PROBLEMS AND PROSPECTS OF COMMUNITY BANKING IN NIGERIA

BY

ACHEBE, EDITH IFEANYICHUKWU
PG/MBA/93/18099

DEPARTMENT OF BANKING AND FINANCE
UNIVERSITY OF NIGERIA
ENUGU CAMPUS

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ABSTRACT

The focus of this study is on the problems and prospects of Community Banking in Nigeria;

In order to ensure the realization of the objectives of the study, the researcher employed the methodology of ;

interviewing community banks officials and customers;

interviewing of the National Board for Community Banks (NBCB) officials on the impact, problems and prospects of community banking in Nigeria;

reading through related text books, journals, magazines and newspapers.

The researcher also collected data from NBCB, Enugu and some community banks. To further ensure achievement of our goal, the researcher designed, validated and administered two sets of questionnaires. One for the managers of the community banks and the other for community banks customers.

Again, three hypotheses were tested applying chi-squared (X_2) and t-test statistics.

The tests were aimed at determining whether;

(i) Community Banks favorably respond to the need of the dwellers through the mechanism of extending a large proportion of their credit facilities to rural customers.

(i) High illiteracy rates lead to lack of appreciation of the usefulness of banking services.

iii) Community banks in Nigeria have a bright future survival prospect as indication by the rate at which community banking was embraced across the country.

From the analysis of the data collected which was done in chapter four, the three hypotheses all were accepted using the chi-squared (x^2) test, the first hypothesis was accepted at 95% confidence level. The t-test statistics was applied to data for the second and third hypotheses and accepted at 99% and 95% level of confidence respectively.

Furthermore, our research efforts have the following major findings.

(i) that the establishment of community banks have favourably responded to the need of the rural dwellers through the mechanism of extending a large proportion of their credit facilities to rural customers.

(ii) Most members of the high income group in these areas are illiterate or semi-illiterates as far as knowledge and appreciation of banking services are concerned.

iii) that community banks in Nigeria have a bright future survival prospect as indication by the rate at which community banking was embraced across the country.

(iv) Loans are one of the major assets of banks, apart from other beneficial services offered by banks, quite a number of people patronise bank with a view to obtain a loan.

(v) It was also observed that the liberal attitude of community banks in Nigeria towards assisting the cottage industry has increased its patronage tremendously.

Again, it was further found out that the community banks are faced with certain factors which militate against the services of the bank to actually reach the grassroots such as, lack of unimpeded access to the clearing house, town union disagreement or local politics, some community bank staff are inexperienced and lack the ability of convincing the villagers so as to win their patronage, talebearing, inability of the community to appreciate the importance of banking, shying away from taking advantage of the services of the banks and some big men at times apply to own the bank alone.

Finally, inspite of the teething problems and the imperfections, the community banking system has continued to wax stronger and stronger.

Recommendations were offered in line with the findings. These newly established community banks need proper orientation, training assessment, and organisation to mobilise together the small savings of the rural dwellers. On the government part, adequate supervisory machinery should be adopted to create sanity in the community banking system.