credit Unions Association (CUA Ltd.), as the apex body of all Credit Unions in Ghana, is duly registered with the Department of Co-operatives under the Co-operative Decree 1968 NLC Decree 252. It is an affiliate of the Ghana Co-operative Council. The African Confederation of Co-operative Savings and Credit Associations (ACCOSCA) and the World Council of Credit Unions (WOCCU) based in Madison, USA are the bodies that regulate the operations of apex bodies and Credit Unions in Africa and the world at large.

The Credit Unions Association operates in the ten regions of Ghana under Chapters with each Chapter manned by a Manager and a Chapter Board whose members are elected from the various primary societies. The National Association holds its general meeting of delegates biennially. The general meeting is the highest decision making body with the National Board elected at the biennial general meeting. The Board then appoints a General Manager for the Association. The main objectives of the Credit Unions Association, as contained in its bye-laws, are to assist in the organisation and the development of credit unions, provision of educational programmes, develop products and services and formulate bye-laws as well as standardized book-keeping systems for credit union operations. It again gives legal advice to its affiliates in suits, collects statistical and other relevant data and conducts research into the possibilities for improvement of credit unions.

Finally, CUA, as the apex body, represents Credit Unions in Ghana at the International level.

2.9 The Historical Development of the Credit Union Movement

Credit Unions are not new or emerging non-banking financial institutions in the world and for that matter in Africa. Credit Unions have survived and existed for over one hundred and fifty four years in Europe, America, and many other parts of the world. Credit Unions started in Germany in 1847 before the concept spread to other parts of the world. At the moment, there are over 86 countries that operate Credit Unions with a total membership of over (136,000,000) all over the world (WOCCU 2011). Ghana was the first country to operate a Credit Union on the entire African continent (WOCCU 2009).

In the 1920's, the Department of Co-operative realizing the need for popular Credit and savings facilities in Ghana, introduced Thrift and Loan Societies in the southern sector among government workers and some Cocoa farmers. They were poorly managed and soon became unpopular and therefore made little impact on the lives of the people. The organizers of the thrift and loan societies travelled the length and breadth of the country to inaugurate Thrift and Loan Societies. These ushered in a lot of such societies but were short lived because most of them were organized purely for political reasons.

In 1961, the Convention Peoples Party (CPP) government dissolved the Department of Co-operatives including Co-operative Banks, because the societies were not towing the political line of the then ruling party. Just, after the 1966 coup, the Department of Co-operatives was re-organized. By then, there were not more than five Thrift and Loans Societies in existence. Efforts to reorganize them were seriously hampered by poor staffing and governance problems of the Department of Co-operatives. (Stan Zaato1998).

In 1965, parallel to the events in the southern part of Ghana, a new type of Savings and Credit movement was developed in the northern sector of Ghana which had been in operation for ten years. As a result, in September, 1955, the first Credit Union in Africa was formed at Jirapa in the North West part of Ghana by Rev. Father John McNulty, a Catholic Missionary, and an Irish Canadian.

The idea came as a result of his catchiest loosing (£6) notes which were destroyed by termites. He buried these notes in the ground in a cigarette tin for safe keeping. A attempt was made by Father McNulty to change the torn notes at the Bank of West Africa in Accra.

The only Bank in the North – West (now Upper West Region) was the Bank of West Africa. Wa, is 41 miles away from Jirapa, 72 miles from Nandom and 84 miles from Hamile and Tumu. Banking services was therefore alien to the people. The idea of forming a Credit Union came into the Father's mind to save more pound notes from being destroyed by termites.

The Father's initial objectives in establishing the Credit Union in Africa and for that matter Ghana were:

- To mobilize local savings for development,
- To change the traditional methods of saving,

- To help the people in the area and elsewhere to develop themselves economically and to be self sustainable.
- To instill the spirit of co-operation among the people. (CUA News Letter 1998)

Wa Catholic Diocese was created with the elvation of Bishop Derry as the first Bishop to be trained in Coady International Institute of Canada, Nova Scotia between 1958 and 1959, this exposed Bishop Derry to many aspects of Credit Union operations.

After, the training in Coady,Bishop Derry encouraged the formation and promotion of Credit Unions in all perishes at various towns including Jirapa, Nandom, Kaleo, Ko, Daffiama, Wa, Lawra, Tumu among others.

According to Zaato, in 1964, a Canadian Credit Union technician by name, Mr. Gary Churhill, from the province of Saskatchewan, was hired by the Catholic Diocese of Wa for two years to assist in the promotion and training of book keepers and leaders for the established Credit Unions in the North – West.

Mr. Churchil extended his services to some notable southern Credit Unions that were being organized. Among these were the Railway and Harbour Employees Credit Union at Sekondi Takoradi, Akim Swedru community Credit Union in the Central Region, Our Lady of Fatima Credit Union at Sampa in the Brong Ahafo Region, among others.

By 1967, the total number of established Credit Unions were 18 with a total membership of 6,300 and $400,000 as savings. In the year 1968, the idea of forming a national association was muted by some members of the then existing Credit Unions following a meeting sponsored by CUNA an International body based in Lesotho that used to assist Credit Unions in Africa. A follow- up conference was held in 1968 in Tamale that gave birth to the Ghana National Union and Thrift Association (GNACUTA) which became the fore-runner of the Ghana Co-operative Credit Unions Association (CUA) Limited. Raffeissen Movement in Holland, now Rabobank, Catholic Relief Services and Konrad Adenauer Foundation (KAF) were the first organizations to support CUA.

By 1970, KAF became the sole donor to CUA. KAF sponsored the appointment of Field Staff in all the regions and even prefinanced the purchase of a leased house that presently houses CUA until 1983.

The world economic recession in 1983 had serious impact on Credit Unions operations in Ghana. CUA as an apex body was looking down to societies for financial support whereas primary societies on the other hand were also soliciting help from CUA.

In October 1987, the Canadian Co-operative Association (CCA) mission to Ghana selected CUA as a most appropriate apex body and a partner organization for the advancement of the Credit Union movement and had been a successive donor and partner up to date with the sole aim of helping CUA and its primary societies to attain self sufficiency and viability.

2.10 Definitions of Banking

Many authors have defined banking in many ways based on their understanding. Notable among these include the following:

Banking is a system of trading in money which involves safeguarding deposits and making funds available for borrowers and savers as well. (Sayers 1998)

Banking is also defined as the business conducted or services offered by a bank.

Thus, a bank is a corporation empowered to deal with cash, domestic and foreign, and to receive the deposits of money and to loan those monies to third-parties as borrowers.

According to the English Common Law, Banking is The business of receiving money on current or deposit account, paying and collecting cheques drawn by or paid in by customers, the making of advances to customers, and performing such other business as the authority may prescribe for the purposes of this Act (Banking Act, Singapore Section 2, Interpretation , 2008).

It is also the act of receiving from the general public money on current, deposit, savings or other similar account repayable on demand or within less than 3 months ... or with a period of call or notice of less than that period. In other words, the act of paying or collecting cheques drawn by or paid in by customers. (Roggers 2002)

Therefore, banking in general terms is the business activity of accepting and safeguarding money owned by other individuals and entities, and the act of lending out these monies in order to earn a profit.

2.11 Some Functions of Commercial Banks (traditional banks)

The fundamental functions of a commercial bank during the past two centuries have been making loans, receiving deposits, and lending credit either in the form of bank notes or of "created" deposits. The banks in which people keep their checking accounts are commercial banks. (Gaurav B. 2002)

Other functions of Traditional Banks can be considered as follows:

Banks act as payment agents by conducting checking or current accounts for customers, paying cheques drawn by customers on the bank, and collecting cheques deposited to customers' current accounts. Banks also enable customer payments via other payment methods such as telegraphic transfer and automated teller machine (ATM). (Gadgil 2001).

Again, banks borrow money by accepting funds deposited on current accounts, by accepting term deposits, and by issuing debt securities such as banknotes and bonds. Banks lend money by making advances to customers on current accounts, by making instalment loans, and by investing in marketable debt securities and other forms of money lending. (Hughes 2005).

Moreover, banks provide almost all payment services, and a bank account is considered indispensable by most businesses, individuals and governments. Non-banks that provide payment services such as remittance companies are not normally considered an adequate substitute for traditional banks.

Last but not least, banks borrow most funds from households and non-financial businesses, and lend most funds to households and non-financial businesses, but non-bank lenders provide a significant and in many cases adequate substitute for bank loans, money market funds, and cash management trusts. Other non-banking financial institutions in many cases provide adequate substitutes to banks for lending. (Nyarko 2002).

2.12 Concepts of Banking

This aspect of the literature review is an introduction to some banking concepts, practices and the development of the central bank, its reason for existing, and the effects of it.

Generally, there are two conceptually distinct functions that are bound together under the term banking. These are deposit banking and loan banking.

Deposit banking – a bank stores the money belonging to an individual for safekeeping. The bank then issue bank notes, which are receipts for the stored money. It may issues to the depositor with an open-book account on which cheques can be written. In any case, deposits are redeemable on demand to the holder of the account or bank note. The actual money (cash, gold or paper) deposited at the bank is not a loan to the bank, but a bailment; the money remains the property of the depositor at all times and the bank may not use the money. A deposit bank is also known as a demand-deposit bank or a savings bank, but essentially a money storage warehouse is not different from any other storage warehouse (Pit Hills, 2008)

According to Hills, under Loan banking, a bank lends out saved funds to borrowers. This requires capital, either from individuals (as in merchant banking), shareholders, or savers, who have deposited money at the bank, not as a simple bailment, but as a loan, which will be loaned out by the bank (hence the money is not available on demand). The saver receives a return on his savings. **A loan bank** is also called a savings-and-loan bank or savings-and-investment bank. This is where a bank loans out saved funds to potential borrowers.

In the case of deposit banking a bank is functioning merely as a money warehouse, for safely storing money that people are not comfortable storing in their own homes. The depositor pays the bank a fee for the trouble of storing the money in their vaults. The bank provides a moderately useful function in society, but little more than any other warehouse does. (Griffiths, 2005).

Under the loan banking concept, the bank is redistributing money. It makes profit from the interest income it receives on its loan, minus the interest paid out to the saver. This can be more lucrative for the bank, so long as it chooses wisely who to lend to. This is a vital function of the free market that banking industry provides. It enables capable entrepreneurs to attain the money they need for improving the structure of production. It ensures that capital is allocated in the most efficient way possible (MkNelly 1981).

In modern banking, these two distinct concepts have become blurred, and this has tempted bankers to practice what is known as "fractional reserve banking". It is plainly fraud, a clear violation of property rights, and yet has been "legal" for well over a century in most countries and is practised by almost all modern banks. It is a government-endorsed scam (MkNelly, 1988).

In a libertarian society, fractional reserve banking would be banned. However, even if the bankers are allowed to get away with it, there are severe limitations on how effectively it can be done in a system of "free banking". Free banking refers to a banking system where there is no government involvement, whether or not the practice is treated as fraud. For this reason, banks and governments gradually remove the market limitations on the practice. This is the development of central banking (Menson, 2006).

***2.13* Other Banking Concepts**

Fractional-reserve banking is a type of banking whereby the bank does not retain all of a customer's deposits within the bank. Funds received by the bank are generally lent to other customers. This means that available funds (called bank reserves) are only a fraction (called the reserve ratio) of the quantity of deposits at the bank. As most bank deposits are treated as money in their own right, fractional reserve banking increases the money supply, and banks are said to create money (Khandker 1995).

Fractional-reserve banking is the most common form of banking and is practiced in almost all countries. Although Islamic banking prohibits the making of profit from interest on debt, a form of fractional-reserve banking is still evident in most Islamic countries. (Haynes 1992).

Bank runs (or when problems are widespread, a systemic crisis) can occur in fractional-reserve banking systems. To mitigate this risk, the governments of most countries usually acting through their central bank, regulate and oversee commercial banks provide deposit insurance and act as lender of last resort to commercial banks (Helms M.M 2005).

2.14 Motivation to access credit from Credit Unions

Women as micro and small entrepreneurs have increasingly become a key target group for micro-finance programmes. Providing access to micro-finance is considered a precondition for poverty alleviation, but also for women's empowerment. As poor women are increasingly recognized to be better borrowers, they are becoming of interest also to regular financial institutions. But despite the proven positive impact of providing microfinance services to female entrepreneurs in the informal sector, microfinance is just one tool among others to address the multiple causes of poverty, unemployment and social exclusion (ILO1998).

With informal sources of finance being relatively easy to access, women rely on moneylenders and pawnbrokers, rotating savings and credit associations friends, relatives, suppliers and shopkeepers. While these sources are providing the bulk of financial resources for female entrepreneurs and offer a number of potential advantages such as proximity between borrower and lender, immediacy of loan disbursement, small loan size, flexible repayment schedules and minimal collateral requirements, they can however be costly and discriminatory as well (ILO 1998).

Formal financial institutions are even less receptive and welcoming to female entrepreneurs. Their collateral requirements, bureaucratic loan application, disbursement procedures, the time and resources necessary to visit the banks and discriminatory banking culture virtually exclude poor women as clients. The provision of sustainable access to financial services for women has therefore become a core component of many women's microenterprise programmes, and it is at the center of the attention of governments, social partners, civil society organizations and international donors (ILO 1998).

According to (Almeyda 1996), women have become the preferred clients of microfinance and credit unions and other financial institutions, as they tend to be better borrowers. Studies often show that women borrowers' average delinquency rates tend to be lower than men, especially for microloans. A recent study by the Inter-American Development Bank surveying the financial landscape in a number of Latin American countries, concluded that FED, an NGO in Ecuador, with the lowest delinquency rate, has the highest percentage of women clients (Almeyda 1996).

From the point of view of ILO (1996), financial institutions lending to female entrepreneurs most often use "collateral substitutes" (not enforceable through formal judicial process and it cannot be sold in a market (ILO 1996) to overcome their lack of traditional collateral, such as property, equipment or capital. The best known examples are peer pressure (joint liability arrangements in lending to "solidarity" groups) and probation (credit scoring). Both have performed as well as conventional instruments in terms of ensuring repayments and have been used over a fairly long period (ILO, 1996).

Successful microfinance institutions are characterized, besides using "collateral substitutes", by offering primarily short-term working-capital loans; having a turnaround time for loan approval of less than 2 weeks; providing services close to borrowers' home or work; charging interest rates significantly above the rate of inflation, and having lower salary levels than financially less viable programmes. (Christen et. Al 1995)

2.15 Microfinance

2.15.1 Procedures and Mechanisms for Accessing Micro-credit from Traditional Financial Institutions

Sebstad, & Chen (1996) conclude that the procedure for access to credit is a matter of the type of financial institution and the objective of operation. According to the source, it is more difficult to get loans from formal traditional banks as compared to the credit unions and other microfinance institutions. However, each of them has a specific group of clients. Because the risk factor is high in lending in general, each one of them needs guarantee in the form of collateral security. Banks generally open their doors to everyone provided one is able to indicate beyond reasonable doubt that one can repay the loan. However, credit unions and microfinance may target specific groups which may be members of a certain association, vulnerable group, gender based groups or those who belong to a certain profession like teachers, traders, farmers, and fisher folks among others. In each of the three categories of the financial institutions, several procedures are required to be eligible for the credit and this is what makes it more difficult to access credit.

According to Mayoux (1995), Hilhorst and Oppenoorth (1992): the procedures developed since the mid-1970s to provide women micro-entrepreneurs with access to financial services are extremely diverse, offering alternatives to the formal banking system, while incorporating the advantages of informal savings and credit systems. The features that most programmes have in common are: close targeting of the most needy borrowers; decentralised loan delivery and management systems through intermediary institutions or parallel banking system; group formation to ensure financial discipline; and support systems to enhance productivity. Outlining a few mechanisms, Mayoux, (1995) Hilhorst and Oppenoorth (1992) identified the following:

* Social programmes, run by traditional commercial banks, which provide borrowers with incentives from the government (for example: KUPEDES programme of Bank Rakyat Indonesia; Banco del Pacifico, Colombia; Integrated Rural Development Programme, India; Rural Development Banks, Bangladesh). Most commercial bank schemes have failed to reach large numbers of poor borrowers, let alone women. Women's participation in formal small-scale enterprise lending programmes rarely exceeds 20 percent.

* Intermediary programmes, generally run by NGOs offering micro-businesses as a link to the formal banking system (for example: Women's World Banking; the original activities of Small Enterprises Woman Association (SEWA); Production Credit for Rural Women, Nepal; Institute for the Development of the Informal Sector, Peru). Most programmes have succeeded in reaching somewhat better-off women, and the Small Enterprises Women Association SEWA decided to set up its own poverty-oriented bank, because its members encountered too many difficulties in their dealings with banking procedures, application forms, opening hours and attitudes of male bank clerks.

* Parallel programmes that provide financial services alongside other development and social programmes via non-bank institutions (for example: Working Women's Forum, India; Progreso, Peru, Bangladesh, Small Business Scheme and the National Christian Council of Kenya). Many of these programmes have succeeded in reaching women clients. They are heavily supported by donors.

* Poverty-oriented development banks, generally started as intermediary or parallel programmes and then officially registered as banks (for example: SEWA Bank,

India; Grameen Bank, Bangladesh). They have adapted delivery systems and loan conditions to meet the specific needs of female clients.

* Community revolving loan funds, similar to ROSCAs, with government and donor grants or loans (for example: Partnership for Productivity, Kenya). These funds offer limited but useful services to both men and women. If well managed, they can be sustainable. The major risk is erosion of funds due to default and inflation.

* Savings and credit cooperatives and unions providing special schemes for members (for example: Cooperative Credit Union, Gambia). Participatory methods help ensure that these organizations meet the real needs of members. They mobilize their own capital and are more or less democratic. Cooperatives can, however, be formalistic and financial services are not always readily available due to weak capital base or liquidity problems.

