Dissertation

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Women and community bank credit in southwestern Nigeria

1995.

WOMEN AND COMMUNITY BANK CREDIT IN SOUTHWESTERN NIGERIA

BY

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B.Sc. (HONS) ECONOMICS (IFE)

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CERTIFICATION

This research by Miss. Fawole, Ajibola Jelilat has been read and approved as meeting part of the requirements for the award of Master of Science degree in Economics.

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ABSTRACT

The study was informed by the increasingly significant role played by women in the Nigerian economy and because credit (access to loan facilities) has been a major factor limiting their contributions and productivity. This study therefore examines: the role of community banks in southwestern Nigeria in providing direct access to credit for women; constraints militating against female access to community bank's credit and the effects of community bank's credit on women's income, savings and employment.

The data used for the study were derived from primary and secondary sources. The primary data were obtained with the aid of structured and semi-structured questionnaires administered to 273 successful loan applicants and 38 unsuccessful loan applicants of community bank's credit, from purposively selected occupations in Lagos and Ondo states. Secondary data were obtained from each community bank's credit records.

Analytical techniques comprising descriptive statistics such as frequency tables and cross-tabulation were used. Chi-square (x^2) test was used to test for significancies in the relationships of the cross-tabulations. Student T - test was used to test for significancies in the mean values of sales, profits and savings of successful and unsuccessful applicants.

Information obtained from the twenty community banks in the sample for this study shows that on the average, the ratio of females (1,188) patronising community banks were less than males (1,954) and women received 28.5% of the total loan disbursed.

Results from the primary data indicates that, lack of access to suitable guarantors was the major constraint militating against female access to community bank's credit. Other constraints were: irregular operation of account; lack of adequate collateral; dearth of economically viable projects; inability to operate a current account and non-membership of group/association, through which loans could be guaranteed.

A large proportion of the successful applicants used the community bank's credit for income generation purposes such as initiation and expansion of businesses, and majority (87.3%) of them took their loan obligations seriously by paying back their loans within the scheduled time. The community bank's credit had a positive effect on the income and savings of female loan recipients and, as respondents reported, their businesses were preserved (60.1%) while some jobs were created (35.5%). Also, Urban women had more access to community bank credit than rural women because urban women had better access to information about formal credit.

Based on these findings, suggestions were proffered to enhance: female patronage in community banks, access to community bank's credit and productivity of female loan recipients. These include:

- Massive campaign by community bank's officials to create awareness by women on community banking operations especially on the process of obtaining credit;
- detailed disaggregation of data by sex;
- counseling services by bank officials for loan applicants;

- formation of women groups to guarantee loans for female loan applicants; and
- granting of loans that are large enough to cover business expenses by community bank officials.

CHAPTER ONE

INTRODUCTION

1.1 The Research Problem

Women play a major role in the economic development of any nation. In Nigeria for example, women contribute greatly to the development of urban and rural sectors of the economy. They make significant contributions in agriculture, small-scale agro-allied industries, services, arts and crafts and commerce. Studies have shown that they constitute about two thirds of the agricultural labour force (Adekanye, 1990) and those that are self-employed work 12 hours or more per day (Oyekanmi, 1991). Inspite of these contributions, the degree to women's ownership and control of resources - in terms of credit, education, land, improved technologies and other essential productive inputs is disproportionately lower than their level of contribution and work (Adekanye, 1988; Sokenu, 1990). This limited access to resources often results in low productivity, poverty and drudgery work from inadequate technology for most women.

The severe depression experienced in Sub-Saharan Africa since the early 1980s has also compounded the above problem. Wage earning families have seen their real incomes reduced due to annual inflation with marked increases in consumer prices, stagnant wages and population growth (Due et al, 1992). Declining growth in real income for many men meant that household survival could only be ensured with a second wage earner, that is, the wife taking on two or more occupations so as to earn extra income to supplement household income. The magnitude of the problem is even greater in female-headed households because the women are forced to bear heavier burdens of food, education and health costs, and are thereby locked into a permanent cycle of poverty.

Thus with limited education and skills, and few formal employment opportunities, most women in developing countries turned to informal activities to generate income in supporting themselves and their families (Berger, 1989). In order to initiate and sustain these activities, given low incomes and little or no savings, some capital in the form of loan is needed for these women who have few assets in their own names and rarely have bank accounts (Due, 1983; Milimo, 1985). This view is supported by various researchers (Oyeneye, 1980; Markley and Shaffer, 1993) who argue that capital shortage is the greatest constraint to the growth of small scale businesses.

Access to credit facilities pose a problem to women in the informal sector because of collateral demands of banks and lending institutions (Layiwola, 1990) and because most women do not keep accurate records of their business operations which formal creditors require (Osoba, 1990). Evidence has shown that commercial and rural development banks normally will not extend loans to women who have little collateral security to guarantee the loan; lack positive credit experience and are unable to prepare feasibility studies or meet high interest rates (Vickers, 1991). Transaction costs of such small loans are high and the recipients are viewed as high credit risks by bank managers.

Hisrich and Brush (1986) noticed that even in developed countries business women are still treated as second class citizens when it comes to the financial community. Similarly, the formal cooperative credit system in India are biased against women; a woman cannot become a member if a member of her family is already a shareholder (Wignaraja, 1983). Huppi and Feder (1989) claimed that a common practice among credit cooperatives in developing countries is to limit the amount a member can borrow to a proportion of his/her share capital. Women are therefore allowed to borrow very little because they contribute little. The little amount borrowed might not be enough to trade with.

Popular sources of credit for women include, husbands, parents, friends and relatives (Osoba, 1990; Soetan, 1991). However, available evidence suggests that these sources of credit also become tighter under structural adjustment programme. The contributing factors are the shortage of loanable funds in the formal sector, which constrains on-lending by non-formal intermediaries, and reduced household incomes, which prevent individuals from lending informally to friends and relatives (Mehra, 1991). Elabor-Idemudia (1991), found that friends and relatives, who had been a major source of loans for women, became increasingly reluctant to offer loans as household financial stress increased under recession and adjustment. Women have also been very innovative in establishing thrift and credit societies, these social groups meet monthly or at some other convenient time to make fixed contributions of money. Each time, one member takes all or substantial part of such contributions. The problem with such informal credit societies is that capital raised are usually small and inadequate (Okediran and Olarinde, 1990).

Sometimes cultural factors make access to credit difficult. Traditional land ownership practices and laws often imply that women have no control over the land they cultivate and inhabit (ILO, 1988). Since land ownership is a criterion frequently used by banks and developmental agencies as a prerequisite for the provision of credit, limited access to land for women means they lack the requisite collateral to support loan applications to formal financial institutions. The foregoing shows that women have been given little opportunity to improve their informal activities. Yet the informal sector where women predominate is vital to the sustainability of the economy given its high labour absorption capability.

It is in recognition of these problems that the Federal Government of Nigeria sought for ways of injecting credit to the informal sector of the economy. It has been realised that when credit is made available at the right time, with due preparation and organisation of recipients without the imposition of rigid bank procedures, small and micro-enterprises will carefully nurture, multiply and grow in scale.

The Nigerian Government in the past had used a variety of strategies to involve grassroots people in urban and rural communities (especially those in informal sector) in modern banking operations. Though these efforts have not been gender specific, if the resources earmarked for these programmes are properly harnessed, they might go a long way in solving the credit accessibility problem for women and men alike. The first major effort is the Rural Banking Programme under which largely urbanised commercial banks were required to set up rural branches. The implementation of three phases of that programme in twelve years resulted in the establishment of 746 rural branches as of January 1990. In spite of these, the rural banks have not been able to make banking attractive to the people for whom they were created. Banking operations have continued to be complex, sophisticated and often times cumbersome, to the extent that the low level of education and outright illiteracy of the rural people have made participation difficult.

Other efforts by the Nigerian Government were the establishment of the Nigerian Agricultural Cooperative Bank (NACB), the Nigerian Bank for Commerce and Industry (NBCI), the Nigerian Industrial Development Bank (NIDB), the National Economic Reconstruction Fund (NERFUND) and the Small and Medium Enterprises Development Programme (SME). The NACB, established in 1972, provides credit facility to farmers through two main schemes; the small holder direct lending scheme and the on-lending scheme. The NBCI was established in 1973 with the objective of developing a core of trained manpower and institutional structure capable of providing technical advice and credit to viable small and medium scale enterprises.

The NIDB was created in 1964 through the acquisition and reorganization of the foreign privately owned investment company of Nigeria which had been incorporated in 1959 as an industrial development finance company. The bank is largely funded by the government. Initially the bank was required: to provide long-term loans and sometimes equity capital to indigenous entrepreneurs; to encourage the inflow of foreign investment capital markets; and to invest directly in foreign sponsored projects. While the development finance needs of large scale government and private enterprises are being met, the bank has not evolved any meaningful plans and requirements for meeting similar problems in medium and small scale industrial enterprises (Uzoaga, 1985).

The NERFUND programme is administered by a board in conjunction with some approved commercial and merchant banks. Its capital base amounts to over ₦5 billion made up of funds put forward by the Federal Government of Nigeria, the World Bank, the African Development Bank and the government of Czechoslovakia. Though a number of enterprises have benefitted from the credit facility, no small scale enterprise as defined in this country has enjoyed the facility. The conditions for eligibility stipulated by the intermediating commercial banks are too stringent for small scale enterprises to comply with, and prospects for their effective participation in the immediate future are very dim (Osoba, 1990).

The Small and Medium Enterprises Development Programme is a World Bank assisted project loan scheme for the development and rehabilitation of small and medium scale enterprises in Nigeria. The objectives of the loan scheme includes amongst others to;

enable small and medium scale entrepreneurs become more competitive by investing in the rehabilitation and expansion of their existing enterprises and establishing new ones, support a programme of assistance to micro-enterprises and provide an alternative and more flexible source of long-term financing to small and medium-scale enterprises through equipment leasing. This programme however, excludes assistance to commerce activities and subsistence agriculture - where most women and rural people predominate.

Despite government efforts aimed at providing banking facilities to all, it appears that a sizeable segment of the economy has still not been reached or perhaps cannot be reached by the traditional financial sector given their elitist orientation. Realizing this, the government sought to offer alternative banking services to the excluded segments of the economy through the establishment of the People's Bank of Nigeria. In the People's Bank, such encumbrances as demand for collateral before approval and disbursement of loans were removed and the bank was to charge only a token 5% interest on loans to meet the cost of loan transactions. In spite of these, the People's Bank has been criticized for providing funds often too small to trade with and charging a rate of interest too low to meet their transaction costs. The People's Bank also lacks the necessary expertise and management capabilities to launch a credit programme with a broad reach and its ability to capture deposits are limited (Ojo, 1992).

Similarly, attempts by the private sector to provide credit to women without security include, the United Bank for Africa (UBA) credit for rural women scheme, and the Allied Bank and Afribank schemes. These initiatives have the same goal of providing credit for women, creating opportunities for gainful employment and encouraging women to embrace the banking habit. A limitation to these credit schemes is that provision is made only to rural women with no consideration for poor women in urban areas.

In order to strengthen the grassroots banking and to enhance rapid transformation of the rural and urban economies, the Federal Government introduced the community banking scheme. The main feature of the community bank is that it is closely tied to the economic fortunes of the community (urban or rural) where it is located and which it is expected to promote. By serving its particular local area, the bank is expected to contribute in a special way to the overall development of the banking system and the economy. This study seeks to investigate the role of community banks in providing credit to women and examine how community banks have enhanced women's productive role.

1.2 WOMEN IN THE NIGERIAN ECONOMY

Women in Nigeria constitute about 49.6% of the total population according to the 1991 census. They play active roles in the country's economy. In agriculture, they produce, process and market foods and cash crops and raise livestock. In several parts of the country, they form the majority of seasonal agricultural wage labour. In the formal employment sector, women are found in jobs like clerical work, nursing, teaching and so on, but a far larger percentage are engaged in the informal sector where they predominate in such activities as trading, food processing, catering, tailoring, hair dressing, handicrafts and other micro enterprise activities.

1.3 WOMEN IN SELF EMPLOYMENT IN NIGERIA

The vast majority of self-employed women operate in the informal sector, where they predominate in trading, catering, food processing, dressmaking, hair dressing, textile and craft production. Many of these activities, which enable women to earn an income as well as attend to their domestic responsibilities are part-time and often take place in the home. Most informal sector activities are established with very little capital, most of which is derived from personal savings or gifts from relatives or husbands. Female entrepreneurs have limited access to credit from the formal banking sector, generally low levels of education and little or no training in business management. As such, women's businesses are concentrated among the smallest and least renumerative activities. Although a large proportion of both women and men entrepreneurs operate one person businesses, the concentration within the one-person firms is greater for women. If labour is employed, it is generally drawn from family members.

1.4 THE IMPORTANCE OF CREDIT TO WOMEN

The lack of initial and working capital is one of the major problems of self-employed women in Nigeria (Osoba, 1990; Hall et al, 1992). Without sufficient working capital, the typical female small entrepreneur has only enough cash to buy raw materials and stock for one or two days. When the inventory is depleted, production or sales drop and the business is often forced to shutdown while the owner makes a trip to purchase materials. This production/sales discontinuity is inefficient and results in low productivity (Lycette and White, 1989).

Moreover, lacking sufficient capital, informal sector entrepreneurs are seldom able to take advantage of quantity discounts on raw materials and, in order to obtain enough cash to meet their daily living expenses, must sell their output immediately, whether or not prices in the market are high enough to make their business profitable. And because of a lack of capital, only small proportion of informal sector businesses are able to extend credit to customers - an arrangement that would allow them to expand their businesses to service the needs of persons who are paid weekly and would be mutually beneficial for businesses and consumers (Arias, 1989).