2.15.2 Microfinance Lending Process and Procedures for Credit advancement

The general process and procedure for microfinane and credit administration are outlined below:

1. Microfinance loan flow chart starts with client orientation and application, credit and background investigation, loan processing, loan approval, loan disbursement and loan collection.

2. Applicant is required to attend the group Client Orientation (CO) called Applicant Orientation (AO). The Lending Institution conducts individual client orientation on clients. Questions and answers clients logbook are filled by the applicant.

3. Applicant fills out the loan application form. The applicant may choose to sign the loan form at the bank or bring the form to his/her house. AO

determines applicant’s eligibility. If eligible, the AO schedules an appointment with the applicant.

4. Credit and background investigation (CI/BI) and AO conducts on the applicant to validate information contained in the loan form. AO visits references: suppliers, previous and present creditors, business neighbors, and residence. If necessary, credit verification letters are sent to the applicants creditors. If there are adverse findings, the application is rejected. If CI is positive, AO evaluates the applicant’s debt repayment capacity.

5. Preparations before the credit committee meeting; AO summarizes and prepares the loan recommendation sheet. AO organizes the applicant’s credit folder together with the loan recommendation sheet. Loan application completed CI/BI form co-signatories profile, proof of payments, and other documents. Supervisor reviews applicants credit folder, checks and reviews for inconsistencies and the Loan application is then endorsed by the Credit Committee for necessary action.
6. Loan Processing (after the credit committee) supervisor informs the AO to prepare loan documents if loan is approved. On the other hand if applicant fails, AO visits the applicant and informs the reasons for disapproval or deferred. AO informs the applicant and obtains additional information. If loan is approved, AO visits the applicant and gives a list of requirements for his/her compliance. AO prepares loan documents. The Supervisor checks the completeness of the credit folders as follows: a) Credit Memo, b) Signature Card, c) Promissory Note, d) Co-Signatories Statement, e) Disclosure Statement, f) Deed of Assignment, g) Security Agreement.

7. Loan Disbursement Supervisor gives copy of credit ticket/cashier's cheque to teller for disbursement. Prospective borrower is invited to the bank to sign the loan documents before disbursement. The bank manager (BM) or supervisor explains to the group/clients their obligations as borrower(s) and co-signatory(s). Supervisor gives the client a copy of the loan amortization schedule and discount statement. Client then signs a withdrawal slip to withdraw the loan proceeds from Savings Account or encashes cashier's cheque through teller.
8. Loan Collection Supervisor generates weekly payments due/collection sheet for the week. Cashier issues pre-numbered (PRs) to AOs for collection. AO collects payment from client records payments and gives original PR. AO retains other copies which will be used to batch the total collections Batches collections for the day. Auditor accounts for all PRs issued versus report and then forward cash to teller supervisor to updates accounts.

Ghana Co-operative Credit Unions Association on one hand outlines below the appraisal guidelines for accessing a loan from a Credit Union.

1. The applicant must be a member of the Union who has contributed savings and satisfied three or six month's probational requirement.
2. The member applicant might have contributed a minimum share as per the policy of the Union.
3. Other considerations in credit administration include:
   i. Capacity of the borrower. The member applicant's ability to repay for the credit facility.
   ii. Circumstances: The situation in which the borrower finds himself or herself is thoroughly analysed.

iii. Credit Worthiness: Judging from both social and previous records, it must be established as to whether or not the member borrower is credit worthy.

iv. Character of the member applicant: The borrower's character must be critically examined before advancing the Loan facility.

v. Collateral – Many forms of collateral facilities are required;

a) The Co-Maker system whereby member savings are pledged as guarantee for a loan.

b) Site plans of building plots are accepted as collateral or other cash convertible property such as title deeds.

c) Legal government instruments and securities such as Treasury bill certificates, share certificates, among others.

4. It must be established that if the member applicant has contracted a loan facility from other financial institutions, challenges that confronted the member during its repayment and whether the member has an uncompleted Loan facility with the credit Union or elsewhere. (Bye-Laws and Operational Policy Manual for Credit Unions, 2007)

2.15.3 Access to Credits from Microfinance Institutions, Traditional Banks and Credit Unions

The emergence of microfinance in Ghana is not a recent phenomenon. Traditionally, people have been saving and taking loans from local money lenders or groups of people with the aim of starting their own businesses or for farming purposes (Asiama 2007). The authors confirmed that the Canadian Catholic missionaries in 1955 first established a credit union in northern Ghana. This was the first in Africa. However Susu which is another form of microfinance scheme in Ghana is thought to have originated from Nigeria to Ghana in the early twentieth century. (Asiama 2007). Have broadly categories micro finance institutions in Ghana into three. That is the formal suppliers such as rural and community banks, semi formal such as credit unions and informal suppliers like susu collectors.

Rosenberg, (2004) has also indicated that the exclusion of the poor from general financial services sector of the economies have resulted in the creation of micro finance institutions to address this market failure. Financial sector policies and programmes by previous governments led to the establishment of rural and community banks. These banks were required to set aside 20% of total portfolio, to promote lending to agriculture and small scale industries in the 1970s and early 1980s (Asiama 2007). The Bank of Ghana promoted the establishment of rural banks in Ghana, with the aim of promoting banking habits among rural households and mobilizing rural savings for agriculture, fishing, forestry and other agro-based industries (IFAD Ghana 2000).

Asiama et al (2007) noted that rural and community banks also play crucial role in microfinance in the country. Rural and community banks were established purposely to advance loans to small enterprises, farmers, individuals and others within their catchment areas. Total loans advanced to clients by all community and rural banks in Ghana was GH¢20.68 million in 2002 compared to GH¢13.12 million in 2001, suggesting an increase of 28.6 per cent. The amount of loans further increased from GH¢71.63 million in 2005 to GH¢115.10 million in 2006, thus indicating 35.4 per cent respectively.

2.16 Empirical Literature Review

2.16.1 Impact Assessment of Credit Schemes on Clients

A study from Bangladesh confirms improvements in women's physical mobility, economic security, ability to make own purchases, freedom from family domination and violence, political and legal awareness and public participation, as a result of a more stable integration into microfinance circuits (Schuler and Hashemi 1994). Another study of Grameen Bank suggests that women participants in credit programmes are more conscious of their rights, better able to resolve conflicts, and have more control over decision making at the household and community levels (Chen, 1992). Credit to women has positive effects on the schooling of girls; it increases women's asset holdings (except land) and is a significant determinant of total household expenditure (Pitt and Khandkar 1995). In Sri Lanka, an investigation established that loans contributed to women's independent income, giving them more bargaining power in their relation with male family members (Hulme and Mosley 1996). Enhanced women's empowerment, such as increased self-confidence, and better cooperation with neighbours has also been observed in Thailand (MkNelly and Watetip, 1993).

Micro finance schemes are of great importance to the development of nations, especially developing countries, where poverty is relatively intense. Studies have shown that credit schemes operated by micro finance institutions and Credit Unions help poor households in meeting their basic needs against risk, helps in women empowerment and improvement in household economic welfare (Asiama et al 2007, Otero1999, Ansoglenang 2006)

Women have become the focus of many micro-credit institutions and agencies worldwide. The main reason behind this is the observation that loans to women tend to more often benefit the whole family than loans to men do. It has also been observed that giving women the control and the responsibility of small loans raises their socio-economic status, which is seen as a positive change to many of the current relationships of gender and class National Board for Small Scale Industries (NBSSI 200).

Guerin(2006) , Khandker (1998), and Derbile (2003) have presented findings from their studies indicating that micro-credit has helped in alleviating households' poverty. They emphasized that when women are allowed to go into gainfull self employment they become self reliant. Income from such investments is used for household expenditure and other essential basic services.

Ansoglenang (2006) concluded that micro credit schemes run by credit unions have been beneficial to the women in Lawra and other part of the Upper West Region. The women indicated that their activities are profitable and have resulted in improved standard of living. This is because they are able to pay their childrens school fees, acquire personal belongings, feed and clothe their children and other household members and are empowered as women.

A report of a study of Impact Assessment documented the second field test of practitioner. This was designed as part of the PVO (Private Voluntary Organization) NGO (Non-Governmental Organization) component of the U.S. Agency for International Development's AIMS (Assessing the Impact of Microenterprises Services) Project. In an effort to develop low-cost, yet effective ways practitioner organizations can collect information and generate credible findings about the impact of their microenterprise programs, the PVO -NGO component of the AIMS project is charged with developing, testing and refining useful tools within the scope of practitioner resources, staff availability and expertise to implement and analyze their program impact. Basic results of the study showed that at the microenterprise level, a progression of changes for clients over time was evident. Qualitatively, clients were also more directly contributing to the basic needs of their households and felt they could better ensure their families' health. Many other positive impacts are detailed (MkNelly and Lippold 1999).

A study was done on the impact of PACT's Women's Empowerment Program (WEP) in rural Nepal due to the seeming success of the program. In just one year, 6500 savings and credit programs (catering for 130,000 women) had been established; this is over twice the expected number for new organizations. Other achievements include recruitment, training, and enlistment of 240 Nepali organizations as WEP partners, spontaneous replication of existing groups without financial aid from WEP, and groups mobilizing over a million dollars for use for credit. Others are increased woman empowerment and literacy. WEP has thus shown that even in impoverished rural Nepal, the poor can save enough to make important investments in their businesses in less than two years and may be able to meet most of their needs for credit in four to six years. The reasons behind this success are investigated, comparing financial models, goals, and strategies to achieve these goals (Baldizon 2007).

A study conducted on the impact of credit with education of mothers and their young children's nutrition, Lower Pra Rural Bank credit with education program in Ghana gave a positive affirmation. The authors concluded that credit with education when provided together to a group of women can increase income and savings, improve health and nutrition, empower women and increase household food security (Mknelly et al 1998). Khandker et al (2003), noted in his study that there is a significant impact on children's health from women who are on a micro credit scheme.

Goldberg (2005) has also indicated that microfinance programs can increase incomes and lift families out of poverty. Access to microfinance can improve children's nutrition and increase their school enrollment rates. Javed et al (2006) maintained that credit schemes have positive impact on women. The authours assessed the impact of the micro-credit programme of National Rural Support Programme (NRSP) on the socio-economic conditions of female community in district Rawalakot Azad Jamu and Kashmir. The respondents of the study revealed that their income have increased, they could buy better food stuffs, better clothing and their business related to agriculture, livestock or poultry enhanced after receiving credit. The programme therefore led to improved socio-economic conditions of female community. It was also concluded that micro-credit scheme of NRSP served as a better tool for empowering female and up-lifting standard of living female. However, some of the respondents of the study disclosed that they did not experience any change in terms of health and conditions at home.

2.16.2 Challenges in Accessing Loans

Bjornsson and Abraha (2005) and Johnson (1993) commented that women play an important role in the development of small business and face greater risk as compared to men. This is because aside the normal business challenges, they are also face problems related to gender, i.e. operating in business environments that are mainly male-dominated.

Women are classified among the marginalized and the vulnerable and they face various challenges in accessing credit schemes. According to Asiama et al (2007), the approaches of traditional banking to micro finance delivery often does not work.

They explained that the credit methodology requires documentary evidence, long standing bank customer rapport and collateral which most micro and small businesses do not have. This poses a great challenge to women in accessing loans.

They further indicated that the existing skills training and funding arrangements for women do not seem to be market-driven. Thus, specific services and products that target women for entrepreneurship development to enable them engage in economic activities and become more self-reliant need to be more coherent.

Women household responsibilities and social norms restrict the type of entrepreneurial activities they embark on. In addition, development literatures have demonstrated that the access of rural women to and control over resources such as land and capital are restricted and therefore constrain them for accessing and embarking on any business activity (Fletschner and Carter 2008). The Management of micro finance institution do not involve the beneficiaries before formulating credit schemes (Martin et al., 2002). Financial institutions rely on already existing groups of identity suitable clients for loans at the neglect of those who are not members of these economic associations (FAO 2002; Ayamga et al 2006). The methods used in collecting loans are harsh and cohesive: the use of police, court, etc, notwithstanding the high interest rate poses a challenge (Business Week 2005; Ablorppey 2008). A World Bank policy research report (World Bank 2002), has indicated that women continue to have systematically less command over a wide range of productive resources such as land, information, education and financial services.

Again a study conducted in the Lawra district on rural women and micro credit schemes revealed that the prerequisite to qualify to get assistance or credit is through group formation. An individual could therefore not obtain credit from Freedom from Hunger Project or Credit Union a the Lawra District Assembly without being a member of a women's group. The women also complained of high interest rate, compulsory savings and short grace period of one week to begin payment of the loan. In another passage of the same study the author revealed that women in northern Ghana are not able to access credit from banks. The reason being that the banks demand collateral in the form of land or a house before offering them loans. These immovable properties are not available to these women, so it denies them the opportunity of accessing loans. He further indicated that high interest rate has also been a challenge to women in accessing loans from the banks. Also the credit offered them was inadequate and therefore not sufficient to help start any profitable business. There is even a ceiling on an amount a woman can take (Ansoglenang 2006).

According to Akudugu et al. high interest rate charged by rural banks in the Upper West Region of Ghana negatively deter rural women from accessing loans which they consider as too high. Some of their respondent (38%) indicated that they did not apply for credit from rural banks. Long application procedures, non membership to economic associations, lack of knowledge about loan requirements, savings (six months) before credit policy of both credit union and rural banks were the reasons cited for not accessing loans from the financial institution. For these reason the women thought they were unqualified to access loans from formal and informal sources.

Generally, the ratio of banks to rural clients is 1:100 000 in the northern part of the country as compared to the national average of 1:16 000 to 1:26 000. A rural bank can serve an area of over 50 000 km^2. It cost so much to make one trip to the bank, more especially where the processes involved in bank loans often requires several trips (IFAD 2000).

IFAD (2000) documented that women in Ghana face various challenges in accessing loans from formal and rural banks. Among the challenges they face are the problems of leaving their children and household duties long enough to travel to the bank, male staff intimidating (90% of staff in most institutions are men) and lack of control over resources, such as land and labour, limits their eligibility for loans. Also, illiteracy or semi-literacy creates a further barrier to processing paperwork, and whenever the banks' ability to lend is constrained, it is the women who receive lowest priority.

The research conducted by Asiama et al (2007) on micro finance in Ghana: an overview delves into the evolution of micro finance in Ghana, how it has contributed to development in relation to poverty reduction and the challenges these institutions faces. The study was general and dwell much on micro finance institutions and how the government have been supportive but did not consider the specific impact of the loans given to individuals. On the contrary this study seeks to focus on women and the impacts of the credit schemes run by the Bonzali rural bank. The study specifically will uncover the educational, health, social support and investment impact of rural banking on women in the study area.

According to Addiah (2010) rural banks in Ghana were created to re-enforce the government's commitment to rural credit as part of a national strategy to improve agriculture and the living conditions of rural farms. This scheme was to assist the rural dwellers especially small-scale farmers to find solutions to rural credit problems thereby increasing their output. The study revealed that credit to farmers who are customers of the bank has no direct relationship with their output. This study was general and focused on both men and women. On the contrary the current study seeks to study the impacts of the credit offered by the Bonzali rural bank (BRB) on women in the study area. Addiah assessed the effects in terms of output where as the current study will assess the impacts on the women in terms of health, education, social support and investment.

In 1996 Ansoglenang conducted a similar study on the women and micro credit schemes: cases from the Lawra district of Ghana. This study observed the multiple sources of credit schemes to women and their effects.. Thus the study considered Non Governmental organizations, credit unions, rural banks among others in Lawra located in the Upper West region of Ghana. Similarly, this study was conducted in the Upper West region of Ghana, and assessed the impact of credit schemes operated by the Bonzali Rural Bank (BRB). However, this study also assessed the impact of the schemes run by Bonzali rural bank and other sources. The study focused on women with single source of credit with BRB in the Tolon–Kumbungu district being the source. The study uncovered the impact of the credit scheme on the psycho social wellbeing of women in the study area.

Another empirical study was conducted on the impacts of of Micro-credit Scheme of NRSP on the Socio-economic Conditions of Female Community in Districts of Rawalakot, Azad Jamu and Kashmir, Pakistan by Javed et al. (2006). The study focused on the impact of the NRSP micro credit scheme on the women in the study area. Similarly this study assessed the impact of the credit scheme run by the BRB. The current study in the Tolon – Kumbungu district will help analyst to compare its results to that of female community in district Rawalakot, Azad Jamu and Kashmir, Pakistan. Though the study seems to be the same, the cultural background of the women to be studied differs and therefore expedient to undertake this study. The outcome of the study will further help future researchers and policy makers to make an informed decision.

2.16.3 Socio-Cultural Challenges in Credit Administration

Frimpong (2007) evaluated customers' perception and usage of rural community banks (RCBs) in Ghana. The author examined whether women and men differ in their levels of satisfaction and expectation about the banks' services and assessed the contribution of rural banks in Ghana towards infrastructural development in rural areas. Though the study dealt with rural banks, the differences in service satisfaction as per gender and the assessment of general infrastructure development, it had nothing to do with specific impact of rural banks on women. The study however seeks to study the credit schemes operated by the Bonzali rural bank in the Upper West Region of Ghana and the specific impact on the psycho-social well being of women in its catchment area. This study has singled out Bonzali Rural Bank for its impact analysis and not general analysis of all rural banks in Ghana.

In spite of the positive impacts of micro credit scheme outlined above, Hulme et al. are of contrary view. The authors concluded from their research on micro-credit that "most contemporary schemes are less effective than they might be" (134). The authors argued that micro-credit is not a panacea for poverty-alleviation and that in some cases the poorest people have been made worse-off. In the same vain Addiah (2010), assert in his study that food producers who were customers of the bank never saw improvement in their income levels and standard of living during the six year period of accessing credit.

From the above discussions it is evidently clear that the positive impacts of credit schemes from the various financial institutions cannot be overruled as a means of alleviating poverty. Measures should be taken to ensure its effectiveness in order to achieve desired goals always.