Thus access to credit is one of the keys to an improved income and standard of living for the large proportion of women in developing countries who operate in the informal sector. Access to loans for start-up and to fund operating costs would allow women to expand their enterprises, improve productivity or quality through the use of improved technology and experiment with new activities which give higher rates of return (Fong and Perrett, 1991).

In rural areas, where a high proportion of women are widowed, single or heads of household, male migration to urban areas in search of employment has resulted in increasing numbers of women who not only are farmers, but also manage their farms alone. For them too, credit is vital both to obtain immediate needs such as seeds, fertilizers, farm labour services, pesticides, processing facilities, irrigation wells and also to adopt technology that can improve productivity over the long-term. In the eastern part of Nigeria, for example, a survey of farming women's needs showed that credit assistance was the agricultural service most desired (Esumah, 1988).

Where women suffer from time-constraints, time-saving technology and infrastructure can free up time which can be put to productive use through subsequent loans or using own small savings. Credit can also contribute to improving women's self-esteem and status within the household, at the same time lessen poverty and dependence on the extended family among women who head their own families in Nigeria.

Furthermore, access to credit increases the productivity of women's work in the market economy and therefore the price of women's goods and services increases. Credit also redistributes assets. For example, increased earnings for women due to access to credit, makes it possible for them to buy the land which they could not inherit (Buvinic, 1989).

Finally, savings is also a benefit from credit, because women are able to save part of the profits that accrue to them from investing the credit. The mobilisation of these savings effectively can allow women to meet both their needs for future investments in income earning activities and for their urgent consumption and emergency needs in the future. It can provide for medical expenses, schooling costs for children, needed household utensils and purchase of food in the planting season when their own food supplies are exhausted. These savings can also pay for piloting of new enterprises on a small scale, contribute to larger productive investments and in many cases increase employment generation, a very crucial factor in economic development.

1.5 GOALS OF CREDIT PROGRAMMES

Development agencies, and even specific development programmes and projects, pursue different goals in their attempts to improve credit and financial markets in developing countries. At the most elementary level, credit is simply a means to facilitate exchange. More importantly, credit is part of a system of financial intermediation which allocates resources over time and transfers resources from one individual, household, firm to another. Financial intermediaries accept deposits - providing their clients with a secure place to hold money while offering a monetary return - and use these funds as loans to others who lack sufficient funds for working capital or investment. The availability of credit is important to ongoing production as well as investment. In agriculture, for example, credit is a useful bridge because production is seasonal and a considerable lag occurs between the outlay of major expenditure and the resultant flows of income.

Often, government and developmental agencies have used financial markets and institutions to pursue the broad goal of poverty alleviation: their specific objectives are to increase employment and income. Credit can be targeted in several ways to achieve these objectives for women. First, investment may be directed toward labour-intensive industries or firms that are likely to create jobs for women. Second, credit can be used to create forward and backward linkages to women's income-producing activities in the informal sector. A third option is to direct credit to businesses that transfer women's household responsibilities to the market and relieve women of some of their domestic work burden at reasonable cost, even if these businesses are not owned and operated by women. This would help free women's time from household labour and allow them to devote more time to income producing work. Finally, loans can be granted directly to individual micro enterprises that are owned by women, creating jobs for women, and allowing them to improve their productivity and raise their own incomes.

This thesis focuses on how Community Banks are using the most common of the four approaches - direct lending to women - to improve the economic status of women in the informal sector of both urban and rural areas in Nigeria.

1.6 THE COMMUNITY BANKING SYSTEM IN NIGERIA

The Community Bank in Nigeria is a financial institution established to cater for the savings and credit needs of small-scale producers throughout the country. The institution represents the coalition and modernization of two traditional institutions with which these producers are very familiar. The first is the rotating credit institution known as **esusu, susu, bam, adashi** in different parts of the country; the other is the town union or Community Development Association. The latter has been responsible for significant infrastructural development in most Nigerian communities such as building schools, town halls, post offices and health centres, constructing roads and providing water or electricity.

The fundamental concept of a community bank is of a self sustained financial institution, owned and managed by a community, for the purpose of providing credit, banking and other financial services to its members, largely on the basis of their self-recognition and credit worthiness. This is in contradistinction to the near total reliance by the orthodox banks on viable and negotiable collateral as the basis for giving credit.

Community banks are substantially owned by Community Development Associations (CDAs) as well as by local cooperative societies, farmers union, trade groups, individuals resident in the community, and sons and daughters of the community resident outside the community, except that no single indigene or individual is allowed to hold more than 5% of the shares of a community bank.

Similarly the number of promoting individuals must not be less than fifty.

The community banks do not render all the usual sophisticated banking services being carried out by other commercial and merchants banks. Such complex services as foreign exchange transactions, letters of credit, corporate financing, equipment leasing and so on are absent. However, other normal banking services, such as deposit and savings accounts, and the purchase and sale of securities to raise and sustain the capital base are operated by the banks. Also, the owners of a community bank, through their bank must raise an equity share capital in cash of not less than Two Hundred and Fifty Thousand Naira (₦250,000.00) before they can be licensed to operate as a community bank.

Community Bank Objectives

The objectives of the community bank system, amongst others, includes:

(1) The promotion of rural development by providing financial and banking services (credit and deposit services) as well as other facilities to communities inadequately supplied with such facilities.

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

(3) The promotion of the emergence of an effective and integrated

national financial system that responds to the needs of the whole economy, especially at the grassroots community levels.

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

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

<u>Functions of Community Banks</u>

Community Banks also perform the following functions:

- Accept various types of deposits including savings, time and target deposits from individuals, groups and other organisations.
- Issue redeemable debentures to interested parties to raise funds from members of the public.
- Receive money or collect proceeds of banking instruments on behalf of its customers.
- Provide ancillary banking services to its customers such as remittance of funds, safe deposit facilities, and so on.
- Maintain and operate various types of accounts with, or for other banks in Nigeria.
- Pay and receive interests as may be agreed upon, between community banks and their clients in accordance with public policy.
- Provide credit to its customers, especially small and medium scale enterprises based in its area of operation, and promote and

monitor effective loan utilisation amongst them.

- Operate equipment leasing facilities, supervise credit schemes to ensure access of its customers to farm inputs, and financing inputs purchase on a consignment basis for groups of client.
- Give guarantee in favour of its customers to give them greater access to credit and other resources.
- Receive re-financing or other funds from the National Board for Community Banks (NBCB) and other sources, private or public, on terms mutually acceptable to both the provider of the funds and the recipient community bank.
- Perform non-banking functions that promote grassroots development such as supporting individual, co-operative and group formation activities, assisting clients in marketing of agricultural, rural, industrial and other extension services to clients, and other community members.
- Shall not engage in sophisticated banking services like foreign exchange transactions of international commercial papers, corporate finance in order to enable them retain their local focus and concentrate on community service.
- Enlighten the community on the effective use of credit and other banking services so as to enhance individual, collective and community production and development.

No community bank is allowed to create, operate and utilise a branching system. For effective coverage and to prevent overlapping, a community bank must provide for the approval of the National Board for Community Banks (NBCB) a map showing the extent of its catchment area. Community banks are also advised to seek to build up as comprehensive a dossier as possible on all categories of economic actors and small scale producers within their catchment area to assist in effectively mobilising savings and promoting local development.

There were 180 functional community banks as at the end of September 1992 with a total asset of Six Hundred and Sixteen Million Naira (₦616m). Their mobilised deposits stood at Four Hundred and Six Million Naira (₦406m) while loans and advances which they gave out rose to One Hundred and Eighteen Million Naira (₦118m).

1.7 JUSTIFICATION OF THE STUDY

The focus of the study has been influenced by the fact that credit is a socioeconomic instrument; access to credit can itself unlock new economic activities leading to income and job growth. Also, realising the significant economic contributions of women within "traditional" two parents households, the importance of their income earning is increasing rapidly and even more under the current harsh socioeconomic climate in Nigeria. Poor, often landless families simply cannot survive without the woman's earnings. In addition, Wakaranja (1981) in a study of work attitudes in Nigeria showed that contemporary women use their income to fulfil their responsibility as primary contributors to the family's well-being in the same way that, in the past, they shouldered the responsibility of food and maintenance of family and health. Gehert (1989) also noted that women spend more of their income on family necessities if earnings accrue directly to them. Increased earning opportunities for women are justified on three grounds of equity, need and efficiency.

The current research also focuses on community banking scheme because these banks were established locally (designed for Nigerians) to cater to savings and credit needs of small-scale productive activities, activities that majority of Nigerian women pursue. It is also expected that the operations of community banks will be better than other government initiated financial institutions that nationally target small-scale producers because community banks are not government owned and managed. In addition, since community banking was initiated by the federal government to cater for small scale productive activities, policies are likely to be made to the advantage of small-scale producers including women.

Although rural people especially women have become a target groups for development planners, there is little empirical research on ways economic programmes have affected women or on the nature of their participation as beneficiaries of such programmes in Nigeria. This study will investigate the role of community banks in providing direct access to credit for women, thereby providing gender dis-aggregated information on the relative access to community bank credit by men and women. The study will also assess the level of female participation and how well women have benefitted from the community banking scheme.

1.8 THE RESEARCH OBJECTIVE

The broad objective of this study is to examine the role of community banks in south-western Nigeria in providing direct access to credit for women and the effects of community bank's credit on women's economic status.

The specific objectives are:

(1) To assess the level of female participation in the ownership structure and patronage of community banks.

(2) To investigate the effects of community bank's credit on the income, savings, and employment of female loan recipients.

(3) To examine the utilisation of credit made available to female loan recipients.

(4) To identify the constraints militating against unsuccessful female loan applicants' access to community bank's credit.

(5) To investigate the credit habit of urban women relative to rural women before and after the establishment of community banks.

(6) To propose action - oriented policies that will enhance patronage of community banks and access to community bank's credit by women and low income earners.

1.9 RESEARCH HYPOTHESES

Based on the above objectives, the following hypotheses will be tested.

1. That women who satisfy the guidelines specified by community banks (such as: ability to get guarantors, membership of groups,

duration of participation, amount saved, operation of a current account and access to adequate collateral) are likely to have a better access to credit.

2. Utilisation of credit is linked to socio-economic status of loan recipients such as age, education, number of children, occupation and marital status.
3. Successful loan applicants perform better than unsuccessful loan applicants in terms of sales, savings and profitability.
4. Urban women have a higher likelihood of obtaining community bank credit than rural women.

1.10 CLARIFICATION OF RELEVANT CONCEPTS TO THE STUDY

Some key concepts as will be used in this study are operationally defined so as to enhance clarity and avoid mis-interpretation regarding usage.

1. <u>Financial Institutions/Intermediaries</u>

Good investment opportunities in an economy are not distributed among the same places and people as are the capacities to save. Without finance, those who save would do all the investing themselves, some investments with low yield would be undertaken; some with high yields would not be made. A well - functioning financial institution mobilises deposits from those savers with poor investment opportunities, performs the function of search and discrimination, and then allocates the available resources to those with higher yielding investments. The resulting improvement in resource allocation raises the yield on capital and the level of output. In addition, if savings are responsive to the yield on capital, the overall increase in average yield should raise the economy's savings rate.

The transformation and distribution of risk is another key service provided by financial institutions. Through finance, people can diversify their risk by holding small participation in many investments, rather than a large stake in just a few. Financial institutions also help stabilise an economy. All economies, at least in their market oriented (rather than subsistence) components, experience cyclical changes in output and prices. This affects both the domestic economy and the balance of payments. Through manipulation of financial institutions, government attempts to keep both the domestic economy and the country's foreign position in balance (Long, 1983). Examples of financial institutions are commercial banks, development banks, merchant banks, insurance companies, credit and cooperative societies, investment companies, people's bank and community banks. The development of these financial Institutions is known as financial development.

2. <u>Economic Development</u>

Economic development has been defined as the process whereby a country's real per capital gross national product (GNP) or income increases over a sustained period of time through continuing increases in per capital productivity. However, per capital GNP statistics say nothing of the distribution of income within society nor of the level of general well being (Salvatore and Dowling, 1977). Economic development has also been typically seen in terms of the planned alteration of the structure of production and employment so that agriculture's share of both declines, whereas that of the manufacturing and services increases. Development strategies, therefore, have usually focused on rapid industrialisation, often at the expense of agriculture and rural development (Todaro, 1985).

The experience of the 1950s and 1960s, when a large number of third world nations did achieve the overall United nations growth targets but the levels of living of the masses of people remained for the most part unchanged, signaled that something was wrong with this narrow definition of development.

According to Seer (1969), the basic questions about the meaning of economic development are: what has been happening to poverty? what has been happening to unemployment? what has been happening to inequality? If all three of these have declined from high levels, then beyond doubt, this has been a period of development for the country concerned. If one or two of these central problems have been growing worse, especially if all three have, it would be strange to call the result "development" even if per capital income doubled. In short, economic development came to be redefined in terms of the reduction or elimination of poverty, inequality and unemployment within the context of a growing economy (Todaro, 1985).

3. Informal Sector

This refers to economic activities characterised by: small scale of operation, reliance on family labour and local resources, low capital endowments, labour intensive technology, relative ease of entry, a high degree of competition, an unskilled work force, acquisition of skills outside the formal educational system, not registered with government agencies, is uncounted or undercounted by official statistics, does not comply with regulations governing labour unionised work force (ILO, 1972).

4. Formal Sector

This refers to that set of activities in private or public owned enterprises or in the civil service which conform generally to tax and labour laws and other state regulations (ILO, 1972).

5. Credit is money lent on condition that it is returned with or without interest.

6. Informal Credit refers to credit from sources such as relatives, friends, money lenders, wholesalers, and a variety of indigenous savings and credit associations like fixed fund associations, rotating savings and credit associations and so on (Ogunriola and Oladeji, 1992).

7. Formal Credit refers to credit from sources such as the

central bank, commercial banks, agricultural and specialised development, banks people's banks, community banks, banking institutions with lending or saving as their primary activity, for instance: credit unions and thrift and credit cooperatives (Adekanye, 1990, Fong and Perrett, 1991).

8. Self-employed refers to persons who operated their own enterprises e.g Petty trading, Dress makers, farmers, food sellers and so on (Mckee, 1989).

9. Urban Area: A place with high level of economic activity, with a well developed socio- infrastructural facilities such as good roads, electricity, portable water supply and so on (Mabogunje, 1972).

10. Rural Area: A place with a general low level of economic activity and has less than seven of the social facilities (Mabogunje, 1972).

11. Successful Applicant: A female respondent that applied for community bank's credit and was given.

12. Unsuccessful Applicant: A female respondent that applied for community bank's credit but was not given.

1.11 ORGANISATION OF THE WORK

In pursuance of the research objectives the rest of this study is presented in chapters two to five. Chapter two contains the theoretical framework and review of related literature. Relevant literature on roles of financial institution in economic development, women in the informal sector, women's access to credit, sources of formal and informal credit for women, use of credit by women and the impact of credit was reviewed. Chapter three discusses the research methods employed, mainly highlighting the sampling procedure and analytical techniques. The fourth chapter contains the analysis and interpretation of findings and the fifth chapter deals with summary, policy recommendations and conclusions.

CHAPTER TWO

2.1 THEORETICAL FRAMEWORK

It is a declared policy of the Nigerian government to accelerate the growth of the economy and this is one of the objectives given considerable priority in the nations development programmes. A crucial factor in the growth process is an adequate supply of credit to the economy. In the important task of mobilising resources for development, the role of financial institutions is crucial. To achieve this objective, various governments introduced and fostered the establishment of financial institutions. Examples of financial institutions are commercial banks, merchant banks, development banks, credit and cooperative societies, insurance companies, investment companies and people's bank amongst others. The latest formed being the community banks. The above raises the issue of the relationship between financial institutions and economic development.

2.1.1 RELATIONSHIP BETWEEN FINANCIAL INSTITUTIONS AND ECONOMIC DEVELOPMENT

The relationship between financial institutions and economic development has been recognised as important and emphasised in development economics. Studies on this subject seem to accept that financial development is crucial for successful economic growth (Jung. 1986). According to Gurley and Shaw (1955), development is associated with debt issue at some point in the economic system and corresponding accretions of financial assets elsewhere. It is accompanied, too, by the "institutionalisation of savings and investment" that diversifies channels for the flow of loanable funds and multiplies varieties of financial claims. Development also implies, as cause or effect, change in market prices of financial claims and in other terms of trading in loanable funds. Development involves finance as well as goods. Also, in the process of economic development, countries usually experience more rapid growth in financial assets than in national wealth or national product, as their incomes per capita increases (Gurley and Shaw, 1976).

Goldsmith (1969) argued that in many situations, indirect financing through financial institutions is more efficient than direct financing through the issuance of primary securities. Since conceptually financial institutions neither save nor invest, and actually do so to only a small extent, the growth inducing effect of financial institutions can come only from one of two sources. The first is the increase of the aggregate volume of investment and saving beyond what it would have been in the absence of financial institutions, when savers and investors would have been limited to direct financing. The second is the increase in the marginal rate of return on investment that results from a more efficient allocation of saving among potential investments, the reallocation reflecting the operation of financial institutions. Goldsmith further explained that the most important factors that affect choices between direct and indirect financing among lenders and borrowers are the expected yield of the instrument - average level, variability, certainty and responsiveness to changes in taxes and in the purchasing power of money; the cost and ease of acquisition and sale for the borrower; and the accumulation motives of savers. And on almost all these points financial institutions have an advantage as borrowers or lenders in comparison with all non-financial units with the possible exception of the central government.

Shaw (1973) also maintains that expanded financial intermediation between savers and investors, increases incentives to save and invest and raises the average efficiency of investment. Financial intermediaries raise real returns to savers and, at the same time lower real costs to investors by accommodating liquidity preferences, reducing risk through diversification, reaping economics of scale in lending, increasing operational efficiency and lowering information costs to both savers and investors through specialisation and division of labour.

Patrick (1966) noted that in developing countries, most of the assets held by savers are under their own direct control. The composition of individual real wealth holding consists of land and land improvement, simple agricultural and handicrafts tools, livestock, inventories and durable consumer goods. This composition of wealth results from a lack of productive investment opportunities or ignorance of their existence. But as the economy undergoes change and brings out productive investment opportunities, pressures develop to improve the wealth composition. Thus, additional types of financial assets created by financial institutions are made available to potential holders. And this provides the opportunity for more efficient portfolio selection.

Patrick then identified two possible patterns in the relationship between financial development and economic growth. The first is "demand - following", this is the phenomenon in which the creation of modern financial institutions, their financial assets and liabilities, and related financial services is in response to the demand for these services by investors and savers in the real economy. In this case, the evolutionary development of the financial system is a continuing consequence of the pervasive, sweeping process of economic development. The merging financial system is shaped both by changes in objective opportunities - the economic environment, the institutional framework - and by changes in subjective responses - individual motivations, attitudes, tastes, preferences. In this pattern, the nature of the demand for financial services depends upon the growth of real output, commercialisation and monetisation of agriculture and other traditional subsistence sectors. The more rapid is the growth rate of real national income, the greater will be the demand by enterprises for external funds and therefore financial intermediation, since under most circumstances firms will be less able to finance expansion from internal funds and retained profits. Similarly, with a given aggregate growth rates among different sectors or industries, the greater will be the need for financial intermediation to transfer savings to fast-growing industries from slow-growing industries and individuals. The financial system then supports and sustains the leading sectors in the process of growth.

The second pattern is supply leading phenomenon: the creation of financial institutions and the supply of their financial assets, liabilities, and related financial services in advance of demand for them, especially the demand of entrepreneurs in the modern growth-inducing sectors. In this case, the expansion of the financial system precedes the demand for its services. According to this views, supply leading finance has two functions: to transfer resources from traditional non-growth sectors to modern sectors, and to promote and stimulate an entrepreneurial response in these modern sectors. Patrick specifies that new access to supply leading funds may in itself have substantial, favourable expectational and psychological effects on entrepreneurs. It opens new horizons as to possible alternatives, enabling the entrepreneur to "think big". This may be the most significant effect of all, particularly in countries where entrepreneurship is a major constraint on development. Though, it cannot be said that supply leading finance is a necessary condition for inaugurating self-sustained economic development, it presents an opportunity to induce real growth by financial means. It is therefore likely to play a more significant role at the beginning of the growth process than later. Patrick further explains how these two patterns of finance interrelate. In his view; before sustained modern industrial growth gets under way, supply leading may be able to induce real innovation type investment. As the process of real growth occurs, the supply leading impetus gradually becomes less important, and the demand following financial response becomes dominant. He concluded that, development of the financial system induces growth by generating incentives to savers to increase their rate of saving, to entrepreneurs to invest more, and to producers to work harder.

In recognition of this growth inducing function of financial institutions, the Federal Government of Nigeria also devoted increased attention to formulate policies aimed at creating financial institutions ahead demand for them, thus it can be said that financial development in Nigeria has been of the supply-leading type. Notably, amongst these financial institutions are commercial banks, merchant banks, development banks, people's bank and community banks.

Financial Institutions are economic agents which mobilises savings from a wide range of different sources to create deposits and channeling such savings efficiently, through lending to borrowers who need finance for productive processes. In other words, financial institutions mediate between lenders and borrowers. In the process of intermediation, financial institutions serve their customers as treasurers, taking custody of working funds on accounts and releasing such funds according to the owner's mandates. The role enables banks to assist funds owners to develop banking habits. Financial institutions also bring into being the most important ingredient of money supply - demand deposits - through the creation of credits in form of loans. Financial institutions create credit in order to supply the funds that are needed by the community they serve and the nation which they are part.

However, this study focuses on community banks in southwestern Nigeria - a financial institution - in providing credit to women - whom are part of the communities these banks serve. Credit enables goods to move through the channels of trade, industries to be built, the nation to finance its projects and many other profitable or useful purposes. Without banks' credit, business as we know it, would be almost impossibly impeded, and high standards of living would never be attained. In other words, credit availability is an important determinant of new investment. Consequently from the theory above, we expect a chain of events from the provision of credit by community banks to women.

It is expected that credit from community banks to potential investors - which women are part of - channeled for investment and not consumption purposes will increase the rate of investment, because for investment to increase, there must be a growing surplus above consumption that can be tapped and directed into productive investment channels. This results when credit is made available for investment. Furthermore, investment is the increase in the productive capacity of the economy, hence increase in investment will lead to increase in productivity. Also, increase in investment and productivity will lead to increase in income resulting from a more efficient allocation of savings among potential investors by community banks. Increase in income will also lead to increase in savings, since savings depends primarily upon income. It is also expected that savings will be in financial assets because there is availability of financial assets offered by community banks and also because savings held in form of financial assets is relatively safer, has a higher yield and lower risk than savings in form of tangible assets such as foodstuff or manufactured goods. As savings in community banks increases, community banks will have more funds to loan out to potential investors and the vicious circle continues. It is therefore expected that when income and savings of investors increases, their standard of living also improves. In essence, the provision of credit by community banks to women should increase their income leading to increased savings, hence, improved standard of living.

From the above, financial institutions are supposed to break the vicious cycle of poverty in which low income leads to low savings, low savings are reasons for low investment, low investment means low productivity, low productivity spells low income and so on. To buttress this view, Patrick (1966) asserted that the basic objectives of financial policy for economic growth are to encourage savers (asset-holders) to hold their saving (assets) in the form of financial rather than unproductive tangible assets; to ensure that investment is allocated efficiently to the socially most productive uses; and to provide incentives to induce increased saving, investment and production. These are also the basic objectives of community banks in Nigeria.

2.2 LITERATURE REVIEW

In this section relevant literature on empirical analyses on the role of financial Institutions in economic development and provision of credit to women will be reviewed.

2.2.1 ROLE OF FINANCIAL INSTITUTIONS IN ECONOMIC DEVELOPMENT

Several empirical studies have been carried out on the role of financial Institutions in economic development. Jung (1986) investigated quantitative evidence on the causality between financial development and real development. Using annual data on 56 countries of which 19 are industrial countries, he found that there exists some evidence indicating that developing countries (LDCs) have a supply-leading causality pattern more frequently than a demand-following pattern. Concentrating on LDCs, he found that those countries with higher - than average growth rate of Gross National Product (GNP) are rather strongly associated with a supply-leading phenomenon when the currency ratio is used as a proxy of financial development. The overall result is interpreted as providing moderate support for the Patrick's hypothesis, which says financial development is crucial for successful economic growth.

De Melo and Tybout (1986) analysed the effects of financial liberalisation on savings and investment in Uruguay, over the period 1962 - 1983. Their objectives were to find out how (i) financial market deregulation mechanisms should affect resource allocation and growth; (ii) increases in the real interest rate should induce more savings; (iii) a relaxation of the liquidity constraint with financial deepening should facilitate private investment; and (iv) this relaxation, coupled with the decentralisation of banking, should improve the allocation of financial resource at the micro level.

They found that, there was financial deepening earlier in the economy as Uruguayans shifted their wealth towards financial assets held abroad to Uruguayan banks. Also, the banking system progressively replaced the government as the channel through which savings were transferred to investors. They found that savings behaviour exhibited a clear shift with financial liberalisation and private savings shifted upward with the implementation of financial reforms. On the investment side, it was found that the standard accelerator effects were significant throughout the sample period.

Also, according to Patrick (1966), there are three major ways in which financial development influences growth in the real sector. First, financial institutions can encourage a more efficient allocation of a given total amount of tangible wealth (capital), by bringing about changes in its ownership and in its composition through intermediation among various types of asset holders. Second, financial institutions can encourage a more efficient allocation of new investment from relatively less to relatively more productive uses, by intermediation between savers and entrepreneurial investors. Third, they can induce an increase in the rate of accumulation of capital, by providing increased incentives to save, invest and work.

In the same vein, Lewis (1955) reported: "experience shows that the amount of savings depends partly on how widespread these facilities are (i.e savings institutions), if they are pushed right under the individual's nose... people save more than if the nearest savings institutions is some distance away"[1].

Adelman and Moris (1967) view the contribution of banks and other financial institutions as particularly relevant for the growth of less developed economies. In their study, they made use of a highly sophisticated model that focused on the measurable determinants of an economy's potential for economic growth. They utilised data from seventy four less developed countries for the period 1950 - 1963. They estimated the relative importance of 39 variables among which were 14 purely economic variables, on the capacity of these countries to develop. Among the 14 purely economic variables explored, they found that the level of an economy's financial development and increases in physical capital overhead were the only variable with a high impact on increasing the development potential of these countries.

Also Porter (1966), in his study attributes a large positive effect to the impact of financial development on real development. While he concedes the point that financial institutions make little direct contribution to national output in less developed economies, he points out that the concern of these economies for growth of their financial institutions (especially the banks) is not premised on any narrow conception of the contributions of financial institutions to development. According to Porter, what is recognised as relevant is the indirect contribution (to growth and development) which growth in monetary variables can make.

Discussing the effects of the financial super structure on economic development, Goldsmith (1969) reported that, the financial super structure, in the form of both primary and secondary securities accelerates economic growth and improves economic performance to the extent that it facilitates the migration of funds to the best user, that is, to the place in the economic system where the funds will yield the highest social return.