According to ILO (1998) there is a growing role of female micro entrepreneurs and women and most poor people need to rely on the success of these strategies as they face constraints. Some of the constraints faced are: lack of access to productive resources due to discriminations in property ownership and in employment; lack of time because of unequal gender division of labour in unpaid productive and reproductive activities; lack of skills due to lower levels of literacy and formal education; lack of access to labour as a result of norms of gender hierarchy and separation; and lack of access to markets due to their exclusion from the most lucrative markets.

ILO (1998) report, lack of access to informal and formal credit by mostly women and the poor micro and small entrepreneurs has been identified by numerous studies as *a* major, some even say, *the* major constraint. Recent ILO studies in the Philippines (59 percent), Bangladesh (76.4 percent) and Trinidad and Tobago place the lack of capital, especially in the start-up period, as the problem most often mentioned by women micro entrepreneurs. These studies confirm that this problem is more severe for women than for men (ILO 1998).

ILO (1998) indicates that with informal sources of finance being relatively easy to access, women rely on moneylenders and pawnbrokers, rotating savings and credit associations (ROSCAS), credit co-operatives, friends, relatives, suppliers and shopkeepers. While these sources are providing the bulk of financial resources for both male and female entrepreneurs and offer a number of potential advantages, such as proximity between borrower and lender, immediacy of loan disbursement, small loan size, flexible repayment schedules and minimal collateral requirements, they can be costly and discriminatory.

Formal financial institutions are even less receptive and welcoming to female entrepreneurs to some extent than men. However, their collateral requirements, bureaucratic loan application, disbursement procedures, the time and resources necessary to visit the banks and discriminatory banking culture virtually exclude poor women as clients. The provision of sustainable access to financial services for women has therefore become a core component of many women's microenterprise programmes, and is at the center of the attention of governments, social partners, civil society organizations and international donors (ILO 1998).

2.17 Microfinance in Ghana

2.17.1 Review of other Related Micro Credit Schemes in Ghana and other Parts of the World.

This part of the literature review involves other researches done in the area of microfinance; including aspects from access to credits, positive and negative impacts, problems in the repayment and several other issues in the field of credit management and administration.

In the study of Brett (2006) it has been revealed that having borrowed money from a microfinance organization to start a small business, many women in El Alto, Bolivia are unable to generate sufficient income to repay their loans and so must draw upon household resources. Working from the women's experiences and words, his article explores the range of factors that condition and constrain their success as entrepreneurs. The central theme is that while providing the poor access to credit is currently very popular in development circles, the social and structural context within which some women operate so strongly constrains their productive activity that they realize a net income loss at the household level instead of the promised benefits of entrepreneurship. His paper explores the social and structural realities in which financial institutions seek out and accept debt beyond their capacity to repay from the proceeds of their business enterprise. By examining some of the "hidden costs" of microfinance participation, this paper argues for a shift from evaluation on outcomes at the institutional level to outcomes at the household level to identify the forces and factors that condition success as micro-entrepreneurs. While there has been much discussion on the benefits of microcredit lending and increasing critique of it on both ideological and substantive grounds, there have been few ethnographically informed studies on consequences to users.

Abbink et al (2006) see microfinance programmes as providers of poor people with small loans given to jointly liable self-selected groups. Follow-up loans provide incentives to repay. They experimentally investigate the influence of those features on strategic default. Each group member invests in an individual risky project, whose outcome is known only to the individual investor. Subjects decide whether to contribute to group repayment or not. Only those with successful projects can contribute. The experiment ends if too few that can repay. They investigate group size and social ties effects and observe robust high repayment rates. To them, group lending outperforms individual lending. Self-selected groups show high but less stable contributions.

Servon (2006) U.S. microenterprise provides business training, small amounts of credit or both to businesses with five or fewer employees. As the programme nears end of its second decade in the United States, it is been agreed that the field is in a difficult place as there appears to be relatively widespread agreement on the nature of the problems, which include a lack of standardized data, decreasing funding from some key sectors, increased competition, and difficulty in reaching the target market. The author argues that if the microenterprise field does not make some significant changes, it will neither sustain itself nor approach its potential. Strategies to address these challenges fall into three broad categories including restructuring, innovation, and accreditation and standardization.

Coleman, (2006) evaluates the outreach and impact of two microfinance programmes in Thailand, controlling for endogenous self-selection and programme placement. It is found that the non-poor villagers are significantly more likely to participate than the poor. Also, the richer often become programme committee members and borrow substantially more than rank-and-file members. However, local information on creditworthiness is also used to select members. The programmes positively affect household well-being for committee members, but impact is insignificant for rank-and-file members. Policy recommendations are vigilance in targeting the poor, publicly disseminating the programme rules and purpose, and introducing and enforcing eligibility criteria.

The research paper of Menon (2006) studies the benefits of participation in micro-finance programmes, where benefits are measured in terms of the ability to smooth the effect of seasonal shocks that cause consumption fluctuations. It is shown that although membership in these programmes is an effective instrument in combacting inter-seasonal consumption differences, there is a threshold level of length of participation beyond which benefits begins to diminish. Returns from membership are modelled using an Euler equation approach. Fixed effects on non-linear least squares estimation of parameters using data from 24 villages of the Grameen Bank suggests that returns to participation, as measured by the ability to smooth seasonal shocks, begin to decline after approximately two years of membership. This implies that membership alone no longer has a mitigating marginal effect on seasonal shocks to per capita consumption after four years of participation. Such patterns suggest that the ability to smooth consumption as a function of length of membership need not accrue indefinitely in a linear function.

Van Bastelaer, (2006) identifies factors associated with high repayment performance by collectively liable groups of seed borrowers in Southern Zambia. The findings suggest that some factors enhancing collective action within seed groups, such as their size, are associated with a higher repayment performance. Also, community-based cognitive social capital, proxied here by generalized trust, is shown to be strongly associated with repayment performance. This means that attitudes and values shared by community members create an environment in which seed borrowers honor their engagements, although church participation and fear of witchcraft can weaken mutual monitoring of loan use and peer pressure for repayment.

Weiss & Montgomery (2005) also agree Microfinance institutions (MFIs) are often seen by aid practitioners as a manifestly effective means of improving the conditions of the poor. However, detailed researches have been much more guarded about the effects of MFIs. Many researchers have raised doubts about the effectiveness of MFIs in reaching the "core poor." Their paper surveys the evidence from Asia and Latin America and contrasts experiences in the two regions. Studies on the former have been carried out more "rigorously," but in both regions the evidence that microfinance is reaching the core poor is very limited.

Anonymous (2005) writer focuses on global microfinance or "financial services for poor people in developing countries" and how they differ from the Western financial services which include "access to interest bearing savings accounts, mortgages at reasonable rates, abundant consumer credit, insurance at premiums that reflect the risk of losses, cheap ways of transferring money, and innumerable sources of capital for funding a business." His piece concludes that the poor are "badly served" with no access to a safe and high costs for sending money home to their families. However, savings, credit and insurance services are beginning to improve for the poor with the help of global organizations like ACCION. Section follows the history of microfinance, its changes over the years and projected growth in the future.

Lucarelli, (2005) argues that microcredit is not the solution to poverty, but just one aspect of a broad range of options and requirements. Following a brief historical overview, claims that microfinance programs have a lasting impact on poverty alleviation for the poorest poor, redress gender discrimination and oppression, and are self-financing and sustainable are challenged. Though microcredit does have a key role in addressing poverty, caution should be taken in relying too heavily on these programmes to cure complex developmental problems.

According to Khandakar et al (2004), microfinance is appearing as an integral part of the new development paradigm, described by the phrase "participation and development." To them, the idea has become quite popular among donor agencies, development practitioners, and academicians, theoretical premises on which this idea is founded seem entirely unexamined. Their article investigates the academic merits, as well as potential consequences, of this popular poverty alleviating model from the supply-side perspective and asks a provocative question as whether the microfinance ventures have features that suggest that the establishment of this new finance industry in the Third World countries might further complicate their pervasive poverty problems. Their answer is yes. Explaining this, the microfinance idea is founded on two theoretical premises, both of which are very controversial. Also, the lack of microcredit is not the cause of the, Third World's deplorable poverty situation a fact that suggests that the supply of microcredit cannot alleviate poverty in these countries. Lastly, the promotion of the microfinance ventures in the Third World has potentials to create private groups, which have vested interests in perpetuating their prevailing poverty situation.

From the view point of Mosley & Steel (2004), great hopes have been held out for microfinance and other community development finance institutions (CDFIs) in industrialized countries as an instrument of 'financially sustainable welfare provision', following on from their success in many developing countries. Using interview data drawn from an exploratory sample of 45 clients, this paper examines the social and economic impact of three microfinance institutions in Glasgow, Sheffield and Belfast. The tentative conclusion is that most loans examined do hit the target of the 'financially excluded but bankable', and exert an impact on poverty and social exclusion through the labour market and through helping to build social networks which reduce interpersonal risk. The initial estimate is that each loan studied was responsible for about 0.67 exits from unemployment over the two years (2000-2002). If this ratio holds well outside the sample (and we emphasize the limitations of small sample size), this could mean that in the absence of microfinance services, the national unemployment total would be higher by some 2.4 per cent (or 22,000 individuals). The loans examined also save about pound sterling 0.4 million on what would otherwise have been social security payments; grossed up again to all microfinance organizations, this implies an annual saving of about pound sterling 250 million (1.4 per cent) on the total social security budget. However, to achieve these optimal impact microfinance institutions need to diversify their product: for example by switching from business loans into consumption loans, micro-insurance, and equity, particularly in the rehabilitation of run-down council estates.

Schreiner (2003) sees that reports of the success of the Grameen Bank of Bangladesh have led to rapid growth in funding for microfinance. He however asks if the Grameen Bank been cost-effective. His paper compares output with subsidy for the bank in a present-value framework. For the timeframe 1983-1997, subsidy per person-year of membership in Grameen was about $20.00, and subsidy per dollar-year borrowed was about $0.22. Although the article does not measure consumer surplus for Grameen users, the evidence in the literature he suggests that surplus probably exceeds subsidy. The Grameen Bank - if not necessarily other micro lenders - was probably a worthwhile social investment.

Ahmad (2003) opines that microcredit has recently become a fashionable cure-all for most non-governmental organizations (NGOs) in Bangladesh. The provision of services to the poor is by definition always difficult, and even NGOs have problems. NGOs in Bangladesh define the poor in different ways when creating their target groups. The policies of nearly all NGOs in Bangladesh are formulated by their senior managers, and field workers are rarely consulted. His paper explores the opinions on microcredit of selected field workers of four types of NGOs in Bangladesh - on how the problem of microcredit might be solved. Problems of microcredit programmes, they say, include non-accessibility to the poorest, low return, misuse and overemphasis on repayment. Field workers discuss what level of importance should be given to microcredit as against services like education, health or awareness creation. Most conclude that NGOs are overemphasizing microcredit, which leaves little time and few resources for other problems of the poor, so bringing the whole 'development' effort of the NGOs into question. Most field workers think that many microenterprises are not sustainable and that in many cases clients will remain dependent on the NGOs for credit.

Data culled from a review of the literature, fieldwork conducted at a 1998 summit in New York City, & interviews conducted 1998/99 with development workers are drawn on to critically evaluate some of the assumptions underlying microcredit & its use as an ostensible mechanism of empowerment for women in developing countries. Reasons for the enthusiastic adoption of microcredit as a way of lifting Third World women out of poverty by supporting them in the development of small business enterprises are examined and linked to two opposing interpretations of global political & economic change. The neoliberal ideology and populist rhetoric underlying the promotion of microcredit are discussed, and reasons why women are targeted by microcredit projects are identified. Elements of a more successful microcredit strategy/program/project are outlined, highlighting collective goals, savings, and empowerment; examples of several such programme, generally smaller and run by local nongovernmental organizations, are offered (Isserles, 2003).

Perry (2002) analyses the new role rural Senegalese women play as moneylenders in their agrarian communities. The shifting terrain of local credit institutions parallels contemporary trends in rural development: state-led agricultural cooperatives, which were introduced in 1960, formerly bolstered the position of elite farmers who lent out cash and grain to poor farmers during the dry-season months of scarcity. Agricultural cooperatives were abolished in the mid-1980s as a result of structural adjustment, and elite farmers have now shifted to market-based activities, no longer offering credit to neighbors and kin. During the same period, nongovernmental organizations, adopting a neo-liberalist ideology, created a number of village banks that target women as the principal recipients of cash loans to be invested in income-generating activities. A significant number of these women choose not to invest this money in trade activities but to recycle the cash as high-interest loans to other farmers -

emulating in new guise the earlier credit strategies of elite farmers. He examines the institutional changes unraveling in rural Senegal that contribute to the rise of a new class of female moneylenders during the contemporary epoch of neoliberal reform and offers ethnographic descriptions of women's money lending practices.

Bhatta (2001) sees that with the recent introduction of the Grameen Bank methodology in microcredit programmes, it is hoped that rural development will finally impact poverty alleviation in Nepal. However, extreme poverty and hostile topography, and hence lack of markets, make it very difficult for any microcredit program to have much impact. It is argued here that the government should continue to place heavy emphasis on two key issues in any future program: expansion into the hills and mountain regions and specifically targeting poor women. Without these two elements, no microcredit programme is going to have much impact on poverty reduction.

According to Bhalotra et al (2001) expectations are high, but evidence of the impact of microcredit remains in short supply. Their article estimates the impact of an urban credit program in Zambia on business performance and on a range of indicators of well-being. Borrowers who obtained a second loan experienced significantly higher average growth in business profits and household income. Inflexible group enforcement of loan obligations resulted in some borrowers, especially among those who had taken only one loan, being made worse off. Their methodological investigations suggest that the supply of rigorous impact studies can be increased by basing them on data collection that serves a wider range of purposes, including market research.

According to Douglas and Terry (2001), microcredit is a concept that has gained widespread acceptance by international development agencies and major donors. It is viewed as a way to correct both governmental and market failure in sub-Saharan Africa. Many view microcredit as a method for linking the formal & informal sectors of African economies to increase the reach of the formal sector. Extending the reach of the formal economy through microcredit is possible, and desirable, depending on macroeconomic reforms, respect for traditional financing relationships, and local control of institutions. However, very little has been done to determine the extent to which microcredit programs actually increase economic well-being. The model programmes, Grameen Bank of Bangladesh, has been studied and evaluated, but replications may not be inherently successful. The literature accepts that microcredit will increase economic well-being, if programs are correctly designed. Program design issues cannot be resolved, however, until economic well-being is measured and associated with specific designs.

Since independence, governmental leaders in Africa have not pursued the policy option of making towns, represented as incorporated units, borrowers of commercial credit. To improve the quality of life among rural populations, governments in Africa should pursue the development strategy of making financial credit available to the towns located in those communities, because there is a high distribution of managerial expertise and material resources among the population. This article considers how African governments may adopt a development strategy that will encourage towns to borrow financial credit to engage in various economic and social activities, just like private companies. If these activities become viable, they may be a useful start in reversing the deterioration in economic and social well-being that several rural communities in Africa have suffered (Bamfo, 2001).

In examining the microcredit movement, including its rationale and underlying premises, its impact on the poor, and its role in development policy, Gary &

Woodworth (2001) think in their study that the failure of top-down development policies in the Third World has given rise to a variety of grassroots, or bottom-up, development strategies to combat the severe poverty that continues to plague developing countries. Among these grassroots approaches, microcredit has grown rapidly in popularity, scope, and impact over the last two decades. Microcredit provides financial capital for poor entrepreneurs who toil in the informal, poverty sectors in developing country economies. In addition to the thousands of predominantly NGOs that offer microcredit programmes, many national governments in the Third World are now seeking to integrate microcredit strategies into their development policy and planning.

Mohammad & Singhal (1992) opine despite many decades of efforts to alleviate rural poverty, the number of rural poor in developing countries is steadily rising. Amid the general gloom and doom of failed poverty-focused programmes, one bright spot is the experience of the Grameen (rural) Bank in Bangladesh. The Grameen Bank represents a radical institutional innovation because it provides collateral-free loans and various social services to poor Bangladeshis yet maintains a loan recovery rate of 98 percent. Founded as an action research project in 1976, the Grameen Bank has diffused to 50 of Bangladesh's 64 districts. The bank now has over one million members, 92 percent of whom are women. Over the past 16 years, the Grameen Bank has created a formidable knowledge base and expertise to combat rural poverty.

In Wahid's study of (1994), the term Grameen means (rural). Bank of Bangladesh has innovated a mechanism under which credit can be provided to the poorest of the poor on a group liability basis instead of any collateral. Based on this principle, over the last decade, the bank has been successfully operating with an unprecedented loan recovery rate. Although from the point of view of profits, the Grameen Bank is not yet a viable institution, empirical evidence suggests that the bank's credit programme has significantly improved the socioeconomic conditions of its borrowers. The Grameen Bank's success story in the alleviation of poverty in Bangladesh has resulted in widespread attempts of its replication in many other countries including the United States and Canada. The spread of the Grameen Bank idea around the world has drawn keen attention from researchers, policy makers and agencies interested in rural development.

Hashemi et al (1996) Presents findings from a 6-village ethnographic study of Grameen Bank and the Bangladesh Rural Advancement Committee, two programs that provide credit to poor rural women in Bangladesh. The programs were found to have significant effects on 8 different dimensions of women's empowerment based on analysis of interview data (N = 120 households), sample survey data (N = 1,300 women) and case studies. It was found that the success of Grameen Bank, in particular, in empowering women is due to its strong, central focus on credit and its skillful use of rules and rituals to make its loan program function.

In response to the conservative triumph in welfare reform in the USA, 'welfare capitalism' has been proposed as an agenda for alleviating poverty. Welfare capitalism is made up of 3 strategies: wage supplements, asset building through Individual Development Accounts and microcredit; and community capitalism. These strategies could be integrated through community financial services that would provide direct financial services to low-income families and aggregate capital in order to leverage community development projects. Examines whether welfare capitalism is a replacement for public welfare or merely a helpful sequel or addition to its programmes. Stoesz and Saunders,(1999) UNICEF (1999), examines how small loans to poor people, when combined with basic social services and key social development messages, improve the well-being of borrowers' children, particularly girls; some focus on places where microcredit is working, and on experiences in Nepal, Vietnam, Egypt, India, and Kenya; 1980s-1990s. "Microcredit" is the extension of small loans to groups of poor people, especially women, for the purpose of investing in self-employment programmes.

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

Chapter three of the thesis presents a detailed plan of methods for collecting, organizing, analyzing and interpreting the obtained data so that at the end, the set of objectives of the study can be achieved. The Major component of this chapter would take into cognizance, the research design, sampling procedure used in the research, the target population, sampling units, sampling frame, sampling selection and sampling size. Other areas of consideration are sampling techniques, data collection techniques, data analysis and data presentation and discussion techniques that unfolds in chapter four.

3.2 The study Area – Techiman Municipality

The current Techiman Municipality was formally part of Wenchi District and later added to Nkoranza and Kintampo Districts before it was made an autonomous district assembly in 1989 under Legislative Instrument (L.I. 1472) of 1989 and was upgraded to a Municipality status in 2004 under Legislative Instrument (L.I. 1799) of 2004. The Techiman Municipal Assembly is one of the eight (8) Municipal Assemblies and twenty-three (23) District Assemblies in the Brong Ahafo Region of Ghana.

3.3 Location and size

Techiman Municipality is situated in the Northern part of Brong Ahafo Region and lies between longitude 1^0 49^0 East and 2^0 30^0 West and Latitude 8^0 00^0 North and 7^0 35^0 South.

The Municipality shares common boundaries with four other districts. They include Wenchi District which lies to the North-West, Kintampo South District at the North-east, Nkoranza North and South Districts at the South-East and Offinso North

District (in the Ashanti Region) lies to the South. These can be found in figures 1.1, 1.2 and 1.3.

The Municipality covers a total land area of 669.7 km^2. representing approximately 1.69% of the surface area of the Brong Ahafo Region. It is the smallest district in the region and is well located in terms of major road accessibility. The Municipal Capital, Techiman, is a major market centre and a nodal town where roads from the three northern regions converge. Trunk roads from Sunyani, Kumasi, and Yeji all converge at Techiman, thus, making it a bustling food crop market and commercial centre. Techiman is one of the fastest growing towns in Ghana and has the largest Agricultural and foodstuff market in the West Africa Sub-Region. (Philip M.M. 1993)

3.4 Relief and Drainage

The topography of the Municipality is generally low and gently undulating. The main relief features are highlands and low lands with the central part of the Municipality reaching a height of 579m above sea level. The lowest part is 3. The Tano River that takes its source from the south, Subin and Kar Rivers to the North are the major rivers that drain the surface area of the Municipality.

Other minor rivers include Brewa, Traifi Kyini, Fia, Aponkosu, Atweredaa. The Tano River is dammed at Tanoso, in the South of the municipality to supply pipe-borne water to the residents of Techiman and its environs.

3.5 Geology and Minerals

The Municipality is underlain by Voltanian and Belt Granite rock formations. The Voltanian formation covers about 90% of the total land area and is rich in sandstones, shales, mudstones and limestones which can be harnessed for the ever expanding constructional and infrastructural development in the municipality

The Belt granite formation is found at Nsuta, Agosa, Mangoase and Mmaampe Hia at the South Western part of the municipality. Although there is a small scale manual quarry industry at Nsuta, there is the need to explore the quarry potential to meet the anticipated demand for general infrastructural development.

3.6 Climate and Vegetation

The Municipality experiences both semi-equatorial and tropical conventional or savanna climates, marked by moderate to heavy rainfall. Major rains start from April to July and the minor from September to mid November with a mean annual rainfall ranging between 1650mm and 1250mm. The only dry season, which is highly pronounced in the Savannah zone, starts in November and lasts until March.

The average highest monthly temperature is about 30^0C (80^0F) and occurs mostly between March and April and the lowest of about 20^0C (79^0F) occurs in August. Relative humidity is generally high throughout the year.

The municipality has three main vegetation zones; namely, the guinea-savanna woodland, located in the North West, the semi-deciduous zone in the south and the transitional zone, which stretches from the south-east and west up to the north of the Municipality. The semi-deciduous forest type, like the other vegetational zones, has largely been disturbed by man's activities depriving the Municipality of its valuable tree species and other forest products. There is, however a large area under forest reserve (teak). The Asubingya reserve, located at the southeast, covers an area of 32.5km (5.0 percent) of the Municipality's total land area. This important resource serves as a protective cover to some of the major rivers that drain the land.

3.7 Environmental Situation of the Municipality

Concerns over the impact of the environment on socio-economic development have become crucial in the Techiman Municipality as nature continues to be exploited to enhance human development. The effects of environmental degradation are manifest in many aspects of daily life in the Municipality.

The Municipality is endowed with natural forest. An area of about 32.4km^2 (5% of total land area has been set aside as forest reserve. Available information indicates that the rate of re-afforestation (In and out of the reserves) falls below the rate of exploitation. The situation is further compounded by human activities such as indiscriminate bush fires, fire wood extraction and rapid lumbering without replanting as well as uncontrolled livestock grazing. The net effect of these activities has been a significant reduction in the vegetation cover that also has adverse effect on the climate.

3.8 Conditions of the Built Environment

Data from the 2000 (PHC) Population and Housing Census show that the Techiman Municipality has 18,960 houses containing 34,332 households. The housing environment within the Municipality is characterized by poor drains, exposed foundations and leaking roof. Most houses in the Municipality are of a very poor quality due to the low quality of building materials used. Most of the dwelling units were constructed with mud brick or earth (57.9%) and cement blocks/concrete (31.0%) Sand Crete /Land Crete (6.6%). The main material for roofing of dwelling units is corrugated metal sheet (74.3%) thatch/palm leaf (21.3%).

3.9 Demographic Characteristics

Population Size

According to the 2000 Population and Housing Census, the population of the Municipality stood at 174,600 with an average growth rate of 30% per annum. The population density was over 260 person/Km^2 far higher than the regional figure of 45.9 and national figure of 79.3.

3.10 Household Composition

The composition and structure of the household reflects the social structure of the society. The average household size is 5.1 as compared to the regional average of 5.3. About 34.2% of the households in the Municipality are female headed. The household structure indicates that Techiman has the highest percentage (41.3%) of children constituting household members. The household composition and structure indicate that the traditional family structure still exists in the Municipality. The dominance of male headed household also accounts for the poverty situation of the households.

3.11 Population Density

The growing population density, which stood at 265 in 2000, indicates great pressure of the population on land and other resources. Growth points such as Techiman, Kenten, Tuobodom and Tanoso continue to accommodate relatively higher population densities with corresponding pressure exerted on existing limited infrastructure facilities. This trend has led to the rise of urban slums with its attendant socio-economic problems within the municipality.

3.12 Population by Settlement

The Municipality contains about 510 settlements. Most of the settlements are located along the main roads of the Municipality. Techiman, the capital, was the only urban settlement in 1960 and 1970 with populations of 8755 and 12068 respectively. By 1984, Tuobodom has also attained urban status with a population of 6871. The increase in the size of urban population may also be as a result of rural-urban migration due largely to unequal distribution of socio-economic resources.

3.13 Migration

There is considerable movement of people into and out of the Municipality. This significant migrant population is attributable to the advantageous location of the Municipality and the bustling food crop market and commercial centre of Techiman. The famous Techiman market attracts a floating population of over six thousand, three days every week, into the Municipality. The immigrant proportion of labour force is also quite high, about 20%. This makes labour cost cheaper and promotes economic activities, especially farming. However, the outcome of this high migrant population is over stretching of the Municipality's limited resources and social services.

3.14 Ethnicity

The predominant ethnic group in the Municipality is the Akan (64.4%) This is followed by the Mole Dagbeni (23.3%), Grusi (1.9%), Ewe (1.4%), Mende (1.4%) with Gruma and other tribes constituting (2.1%). The natives, being Brong's constitute about 75% of the Akan group. The large proportion of natives shows homogeneity in the values which has positive implication for development in the Municipality.

3.15 Religious Affiliation

The distribution of the population by the various religious denominations in the Municipality is the same as the region. Christianity (68.1) has the highest followers as compared to the regional percentage of 70.8. The Municipality has a sizable number of Muslims (20.7%) who are mainly Mole Dagbeni. Those professing traditional religion and no religion constitute (11.2%). The proportion of females professing the Christian faith is higher than males. On the other hand the proportion of males professing Islam, Traditional religion and no religion, in the Municipality is higher than females.

3.16 Socio-Culture

Takyiman has over forty ethnic groups, namely Akan/Bono, Dagombas, Guans and Gruma who are permanently residing in the Municipality, with each group having its own local head and displays its own culture. However, the natives of the land who are mainly Bonos have their own unique tradition and culture. The Techiman Traditional Council is the traditional authority in the Municipality. It is constituted by twenty eight Divisional Chiefs including the Omanhene. The council is currently headed by Oseadeyo Akumfi Ameyaw IV, as Omanhene. (Overlord of the area)

Among the 'Bonos', Takyiman is clearly distinct from the various branches forming the Akan culture. It has developed as heir of the Bono Manso, the capital of the first Bono Empire.

The main aspect of the Bono identity may be described as follows; particularized linguistic origin, historical personality, performance and celebration of distinct and original festivals, religious practices and beliefs and modern political identification. The Bono dialect is based on clear linguistic differences; it constitutes one of the major dialects of the Akan language.

Historically, Takyiman has its roots in what has been described as the Kintampo culture or pre- historic civilization. The beliefs and practices of the Takyiman people are expressed in their worship of the deities and the "blackened" stools of the late Takyimanhene has been the initiator and core of the movement for the resurgence and cultural revival of the Bono people which was known as Bono Kyempim Federation that gave birth to the Brong Ahafo Regional House of Chiefs.

The major festivals are the Apour and Yam festivals. The annual Apour festival is celebrated between April and May. The major significance of the Apour festival is that it gives the citizenry the right to come out openly and criticize those in authority, with impunity. This demonstrates democratization of the rule of law and good governance. It also serves as introspection for those in authority to reassess themselves and make amends for any wrong doings, in order to promote effective development.

The yam festival on the other hand is celebrated between August and September, annually to mark the two farming seasons. It serves as thanksgiving to the Almighty God and the ancestral spirit for a bumper harvest. This helps maintain the relationship between the supernatural beings and the living.

It has also promoted tourism in the Municipality and preserved some cultural heritages. In collaboration with Michigan State University, Kwame Nkrumah University of Science and Technology (KNUST), the Centre for National Culture and the Techiman Municipal Assembly, intend to establish a contemporarily Cultural Centre in Takyiman Municipality dubbed “Nkwantanaso Cultural Centre”.

3.17 Spatial Analysis - Scalogram Analysis

Functional Hierarchy of Settlements

The identification of services in the Municipality was analyzed by employing the scalogram technique. The scalogram (also called Functional Matrix) is a planning tool used to show the sphere of influence (levels of centrality) of selected facilities or services in the municipality and the relative functionality of each settlement within the district/municipality. In other words, the scalogram is a matrix presentation of the functional structure of settlements.

In all, 35 settlements, with each having a population of above 200 in the year 2004. A total number of 55 service centres was also considered in the scalogram. The hierarchy of settlement was derived from the centrality indices. In all, five (5) levels of hierarchy were derived. Techiman, the municipal capital with a population of 79,547 was found to be the only level one (1st) settlement, having 52 services. This was followed by Tanoso as the level two (2nd) settlement with 25 services. Tuobodom, Aworowa and Offuman were found to be the third (3rd) level settlements, with a population of 3327 and 25 service centres respectively. On the other hand, settlements such as Krobo, up to Mesidan and others are the level four (4th) settlements while Tadieso up to Asubingya are the level five (5th) settlements, with few services and total centrality of less than 100.

The key important issue to discuss is the distribution pattern (that is the equality/inequality) of the services among the settlements. It could be realized that settlements with a population above 5000, have more services and, therefore, are playing an important role in the lives of their population. On the other hand, settlements with a population below 5000 have few services. This goes a long way to demonstrate that most services are provided based on the threshold population required for that particular facility.

3.18 Population And Sampling Techiques

The target population composed of the members of the two community credit unions (Ebenezer Co-operative Credit Union and Abotare Ye Co-operative Credit Union). It also included one work place credit union (Abosomakotare Co-operative Credit Union) and some customers of two traditional banks (Ghana Commercial Bank and

Standard Charted Bank) that operate within the Techiman Municipality, their staff, management and the various business activities of clients, ranging from small to medium scale enterprises. (Customers).

3.19 The Study Population

The study population included both Junior and senior staff of the selected Credit Unions and that of the two Traditional Banks, and some members and customers of these two institutions. The population size was 650.

3.20 Sampling Techniques

The principal sampling technique adopted for the study was convenience sampling technique. This sampling method is a non- probability sampling technique as it was difficult to accurately determine the representativeness of the sample size hence, a biased sample was selected. In other words, the needed information was not widely diffused, but restricted to few groups and individuals. In this case, it is only restricted to members of the two community Credit Unions and the one workplace Credit Union and some active customers of the two Traditional Banks operating within the Techiman Municipality. These financial institutions are Abosomankotre Co-operative Credit Union, Ebenezer Co-operative Credit Union, Abotere Ye Co-operative Credit Union, Ghana Commercial Bank and Standard Chartered Bank.

The convenience sampling technique was adopted simply because, the members and customers of these selected Credit Unions and the Traditional Banks were considered to have in-depth knowledge of the problem to be studied, hence becomes relevant to the study.

The technique was further applied on the internal customers of the Traditional Banks (staff), management and some selected customers (beneficiaries).

Convenience sampling technique was extensively used due to the heterogeneity of the study population and the impossibility of reaching all members and customers for the answering of the interview questionnaires.

3.21 Sampling Unit

The Sampling Unit for the study was made up of some active members of the three Credit Unions and their staff and some active customers and staff of the two Traditional Banks.

3.22 Sampling Frame

The number of active members and customers of the three Credit Unions and the staff of the two Traditional Banks, Techiman Branch represented the sampling frame from which the study population was obtained.

Table 3.1 Breakdown of the Sample Frame.

GROUP	NUMBER OF MEMBERS/CUSTOMERS/MANAGEMENT AND STAFF
Management/Staff of Traditional Banks	25
Management and Staff of Credit Unions	25
Beneficiaries of Credit Unions	300
Some active customers of Traditional Banks, including SME's and Corporate Bodies	300
Total Population	650

Source: Field data, June, 2011

3.23 Sampling Selection

For the purpose of good representation of the population, members and customers including management and staff of the study institutions were selected based on convenience sampling technique to source require data for the study as it was not possible to reach all members and customers for the interviews and the answering of the questionnaires.

The sample was therefore selected as follows:

Table 3.2 Groups, Number of Members, Customers, Management and staff from which sample was selected

GROUP	NUMBER OF MEMBERS, CUSTOMERS, MANAGEMENT AND STAFF OF INSTITUTION	SAMPLE SELECTED
Management and Staff of Traditional Banks	25	25
Management and Staff of Credit Unions	25	25
Member beneficiaries of Credit Unions	300	130
Active customers of Traditional Banks, including SME's and Corporate Bodies	300	130
Total	650	310

Source: Field work, June, 2011

3.24 Sample Size

A Sample Size of 310 was chosen out of a population size of 650 of active members and customers, staff and management of the institutions involved.

The Sample Size constituted 48% of the study population. This proportion of the population was chosen due to the busy nature of customers, members, staff and management of these institutions, the area in which they operate and the time frame for the study.

3.25 Data Collection procedure / Research Instrument

Two main data collection techniques were employed to source relevant data for analysis and presentation.

The first was face - to -face structured interview which was conducted to find some specific answers from Board of Directors and management of the two financial institutions.

Another equal technique employed in the data collection process was the use of questionnaire. Data was sourced from reliable respondents and key informants such as Board of Directors, and Committee members of the selected Credit Unions and some customer beneficiaries of the traditional banks including their management with the administration of closed ended and open ended questionnaires.

3.26 Research Design

Exploratory research design was employed with little descriptive methodology as the operations and information on Credit Unions is not widely defused to most people within Techiman Municipality coupled with less literature especially in the print media.

The research design adopted for this thesis included the use of face to face in-depth interviews for individual respondents, administration of structured and unstructured interview checklists, information drawn from questionnaires, and surveys.

Both members and customer responses were used in all the analysis and conclusions this was in addition to quantitative and qualitative techniques of gathering information that were used, especially in establishing the relationship that exists between the criteria being used by Credit Unions to administer credit facility and that of the Traditional Banks.

3.27 Data Analysis Techniques

Both qualitative and quantitative data analysis techniques were employed in the analysis and presentation of the available data.

CHAPTER FOUR

DATA ANALYSIS AND DISCUSSION OF RESULTS

4.1 Introduction

This chapter deals with the presentation and analysis of data which were collected from respondents. The data was analyzed both quantitatively and qualitatively. The data presentation and discussion took into cognizance some descriptive tables, figures and statistical models such as pie charts, bar graphs which were translated into percentages, frequencies, averages, mean among others. Inferences were then drawn based on the analysis. The data was analysed based on the objectives of the study. The prime objective of this study is to examine the impact of credit unions on member businesses by making a comparative study of credit unions and the traditional banks. To ascertain the impact of credit unions on member businesses, a comparative study of credit unions and the traditional banks in the Techiman municipality was carried out. 310 respondents were selected from both the banks and the credit unions including staff. Out of the total number, 50% of respondents were clients of the credit unions while 50% were with the traditional banks.