Bhatt (1983), also reported that financial innovations tend to reduce transaction costs and risk, both subjective and objective, and as a result bring about the widening, deepening, and integration of capital markets, such financial development accelerates the pace of economic development through its favourable impact on savings,investment and output.

Ojo (1984) examined the relationship between financial intermediation and economic growth. Applying ordinary least square technique, he found that, the summary statistics indicates that the rate of growth is significantly influenced by the level of financial development and the level of income.

Also, Ogungbenro (1991), investigated the positive correlation existing between financial conditions and economic growth via savings and investment in Nigeria. He traced the path of development engineered by financial advancement through savings mobilisation and investment allocation to economic growth. Using the ordinary least square statistical technique, he found that there is a positive influence wielded by financial conditions on savings mobilisation, credit allocation and growth.

Furthermore, Ikhide (1982), examined the development of financial institutions in Nigeria and observed their relationship to national product. The assets of financial institutions was used as a measure of their growth and the Gross Domestic Product (GDP) was the variable used for real growth. The ratio of the growth of assets to GDP was computed for the entire period and for sub-periods. Also, the income elasticity of demand for assets was calculated by fitting a regression line to the assets of the financial institutions and GDP. The coefficient of variation for the ratio of assets and issues to GDP was also computed. The results showed that the ratio of assets to GDP rose for the entire period. Also, it was observed that the growth in assets and issues of financial institutions was far in advance of the growth in GDP for the period covered by the study. The study provided sufficient evidence to support the claim that like most developing countries the financial ratio in Nigeria has been rising and more importantly, that financial development in the country has mainly been 'supply-leading' with demand following.

However, a striking phenomenon of the Nigerian banking system is the concentration of banks in the urban communities. About 65% of the Nigerian population living in sub-urban and rural communities do not have access to modern banking services and facilities (Ajala, 1992). This difficulty could be traced to some factors such as the nature of rural occupation, which is mainly small scale farming, and the fact that agriculture requires essentially long term credit whereas banks concentrate in the short credit market. Individual small loans and transactions which is a common feature in rural areas, tend to be uneconomical due to high administrative costs incurred for technical and clerical staff required to visit and inspect farms, appraise credit needs, assess credit worthiness and keep the books. Often, a disinterest, based on low expectation tends to inhibit urban bank operators from establishing banks in rural communities.

Sometime in the past, efforts were made to involve people in the sub-urban and rural communities in modern banking operations. Apart from encouraging the establishment of commercial banks, specialised development banks were created, focusing on agriculture, savings and cooperatives and other specified areas. Over and above these, the establishment of rural branches was mandatory for the commercial banks so that the interest of the grassroots people in the communities could be catered for. Grassroots people could not fit into the conventional banking system as they were required to fill several forms, have certain kinds of collateral, obey certain rules and were generally made to feel lost as their request to credit facilities were never met.

It is in recognition of the fact that the development of financial institutions increases rate of savings and investment, thereby inducing growth, that the federal government through the Central Bank of Nigeria (CBN) came up with the idea of grassroots banks such as the community banking system - A supply led finance, where the expansion of financial system precedes the demand for its services in an effort to stimulate borrowers to risk new and useful activities. The community banking system cater for the savings and credit needs of Nigeria's two most marginalised economic groups. The self employed urban informal sector and the vast rural population which have not been able to cope with modern banking system, with its complex and sophisticated operations and emphasis on collateral.

It is considered important at this stage to emphasise that though community banks provide credit to various types of customers regardless of gender, this study considers provision of credit to women only. This is because women contribute significantly to economic development of the country and they have limited access to resources especially credit. The remaining part of this section therefore reviews literature on women and credit. Specifically, on women in the informal sector, women's access to credit, the obstacles women face in participating in credit programmes in formal and informal institutions, women's use of credit and the impact of gaining access to credit.

2.2.2 WOMEN IN THE INFORMAL SECTOR

Ojo (1992) defined the informal sector as a less organised and less institutional system, that deals with the traditional/indigenous, rural and locally based small and largely subsistence farming and commercial enterprises. Recent research in several countries have shown that a significant share of informal sector workers are women. Berger (1989) reported that they are heavily concentrated in the informal sector both as self-employed business operations and as employees. Existing studies indicate that women own or operate roughly over one-third of all informal sector businesses in developing countries (Sethuraman, 1976). Specifically in Nigeria, a larger proportion of female entrepreneurs operate within the informal sector particularly small businesses (Osoba, 1990).

Women tend to be concentrated among the smallest businesses, even within the micro-enterprise sector (five employees or fewer) mainly because they have limited control over physical, financial and human resources. The overwhelming majority of women's businesses have only one worker (the business owner herself), and while certain niches of the informal sector offer relatively good earnings potential, the great majority of one-person and home based firms (in which poor women predominate) are at the margin of economic survival (Liedholm and Mead, 1978). On the average, women's micro enterprises have lower sales revenues, fewer assets and smaller profit margins than men's (Merrick and Schmink, 1983). The fact that the women have limited access to resources explain why women are strongly represented in the informal sector where earnings and assets are lower than those in the formal sector.

The review above shows what goes on in the informal sector of most developing countries such as Nigeria, where most women are engaged in micro businesses such as street vending, petty trading and subsistence farming in which case the markets for these products are easily saturated leading to low demand for their products and low renumeration. However, enhancement of the development of productive activities, hence, the improvement of economic status of these small producers in the informal sector is one of the objectives of community banks which this study focuses on.

2.2.3 WOMEN'S ACCESS TO CREDIT

A credit system encompasses both private and public banks and other types of lending, including informal credit from traders and money lenders. A credit system requires the repayment of money to the lending institution which will then be able to relend it to other individuals or groups (Sole, 1976). Institutional credit serves as capital for needy people, who in turn can utilize it for procuring necessary input to raise their productivity. Thus, making credit available will itself unlock considerable self-employment, enterprise start-ups and expansion. While not necessarily the only constraint to improved livelihoods, lack of access to credit is viewed as a significant obstacle. Studies have shown that few researchers dispute that access to affordable institutional credit for fixed assets and working capital can improve livelihoods and business survival as well as permitting entry and establishment of new enterprises (Mckee, 1989).

Sadeque (1986), conducted a study on the rural financial markets in Bangladesh wherein the rural poor and women were involved in credit operations. He reported that credit use has found a place in rural development. He submitted that credit is vital to the poor in view of their limited capacity for savings and the exploitative nature of the informal markets.

Meyer (1983) also conducted a study on financing rural non farm enterprises in low income countries and reported that small scale firms suffer from inadequate institutional financing. He gave three types of evidence to support the claim. First, small businessmen and women customarily identify finance as one of their key bottlenecks when asked about their business. Second, small enterprises are frequently started and later expand largely with equity capital obtained from savings accumulated from other activities or from within the firm itself. The limited use of credit by smaller firms can be seen as evidence of discriminatory credit rationing. Third, when credit is used, it is frequently obtained from informal sources (other than friends and relatives) such as input suppliers, purchasers and moneylenders. The interest rate charged are usually higher than those charged by formal credit sources. Meyer then concluded that small businesses are denied adequate formal sources. Evidence has also shown that in Nigeria, a larger proportion of female entrepreneurs operate small businesses (Osoba, 1990). In addition, Okediran and Olarinde (1990) reported that majority of formal lending institutions in Nigeria whether public or private provide virtually no access to credit for women, while Oboh (1981) reported that informal sources have high and exploitative interest charges which makes borrowing uneconomic.

Hall et al (1992) found that credit programmes established to encourage the development of small scale enterprises in Nigeria, such as those of the National Bank/World Bank's Small and Medium Enterprises Development Project (SME), exclude assistance to commerce activities, where majority of Nigerian women predominate. Ukachukwu (1991), also claim that almost all women's organisations and groups do not have access to credit facilities even where they were made available to them. Lack of information on credit have been blamed for this development. On the other hand, Anyanwu's (1992) study on women's access to credit facilities from commercial banks in Nigeria, using tabular analysis, found that women do not have limited access to credit facilities from Nigerian commercial banks but that fewer women apply for credit.

However, Anyanwu's study did not investigate the reasons why few women apply for credit. This omission is very important because few women might have applied for credit in commercial banks not because credit was not needed but because of some constraints that limit their ability and willingness to apply for credit, such as giving special fees and bribes before loan is disbursed, knowledge of book-keeping required by most banks, lack of assets, low returns from their economic activities due to demand conditions and lack of time because women are usually shouldered with household responsibilities and many carry out several micro-businesses or agricultural activities simultaneously. This study intends to give more information on women's access to credit in community banks in the study area, using analytical techniques.

2.2.4 SOURCES OF FORMAL AND INFORMAL CREDIT FOR WOMEN

Sources of formal credit include: Central bank, Commercial banks, Merchant banks, Cooperative societies, Specialised development banks like: Nigerian Industrial Development Bank (NIDB); Nigerian Agricultural and Cooperative Bank (NACB); Nigerian Bank for Commerce and Industry (NBCI); the Federal Mortgage Bank (FMB) and the Federal Savings Bank (FSB), People's Banks and Community Banks. Also, sources of Informal credit includes; relatives, friends, moneylenders, wholesalers, and a variety of indigenous saving and credit associations like fixed fund associations, rotating savings and credit associations, mobile bankers and so on.

2.2.4.1 Formal Credit

The characteristic of formal bank credit are often inappropriate for the needs of women entrepreneurs, as such, women do not even attempt to borrow from these institutions. These characteristics includes:

Administrative and Procedural Constraints

In some cases, formal banking procedures such as requiring a woman to have a male relative co-sign a loan discourage women from applying for loans (Berger, 1989). Banking policies generally discriminate against women in pledging of property as security for loan and application for credit in Nigeria. For instance, when a woman pledges her property to secure a loan for third party, banks usually demand for evidence to ascertain that she has received independent legal advice in respect of the transaction (Okediran and Olarinde, 1990). In other cases, location of the bank, a stipulated high minimum loan size, high interest rate, delivery system which excludes women and lengthy application and approval processes prevent women from applying for loans (Fong and Perrett, 1991).

On the contrary, Anyanwu (1992), reported in his study that cost of credit, inadequate bank funds, transactions and risk costs, excessive paper work, distance from lender and government policy, does not limit women's access to commercial bank credit.

Collateral Requirements

Collateral Requirements are one of the most pervasive barriers to formal credit for women (Berger, 1989; Sokenu, 1990; Fong and Perrett, 1991; Mehra 1991; Anyanwu, 1992). This problem is compounded for women by the widespread custom of registering property in the names of male household members and patrilineal systems of inheritance which distribute to male survivors (March and Taqqu, 1986; ILO, 1988). Lele (1986), also observed that land titling schemes have ignored women's customary rights and claims to land, while legalising and strengthening those of men. However, Afonja (1981) on the study of Yoruba women argues that the political economy of each period and the specific history in each kingdom affected the nature and degree of female participation, the types of control mechanisms available to them and the degree of egalitarianism within each state. There is the maximum hereditary restriction system which is strongly patrilineal, kingdoms of this types, Oyo and Ekiti, for example, theoretically exclude women from property inheritance; the minimum hereditary system in which the status of the lineage is politically insignificant and both male and female lines of descent are recognised, examples are Ijebu and Ondo; the egalitarian system found in Ibadan and Egbaland, where women are able to compete openly for political and economic resource. This suggests that the degree of land control among women in each kingdom of Yoruba state varies. Not all women are excluded from property inheritance.

Lack of Education

In many developing countries women's lack of education relative to men puts them at a disadvantage in applying for credit (Kotite, 1989). In Africa, women's educational attainment averages 58 percent the level of men's (Sivard, 1985). Similarly, Osoba (1990), noted that a large proportion of female entrepreneurs in the informal sector in Nigeria are either those who did not attend any formal educational institution or those who found it difficult to continue with their academic educational pursuit. More women than men found it difficult to differentiate between their personal funds and those for businesses, though they possess excellent business acumen. The fact that formal creditors required proper documentation and accounts (balance sheet, profit and loss account) before granting loans meant that most female entrepreneurs were excluded from use of such facilities. According to Oladunni (1992), Nigerian women get only 7 to 11 percent of loans granted by the financial institutions, and the amount goes mainly to those highly educated women who reside in urban areas. However, Anyanwu (1992) reported that women's educational level is not a limitation to their access to commercial banks.

Narrow Targeting of Credit by Economic Activity

Banks target somewhat older businesses, as well as those that operate year round or full-time. These "errors of omission" are typical of credit programmes and may not lend to women for multiple part-time businesses (Reichmann, 1984). Fong and Perrett, (1991), noted also that in many developing countries, banks provide only limited service to small farmers. In Africa, it has been estimated that less than 20 percent of farmers have some access to financial services. In situations when government actively promote lending to the poorer sectors of the agricultural population, experience shows that credit often tends to reach farmers with large holdings. And where such special credit programmes reach the poorer sectors, women are usually under-represented as borrowers. In Nigeria, experiences with Agricultural credit programme revealed limited success. This is partly due to unwillingness on the part of the formal credit institution to finance agriculture (Oboh, 1981; Njoku and Odii, 1990). The high risk associated with agricultural production and high cost of loan as explained by (Adams and Nehman, 1975) are some of the factors responsible for limited financing of agriculture by formal credit institutions.

It is true that sometimes these factors impedes women's access to credit, but this can be explained by the fact that since banks are in business to make profit and ensure repayment of their loans, it seems natural for them to provide credit facilities to those persons or sectors in the economy which can readily meet their conditions. And in actual fact, all these requirements are not limited to women. However, community banks, which the study is focusing on intends to tackle, some of these obstacles such as collateral requirement, knowledge of financial education and narrow targeting of credit by economic activity, by giving potential borrowers credit based on their self recognition and credit worthiness, that is, community banks specifies that to qualify for a loan a person must be known and recognised in the community by trade associations, landlord, community/market leader or a well known individual in the community stands as guarantor for the loan applicant. This is expected to specifically solve the problem of collateral requirement for women to a large extent.