Others are to examine the benefits of credit unions on member businesses, to find out the procedures members/ customers go through before accessing a credit facility from either a credit union or a traditional bank. Again it sort to identify the factors that motivate members/customers to seek financial assistance either from a credit union or a traditional bank and, to crown it all, to examine the challenges members/customers face when accessing credit facility from a credit union vis a vis the traditional banks. Assessing the impacts, areas such as total impact of the loans, impact on the business capital, skill acquisition, access to health care and level of social support were considered. It all started with the socio-demographic characteristics of the respondents. Tables, bar charts, and pie charts were used to represent the data.

This aspect of the data intends to seek the opinions of some staff members of both the traditional banks and the credit unions regarding the criteria for processing and accessing credit facilities in their respective institutions. The differences that exist in the operations of both institutions and the problems they face are also subjects of study in this dada.

4.2 Background of Staff

Table 4.1: Financial institutions and sex respondents of staff

Relationship between Financial institutions and the sex of respondents		SEX OF RESPONDENTS		Total
		Male	Female	
BANK	Frequency	12	13	25
	% of Total	24%	26%	50%
CREDIT UNION	Frequency	13	12	25%
	% of Total	26%	24%	50%
Total	Frequency	25	25	50%
	% of Total	50%	50%	100%

Field Survey, June, 2011

From Table 4.1 which represents the financial institutions' respondents, 50% constituted banks workers while 50% represented the credit unions workers. Among these respondents, 50% were males while 50% were females.

On their ages, 26.0% were between 20 and 26 years while 74.0% were between 26 and 35 years and above. In all, 56.0% of the respondents were married, 40.0%, were single whereas 4.0% were widowed. As regards the educational levels of respondents, 12.0% made it up to the secondary. On the other hand, 88.0% made it up to the tertiary level. Concerning their religious backgrounds, 88.0% were Christians, 4.0%, Traditionalists while 8.0% were Muslims.

Table 4.2 Socio-Demographic Characteristics of the respondents (staff)

Sex	Frequency	Percentage
Male	25	50
Female	25	50
Total	50	100.0
Age groups		
20-26	13	26.0
26-35	37	74.0
Total	50	100.0
Marital Status		
Married	28	56.0
Single	20	40.0
Widowed	2	4.0
Total	50	100.0
Educational level		
Secondary	6	12.0

Tertiary	44	88.0
Total	50	100.0
Religion		
Christian	44	88.0
Traditional	2	4.0
Moslem/Islam	4	8.0
Total	50	100.0

Field Survey, June, 2011

4.3 Criteria for Accessing Loans from Traditional Banks and the Credit Unions (I)

One of the major objectives of the study was to establish the criteria for contracting loans from the banks or the credit unions. As the respondents were asked to state a number of criteria each, they did mention several of them which were grouped in five sets. In all, they mostly talked about the same thing including:

*Having accounts with the financial institutions

* Saving with the bank for some period

*Being credit worthy

*Being a share holder

* Having 10% of their savings balance as shares

*Accepted type of business

*Having an accepted collateral security

*Having a good savings habit

The factors listed above were generally given as the criteria for accessing the loans. These were however given by the respondents (bank and credit union officials) in separate sets as detailed on the tables labeled critical factors for granting loans to the clients (1-5).

Table 4.3 Critical Factors for Granting Loans (i) (Traditional Banks)

Response	Frequency	Percentage
Having an account with the bank	12	48%
Saving with the bank for some period	5	20%
Being credit worthy	8	32%
Total	**25**	**100%**

Field Survey, June, 2011

Table 4.4: Critical Factors for Granting Loans (ii) (Credit Unions)

Response	Frequency	Percentage
Must have saved for a period of six months	15	60.0
Shares should be 10% of their savings balance	8	32.0
Must be a share holder (with a minimum share)	2	8.0
Total	25	**100.0**

Field Survey June, 2011

On the question of the criteria of granting loans in their various institutions, (Banks) among the first group of respondents, 48.0% explained that a client must simply have an account with the institution whereas 20.0% explained that a client must have saved with the institution for some time before qualifying to take a loan. On the other hand, 32.0% explained that a client must proved to be credit worthy before he/she could be granted the loan.

Among the Credit Union group, 60.0% explained that members must have saved for a minimum period of six months before they could qualify for a loan whereas 32.0% explained that members should have shares worth at least 10% of their savings' balance. However, 8.0% said members must simply be a share holder of the institution in order to qualify for a loan.

4.4 Criteria for Granting Loans to the Clients (II) (Credit Unions)

On the part of the third group of respondents, 56.0% also explained that clients must have at least 10% of their savings' balance as shares whereas 32.0% explained that the borrower must be credit worthy to qualify for a loan.

4.5 Criteria for Granting Loans to the Clients (III) (Traditional Banks)

Among the forth group, 56.0% also explained that a client should be credit worthy before he/she could be granted loan whereas 44.0% explained that a prospective borrower should have the requisite collateral security before he/she could qualify for a loan.

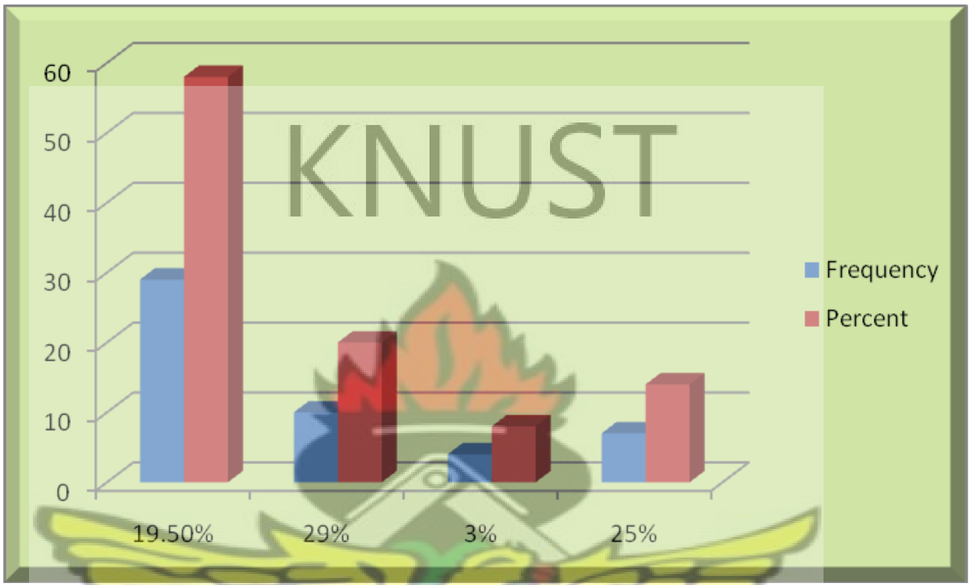
4.6 Criteria for Granting Loans to the Clients (IV) (Both Credit Unions and Traditional Banks)

Among the fifth group of respondents, 52.0% explained that a borrower must have a good saving record before he/she could be granted a loan while 48.0% explained that for a borrower to be granted a loan, it would depend on the type of business the individual is running or engages in.

On the question of whether these institutions give preference to the type of income generating activity the borrower is engaged in, 76.0% responded in the affirmative, while 24.0% denied. Besides, on the question of how they reach their clients, 52.0% explained that they do so by paying a visit to their business sites whereas 48.0% claimed that they reach their customers through education on the type of services they render.

On the type of collateral security needed before clients could be granted loans, 21% of respondents claimed it has to be a co-worker, 39% responded that one need an immovable landed property while 40.0% explained that it has to be in a form of a co-maker system. Meanwhile, on the question of how long it takes a borrower to start paying a loan, almost all respondents (100.0%) explained it has to be from one month onwards.

Figure 4.1 The lending rates at which loans were granted to the clients



Source: Field survey, June, 2011

As regards the lending rate on loans, 58.0% said they charge 19.5%p.a. while 20.0% said theirs is 35% p.a. On the other hand, 8.0% said they charge 3% per month whereas 14.0% said they charge 25% pa. On the question of whether they organize training programmes as to how to manage the loans granted, 80.0% responded in the affirmative, whereas 20.0% denied. Among those who claimed that they organize the training programmes, 84.0% said they do it before the credit is given out, while16.0% said they do it after giving out the credit.

Table 4.5 The purpose of the training scheme for clients (Credit Unions and Traditional Banks Officials)

Responses	Frequency	Percentage
To help them manage their business well	34	68.0
Not able to access huge loans	16	32.0
Total	**50**	**100.0**

Source: Field work, June, 2011

As regards the purpose of the training scheme, 68.0% of the respondents said it is meant to help customers manage their businesses well, while 32.0% said it is meant to educate those who are not able to access huge loans. On whether the clients see the training programmes as beneficial, 80.0% said 'yes' while 20.0% said 'no'.

Table 4.6 Problems facing Clients (Credit Unions and Traditional Banks)

Response	Frequency	Percentage
Availability of capital and skills	13	36.0
Clients knowledge about the Industry	150	48.0
Market conditions (unstable market conditions)	47	15.0
Total	**310**	**100.0**

Field Survey, June, 2011

On the question of problems being faced by clients, 36.0% respondents said it has to do with the startup capital of clients which is either not sufficient or not available at all and lack of the requisite skills to access initial capital. Some clients also do not study the industry they want go in. This was the opinion of 48.0% of the respondents. On the other hand, 15.0% are of the view that the problem facing clients is market failure.

It can be deduced that these problems are general to both institutions.

On whether credit is able to boost the business, 80.0% of respondents responded in the affirmative while 20.0% denied. Among those who said 'yes', 16.0% are of the view that it permits them to pay more dividends to shareholders while 64.0% claim that it increases the member/customer income thus help their businesses to grow.

Table 4.7 Customers Perceptions of Services

Types of Services	**Bank** %	**Credit Union%**	**Total Percentage**
Interest rate on savings	16.0	84.0	100
Safety	80.0	20.0	100
Service charges on transactions(Lower Service Charges)	16.0	84.0	100
Degree of accessibility	60.0	40.0	100
Easy access to credit	8.0	92.0	100
Interest rate on Loans (Higher Interest rate on Loans)	80.0	20.0	100
Length of time to approve loans	84.0	16.0	100
Management of relatively smaller loans	12.0	88.0	100
Loan processing fees	80.0	20.0	100
Liquidity challenges	48.0	52.0	100
Collateral Requirements	96.0	4.0	100
Total	**560**	**540**	**1100**

Source: Field work, June, 2011

In comparing banks and credit unions as regards the type of services they render, respondents expressed the following: in line with the institution with higher interest rates on customer/member savings, 16.0% thought it is the traditional banks whereas

84.0% rather went in favour of the credit unions. On the issue of safety, 80.0% of respondents went in favor of the banks while 20.0% rather thought it is the credit unions. Contrary on lower service charges, only 16.0% went for the banks whereas 84.0% went for the credit unions. Besides, as regards the issue of the institution whose common bounds are not accessible to many people, 60.0% were of the view that is the banks whereas 40.0% think it is the credit unions. It can be inferred that credit unions are more accessible than the traditional banks. Meanwhile, as regards the institution with the easiest access to loan facilities, 92.0% were of the opinion that it is the credit unions while 8.0% think otherwise. (Traditional banks). However, on grounds of higher interest rate on loans, the banks scored 80.0% while the credit unions scored 20.0%. This implies that traditional banks charge higher interest on loans than credit unions. On the length of time an institution spends in approving loans or credit facilities, 84.0% found the banks as culprits whereas 16.0% rather thought it is the credit unions. In other words, it takes a longer period for traditional banks to approve loan facilities.

From the raw comparison of the figures, the credit unions are more preferred to the banks in terms of services. The results show that banks are represented by 50% and the credit unions constitute 49%. It is however fair to draw conclusion based on these figures since respondents from both groups were almost the same in number.

Table 4.7 shows that there is significant difference in the types of services between the bank and those of the credit unions in terms of types of services rendered. Even though the credit unions respondents were having relatively smaller percentage as compared to the traditional banks, it favoured of the banks with the relatively higher mean than that of the credit unions with smaller mean. The fact however, remains that there is significant difference between the two institutions in terms of the types of services they deliver to their clientile.

On the contrary, in terms of managing relatively smaller loan portfolios, 88.0% went for the credit unions whereas 12.0% went for banks. This means that the traditional banks manages relatively larger loans than the credit unions. As regards the institution with the highest loan processing and commitment fees, 80.0% found the banks as culprits while 20.0% thought otherwise.(The Credit Unions) On the part of liquidity challenges in meeting customers/member savings withdrawal and loan demands, 48.0% thought it is the banks whereas 52.0% thought it is rather the credit unions. What this means is that the traditional banks are more liquid than the credit unions. However, on the question of which of the two institutions requires regid collateral before loan or credit facility is advanced, 96.0% thought the banks are the victims while 4.0% attributed it to the credit unions.

On whether respondents encounter problems with their activities, 92.0% responded in the affirmative while 8.0% denied. Those with the banks who confirmed the existence of problems cited diversion of funds on the part of borrowers, (traditional banks staff) existence of many banks and the inability of some account holders to access loan facilities as some the problems. On the part of those working with the credit unions, they cited frequent withdrawal of deposits by members, refusal of members to be in a queue while receiving service, high rate of delinquency, poor saving habits and lack of interest in buying shares as some of the problems they face.

Table 4.8 Sex of respondents and the Financial Institutions (Member/Customers)

Relationship between sex of respondents and the Financial Institutions		FINANCIAL INSTITUTIONS		Total
		Banks	Credit Unions	
MALE	Frequency	84	95	**179**
	% of Total	27%	31%	**58%**
FEMALE	Frequency	71	60	**131**
	% of Total	23%	19%	**42%**
Total	**Frequency**	**155**	**155**	**310**
	% of Total	**50%**	**50%**	**100.0%**

Source:* *Field work, June, 2011

On the sex of respondents, 58% were males, whereas 42% were females. Composition of males in traditional banks is lesser than the male composition of credit unions respondents with 31%. On the other hand, percentage of females in the traditional banks (23%) is greater than that of the credit unions with a percentage score of 19%. This means that males dominate credit unions membership where as traditional banks have relatively greater number of females as compared with the credit unions female membership.

Table 4.9: General Socio-demographic variables of the clients (Both Banks and Credit Unions)

Sex	Frequency	Percentage
Male	169	54.5
Female	141	45.5
Total	310	100.0
Age groups	**Frequency**	**Percentage**
16-25	74	23.9
26-35	47	15.2
36-45	63	20.3
46-55	69	22.3
56-65	37	11.9
65+	20	6.5
Total	310	100.0
Marital status	**Frequency**	**Percentage**
Married	182	58.7
Single	76	24.5
Widowed	34	11.0
Divorced	18	5.8
Total	310	100.0
Highest educational level	**Frequency**	**Percentage**
Never attended school	18	5.8
Basic	57	18.4
Secondary	37	11.9
Teacher/nursing/vocational training	87	28.1

Tertiary	111	35.8
Total	310	100.0

As regards marital status of respondents, 58.7% were married, 24.5% were not married, 11.0% widowed while 5.8% were divorced. On the part of the educational level of respondents, 5.8% have never attended school, 18.4% had only basic education, 11.9% secondary education, 28.1% had either teacher training/nursing training or a vocational training, while 35.8% were able to pursue tertiary education.

Table 4.10 Socio-demographic characteristics of the respondents (members/customers)

Religious affiliation	Frequency	Percentage
Christianity	242	78.1
Traditional religion	24	7.7
Moslem	44	14.2
Total	310	100.0

Field Survey, June 2011

Moreover, on the religious affiliation of respondents, 78.1% were Christians, 14.2% Muslims whereas 7.7% were traditionalists.

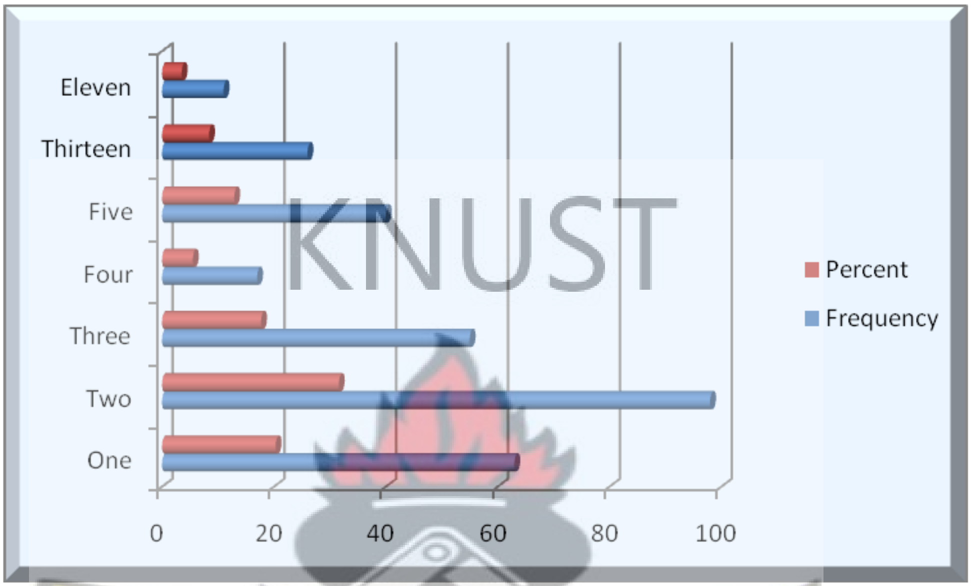
Household Composition

On the household composition, 13.5% of respondents had only a child,42.6% had three, 15.2% had four, 10.6% had five, 7.1% had seven, 7.7% had eight while3.2% had nine children. Out of these respondents, 21.6% had only a male child, 33.9% had two male children, 15.8% had three, 7.7% had four, 16.1% had five male children while 4.8%% had nine.