2.2.4.2 Informal Credit

Family and Friends

Facing restricted access to formal institutions, self employed women tend to rely heavily on informal sources of credit and social assets from family and friends often made without interest, not only in the face of emergencies but also for routine borrowing needs (Berger, 1989). These credit sources are particularly important for both women and men. In a study conducted by Osoba (1987), it was revealed that about 70 percent of small business owners obtained their funds for investments from their personal savings and loan from family and friends.

Moneylenders and whole Suppliers

Money lenders and whole suppliers are also important sources of informal credit, because they are close to the borrower and offer small sums of money and immediate disbursement without the costly apparatus of buildings, papers and staff (Wilmington, 1983). The convenience of borrowing from these sources is cited repeatedly by borrowers as their reason for dealing with money lenders and the like, despite exorbitant interest rates (Timberg and Aiyar, 1984).

Rotating Savings and Credit Association

One of the most significant indigenous financial institutions in developing countries is rotating savings and credit associations (ROSCA). Members contribute periodically and the money collected is given in turn to each member of the group. These associations usually involve large numbers of women, though they are small scale and have limited viability in an inflationary context. Credits in these associations are exclusively for members and the repayment is normally in installments, that is out of their future contributions to the group (Miracle et al, 1980; March and Taqqu, 1986; Shipton, 1990).

Fixed Fund Associations and Mobile Bankers

There is the fixed fund association and mobile bankers where regular contributions are made by members to treasurers for safe keeping, credit facilities are enjoyed at little or no interest and sometimes extended to non-members at a higher interest rate (Massing and Seibel, 1974; Delancy, 1978). The usual practice is for the mobile banker to keep one deposit per time period as his fee (Soetan, 1991). Amount of credits extended most of the time to depositors is usually a multiple of the amount they have on deposit (Lewis, 1976).

In summing the above up, Ogurinola and Oladeji (1992) in a study on demand for credit in the informal financial sector of south-western Nigeria, using summary statistics and ordinary least squares estimating technique, found out that, Informal savings and credit associations provide small loans with repayment periods rarely exceeding one year. And that despite the inadequacy of loanable fund relative to credit demand, the lending rate in the informal financial sector remains low and the credit terms are very generous. Also, observed credit demand in this sector was not only interest elastic but also positively related to the lending rate. In addition, researchers have found a low rate of default in these informal associations which extend loan to members (Miracle et al, 1980, Ogunrinola and Oladeji, 1992).

Though most women obtain credit for their businesses from the above mentioned informal sources, the draw back of some of these informal credit institutions including those in south western Nigeria, notably money lenders and whole suppliers, is that they are not dependable and often have high interest rates. Also, borrowers are subjected to stringent repayment conditions which makes borrowing very unattractive. In associations like ROSCA, fixed fund association and mobile bankers where interest rate is low, there is usually insufficient loan volume because amount of credit extended is a multiple of the amount they have as deposit. And these women usually contribute very little, hence will receive very small loan which might be diverted for consumption.

2.2.5 MICRO ENTERPRISE CREDIT PROGRAMMES

Micro enterprise credit programmes are the non-governmental organisations (NGOs) or government agencies that provide credit to the poor via non-bank or bank institutions. They exhibit several features that make credit more accessible to women; frequent and flexible repayment schedules, relaxed collateral requirement, simple application forms and procedures, and location of lending operations close to women's place of work (Buvinic 1989; Due et al, 1992). It is not uncommon to find that women comprise over half of the borrowers in projects run by NGOs or governmental agencies that specifically target the small business. For example, 80% of borrowers from Grameen bank in Bangladesh were women in 1988 (Vickers, 1991); they were the majority of the clients of the KREP programme in Kenya (Due et al, 1992); and 70% of the members of people's bank in Nigeria are women (Sokenu, 1990).

Most of these microenterprise credit programmes utilize group mechanism, where borrowers are organised in groups of about five to eight whose members guarantee each other's loan. The group provides a character based substitute for collateral and the cost of lending to very small businesses is reduced by putting together several very small loans. Most groups provide the necessary discipline to take and repay loans and jointly agree upon solutions to default problems which does not involve the upper levels of credit operations. The groups also provides a support mechanism which encourages women to participate in a relatively unfamiliar credit activity (Berger, 1989; Fong and Perrett, 1991).

The high demand by women for credit in these poverty targeted programmes provides at least an indirect evidence that women's access to credit in the formal financial system is restricted. But while these programmes tend to reach women in greater proportions than special schemes run by financial institutions, such as the UBA credit scheme for rural women, they generally work with small numbers of women compared with the proportion that need credit. However, it is expected that community banks which have some of the above mentioned features that make credit more accessible to women will reach large numbers of women, because a local government in Nigeria can have as many as seven community banks.

2.2.6 WOMEN'S USE OF CREDIT

The blurring of reproductive and productive activities in women's daily lives has implications for women's use of credits. First, credit must be made available on terms that are compatible with women's complex patterns of time use. In addition, the overlap between household and business makes it difficult to ensure that credit is used for purely productive purposes (Berger, 1989).

Soetan (1991), noted in a research in south western Nigeria that a large proportion of women use their loans for investment purpose such as purchase of land and equipment. In the study conducted by Fong and Perrett (1991), instances of diversion of funds are usually minor. And some of the diverted funds have been found to be put to productive use in other family enterprise rather than consumption. Similarly, Buvinic (1985) reported that women may use credit to fund consumption or the economic activities of their husband and other male household members.

Generally, the situation in Nigeria depicts instances where women loan beneficiaries initially use their loans to start and sometimes expand businesses, but daily demand on women to feed and care for their family members create strong pressure to use part of revenue generated from these businesses to cater for family needs instead of re-investing in the business. And because of this, their businesses usually do not improve. However, recognising that effective loan utilisation not only ensure repayment of due loans but also increases the recycling rate of loans so as to reach increased numbers of borrowers, one of the major functions of community banks is to help promote and monitor effective loan utilisation amongst their customers.

2.2.7 IMPACT OF ACCESS TO CREDIT

Few rigorous evaluations of credit programmes have been carried out to date, however, their results are mixed. Evarett and Savara (1984) evaluated credit extended to women micro entrepreneurs by the Differential Rate of Interest (DRI) scheme in Bombay, India. Using a random sample of approximately 3,000 loans, they noted that, although women's income increased after receiving a loan, their additional earnings were used to make interest payments on the loan, rather than reinvested in the business. On the contrary, Mckee (1989), analysed the strengths and weaknesses of three strategies for addressing the problems of self employed individuals and micro enterprises. Using criteria such as meaningful, sustainable increases in income levels for large number of participant, policy and regulatory changes that expand economic choices for the poor and economic growth, she noted that the availability of credit has enable self employed people and microenterprises to stabilise and modestly increase their income, and in many cases to expand their businesses into newer and more profitable lines of work, and build up a savings cushion.

Also, a study by Buvinic et al in Berger (1989) on the impact of a credit project for women and men microentrepreneurs in Quito, Ecuador, compared borrowers progress in terms of net business income and employment with that of nonborrowers, using descriptive statistics such as the analysis of variance on the characteristics of the interviewees, they found that while borrower's income increased after participating in the programme (and women as a group increased their incomes as much or more than men), nonborrowers' income also improved over the same period.

In addition, a study by Ogundana (1993) on comparative analysis of the performance of

United Bank for Africa credit scheme for rural women in Ondo, Osun and Oyo states in Nigeria assessed the impact of the scheme on the living standards of beneficiaries by considering their savings, income and expenditure, using descriptive statistics such as frequency tables and mean, he found that beneficiaries had substantial increase in savings, income and expenditure.

Furthermore, credit projects have contributed to improving women's self-esteem and status within the household (Reichmann, 1984; Tendler, 1989). Credit implementing organisations have also demonstrated that women borrowers are reliable and have high repayment rates (Blumberg, 1989). Thus in some settings, credit access alone appears to offer much promise for incremental improvements in livelihood.

The evidence on employment generation and enterprise growth is more mixed. The study by Due et al (1992) on funding for women by the Cooperative and Rural Development Bank (CRDB) in Tanzania showed that each loan made to the women generated employment of one additional person, and that repayment rates have been high. Whereas, Tendler (1983) noted that specific credit schemes are too costly and fail to create employment. Mckee (1989) in her study assessed increases in aggregate employment and argued that it appears self employed individuals and microenterprises are often seeking modest improvements in the stability and level of their earnings, and do not necessarily give high priority to business expansion. According to her, women in particular may prefer to allocate earnings to improved housing or their children's education.

The study by Buvinic et al (1989) also showed that preliminary tabulation on the impact of credit on employment creation support those studies which found that projects extending credit to microenterprises, contrary to what is expected, do not tend to generate additional employment, but rather preserve jobs. They concluded that on the average, women tend to preserve, rather than create jobs and to stabilize rather than increase income.

The review above shows that there is very few analytical studies on women and access to credit in Nigeria, specifically on the effect of credit programmes on women as regards, income, profitability, savings, expenditure and employment creation. In view of these short comings, this study hopes to build on the existing state of knowledge by providing quantitative and qualitative analysis of the effect of community bank credit on women in terms of income, savings, and employment creation in the study area as well as highlighting any gender inequalities in loan disbursements. It would also shed more light on the constraints facing women in obtaining credit for economic purposes in community banks in the study area.

CHAPTER THREE

RESEARCH METHODS

The main objective of this chapter is to outline the methods employed in carrying out and analysing the data collected for the study. The chapter includes; Study Area, Sampling Procedures, Sources of Data, Analytical Techniques and Limitation of Data.

3.1 THE STUDY AREA

Respondents were drawn from Lagos and Ondo States to enable us have information on credit habits of urban and rural women and because these two states have the highest number of community banks in the Lagos zone of the National Board for Community Banks (NBCB). Lagos zone comprises all western states in Nigeria.

Lagos State lies in the south-western part of the Federal Republic of Nigeria and has boundaries with Ogun State in the North and East. It occupies an area of 3,577sq. kilometers and has a population of 5,681,781 according to the 1991 census. The state is the commercial and industrial centre of Nigeria and has the highest proportion of labour force in non-agricultural employment (Adewuyi and Feyisetan, 1988).

Lagos State is inhabited by people from virtually all the ethnic groups in Nigeria. Yoruba is the main language widely spoken by the indigenous ethnic groups in the state, comprising the Aworis, Egun and Ijebus. Pidgin English seems to be a comfortable lingua franca for many citizens in the state. The women in the riverine and coastal areas of the state are predominantly engaged in fishing. In other parts of the state women engage in pottery making, mat and basket weaving and gari processing. A large proportion of the women in Lagos State are engaged in trading and other informal sector occupations like hair dressing and dress making. A relatively small percentage are employed in the formal sector.

Ondo State was created on February 1976 out of the old western state of Nigeria. With over 20,595sq. kilometers, the population of the state according to 1991 census is 3,884,857. The people of the state are mostly Yoruba comprising the Ekitis, Akokos, Owos, Ondos, Ikales, Ilajes, Akures and the Awogbos who are Ijaw speaking people. The women in the state are predominantly engaged in agriculture especially farming and food processing. Some are also engaged in trading and services. There are in addition those employed in the wage sector.

3.2 SAMPLING PROCEDURE

Lagos and Ondo states had 36 and 29 community banks respectively as at 15th September 1992. Due to time constraints, ten (10) banks were selected using the proportional sampling method from the above number in each state, which gives approximately 30 percent coverage. Questionnaires were administered in each community bank to successful female loan applicants who were randomly selected using the proportional sampling technique from purposively selected occupations. The occupations were teaching, trading and services in Lagos State; farming, teaching, trading and services in Ondo State. This was because information from the bank's credit records showed that women loan beneficiaries predominate in the above activities in each state.

A control group of female respondents who are unsuccessful applicants were also sampled, so as to make it possible to empirically control factors that affect business in ways that are not clearly established, such as inflation, which can increase not only raw materials costs, but also the value of sales. An attempt was made to select a control group that would match up with the randomly selected group of successful applicants in terms of economic characteristics, such as location of shop and type of product marketed. The respondents were identified by the bank officials and most of them were engaged in teaching, trading and services.

In addition, a bank official in each community bank in the two states was purposively sampled to make a total of twenty (20) bank officials. Bank officials were officers that work closely with women loan beneficiaries. Names and addresses of the female respondents were collected from the bank officials.

It was expected that four hundred (400) successful female loan applicants (that is, twenty (20) successful female loan applicants in each bank) and a control group of a hundred (100) unsuccessful female loan applicants (that is five (5) unsuccessful female loan applicants in each bank) in the twenty community banks will be interviewed.

It was however found that, concerning the successful applicants, some banks do not have up to twenty female loan beneficiaries. In some other cases the women had traveled out of town for purchase of goods to resell, and some were generally not cooperative. For the unsuccessful female loan applicants, most banks claimed that there was no record of such women because they asked verbally, and were told reasons why money might not be given to them, while some bank officials felt it will be unfair to interview unsuccessful loan applicants and hence refused to disclose their names. As a result, only 273 successful female loan applicants, 38 unsuccessful female loan applicants and 20 bank officials were in the sample.

The respondents from each community bank were distributed as follows:

Table 3.1

Number of Respondents

Community Bank	Successful Applicants	Unsuccessful Applicant	Bank Officials	Urban/Rural
Lagos State				
Anthony-Village	8	-	1	Urban
Alimosho	16	-	1	Urban
Odofin	12	1	1	Urban
Satellite	12	-	1	Urban
Mafoluku	12	1	1	Urban
Awori - Alaba	13	3	1	Rural
Ira	18	-	1	Rural
Ojo	13	-	1	Urban
Ejigbo	6	1	1	Urban
Independent	8	-	1	Urban
Ondo State				
Ire-Ekiti	16	3	1	Rural
Ore	15	4	1	Urban
Ile-Oluji	12	-	1	Rural
Ilupeju - Ekiti	15	4	1	Rural
Efon - Alaaye	11	4	1	Rural
Ado - Ekiti	20	2	1	Urban
Ijero - Ekiti	16	3	1	Rural
Ekimogun	21	4	1	Urban
Ijesha - Isu - Ekiti	14	5	1	Rural
Owo	15	3	1	Rural
Total	273	38	20	

3.3 SOURCES OF DATA

The data for this study were obtained from primary and secondary sources. Data collection took place between the months of July and November, 1993, through visits to community banks and loan beneficiaries. The primary data were obtained using structured and semi-structured questionnaires with female respondents and bank officials. Secondary information was sought from each banks credit records.

(a) Questions asked the successful applicants included:

- Demographic and Socioeconomic characteristics of respondent.
- Savings and credit pattern of respondent before the establishment of community banks.
- Respondent's patronage and shareholding in community banks.
- Accessibility to facilities needed for credit (land, house, guarantors and so on).
- Amount of loan, interest rate charged, repayment schedule, sales, income, profit, savings, expenditure, and types of product marketed.
- Use to which credit was put.
- Effect of credit on income, profit, savings, expenditure and employment in business.
- Types of problems encountered in participating in community bank.
- Participation in community activities.

(b) Unsuccessful applicants were asked questions pertaining to:

- Demographic and Socioeconomic characteristics of respondent.
- Saving and credit pattern of respondent before the establishment of community banks.

- Respondent's patronage and ownership in community bank.
- Accessibility of facilities needed for credit (land, house, guarantors and so on).
- If loan was obtained from another source, amount, interest charged, type of collateral given.
- Problem encountered with lender.
- Use of loan taken from another source.
- Respondent's sales, profit, savings, expenditure and product marketed.
- Types of problem encountered in participating in community bank.
- Participation in community activities.

(c) Questions asked bank officials were:

- Staff designation.
- Duration of staff in present position.
- Number of female and male customers.
- How much loan has been disbursed in general, and to women in particular.
- How many people have applied for loan, how many are women, how many women has been given.
- Number of shareholders, how many are women.
- Conditions for granting loan, interest charged, women's repayment record, reasons for loan default, and if there is a special programme for women.
- Types of problems that could prevent women's access to credit in the community bank.
- Types of problems that could prevent women from patronising the community bank.
- What problems do the bank have with its operation.

3.4 ANALYTICAL TECHNIQUES

The data entry was done using Epi-Info programme - a computer package for data entry using a pre-determined coding instructions. The required frequency tables necessary for analysis of the data were produced through the SPSS/PC + programme, a statistical package for social scientists. The frequency tables give the percentage distribution of the characteristics of281,261 respondents. Bi-variate analysis which involves cross tabulation was used to show relationship between variables. Chi - square test (x^2) was used to test for significancies in the relationship of variables with more than two categories of classification in the cross tabulation. The chi-square (x^2) test was used to test hypotheses 1,2 and 4.

Chi - square (x^2) is used in testing hypothesis concerning the difference between a set of observed frequencies of a sample and a corresponding set of expected or theoretical frequencies (Hoel and Jessen, 1971) According to them, chi-square is defined by the formula

$$x^2 = \sum_{i=1}^{k} \frac{(o_i - e_i)^2}{e_i} \qquad (3.0)$$

where

x^2 = chi-square

o_i = observed frequency for the i^{th} cell

e_i = expected frequency for the i^{th} cell

k = number of cells in each cross tabulation

The level of significant, α, is 0.05

Decision Rule:

Accept Ho If, $\alpha > \alpha$ theoretical

otherwise reject Ho.

Also student T - test was employed and this is used to test for significance of the difference between two means (Mills, 1956). In this study, T - test was used to test hypotheses 3. The T-test for large sample was used and denoted as follows:

Large sample (T^*)

$$T^* = \frac{(\bar{x}_1 - \bar{x}_2)}{SE\ (\bar{x}_1 - \bar{x}_2)} \qquad (3.1)$$

Where :

$$SE\ (\bar{x}_1 - \bar{x}_2) = \sqrt{\frac{\delta_1^2}{n_1} + \frac{\delta_2^2}{n_2}} \qquad (3.2)$$

Decision rule:

Accept Ho If $(T^*) < T_{theoretical}$
otherwise reject Ho

and,
Ho: $\bar{x}_1 = \bar{x}_2$
Hi: $\bar{x}_1 = \bar{x}_2$
α: 5% (0.05)

T^* = observed T statistics
X_1 = mean of first sample
$\bar{x}_2$ = mean of second sample
SE $(\bar{x}_1 - \bar{x}_2)$ = difference in the standard error of the first and second mean
$\delta^2{}_1$ = standard deviation of first sample
$\delta^2{}_2$ = standard deviation of second sample
n_1 = first sample size
n_2 = second sample size
α = significant level

3.5 LIMITATIONS OF DATA

Despite necessary precautions taken during data collection, this study might have the usefulness of its data limited to some extent by a few factors. Most of the respondents kept inadequate records of their operations - sales, profits, incomes and savings. Therefore, most of the figures supplied were only approximations. The precision of the data provided herein depends on respondent's memory recall. This is a limitation on the data analysed.

Also, most of the data in the community banks were not sex dis-aggregated. For example, it was not possible to have sex dis-aggregated data on shareholding pattern, while some of the sex dis-aggregated data supplied by bank officials were approximations. Another limitation of the data is the fact that the control group could not be selected randomly. Because this is the case, the results obtained cannot be generalised.

The problem of limited time imposed some constraints on the study. For instance, a larger sample size would have been chosen and better in-depth study conducted. Inspite of the above limitations, the data used for this study can be adjudged to be reasonable and authentic.

CHAPTER FOUR

4.0 DATA ANALYSIS AND INTERPRETATION

4.1 DEMOGRAPHIC AND SOCIOECONOMIC CHARACTERISTICS OF RESPONDENTS

This section deals with the socioeconomic and demographic characteristics of the respondents. The description will show the composition of the population under study and will serve as a background to understand further analysis in subsequent sections.

4.1.1 Region of Origin

The data in Table 4.1 gives the distribution of respondents by region of origin. Respondents were distributed using the middle Belt, Southern, Northern and Eastern Regions. Majority of both the successful and unsuccessful applicants are from the southern region of Nigeria, most of whom are Yorubas, constituting more than three-quarters of the sample population. The above was expected considering the fact that the study was on provision of credit to women by community banks in southern Nigeria, questionnaires were administered in the south western region. Successful and unsuccessful applicants that came from other parts of the country were 5.6% and 2.6% respectively.

TABLE 4.1

Distribution of Respondents by Region of Origin

	Successful		Unsuccessful	
Region	Frequency	%	Frequency	%
Middle Belt	1	0.4	-	-
Southern	258	94.5	37	97.3
Northern	4	1.5	-	-
Eastern	10	3.7	1	2.6
	273	100	38	100

4.1.2 Location

Table 4.2 shows the distribution of respondents by location, 52.4% of the successful applicants lived in the urban areas while 47.6% resided in the rural areas. Among the unsuccessful applicants, 31.6% resided in urban areas and the remaining 68.4% had their residents in rural areas. A larger percent of unsuccessful applicants came from rural areas because bank officials in the rural areas were more cooperative with the researcher and identified more unsuccessful applicants. It seems the bank officials in the rural areas had a very cordial relationship with their customers, hence, bank officials could still approach unsuccessful applicants even though they were not given loan.

TABLE 4.2

Distribution of Respondents by Location

	Successful		Unsuccessful	
Location	Frequency	%	Frequency	%
Urban	143	52.4	12	31.6
Rural	130	47.6	26	68.4
Total	273	100	38	100

4.1.3 **Marital Status**

Table 4.3 below shows the distribution of respondents by their marital status, 82.1% of successful applicants were married, 4.4% had never been married and the remaining 13.6% headed their households (were either, divorced, separated or widowed). More than 80% of the unsuccessful applicants were also currently married, 5.2% were not married and 7.8% were either divorced or separated. Majority of the successful applicants were married, hence they have male heads who would more likely share in the financial responsibility with them.

TABLE 4.3

Distribution of Respondents by Marital Status

	Successful		Unsuccessful	
Marital Status	Frequency	%	Frequency	%
Married	224	82.1	33	86.8
Never Married	12	4.4	2	5.2
Divorced/Separated	14	5.1	3	7.8
widowed	22	8.1	-	-
No Response	1	0.4	-	-
Total	273	100	38	100

4.1.4 **Religion**

Table 4.4 shows the religious affiliation of the respondents in the study area. There were more christians than muslims among the women. The percentage of christians among the successful applicants is 82.8% as against 16.8% for muslims, with an insignificant percentage of 0.4% for traditional religion. Among the unsuccessful applicants, 86.9% are christians while 10.5% are muslims and 2.6% traditional religion.

TABLE 4.4

Distribution of Respondents by Religion

	Successful		Unsuccessful	
Religion	Frequency	%	Frequency	%
Islam	46	16.8	4	10.5
Catholic	53	19.4	8	21.1
Protestant	173	63.4	25	65.8
Traditional	1	0.4	1	2.6
Total	273	100	38	100

4.1.5 Age

The age distribution shows that 19.4% of the successful applicants fall below 35 years, 23.1% are between 35-39 years, 25.6% between 40-44 years and 31.9% were aged 45 and above. Among the unsuccessful applicants 60.5% were below 40 years of age, 23.7% were between 40-44 years and 15.8% were aged 45 and above. The average age of respondents is between thirty five and forty four years. Among successful applicants, older women above 45 years old were in the majority while younger women less than 30 years old were in the minority. The likely reason for this might be that bank officials give loans more to women with more years of experience in their enterprises. Table 4.5 gives age distribution of respondents.

TABLE 4.5

Distribution of Respondents by Age

	Successful		Unsuccessful	
Age	Frequency	%	Frequency	%
18 - 24	2	0.7	-	-
25 - 29	18	6.6	4	10.5
30 - 34	33	12.1	4	10.5
35 - 39	63	23.1	15	39.5
40 - 44	70	25.6	9	23.7
Above 45	87	31.9	6	15.8
Total	273	100	38	100

4.1.6 Education

Table 4.6 shows the distribution of respondents by educational attainments. An interesting finding is that the level of literacy among the respondents (successful and unsuccessful applicants) is fairly high. About a third of the sample population had secondary education, while 13.6% of the successful applicants had no education, as against 10.5% of the unsuccessful applicants. Also, 20.9% and 26.3% had some or completed primary education among the successful and unsuccessful applicants respectively. Among the successful and unsuccessful applicants, 26.7% and 21.1% had post secondary education respectively.

Among other things, education increases one's level of awareness and enhances the degree of civic understanding and participation. Presumably, therefore, most of the respondents could be said to be enlightened enough to understand the relevance of community banking. And in actual fact, 80.7% and 73.7% of the successful and unsuccessful applicants respectively claimed they had no problem with form filling. Also, education does not appear to be a key determinant of success at obtaining community bank loans.

TABLE 4.6

Distribution of Respondents by Education

	Successful		Unsuccessful	
Education	Frequency	%	Frequency	%
None	37	13.6	4	10.5
Some/Compl.				
Primary	57	20.9	10	26.3
G4/Modern				
School	12	4.4	1	2.6
Some/Compl.				
Secondary	94	32.4	15	39.5
Post Secondary	73	26.7	8	21.1
Total	273	100	38	100

4.1.7 Occupation

The occupational distribution is given in table 4.7 below. The table indicates that, a large proportion of the respondents were self-employed, 62.3% and 73.7% were engaged in trading among the successful and unsuccessful applicants respectively, while 18.3% and 13.2% provide services to people (hairdressing, tailoring, food selling and cloth weaving) among successful and unsuccessful applicants respectively. Also a small proportion of 2.6% each among the successful and unsuccessful applicants were engaged in farming. The findings above confirms past findings that large proportion of Nigerian women operate within the informal sector (Osoba, 1990). Also 13.2% and 10.5% of the successful and unsuccessful applicants respectively were teachers with a part-time occupation of trading or services. The irregularity in the salary of teachers coupled with recession and adjustment in the country has increased house-hold financial stress for female teachers, and this brought about the need for part-time occupations to supplement incomes from primary occupations.

TABLE 4.7

Distribution of Respondents by Occupation

	Successful		Unsuccessful	
Occupation	Frequency	%	Frequency	%
Farming	7	2.6	1	2.6
Trading	170	62.3	28	73.7
Teaching	36	13.2	4	10.5
Services	50	18.3	5	13.2
Others	10	3.7	-	-
Total	273	100	38	100

4.1.8 Household Responsibilities

Table 4.8 shows that majority of the respondents (successful and unsuccessful) contributed financially to one responsibility or the other in the household. Among the successful and unsuccessful applicants, 59.3% and 68.4% respectively supplemented whatever amount their husbands gave them, while 16.1% and 10.5% of successful and unsuccessful applicants respectively bore sole household responsibilities, though not all these respondents head households. Also 17.6% of the successful as against 10.5% of unsuccessful applicants provide for feeding in their households. The distribution in the table below gives indication that a large proportion of respondents use part of their earnings on family necessities. An insignificant proportion of less than 5% did not indicate whether they contributed to household responsibilities or not.