On the part of the number of female children, 23.2% had only one, another 23.2% had two female children, 35.5% had three while 18.1% had four of them.

It can be deduced that the household composition was not very large with 42.6% having three children. Therefore the dependency ratio of the respondent is relatively low. The below figure throw more light on dependents of respondents.

Figure 4.2 Number of dependents of the clients



Source: Field data, June, 2011

In answering the question on the number of dependents 20.3% of the respondents said they had only one dependent, 31.6% had two, 17.7% had three, 5.5% had four, 12.9% had five, 8.4% had thirteen, while 3.5% had eleven dependants. On whether the children and other dependants go to school, 76.5% responded on the affirmative while 23.5% responded on the contrary. Out of these respondents, 7.1% claimed none of the dependants is currently in school, 24.8% indicated only one, 21.0% said two, 17.7% indicated seven, 17.1%, said three, while12.3% claimed five are currently in school.

Table 4.11 The Economic activities which the respondents engage in

Response	Frequency	Percentage
Trading	148	47.7
Banking	55	17.7
Mechanics/Garagist	17	5.5
Teaching and animal rearing	21	6.8
Teaching and trading	69	22.3
Total	310	100.0

Field Survey, June, 2011

On the issue of the economic activities respondents engage in, 47.7% said they are traders, 17.5% are in the banking sector, 5.5% are mechanics/garagists, 6.8% engaged in teaching and animal rearing whereas 22.3% are engaged in teaching and trading. Among these respondents, 10.0% have been on their respective jobs since 1997. Those who had been on the business for 7 years, those who started in 2001 and 5 years attributed their existence in their respective businesses to the source of credit they had been enjoying from micro financial institutions and some “susu” operators within the municipality. 12.9% have been working for 5 years, 10.0% for two years, 19.0% for seven years, 13.5% have been working since 2001, 9.4% since 2010, 3.5% since 1991, 4.5% for over 40 years, 8.1% since long time ago, while 7.1% claimed they are also engaged in their jobs about 25 years as illustrated in table 4.14.

Total 4.12 The length of time the respondents have worked with their respective institutions

Response	Frequency	Percentage
Since 1997	31	10.0
Seven years ago	58	19.0
Five years ago	40	12.9
Two years ago	38	12
Since 2001	42	13.5
Since 2010	29	9.4
Over 40years ago	14	4.5
Long time ago	25	8.1
Since 1991	11	3.5
About 25yrs	22	7.1
Total	310	100.0

Field Survey, June, 2011

Unit of products Respondents produce a day

On the question of how many units of products respondents can produce a day, 22.6% said about 10 units, 17.4% said 200 units, 11.6% estimated about 30 units, 16.5%, about 11 units whereas those working as mechanist/garages estimated that they could repair about 6 cars a day. Most of the respondents claim that they got their capital from the credit unions and then from the banks. But still need more capital to expand their business.

Table 4.13 Sources of credit for Customer/Member businesses

SOURCES	YES	NO	TOTAL PERCENTAGE
Bank	43	57	100
Credit union	81.9	18.1	100
Self financing	44.5	55.5	100
Family	18.4	81.6	100
Friend	18.1	81.9	100
Church	6.1	93.9	100
Other micro financing Institutions	68	32	100

Field Survey, June, 2011

On whether respondents have access to credit facilities or not 81.9% said yes while 18.1% said no. In the same vein, on the question of whether they source their credit from the traditional banks, 43.% responded 'yes' while 57% said 'no'. More so, on the question of self financing, 44.5% responded 'yes' while the remaining 55.5% said 'no'. As whether the respondents source credit from family members, 18.4% were affirmative whereas 81.6% denied. On the part of those who source the credit from friends, 18.1% responded 'yes' while 81.9% said 'no'. As regards sourcing the credit from churches, 6.1% said 'yes' while 93.9% said 'no'.

On those who source their funding from credit unions, 81.9% responded 'yes' with 18.1% 'no'.

It was further established that some members of credit unions were also customer of some of the traditional banks and vice versa.

Again, on the question of respondents sources of credit from other microfinancing institutions such as ‘susu’ operators, savings and loans companies 68% responded ‘yes’ whereas 32% declined.

From the fore, it can be affirmed that sources of credit for customer/members businesses are obtained from many sources with the chunk from credit unions and other microfinancing institutions though the traditional banks play a significant role.

Table 4.14 Amount given to clients as loans (Credit Unions / Traditional Banks)

Amount in Gh Cedis	Frequency (Credit Unions)	Percentage Percentage	Frequency (Traditional Banks)	
1000	24	15.5	17	11.0
1500	17	11.0	6	3.9
2000	32	20.6	24	15.5
2500	20	12.9	23	15.0
3000	23	14.8	20	12.9
3500	4	2.6	19	12.0
4500	19	12.2	4	2.6
5000	6	4.0	10	6.5
More than 5000	10	6.5	32	20.6
Total	**155**	**100.0**	**155**	**100**

Field Survey, June, 2011

Also, on the question of how much is given to respondents from their credit organizations, as loan,15.5% said they are given a sum of about 1,000 cedis, from credit unions, 11. % said about 1,500 cedis, 20.6% said about2, 000 cedis, 12.9%, about 2,500 cedis, 14.8%, about 3,000 cedis, 2.6%, aout 3,500 cedis, 12.2%, about

4,500cedis, 4.2%, about 5,000cedis while 6.5% claimed they were given a sum of more than 5,000 cedis from their various credit unions.

On traditional banks, the question of how much is given to respondents from their respective banks, 11% perge it at GHs 1000.00 . 3.9% at GHs 1,500.00 ,15.5% placed it at GHs 2,000.00, 15.0% said GHs2, 500, 12.9% indicated GHs 3000, 12.0% at GHs 3,500 and 20.6% at over GHs 5,000.00.

The most significant deductions from the question of amount given to clients or members as loans was that credit unions are able to advance relatively smaller loans to their member beneficiaries that is betweenGHs 1,000.00 to GHs 3,000.00 where as the traditional banks credit financing to beneficiaries are relatively higher than their credit unions counterparts with 20.6% obtaining over GHs 5,000.00 hence, traditional banks were rated higher in terms of amount given to their clients as loans.

Figure 4.3 Rating Customers/Members Perception of Acquired Capital

Source: Field survey, June, 2011

On the rating of the capital given by these business organizations, 7% of respondents rated it as low,82.3% rated it as average while 11.0% rated it as high. On the question of whether it is enough to sustain their businesses, 29.4% responded 'yes' while 70.6% said 'no'.

Table 4.15 Credit Qualification Conditions (Credit Unions and Banks)

Conditions	Frequency	Percentage
After saving for 6 months and contributing 10% of savings as share (credit union members)	163	52.5
After saving for 12yrs and using my house as collateral(Traditional Banks)	113	36.5
Users of pay slips(Both Credit Unions and Traditional banks)	34	11.0
Total	310	100.0

Source: Field work, June, 2011

Regarding how respondents qualified for the credit, 52.5% said they saved for six months and then contributed 10% of their savings as ashares before they could qualify for the credit (members of credit unions). On the other hand, 36.5% claimed they saved for 12 years and then used their houses as collateral before they could secure the credit(clients from traditional banks). Besides, 11.0% also said they used their pay slips to secure the credit(both credit unions and traditional banks). However, on the question of whether one needed a collateral before the credit was granted, 76.1% said 'yes' while 23.9% said 'no'.

Table 4.16 What respondents used as collateral to source the credit (Both Banks and Credit Unions)

Response	Frequency	Percentage
House document/ car document(clients from traditional banks)	29	9.4
Land(clients from traditional banks)	76	24.5
Member guarantor (credit union members)	119	38.4
A friend guaranteed it (credit union members)	51	16.5
Those who could not get guarantors (both credit unions and traditional banks)	35	11.3
Total	310	100.0

Field Survey, June 2011

On the part of those who provided collateral, 9.4% said they used their houses' and car documents while 24.5% said they used their lands as collateral (these were mostly credit union members). On one hand, 38.4% of the members of the credit union guaranteed for themselves while 16.5% said their friends were their guarantors. However, 11.3% said they could not secure the credit because they could not provide any form of collateral (both traditional banks customers and credit union members).

As regards whether, it was difficult to access the credit, 64.8% said 'yes' while 35.2% expressed contrary view. Among those who said 'yes', 48.3% explained that it was difficult to get a guarantor. On the other hand, 37.4% claimed they visited the bank on several occasions before they could access the credit.

Also, 14.3% said they could not access it at all because of the difficulty they faced by not getting any guarantor.

The table below throw more light on collateral situation of the two financial institutions.

Table 4.17 Explanation of how difficult it was to get the collateral

Respondent	Frequency	Percentage
Difficult to get guarantor	128	48.3
Visited the bank many times before loans were granted	99	37.4
Those who were able to access the loan	38	14.3
Total	**265**	**100.0**

Source: Field work, June, 2011

Out of the 265 respondents, 128 representing 48.3% stated that it was difficult to get guarantors. 99 of the respondents said they visited their banks many times before loans were granted representing 37.4%(traditional banks clients) where as those who were able to access the credit facility by easily satisfying the collateral requirements stood at 14.3% out of the 265 respondents. It implies that very few applicants were able to meet the collateral criteria. 45 respondents never gave any input, hence their views were not included.

On how the repayment was done, 18.1% of respondents said they paid it on weekly bases while81.9% said it was done on monthly bases.

Table 4.18 Comparative Lending Rates at which the beneficiaries paid back the loans

Response	Frequency	Percentage
3% monthly on a reducing balance (mostly credit union members)	129	41.6
19.5% PA (mostly Credit Union members)	26	8.4
38% PA (Bank Customers)	65	21
50% PA (Monthly Bank customers)	29	9.3
10% monthly (Bank Customers)	25	8.1
15% Monthly (Bank Customer)	36	11.6
Total	**310**	**100.0**

Source: Field work June, 2011

On the rate at which the interest on the credit was paid, 41.6% explained it was at the rate of 3% monthly on a reducing balance, 8.4% said it was 19.5%pa, 21% pegged it at the rate of 38%. Besides, 11.6% claimed they paid 15% monthly while 8.1% said they paid 10% monthly, 9.3% of the respondents said it was at 50% per annum.

From the fore, one can conclude that rate of interest charged on loans by traditional banks is higher than that of the credit unions.

Table 4.19 What the beneficiaries used their income for

Response	Frequency	Percentage
Re-invest in the business	113	36.5
Saving	38	12.3
Savings and housekeeping	53	17.1
To educate children and expand business	79	25.5
To finance housing projects	10	3.2
Invest in farming	17	5.5
Total	**310**	**100.0**

Source: Field survey, June, 2011

The question of what customers/members use their income earned for, 36.5% of the respondents explained they re-invested it in their businesses, while 12.3% said they saved with their excess income. More so, 17.1% retreated they saved some and used some for housekeeping, while 25.5% claimed they used it to educate their children and expand their businesses.

On the other hand, 3.2% said they used theirs to finance housing projects while 5.5% said they invested their income in farming. On the question of whether respondents save part of their income, 86.8% said 'yes' while 13.2% said 'no' because their businesses are just at breakeven point.

Table 4.20 The percentage of Income saved by the beneficiaries of loans

Response	Frequency	Percentage
Up-5%	35	12.3
Between 6-10%	94	33.0
Between 11-15%	36	12.6
Between 16-20%	74	26.0
Above 20%	30	10.5
80%	16	5.6
Total	**285**	**100.0**

Field Survey, June, 2011

Among those who responded 12.3% said they save about 5% of their income, 33.0% said they save between 6 and 10%, 12.6%, between11 and 15%, 26.0% said between16 and 20% while 10.5% save above 20%. On the other hand, 5.6% said they save up to 80% of their income 25 beneficiaries never disclosed any income hence their views were not included in the survey.

4.7 General impact of the traditional banks and credit unions loans on businesses

In all, the total impact or benefits of the credit given by both the banks and the credit unions have been assessed. The total impact is dependent on the individual impacts in areas such as business capital, skills acquisition, and access to health care and social support or contributions constitute the predictors or independents variables. The combination of questions that sought whether the loans have been beneficial, improved business capital, skills acquisition, access to health care and social support was used to be the dependent variable or the predictor. Other questions that rated were the extent of impact under business capital, skills acquisition, access to health care and social support were also used as the independent variables. These variables were subjected into comparison for the two financial institutions as illustrated below

4.8 Comparisons between the traditional banks and the credit unions on the types of impacts of the loans

On the question of whether the loans given to respondents to support their businesses have been very beneficial to improve the overall living standard in terms of the business capital, skill acquisition, health and the extent of social support, 77.1% as against 22.9% were affirmative. In all, the areas of benefits such as benefit of loans, capital acquisition, level of health care and social support were the significant difference between the beneficiaries of loans from the credit unions and those from the traditional banks. In simple terms, the clients from the bank have had more improvement than their counterparts from the credit union in terms of the overall benefits from the business capital, skill acquisition, health and the extent of social support. It must however be noted that traditional banks advance relatively higher loans to their clients than their credit union counterparts.

Table 4.21 Mean Difference in the total impact between Banks and Credit Union beneficiaries

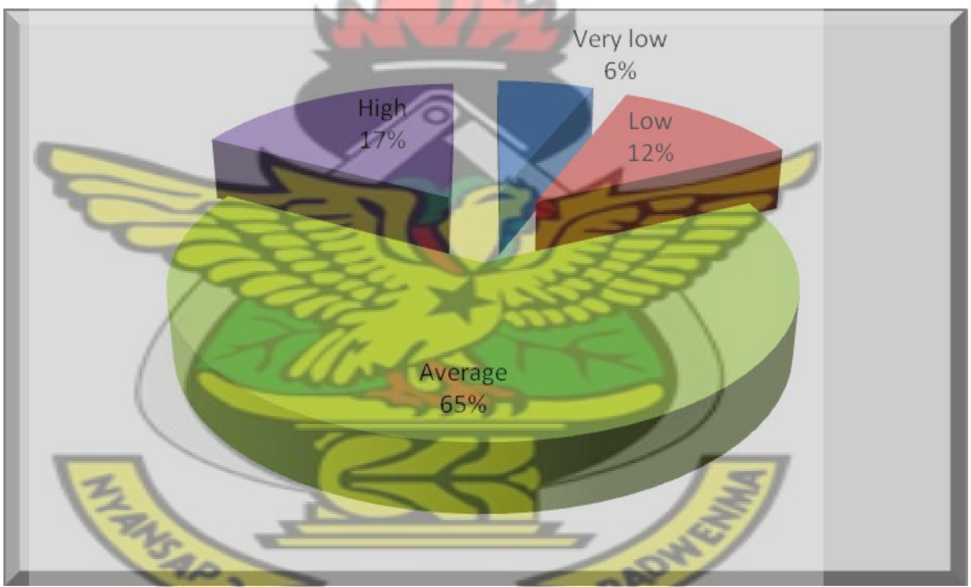
Variables	BANK/ CREDIT UNION	N	Mean
Beneficiaries of the loans	Banks	91	42.8571
	Credit Union	219	40.8813

Source: Field survey, June, 2011

Table 4.21 shows that there is a significant difference in the level of impact obtained by beneficiaries from the bank with the score (M=42.8571) and beneficiaries from the credit union with the score (M=40.8813). What this means is that the beneficiaries from the bank with higher mean have higher impact of the loans than the beneficiaries from the credit unions with smaller mean. However, there is an indication of a higher level of improvement in life of both sets of clients after the loans were given.

Rating their benefits on business capital, 6.1% indicated that it was very low, 12% said it was low, 64.8% said it was average while 17.1% rated it as high. It is thus known that the benefit on business capital has been generally good as portrayed in figure 4.4 below.

Figure 4.4 Rating benefits on business capital of the clients



Source: Field data, June, 2011

4.9 Differences in business capital between beneficiaries of credit unions and the traditional banks.

On the question of whether respondents perceive differences in business capital between credit union beneficiaries and those of banks, 95.5% said ‘yes’ while 4.5% said they do not see any difference. This means there is a difference between the business capitals given to the two types of beneficiaries. Comparing the levels of improvement in capital base between the clients from the banks and those of the credit unions, the former have higher improvement in capital than the latter. The mean table below has the details.

Table 4.22 Mean Difference in the impact between beneficiaries of traditional Banks and Credit Unions on business capitals

Variables	BANK/ CREDIT UNIONS	N	Mean
Acquisition of business capital	Bank	91	6.4396
	Credit Un	219	5.9452

Table 4.22 shows that there is significant difference in the level of impact on business capital between the beneficiaries from the bank score (M=6.4396) and beneficiaries from the credit union score (M=5.9452). What this means is that the beneficiaries from the bank with higher mean have higher impact of the loans on their business capitals than the beneficiaries from the credit unions with smaller mean. However, there is an indication of a higher level of improvement in business capital for both sets of clients after the loans were given to them.

On the extent of differences respondents perceived between beneficiaries of credit unions and those of banks, the frequency on the table indicates that majority perceive these differences as very significant as about one-third of them have indicated with reference to credit unions.

4.10 Skill Acquisition

In answering the question whether respondents had acquired any new skills since they started benefiting from the credit, 81.6% were affirmative while 18.4% indicated otherwise. On the part of those who had acquired the skills, 12.3% rated their skill acquisition as low, 45.2%, average, 27.7%, high, whereas 14.8% rated it as very high. On the extent of differences, respondents perceived between beneficiaries of credit unions and those of traditional banks, the frequency on the table below indicates that majority perceived these differences as very significant as about one-third of them have indicated. The mean table below compares the differences between the clients from the bank and those from the credit unions on the levels of skill acquisition.