TABLE 4.8

Distribution of Respondents by Household Responsibilities

	Successful		Unsuccessful	
Responsibilities	Frequency	%	Frequency	%
Feeding	48	17.6	4	10.5
Payment of School Fees	3	1.1	3	7.9
Supports	162	59.3	26	68.4
Husband caters for all Responsibilities	44	16.1	4	10.5
Other	4	1.5	-	-
No Response	12	4.4	1	2.6
Total	273	100	38	100

4.1.9 Monthly Savings before establishment of community Banks

The data in Table 4.9 shows monthly savings of the respondents before the introduction of community banks. Since most of the respondents did not keep records of their savings, the figures supplied are only approximations. Majority of the respondents (successful and unsuccessful) also claimed they do not save regularly, and when they do, savings were between ₦50 and ₦1000 in a month. Larger sums of ₦501 - ₦1,000 were saved by majority (31.1%) of successful applicants while majority of unsuccessful applicants (42.1%) saved relatively smaller sums of ₦201 - ₦500. Also 2.2% of successful applicants saved ₦50 and below which represents the lowest category of savings while none of the unsuccessful applicants saved in this category. The above saving pattern might be a reason for access to credit among successful applicants.

TABLE 4.9

Distribution of Respondents by level of Monthly savings

Monthly Savings	Successful		Unsuccessful	
₦	Frequency	%	Frequency	%
Less than 50	6	2.2	-	-
50 - 200	54	19.8	7	18.4
201 - 500	63	23.1	16	42.1
501 - 1,000	85	31.1	9	23.7
1,001 - 5,000	19	7.0	-	-
Above 5,000	22	8.1	6	15.8
Don't know	24	8.8	-	-
Total	273	100	38	100

4.1.10 Duration of Participation in Community Banks

Table 4.10 shows that among the successful applicants, 4.0% patronised community banks for 1 - 6 months, 52.0% have patronised for 7 - 12 months, 35.5% have patronised for 13 - 18 months and 8.1% patronised for 19 - 24 months. Also among unsuccessful applicants, 18.4% patronised for 1 - 6 months, 60.5% patronised for 7 - 12 months, 13.2% patronised for 13 - 18 months and 5.3% for 19 - 24 months. This might suggest that duration of patronage is not a strong criteria for loan disbursement, since there does not seem to be a required minimum number of months a customer has to patronise community bank before loan is given out.

TABLE 4.10

Distribution of Respondents by duration of participation in Community Banks

	Successful		Unsuccessful	
Duration	Frequency	%	Frequency	%
1 - 6 months	11	4.0	7	18.4
7 - 12 months	142	52.0	23	60.5
13 - 18 months	97	35.5	5	13.2
19 - 24 months	22	8.1	2	5.3
No Response	1	0.4	1	2.6
Total	273	100	38	100

4.2 WOMEN'S PATRONAGE AND SHAREHOLDING IN COMMUNITY BANKS

4.2.1 Women's Patronage

TABLE 4.11

Patronage in Community Banks by Gender

Bank	Total No. of customers	No. of female customers	Percentage of total	No. of male customers	Percentage of total
	1,642	1000	61.0	642	39.0
2	-	-	-	-	-
3	-	-	-	-	-
4	1,471	350	23.8	1,121	76.2
5	12,000	5,000	41.7	7,000	58.3
6	2,500	500	20.0	2,000	80.0
7	1,630	350	21.5	1,280	78.5
8	3,000	1,000	33.3	2,000	66.7
9	2,550	550	21.6	2,000	78.4
10	2,469	1,469	59.5	1,000	40.5
11	1,625	400	24.6	1,225	75.4
12	5,228	1,946	37.2	3,282	62.8
13	-	-	-	-	-
14	1,883	492	26.1	1,391	73.9
15	2,646	562	21.2	2,084	78.8
16	1,582	770	48.7	812	51.3
17	831	260	31.3	771	68.7
18	3,050	1,000	32.8	2,050	67.2
19	7,264	4,122	56.7	3,142	43.3
20	1,846	421	22.9	1,425	77.1
MEAN		1187.8	37.8	1954.4	62.2

Source: Community Bank Credit Records

Table 4.11 above shows the number of customers patronising each community bank in the study area by gender. Three of the twenty banks did not give the number of customers in their banks. However, the average number of females patronising the seventeen (17) banks was 1,188 compared to the males which was 1,954. On the average, 37.8% of the total customers were females as against 62.2% males. The table indicates that the ratio of females patronising community banks is less than the males. The reason for this seems to be inadequate enlightenment and wrong channeling of information by bank officials which by-passes women. Most community banks made known their mode of operation through media that are generally outside the information channel utilised by women (for instance, television and newspapers). Data collected showed that 52.4% of total respondents got to know about community banks from friends and co-workers, and 26.8% complained of "unclear mode of operation" in community banks. Only 20.9% of respondents (successful and unsuccessful) got to know about community banks through community/market leader which would have been a better channel, since majority of the women either lived in the area where the community bank is located or had shops in the community's market. Also noted from the data is that over half of the respondents (successful and unsuccessful) had patronised community banks for 7 - 12 months.

4.2.1.1 <u>Reasons For patronising Community Banks</u>

Table 4.12 shows the reasons given by respondents (successful and unsuccessful) for patronising community banks by their location. The table indicates that majority of the respondents (68.2%) patronised community banks for financial assistance.

A close observation of the table shows that more rural women (14.0%) than urban women (6.5%) patronised community banks because it was nearer to their shop/house than the saving medium used before community bank was established, confirming the fact that most financial institutions especially banks are usually based in urban areas. Also, more respondents in rural areas (12.1%) than urban areas (2.6%) patronised community banks because they believed it could bring development to their communities, indicating that rural women were more aware of the impetus of community banking in the development of their individual community than urban women.

TABLE 4.12

Respondents' Reasons for Patronising Community Banks by Location

	Location		
Reasons	Urban	Rural	% of total
For financial assistance	70.1	66.2	68.2
Nearer to house/shop	6.5	14.0	10.3
For savings	3.9	6.4	5.1
For Community development	2.6	12.1	7.4
Others	14.9	1.3	8.0
No response	1.9	-	1.0
Number of respondents	154	157	311

chi-square (x^2) = 32.7269 $\alpha = 0.0180$

4.2.2 Women's Shareholding in Community Banks

Table 4.13 presents women's shareholding in community banks by their educational level. About 22% of the respondents (successful and unsuccessful) had shares in community banks as against 78.1% who do not have (25.5% and 5.3% of successful and unsuccessful applicants respectively had shares in community banks as against 74.5% and 94.7% of successful and unsuccessful applicants who do not have). It was gathered that all respondents knew what a share is, but majority of them do not know why investment should be made in shares, and the few that knew were not aware of the sale of shares in most banks. Most of the shares currently owned by female respondents were not bought directly by respondents but by children or close relatives. Some respondents came about owning shares through the association they belong to, in such cases, members of the association contribute a specific amount to the President/Treasurer who uses the lump sum to buy some shares, with the intention of sharing the dividend when it is received. Respondent's shares were worth between ₦50 and ₦25,000. Also, the table gives an indication that respondent's educational attainment has an effect on share holding pattern, the higher the educational attainment the higher the investment in shares. This is not surprising because educated people usually have more access to information sources such as mass media and so are more aware of investment opportunities.

Assessment of women's shareholding to the total shareholding pattern in each bank could not be made because record of shareholding in each bank was not sex-disaggregated

TABLE 4.13

Respondents' shareholding by Educational Level

	Shares		
Educational Level	Yes	No	Total
No education	12.1	87.8	100
Some/Completed Primary	14.9	85.1	100
G/4 Modern School	23.1	76.9	100
Some/Completed Secondary	25.9	74.1	100
Post Secondary	26.6	73.4	100
Number of Respondents	68	243	311
%of Total	21.9	78.1	100

chi-square (x^2) = 16.12858 $\alpha = 0.0239$

4.3 WOMEN'S ACCESS TO COMMUNITY BANK'S CREDIT

Table 4.14 below gives a summary of total number of loan applicants, number of women applicants, number of women actually given loans, total loans of each community bank in the study area. The table shows that in almost all the banks, the proportion of women that applied for loans is lower than that of men, and fewer women were eventually given loans. Female loans applicants were 40.0% of total loan applicants, while 22.0% of these women were actually given loans. There are several possible reasons why fewer women applied for loans in community banks, (a) most women are likely to be using a formal bank for the first time, hence the fear of taking risk (b) most women do not operate their account well enough or do not operate a current account (c) most women have not imbibed banking culture in their communities and still patronizes informal sources of credit because it is more familiar to them.

Table 4.14 also indicates that the percentage of loans received by women to the total loans disbursed was less than that of men in all the banks. Total loan disbursed in all the banks was ₦64,672,553.00, of the total loans disbursed, women received ₦18,455,988.00 representing 28.5%. Most of the banks do not have a stipulated minimum amount that could be borrowed, thus eliminating a frequent obstacle in lending to women. The stipulated maximum amount is usually 10% of each bank's cash base. Women borrowers in the study therefore received a small proportion of the total loans mainly because they were concentrated in economic activities that the bankers assessed as requiring less working capital and were generally more risk averse as far as applying for loans was concerned.

The prime lending rate of each bank is shown in table 4.14, this ranges between 25.0% to 60.0% with a mode of 35.0%. Usually this rate varies depending on purpose, amount and duration of loan. In some community banks, the interest rate was below the market interest rate of 35% in the country, this indicated that some community banks provided credit at a subsidised rate.

Table 4.14

Number of Women Applicants, Loans Disbursed, Interest Rate and Repayment Rate in each Community Bank

Bank	Total Number of loan Appl.	Number of women loan Appl.	% of Total	Number of women given Loans	% of Total	Total loan disbursed =N=	Loan disbursed to women =N=	% of Total	Interest rate charged	Repayment rate
1	300	120	40.00	80	26.70	1,364,212	545,685	40.00	42.00	70.00
2	202	63	31.20	42	20.80	510,000	200,000	39.20	35.00	85.00
3	200	30	15.00	18	9.00	5,314,300	1,677,400	31.60	40.00	60.00
4	700	80	11.40	43	6.10	6,864,376	352,372	5.10	30.00	68.00
5	6,000	3,000	50.00	1,350	22.50	19,000,400	8,550,180	45.00	35.00	98.00
6	52	24	46.20	15	28.80	1,000,000	200,000	20.00	35.00	65.00
7	114	25	21.90	21	18.40	1,000,000	350,000	35.00	54.00	85.00
8	500	95	19.00	29	5.80	850,000	156,000	18.40	35.00	40.00
9	600	150	25.00	32	5.30	1,300,000	300,000	23.11	25.00	70.00
10	1,652	800	48.40	500	30.30	2,222,922	800,000	36.00	50.00	85.00
11	102	35	34.30	22	21.60	3,806,786	100,000	2.60	34.00	70.00
12	700	300	42.90	218	31.10	3,742,100	1,500,350	40.10	35.00	96.00
13	161	43	26.70	28	17.40	2,018,650	510,120	25.30	60.00	85.00
14	179	58	32.40	58	32.40	1,220,786	-	-	35.00	60.00
15	195	35	17.90	22	11.30	3,800,000	1,000,280	26.30	30.00	95.00
16	57	21	36.80	13	22.80	280,000	63,101	22.50	40.00	55.00
17	564	150	26.60	120	21.30	1,500,000	600,000	40.00	30.00	90.00
18	400	200	50.00	150	37.50	14,000,000	600,000	42.90	30.00	80.00
19	600	250	41.70	245	40.80	1,498,807	450,500	30.10	36.00	75.00
20	642	95	14.80	52	8.10	7,200,000	500,000	6.90	35.00	85.00
Total	13,920	5,574	40.00	3,058	22.00	64,672,553	18,455,988	28.50		75.90

Source: Community Bank's Credit Records.

TABLE 4.15

4.3.1 Distribution of Successful Applicants by Size of Loans

Size of loan	Frequency	Percentage
Less than 500	2	0.7
500 - 5,000	138	50.5
5,001 - 10,000	54	19.8
10,001 - 20,000	32	11.7
20,001 - 30,000	14	5.1
30,001 - 40,000	7	2.6
40,001 - 50,000	11	4.0
Above 50,000	14	5.1
No Response	1	0.4
Total	273	100

Table 4.15 shows distribution of successful applicants by the size of loan taken. The breakdown of the data by loan size shows that most of the loans given to the women were concentrated in two categories representing the smallest loans. Out of the total number of beneficiaries, 50.5% received amounts between ₦5001 and ₦5,000 and 19.8% of beneficiaries received between ₦500 and ₦10,000, while

28.9% received ₦10,000 and above. Most of the women (50.5%) obtained small loans while a small percentage (5.1%) obtained large loans, indicating that most women tend to be risk-averse probably because of fear of inability to pay back the loan.

4.3.2 Distribution of Successful Applicants' Size of Loan by Occupation

Table 4.16 shows the distribution of successful applicants' size of loans by their respective occupation. A close observation indicates that 68.3% of traders, 86.1% of teachers, 72.0% of those providing services and 11.4% of farmers took loans of ₦10,000 and below. From the data collected, the loan beneficiaries were concentrated in the marketing of such products as foodstuff, fish, oil, provisions, clothing materials, shoes, bags, drinks, snacks and petroleum products. Others were food-selling, dressmaking, hairdressing and cloth weaving. Very few sold cocoa, tobacco, hides & skin, cement and planks. This findings confirm statements made by bank officials that women are concentrated in economic activities requiring less working capital. Also, only 2.6% of the successful applicants were farmers, thus confirming the findings of Fong and Perrett (1991) that banks provide limited financial service to small farmers.