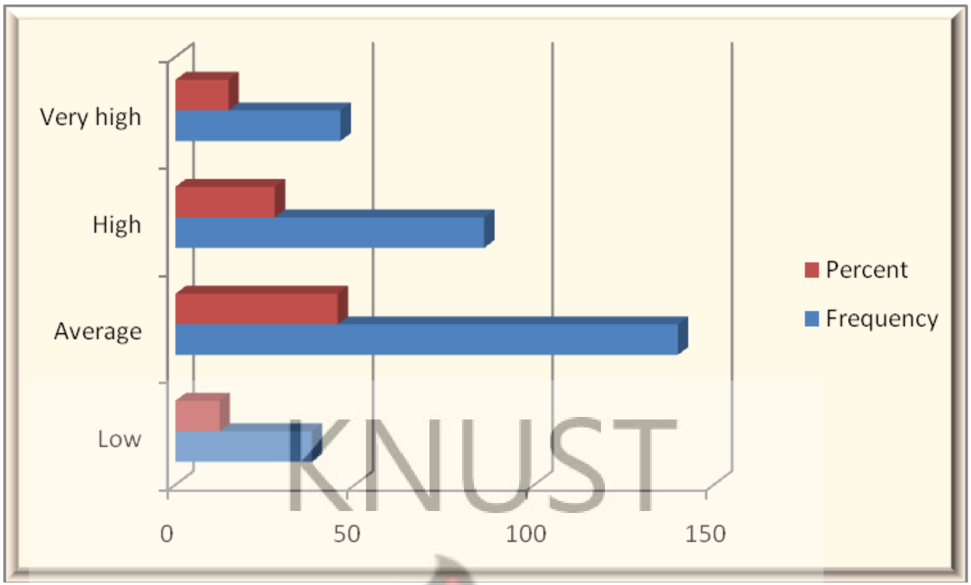
Table 4.23 Mean difference in the impact between traditional banks and credit union beneficiaries on skill acquisition

Variables	BANK CREDIT UNION	N	Mean
Level of skill acquisition	Bank	91	9.5495
	Credit Union	219	9.0411

Source: Field survey, June, 2011

Table 4.23 shows that there is a significant difference in the level of impact on skill acquisition between the beneficiaries from the bank score ($\underline{M}$=9.5495) and beneficiaries from the credit union score of ($\underline{M}$=9.0411). It means that the beneficiaries from the bank with higher mean have higher impact of the loans on their business capitals than the beneficiaries from the credit unions with smaller mean. However, there is an indication of a higher level of improvement in skills acquisition for both sets of clients than after the loans were given.

Figure 4.5 Rating the skill acquisition of the clients

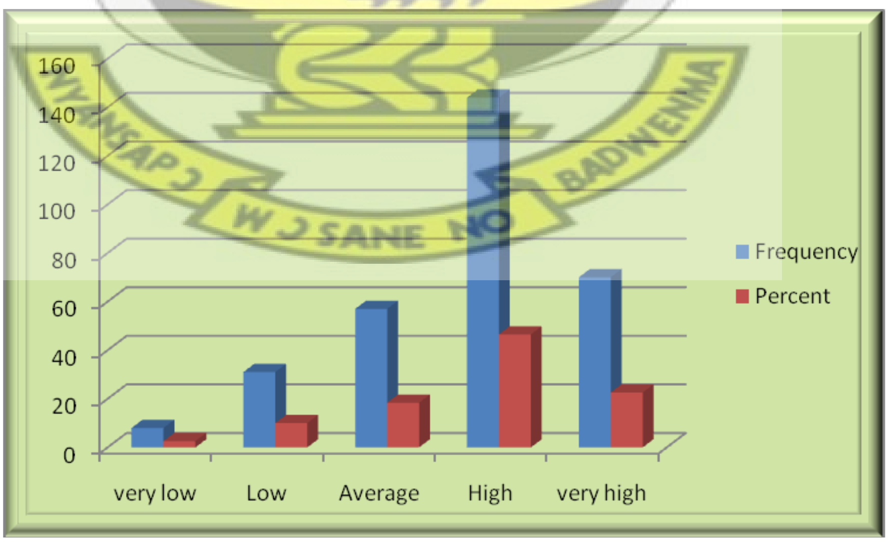


Source: Field survey, June, 2011

4.11 Levels of access to health care

On the question of whether respondents were members of the NHIS, 88.4% as against 11.6% positively answered. Besides, on whether respondents' ability to pay for their NHIS premium as and when they fall due is as a result of credit accessibility, 72.9% as against 27.1% were optimistic about the assertion.

Figure 4.6 Rating levels of access to health care



Source: Field data, June 2011

As regards how respondents would rate their level of access to healthcare, 2.6% rated it as very low, 10.0% also rated it as low, 18.4%, average, 46.5%, high, while 22.6%

said it is very high. This is to say that the respondents rated access to healthcare as generally high or the loans have helped the clients to improve their access to health care. The mean table below compares whether there is a significant difference between the clients in terms of access to health care.

Table 4.24 Mean difference in the impact between traditional banks and credit unions beneficiaries on access to health care

Variables	BANK/ CREDIT UNION	N	Mean
Level of health care	Bank	91	11.7143
	Credit Union	219	11.4064

Source: Field data, June, 2011

Table 4.24 shows that there is no significant difference in the level of impact of levels of health care between the beneficiaries from the banks score (M=11.7143) and beneficiaries from the credit union score (M=11.4064). Simply put there is no difference between the beneficiaries of the two institutions on health care. What this means is that though the mean beneficiaries of traditional banks are slightly higher than those from the credit unions, impact of the loans on access to health care between both beneficiaries have some improvements but have no significant difference at all. However, there is an indication of a higher level of improvement in access to health care for both sets of clients than before the loans were given just that there is no difference between them on their level of improvements.

4.12 Social contributions of loan beneficiaries.

The question on whether respondents engage in any kind of social responsibility in their communities, 76.1% were positive while 23.9% did not agree. On the extent to which the respondents contribute to providing food for others who are in need, 3.2% rated it as very low; 39.3% also rated it as low, 14.8% average, 36.8%, high while 5.8% said very high. Again, on the extent of respondents' contribution in taking care of others' health needs, 11.9% rated it as very low, 22.9% said low, 36.5%, average, 23.2%, high and 5.5% rated it as very high. Also, the respondents' contribution in paying others' school fees, 11.9% rated it as very low, 22.9% said low, while 36.5% rated it as average. Besides, 23.2% rated it high while 5.5% also rated it as very high. On the extent to which respondents contribute to community projects, 17.4% rated it as very low, 24.2%, low while 41.6% said it was average. Moreover, 5.2% rated it as high while 11.6% said it was very high. On respondents' total rating of the extent of their social support in the community, 17.7% rated very low, 20.6%, low while 27.4% rated average. On the other hand, 28.4% rated it as high while 5.8% rated very high.

In all, the respondents scored total lower marks on the social contribution if we put all of them together. For instance, 89.6% and 144.5% = 235.1% which is larger than 111.0% and 28.7% which is 139.7%. This means that the respondents are doing fewer social services than they are required to do. It can thus be implied that the contribution of loan beneficiaries towards social responsibilities is insignificant. Therefore, one's access to credit has no positive corerelation to social role.

Table 4.25 Mean areas of social contribution of the respondents measured in percentages

Contributions	Very low	Low	Average	High	Very High	Total
Providing food to others	3.2	39.4	14.8	36.8	5.8	**100**
Others' health needs	39.4	37.4	5.8	17.4	.1	**100**
Others' school fees	11.9	22.9	36.5	23.2	5.5	**100**
Community projects	17.4	24.2	41.6	5.2	11.6	**100**
Social support in community	17.7	20.6	27.4	28.4	5.8	**100**
Total	**89.6**	**144.5**	**126.1**	**111.0**	**28.8**	**500**

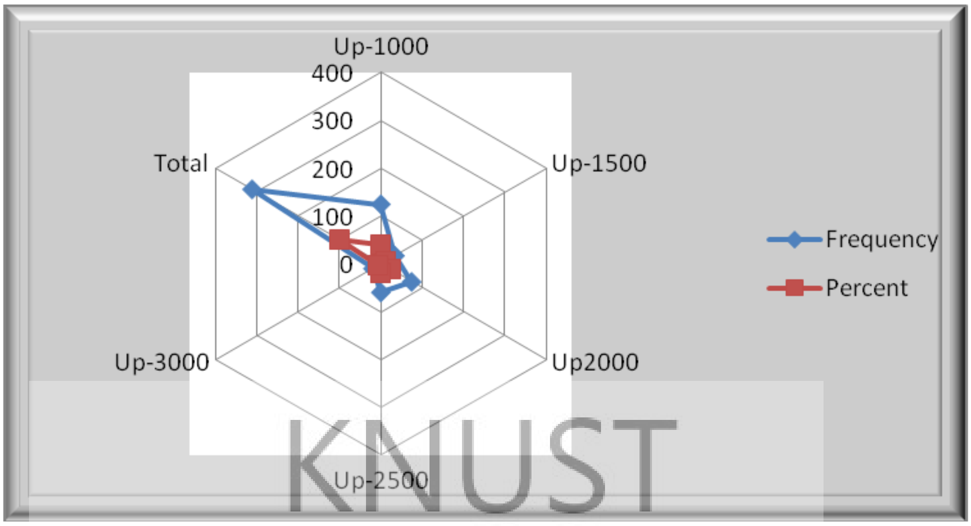
Source: Field survey, June, 2011

It can therefore be concluded that respondents from the banks as well as those from the credit unions have no statistically significant difference as far as their social contributions are concerned.

4.13 Business capitals of respondents before and after the loans were given to the clients

Also, on the financial standing of respondents before accessing the loan, 40.0% said they had about 1,000 cedis, 11.0% also said they had about1, 500 cedis while 23.9% said they had about 2,000 cedis. Besides 19.0% were having about 2,500 cedis while 6.1% said they had about 3,000 cedis before receiving the loan.

Figure 4.7 Monetary capital of the clients before the credit were given



Source: Field survey, June, 2011

Table 4.26 Mean difference in the amount given as loans between beneficiaries of traditional banks and credit unions.

Variables	BANK/ CREDIT UNION	N	Mean
Amount given as loans	Bank	91	5.9451
	Credit Union	219	3.7032

Table 4.26 shows that there is significant difference in the amount of money given as loans between the beneficiaries from the banks score of (M=5.9451) and beneficiaries from the credit union score of (M=3.7032). One can conveniently says that there is difference between the amount of money given as loans between the groups of beneficiaries from the banks and the credit unions. What this means is that the beneficiaries of the banks receive higher amount of loans than those from the credit unions in terms of the amount received as loan because traditional banks score has higher mean than their counterparts in the credit union.

Table 4.27 Mean difference in the business capital before the loans were advanced between beneficiaries of traditional banks and credit unions on levels of social support

Variables	BANK/CREDIT UN	N	Mean
Business Capital before the loans	Bank	91	2.3297
	Credit Un	219	2.4338

Source: Field data, June, 2011

The results as shown by Table 4.27 indicate that there is no significant difference in the Business Capital before loans were advanced between the beneficiaries from the banks score of (M=2.3297) and beneficiaries from the credit union score of (M=2.4338). It implies that there is no difference in Business Capital before advancement of the loans between the two groups of institutions. What this means is that the mean of beneficiaries from the banks and the credit unions are just about the same and there is no difference at all. There is no known difference between the two groups when they had not been given the loan facility.

Table 4.28 Reasons why the credit has resulted in an improvement in respondents' life and their families

Response	Frequency	Percentage
It has improved my children's education	34	11
It has expanded my business	55	17.7
It helped me to acquire property	56	18.1
Now I am able to care for my children in school	72	23.2
The loan has solved my financial problems	42	13.5
I have built a house.	35	11.3
I have combined poultry farming with professional work	16	5.2
Total	310	100

Source: Field survey, June, 2011

In explaining why the credit given to respondents has resulted in an improvement in their lives and those of their families, 11.0% explained that it has helped in ensuring that almost all their children have completed university education. In addition, 17.7% said it has resulted in the expansion of their businesses. More so, 18.1% said they have been able to acquire property as a result. Whereas 23.2% also said it has helped them take care of their children in school (basic education). Those who claim it has helped solving their financial problems constitute 13.5%, while 11.3% said they have been able to build houses as a result. Moreover, 5.2% said it has helped them to establish poultry farms in addition to their professional work.

4.14 Challenges associated with the use of the loans

Table 4.29 Problems facing the daily activities of the respondents

Response	Frequency	Percentage
Price fluctuation on the market	40	12.9
Having funerals on monthly basis	58	18.7
Not easy to access loans	42	13.5
Working shop is too small, inadequate capital	51	16.5
No access to credit facility, find it difficult to pay workers	34	11
Inadequate capital, demand for goods is relatively low now	34	11
Lack of access to credit facility	17	5.5
No shelter at the market	25	8.1
Increased price of the poultry feed	9	2.9
Total	**310**	**100**

Source: ***Field survey, June, 2011***

On the question of problems being faced by respondents in their daily activities, 12.9% cited price fluctuation in the market, while 18.7% contended that the fixing of funeral dates in the study area on monthly bases has adversely affected their businesses. On the other hand, 13.5% claim difficulty in accessing loans has been their problem while, 11.0% claim they have no access to credit facilities at all. Besides, 16.5% contended that they had very small working shops and inadequate capital. Another 11.0% also said they have inadequate capital and demand for their goods is decreasing (lowered down) while 5.5% contended they have no access to credit facilities. Moreover, 8.1% said they have no shelter in the market place. While 2.9% made mention of increase in poultry feed as their main challenges.

4.15 Suggested solutions to the problems

Table 4.30 The most practicable solution to the problems raised by respondents

Response	Frequency	Percentage
Government should stabilize commodity prices	53	17.1
The traditional authorities should change the funeral period to every week as it used to be	67	21.6
Government should provide funds for artisans and self employed	46	14.8
Financial institutions should grant loans without asking for rigid collateral or should require other forms of collateral.	43	13.9
Credit unions should give additional loans to faithful clients to increase members' working capital.	67	21.6
The Municipal Assembly should provide stores for safe keeping of their wares.	34	11
Total	**310**	**100**

Source: Field data, June, 2011

On the question of what could be the most practical solutions to the problems cited by respondents, 17.1% were of the view that government should endeavor to stabilize commodity prices in the market, while 21.6% suggested a change in funeral dates to weekly instead of the monthly bases. Meanwhile, 14.8% are of the view that government should provide funds for artisans and self employed to expand their business, whereas 13.9% also suggested that financial institutions should be able to grant loans without asking for rigid collateral or accept other forms of collateral. Besides, 11.0% suggested that municipal assembly should put up stores for traders to sell in and store their wares.

Again, 67 out of the respondents representing 21.6% suggested that Credit Unions in particular should increase their loan portfolio by granting additional loans to their faithful members to increase their working capital.

As regards what could be done to improve upon the credit schemes, 22.6% are of the view that a member's contribution should not be a yard stick to determine the amount to be given as loan, while 10.3% suggested that pay slips should be enough surety to guarantee the loan. Besides, 11.6% also suggested that loan should be granted to facilitate business expansion whereas 39.4% were of the view that more flexible procedure should be adopted by these financial institutions. Moreover, 8.1% suggested that loans should be given to members when they have been able to save for a minimum of three months and less while 2.9% are of the view that repayment duration should be made longer. On the other hand, 5.2% suggest that deduction of loans acquired by government workers should be made at source by the Controller and Accountant General's Department. These views were expressed on these two financial institutions.

4.16 How to improve upon the credit scheme

Table 4.31 Measures to improve upon the credit scheme of the two financial institutions have been detailed below;

Response	Frequency	Percentage
A member's contribution should not be the yard stick for advancement of loan (credit unions)	70	22.6
Clients may use pay slips without personal guarantors(Both credit unions and traditional banks)	32	10.3
Give bigger amount for business expansion(Credit Unions)	36	11.6
More flexible collateral and other forms of collateral such as car documents, permits etc. should be accepted.(Both institutions)	122	39.4
Loan should be given to members when they save for at least 3 months.(Traditional Banks and Credit Unions)	25	8.1
Repayment duration should be made longer	9	2.9
Government workers should have their loans deducted at source from the controller and Accountant General's Department.(Credit Unions)	16	5.2
Total	**310**	**100**

Source: Field survey, June, 2011

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter contains the summary of the findings, conclusion and recommendations based on the research questions and objectives for the study. In an attempt to answer the research questions to achieve the set research objectives that seeks to address the research problem, both qualitative and quantitative data analysis techniques were employed and the findings below were obtained.

5.2 Summary of Findings

The influx of the traditional banks with few Credit Unions in the Techiman municipality came as a result of the market which is the largest in the West African sub-Region. Yet access to credit facility for businesses that operate within the municipality has been a challenge to most businesses. (Philip M.M 1993)

The empirical evidence from customers indicated that their period of savings, in a particular traditional bank is not a source of worry but process they go through when they are in need of a credit facility, especially delayances in granting loans are some of the threats to their businesses.

For instance, on the procedures that customers go through before accessing credit facilities; most of the respondents said they have to pick loan application form from their respective banks or credit unions pending loan officer's assessment. The loans officer has to visit the client's business and evaluate the viability of the business which takes many days. After the evaluation, the institution's laid down rules and regulations are then spelt out to the customer/member. These application forms often contain some hidden charges and commitment fees which are not made known to the client or the member yet are deducted just after the facility is approved. Hence the loan becomes delinquent a few months after their administration. According to some customers, insurance premiums differ from bank to bank as well as from one credit union to the other. To some customers, insurance premiums are very worrying since they do not benefit from it. After taking the insurance policy, they still have to provide guarantors or collateral security before loans are granted. Where a client defaults in the payment of the contracted facility, the institutions have to fall on guarantors. What then is the essence of the insurance which is charged on the loan?

All these charges and other deductions were identified to have adverse effect on the principal loan contracted implying that the larger the amount of loan, the higher one pays for these charges. In short, charges on the principal loan do not give full amount of the loan to the applicant. However, the applicant pays the whole amount together with the interest there on which was considered to be higher with the traditional banks.

Again, the mode of repayment, collateral security, guarantors for loan facilities vary from one customer to the other; loan repayment could be daily, weekly, monthly or bi-monthly. On guarantors, the most preferred one to almost all the credit unions is the one who has an account with the financial institution. In all, the account of the customer and the guarantor should not be dormant.

It was further observed that the criteria for granting loans were different when credit unions were compared to that of the traditional banks. On the part of credit unions, a member should have a share worth at least 10% of their savings balance or a minimum share contribution before a loan can be accessed.

It was also found out that credit worthiness of a customer/member was a major requirement before a loan was granted both in the credit unions and among the traditional banks.

Moreover, as regards motivation, it was observed that most customers are motivated when they have easy access to credit facility that can help expand or grow their businesses. Additionally, customers and members are motivated when they have easy access credit facility for social activities such as funeral rites, education, health, building and constructional purposes, and to some extent provident purposes.

On the benefit of credit union operations on member or customer businesses, it was ascertained that, through credit accessibility from credit unions, members have now increased their business capitals and valuables which in effect has added some improved food security, social support and quality of education for their wards.

Shorter period of loan repayment was identified as one of the challenges facing members of credit unions that leave much to be desired, as such loans do not help members to build sustainable capital for their businesses.

The traditional banks were found to provide secured and sound safekeeping of valuables and funds of customers. Again, they were identified to provide wide range of financial services to their clientele. This was confirmed by the comparison made between amounts granted to members of credit unions and traditional banks.

Traditional banks provide huge start-up capital for clients due to their high liquidity levels. This has given traditional banks very good social and corporate image over the years.

Notwithstanding this crystal image which traditional banks have built over the years, they are also flouted with myriads of challenges. These include the rigid procedures customers have to go through before credit is administered to their clients. It takes too long a period before loan applications are approved.

Another worthy weakness identified with the traditional banks is the issue of collateral which are mostly in the form of immovable property such as land or building and are highly difficult to be acquired by all categories of customers.

Long queues usually formed at both premises of credit unions and traditional banks were some of the demotivational factors that discourage most people to access financial services.

Other findings include loan delinquency which was found to be a serious challenge to the credit unions. Their long term effect can affect member loan beneficiaries and pose a threat to the liquidity requirement of credit unions.

Inadequate capital was another finding that was identified with credit unions. This became evident when comparing business capitals of beneficiaries of traditional banks and credit unions.

Training and skill acquisition is very crucial in credit administration. Traditional banks and credit unions offer these services but very minimal and woefully inadequate. Thus, the training does not enhance the capacity of applicants businesses.

The last on findings that cannot be glossed over is the three (3) or six (6) months probational savings period that ties members' funds with the credit unions. This, to some extent is against the precautionary motive of holding money. Also, compulsory buying of shares as a member requirement was identified as a source of worry to most members and potential members of credit unions.

5.3 Conclusion

From the foregone analysis, it becomes evident that traditional banks and credit unions create a reliable source of credit for the benefit of their customers and members. On general benefit of credit union on member businesses, it was established that through credit accessibility from credit unions, members' business capitals and valuables have now increased which in effect has added some improved food security, social support and quality of education for their wards. Credit unions further teach their members how to use their hard won resources judiciously, promote the welfare of the communities where they operate by enhancing holistic development to some classes of people.

It can be inferred that if the concept of credit unions is well accepted as one of the essential microfinancial institutions that can readily offer credit to businesses, especially (SME's), the protracted teaming masses of poverty stricken and malnourished people found in most Ghanaian communities would gradually reduce.

The operations of credit co-operatives are considered flexible and more convenient in terms of bureaucracy.

However, their operations are not devoid of some challenges and weaknesses. Notable among these include inadequate capital that make credit unions more unliquid, loan delinquency due to improper loan appraisal and deficiency in credit management and technological advancements in the area of wide area network that can enhance transfer of funds from one location to the other.

Traditional Banks on the other hand were identified to provide safe keeping facilities for valuable and funds of customers and non customers valuables as well.

The liquidity reserves of traditional banks enhance provision of high start-up working capital for their clients.

Nevertheless, the operations of traditional banks are not free from criticisms. Some of these include rigid procedures and processes such as inflexible collateral requirements, undue delays in approving loan applications, hidden charges and high interest rates on loans. The Ghanaian economy needs the support of the traditional banks and credit unions to accelerate the needed development; hence, there must be a better and cordial relationship between these financial institutions. Banks and credit unions must see themselves as partners in development, thus their co-existence is highly imperative.

Conclusively, the assertion that microfinance institutions have lost their relevance in the 21st century is not wholly truth. Their areas of operations and modus operandai is mostly not known to many yet they provide a wide range of financial services to some individuals, small and medium enterprises as intermediary financial institutions that contribute tremendously to human development.

The striking difference between these two institutions is the level and order of services. Amount of credit that can be advanced by traditional banks to their clients is relatively huge than their counterparts intermediary micro-financial institutions such as credit unions that provide smaller amount of loans to their members.

5.4 Recommendations

The researcher is of the view that there is the need for people to understand the operations of the two financial institutions. The banks and credit unions should consider to review some of their numerous and prohibitive charges on loans ranging from insurance premiums, processing fees and commitment fees. From all indications, if one compares the interest on loans and interest paid on savings, especially with the traditional banks, one could clearly realize that it does not motivate people to access loans and do not encourage savings.

Not only that but also credit unions should provide more convenient environment and good image that can instill confidence in their members to keep enough of their reserved funds to build a chunk of networth that can enhance proper credit administration.

Additionally, the three/six months probational period of savings to qualify for a credit facility needs a second look as members of credit unions are denied their savings and other valuable services for the said period of probation.

In addition to this, the two financial bodies should as a matter of urgency address the issue of long queues at their working premises while receiving services. The two institutions should ensure immediate decongestion of their banking halls in order to make room for new entrants.

Again, high rate of loan delinquency was identified as a constraint by the staff respondents of the two institutions. It may be worthy for these two institutions to do a thorough search in financial bureaus in order to identify bad loan applicants and those with multiple credit facilities to reduce the high loan delinquency or default in the Municipality. Also, a thorough loan appraisal by credit officers would help address the high default rate of loans and increase net profit margins.

Moreover, required workshops that can build the capacity of credit officers as well as customers of traditional banks and credit unions members must not be taken for granted as it enhances the repayment of any facility contracted.

Furthermore, access to cheap source of credit is increasingly becoming difficult, it behoves on individuals, SME's and corporate bodies to inculcate the habit of savings as this brings holistic development and self reliance in development pedestals. Access to cheap source of credit in most cases brings in its wake overreliance and dependency syndrome on financial institutions hence the recommended saving culture for individuals, businesses whether small, medium or large.

The compulsory buying of shares as enshrined in the bye-laws and constitutions of credit unions need to be reconsidered by attaching some fringe benefits to the product apart from the annual dividend paid to members as these funds remain permanently with the credit union as long as a member maintain his or her membership.

Also, in order to make credit facility more accessible to a greater number of people credit unions and traditional banks are to be advised to develop other forms of collateral securities and more flexible guarantee system alongside the current use of house documents, landed property and pay slips of friends, and colleague workers among others for acquisition of credit facility.

Again, civil society organizations (CSO), Non –governmental Organisation (NGO'S) and other entities should collaborate with traditional banks and credit unions in order to develop a more holistic and comprehensive policy guidelines that could facilitate the administration of credit for members and customer businesses.

Notwithstanding these, one cannot overlook the importance that traditional banks and credit unions play in the Ghanaian economy. There is therefore, the need for government to assist traditional banks and credit unions to operate efficiently by reducing interest rate on loans and payment of attractive interest rates on deposits.

The influxes of banks and credit unions have given both customers and members a choice. Whenever a client feels uncomfortable with the services provided by either a credit union or a traditional bank, he or she may switch to other financial service providers. For instance, undue delayances, in approving a credit facility high commitment fees and charges, shorter repayment periods for loans serves as demotivational factors that credit unions and traditional banks should be mindful. Lastly, traditional banks and credit unions must restrategise by reviewing some of their operational policy guidelines such as minimum share requirements, and high interest rate charged on loans.

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APPENDIX A

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY - (KNUST)

INSTITUTE OF DISTANCE LEANING

These questions are to help study the impact of credit unions on member business, as a comparative study of credit unions and the traditional banks–Techiman Municipality. The study serves only academic purposes. Any information given would be treated as strictly confidential. Honesty in your response is very essential. Please answer all the questions below carefully.

MANAGEMENT AND STAFF (TRADITIONAL BANKS AND CREDIT UNIONS)

SECTION A: PERSONAL INFORMATION

I am a staff member of: Traditional Bank [ ] Credit Union [ ]

1. Sex

Male ( )

Female ( )

2. Age groups 16-25 ( ) 26-35( ) 36-45 ( ) 46-55( ) 56-65( ) 65+ ( )

3. Marital status: married ( ) single ( ) widow ( ) divorced ( )

4. Educational level: Basic ( ) Secondary ( )

Teacher/ Vocational Training ( ) Tertiary ( ) others, (specify)……………………….......

5. Religious affiliation: Christian ( ) Traditional ( ) Moslem ( ) others, specify………………..

SECTION B: Criteria and processes of accessing credit facility from the two financial institutions

6. What criteria are used in the selection of clients for assistance?

(I)………………………………………………………………………………………

(II)……………………………..………………………………………………….

(III) ……………………………………………………………………………......

(IV) ……………………. ……..……………………………………………………….

(V) ………..……………………………………………………………………

7. Do you usually give preference to a type of Income Generating Activities (IGA)? Yes ( ) No ( )

8. How do you reach out to your clients/members? (a) Personal contact [ ] (b) Local media [ ] (c) Letters [ ] (d) Others...

9a. Do they need to have guarantors or collateral security before they are granted credit? Yes ( ) No ( )

9b. If yes, what type of guarantors do you need?..

10a.How long does it take them to start paying back the loans?...................................

10b. What is the rate of interest?..

11a. Do you organize training for the clients about how to manage the credit? Yes ( ) No ( )

11b. If yes, when, that is, is it before ( ) or after ( ) the credit has been received or given?

11c. What is the purpose of the training scheme?...

11d. Do the clients view the training beneficial? Yes ( ) No ( )

12. What are the problems confronting the clients?..

……………………………………………………………………………………….

……………………………………………………………………………………….

13a. Do you think the credit is able to boost your activities?

13b If yes, state how?..

……………………………………………………………………………………….

Comparison of Traditional Banks and Credit Union on type of services, Tick as appropriate in each of the financial institution that best fall within the descriptions given

Type Service	Traditional Bank	Credit Union
Higher interest rates on savings,		
Safety		
Lower service charges on transaction		
Common bound are inaccessible to many people		
Easiest access to credit facility		
Highest interest rates on loan facilities		
Length of time to approve of loans or credit facility		
Management of relatively smaller loan portfolios		
Charge highest loan processing and commitment fees		
Liquidity challenges in meeting customers savings withdrawal and loan demands		
Requires much collateral		

SECTION C: PROBLEMS

14a. Do you encounter problems in your activities? Yes ( ) No ( )

14b. If yes, what type of problems do you encounter? Outline some of the problems or challenges your Bank or your Credit Union faces.

NB: 1st i-iii to be answered by the traditional bank respondents

Bank i ……………………………………………………………………………

Bank ii……………………………………………………………………………

Bank iii ……………………………………………………………………………...

NB: 2nd i-iii to be answered by a Credit Union respondents

Credit Union i …….……………………...……………………………………….

Credit Union ii ……………………………………………………………….

Credit Union iii…………………………..……………………………………..…

APPENDIX B

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY (KNUST)

INSTITUTE OF DISTANCE LEANING

These questions are to help study the impact of credit unions on member business, as a comparative study of credit unions and the traditional banks–Techiman Municipality. The study serves only academic purposes. Any information given would be treated as strictly confidential. Honesty in your response is very essential. Please answer all the questions below carefully.

QUESTIONNAIRE FOR CLIENTS FROM TRADITIONAL BANKS AND MEMBERS OF CREDIT UNION

A. PERSONAL INFORMATION

I am a respondent from: Traditional Bank [ ] Credit Union [ ]

1. Sex: Male ( ) Female ( )
2. Age groups 16-25 ( ) 26-35( ) 36-45( ) 46-55( ) 56-65( ) 65+ ( )
3. Marital status: married ( ) single ( ) widow ( ) divorced ( )
4. Educational level: Never attended School ( ) Basic ( ) Secondary ( ) Teacher/Nursing/Vocational Training ( ) Tertiary ( ) others, (specify)……………
5. Religious affiliation: Christian ( ) Traditionalist ( ) Moslem ( ) others, specify…………………………………..

B. HOUSEHOLD COMPOSITION

6. Indicate the household composition by ticking the appropriate responses

Number of children	Males	Females	Number of dependents

8a. Do your children and other dependents go to school? Yes ( ) No ( )

8b If yes, how many of them are attending school currently?.......................................

C. ECONOMIC CONDITION

9. What economic activity do you engages in?...

10. Since when do you start with this activity?...

11. How many units can you produce in a day or a month?...

12. Do you have access to credit? Yes (   ) No (   )

12b- If yes, indicate your source by a tick in the cases that are applicable.

Sources of Credit for businesses	**Yes**	**No**
Bank		
Credit Union		
Self		
Family		
Friend		
Church		

13. How much is given as credit from your credit organisation?

up-1000 [ ]

up-1500 [ ]

up-2000 [ ]

up-2500 [ ]

up-3000 [ ]

up-3500 [ ]

up-4000 [ ]

up-4500 [ ]

up-5000 [ ]

More than 5000 [ ]

14 How would you rate your business capital given to you? Please indicate on the following scale:

Very low	1
Low	2
Average	3
High	4
Very high	5

15. Is it enough for your business? Yes (   ) No (   )

16. Describe briefly how you qualify for the credit..
…………………………………………………………………………………...…

17a. Did you use any collateral? Yes ( ) No ( )

17b. If yes, what did you use as your collateral……………….……………….…………

17c. Was it difficult for you to get the credit? Yes ( ) No ( )

17d If yes, explain why it was difficult……………………………………………..

18. How often did you have to pay back the credit? Daily ( ) Weekly ( ) monthly () Bi monthly ( )

19. At what rate did you pay back the interest on your credit facility?........................

D.HOUSEHOLD INCOME AND EXPENDITURE

20. On what do you use the income from your activity for?...

21a. Do you usually save part of it? Yes ( ) No ( )

21b. If yes, how much are you able to save? Up-5% ( ) between 6-10% ( ) between 11-15 % ( ) between 16-20% ( ) Others Specify……………...................

E. BENEFIT/IMPACT, (Business Capital, Skills Acquisition, Level of Access to Healthcare and Level of Social Support)

22. Is the credit given to you for your income generating activities beneficial Yes ( ) No ( )

Ei

Business Capital

23b. How would you rate your benefits on business capital? Please indicate on the following scale:

Very low	1
Low	2
Average	3
High	4
Very high	5

24. In monetary terms, what was your capital in the business before you received the credit/loan?

up-1000 [ ]

up-1500 [ ]

up-2000 [ ]

up-2500 [ ]

up-3000 [ ]

up-3500 [ ]

up-4000 [ ]

up-4500 [ ]

up-5000 [ ]

More than 5000 [ ]

25. Do you perceive differences in business capital between Credit Union beneficiaries and traditional bank beneficiaries?

1. Yes
2. No

26. Please indicate the extent of difference that you perceived between Credit Union beneficiaries and traditional bank beneficiaries' business capital by circling a number using the following scale:

Not different at all 1 2 3 4 5 Very different

Eii

Skills Acquisition

27. Have you acquired any new skills since you started benefiting from the organisation?

1. Yes
2. No

29. On the whole, how would you rate your skill acquisition in addition to the credit?

Very low	1
Low	2
Average	3
High	4
Very high	5

30 Please indicate the extent of difference that you perceived between Credit Union beneficiaries and traditional bank beneficiaries' in relation to skills acquisition by circling a number using the following scale:

Not different at all 1 2 3 4 5 6 7 Very different

Eiii

Level of Access to Healthcare

31. Are you a member of the National Health Insurance Scheme?

1. Yes
2. No

32. Would you attribute your ability to be a member of NHIS to your access to credit?

1. Yes
2. No

33. How likely are you to attend a healthcare facility when sick? Please indicate by circling the appropriate number on the following scale:

Not likely at all 1 2 3 4 5 6 7 Very likely

34. How would you rate your level of access to healthcare?

Very low	1
Low	2
Average	3
High	4
Very high	5

Eiv

Level of Social Support

35. Do you engage in any kind of social responsibility in your community?

1. Yes
2. No

36. Please indicate your extent of contribution on the following areas of social support in your community by circling a number using the following scale

(1=Very low, 2=Low, 3=Average, 4=High, 5=Very high)

Ability to provide food to others	1	2	3	4	5
Ability to take care of the health needs of others	1	2	3	4	5
Payment of school fees of others	1	2	3	4	5
Ability to contribute financially to community projects	1	2	3	4	5

37. On the whole, how would rate the extent of your social support in your community.

Very low	1
Low	2
Average	3
High	4
Very high	5

38. Can you say that the credit given to you has resulted in an improvement in your life and your family as a whole? Explain your answer……………………………………...……………………..……………………
…………………………………………………………………………………………………

PROBLEMS

39a. What are the problems facing you in your daily activities?...…………………………………………………
…………………………………………………………………………………………………
…………………………………………………………………………………………………

40. What do you think can be the most practical solutions to the problems mentioned above?……………………………………………………………………………………
…………………………………………………………………………………………………
…………………………………………………………………………………………………

41. What in your view, can be done in order to improve the credit scheme?..................................……………………………………………………………
…………………………………………………………………………………………………
…………………………………………………………...………………………