TABLE 4.16

Distribution of Successful Applicants' Size of Loan by Occupation

Occupation

Size of loan (₦)	Farming	Trading	Teaching	Services	Others	Total %
Less than 500	-	1.2	-	-	-	0.7
500-5,000	11.4	46.5	63.9	54.0	40.0	50.5
5,001-10,000	-	20.6	22.2	18.0	20.0	19.8
10,001-20,000	14.3	13.5	8.3	10.0	-	11.7
20,001-30,000	-	5.3	-	8.0	10.0	5.1
30,001-40,000	-	0.6	2.8	8.0	10.0	2.6
40,001-50,000	-	5.9	-	-	10.0	4.0
Above 50,000	14.3	5.9	2.8	2.0	10.0	5.1
No response	-	0.6	-	-	-	0.4
% of Total	2.6	62.3	13.8	18.3	3.7	100

Chi-square (x^2) 86.6744 $\alpha = 0.0001$

4.3.3 Guidelines Determining Access To Community Bank's Credit

TABLE 4.17

Women's Access to Credit By Guidelines Specified by Community Banks

Guidelines	Access to Credit			
1. **Ability to get guarantor**	Yes %	No %	Total	%
Yes	100	-	265	85.2
No	17.4	82.6	46	14.8
Total	87.8	12.2	311	100
chi-square =249.3845 α = 0.000*				
2. **Duration of participation**				
1 - 6 months	61.1	38.9	18	5.8
7 - 12 months	86.1	13.9	165	53.4
13 - 18 months	95.1	4.9	102	33.0
19 - 24 months	91.1	8.3	24	7.8
Total	91.1	12.0	309	100
chi-square=9.0706 α = 0.7723				
3. **Membership of groups**				
Yes	71	55.6	162	54.5
No	29	44.4	135	45.5
Total	87.9	12.1	297	100
chi-square =33.9776 α =0.0001				
4. **Amount saved**				
Low savings (>50-₦500)	74.4	25.6	90	45
High savings (₦500 and above)	90.9	9.1	110	55
Total	83.5	16.5	200	100
chi-square =13.4645 α= 0.0515*				

* indicates the variable is significant at 0.05 level

5. Type of account	Yes %	No %	Total	%
Current	35.3	43.8	83	35.9
Savings	15.3	31.3	38	16.5
Current & savings	49.3	25.0	110	47.6
Total	93.1	6.9	231	100
chi-square = 86.4088 α=0.0007*				
6. Access to Resources				
Land				
Yes	95.9	4.1	49	16.8
No	86.8	12.2	242	83.2
Total	88.3	11.7	291	100
chi-square = 4.3815 α=0.1118				
House				
Yes	98.2	1.8	57	19.6
No	85.9	14.1	234	80.4
Total	88.3	11.7	291	100
chi-square =7.7226 α=0.0210*				
Car/coldroom				
Yes	100	-	34	11.7
No	86.8	13.2	257	88.3
Total	88.3	11.7	291	100
chi-square 6.1065 α=0.0472*				
Electronics				
Yes	95.2	4.8	21	7.2
No	87.8	12.2	270	92.8
Total	88.3	11.7	291	100
chi-square =2.21771 α=0.3299				
Shares/stocks, Certificate				
Yes	92.3	7.7	26	8.9
No	87.9	12.1	265	91.1
Total	88.3	11.7	291	100
chi-square = 1.63076 α=0.4424				

* indicates the variable is significant at 0.05 level

The table presents women's access to credit by some guidelines specified by community banks. It is expected that respondent's ability to satisfy these guidelines will enhance their ability to obtain credit in community banks. The guidelines are; ability to get guarantors, duration of operation of account, membership of groups, amount saved, type of account operated and access to resources.

Table 4.17 shows that all (100%) the respondents who had access to guarantors were able to obtain credit in community banks compared to 17.4% of respondents who did not have access to guarantors. The duration of participation in community banks for those who had access to credit does not seem to have any particular pattern, although a higher proportion of those that patronised for 7 months and above had access to credit. The relationship is however not significant. Also, about 71% of the respondents that obtained credit belonged to a group compared to 29% of respondents who obtained credit but did not belong to any group. This indicates that membership of a group enhances respondent's ability to obtain credit.

It was expected that large savings by respondents will enhance their ability to obtain credit. As shown above, a large proportion (90.9%) of respondents that fall into the category of high savings were able to obtain credit while a large proportion of those that fall into the category of low savings could not obtain credit in community banks. In addition, respondents who operate current account seems to have better access to credit than respondents who operate savings account. Respondents' distribution by the type of account operated were; current account 35.3%, current and savings 49.3%, and savings account 15.3%.

Existing literature gives indication that women's access to resources such as land and house enhances their ability to obtain credit (Berger, 1989; Kotite, 1989; Osoba, 1990). This study also shows a strong relationship between access to credit and access to house and car for the respondents. This might be due to the fact that in some community banks, access to house and car were used as collateral for large loans (about ₦10,000 and above).

In summary table 4.17 shows that some factors specified by community banks enhances women's ability to obtain credit. These factors are: ability to get guarantors, membership of groups, saving a large amount, operation of a current account and access to house and car.

TABLE 4.18

4.3.4 Number of Times Successful Applicants Applied for Credit Before it was Granted

Number of Times	Frequency	Percentage
1	156	57.1
2	61	22.3
3	26	9.5
4	19	7.0
5	9	3.3
6	2	0.7
Total	273	100

Table 4.18 presents the number of times successful applicants applied for credit in community banks before it was granted. About 57% got their loans after the first application while 22.3% got theirs after second application. The remaining 20.5% of the successful applicants got their loan applications granted after three or more attempts. This indicates that while a large percentage of loan applicants were served at the first attempt, a substantial percentage (42.8%) had to try more than once. In essence, these applicants might not have satisfied all the conditions required by the community banks.

4.3.5 Constraints to Unsuccessful Applicants' Access to Community Bank Credit

Table 4.19

Distribution of Unsuccessful Applicants by Reasons For not Granting loan

	Applicants	
Reasons	Frequency	Percentage
Unsatisfactory operation of account	11	29.0
Lack of collateral	3	7.9
Unsuitable guarantors	17	44.7
Others	7	18.4
Total	38	100

Table 4.19 summarises constraints limiting unsuccessful applicant's access to community bank's credit. The table shows that majority (44.7%) of the unsuccessful applicants were not given credit because their guarantors were "Unsuitable". Unsuitable guarantors means guarantors were either: guarantors to a defaulter; debtors to the bank; do not have an account/current account with community bank;, not well known in the community or do not have enough asset to cover the loan. Also, 29.0% of the unsuccessful applicants were not given credit because the operation of their accounts did not satisfy the bank officials, meaning the respondents operated their accounts irregularly while 7.3% had their applications rejected based on lack of adequate collateral. The remaining 18.4% of the unsuccessful applicants had their loan

applications rejected either because: they just opened an account; had no current account; project not viable; do not belong to a group/association, in this case the group is expected to guarantee the loan.

This study shows that in community banks, access to suitable guarantors gives a loan applicant a better opportunity to access to credit. This point can be buttressed with the fact that 97.1% of the successful applicants had access to guarantors as against 2.9% who did not have, while 61% of successful applicants did not give any form of collateral before credit was given to them. In some banks if large loans are requested, then collateral is required. For those that gave collateral, it is usually in form of car, electronics (television, radio, generator), sewing machine, hair dryer, grinding machine, plank cutter, coldroom, shares, degree certificates (especially among teachers), while a few respondents gave land and houses.

In addition, data collected showed that loan application procedure have been simplified to help uneducated borrowers, 79.1% of the respondents (successful and unsuccessful) claimed they did not have any problem with form filling. Credit officers usually assist in the completion of paperwork, particularly with illiterate borrowers, and the time between initial loan application and loan disbursement is short. It was also noticed that, though consigning of loan application was mandatory for those who lack access to collateral in community banks, the person to consign the forms do not have to be a male as was noted by Berger (1989).

The above gives the indication that the requirements for loans in community banks are more relaxed and flexible than other conventional banks, and community banks might be able to financially help more of the low income earners and illiterates who are usually disadvantaged by low education and lack of collateral. However, female loan applicants on their part have to improve on their operation of accounts so they can have more access to credit.

4.4 REPAYMENT RATE OF FEMALE LOAN RECIPIENTS

Repayment is a key factor in lending, if the funds are to be recycled from year to year, if increasing numbers of borrowers are to be assisted and for determining repeated access to credit. Table 4.20 presents the repayment level of loan recipients by their educational level, 54.6% of the total recipients had paid back the loan with interest within the stipulated repayment schedule while an insignificant 2.2% paid back all the loan but not at the scheduled time. Other recipients (32.7%) are still paying back their loans, and have not exceeded the repayment schedule. The table indicates that majority of the female recipients regardless of their education took their loan obligations seriously, which confirms the finding of Miracle et al (1980) and Blumberg (1989) that women borrowers have high repayment rates.

It was found that though all loan recipients in the study knew the exact amount of loan taken, only few (30.9%), especially those with high level of education could tell the interest being charged on their loans. This shows that women still have limited information about details of formal credit. But all loan recipients in the study had an idea of when the repayment period will lapse. The repayment schedule is usually negotiable between the borrowers and bank officials, but often does not exceed a year. Repayment could be flat rate, to be paid at the end of scheduled time, monthly or daily basis, as agreed between borrower and bank officials.

The average repayment level reported by bank officials was 75.9% (see Table 4.14). This high repayment level of female recipients could be attributed to frequent repayment made by loan recipients in the study and constant monitoring by bank officials. None of the bank officials reported any case of default among female recipients, but there were cases of late repayment. And this occurred when: women diverted part of their loans to uses other than they intended for; women have fairly low turnover/profit on their businesses; women make credit sales to unreliable customers; bank officials do not monitor recipients' project and collusion between bank officials and beneficiaries amongst others, in order of rank.

Also gathered from the data is that majority of the recipients (42.1%) had taken loan/overdraft two or more times and have been able to repay back the principal and interest. The women's ability to repay and their continued recourse to community bank indicates a positive return on their investments.

TABLE 4.20

Level of Repayment by Education for Successful Applicant

Loan Repayment

Education	All	Almost All	Half	Just Started	Not yet due	Late repayment	No Response	Number of Respondent
None	37.80	13.50	16.20	13.50	16.20	-	2.70	37
Some/completed Primary	57.90	12.30	7.00	3.50	1.80	5.30	12.30	57
G4/Modern School	58.30	8.30	8.30	-	8.30	-	13.70	12
Some/Completed Secondary	61.70	23.80	6.40	5.30	2.10	1.10	8.50	94
Post Secondary	50.70	15.10	6.80	4.10	6.80	2.70	13.70	73
%of Total	54.60	13.60	8.10	5.50	5.50	2.20	10.50	273

chi-square (x^2) = 52.0982 α = 0.0074*

* indicates variable is significant at 0.05 level.

4.5 UTILISATION OF CREDIT BY FEMALE LOAN RECIPIENTS

The uses to which credit was put by the successful applicants were categorised as follows:

(a) To start up business

(b) To expand business

(c) For farming

(d) Education of children

(e) Education of applicant

(f) To rent a house

(g) Renovation of house

(h) Maintenance of self and children

(i) For social function, such as, funeral and graduation ceremony

(j) For food.

The above was further classified into four groups. a,b and c as investment purposes, d and e as education purposes, f,g and i as welfare/social purposes and h and j as consumption purposes.

TABLE 4.21

Distribution of Successful Applicants' use of Credit by their Socioeconomic characteristics

Socio economic characteristics	Investment purposes(%)	Consumption purposes(%)	Education purposes(%)	Social purposes(%)	Total %
1. marital status					
married	90.6	2.2	5.4	1.8	224 82.4
not married	47.9	20.8	22.9	8.39	48 17.6
total	81.9	5.5	8.5	2.9	272 100
chi-square 67.2994					
α = 0.0067*					
2. Number of children					
1 - 3	88	6.0	6.0	-	50 29.9
4 - 6	97.4	1.3	1.3	-	78 46.7
7 - 9	83.3	16.7	-	-	24 14.4
10 - 15	54.5	45.5	-	-	11 6.6
Total	87.4	7.8	2.4	-	167 100
chi-square 20.2471					
α = 0.4425					
3. Age					
18-29	45	35	20	-	20 7.4
30-39	74.7	5.3	16.8	3.2	95 35.3
40 and above	98.1	1.3	-	0.6	154 57.2
Total	85.8	5.2	7.4	0.7	269 100
chi-square 78.2859					
α = 0.0037*					

* indicates variable is significant at 0.05 level

TABLE 4.21

Distribution of Successful Applicants' use of Credit by their Socioeconomic characteristics

Socio economic characteristics	Investment purpose (%)	Consumption purposes (%)	Education purposes (%)	Social purposes (%)	Total %
4. Education					
None	100	-	-	-	36 13.3
Primary	80.4	16.1	1.8	1.8	56 20.7
Secondary	90.4	3.8	4.8	1.0	105 39.0
Post secondary	96	2.7	1.4	-	73 27.0
Total	91.1	5.6	2.6	0.7	270 100
chi-square 73.0971					
α = 0.0518*					
5 Occupation					
Farming	71.4	28.6	-	-	7 2.6
Trading	91.2	4.7	2.9	1.2	170 62.3
Teaching	33.3	5.6	47.2	13.9	36 13.2
Service	88.0	8.0	2.0	2.0	50 18.3
Others	60.0	10.0	20.0	100.0	10 3.7
Total	81.3	6.2	9.2	3.3	273 100
chi-square 102.4993					
α = 0.0000					

* indicates variable is significant at 0.05 level

Table 4.21 shows the distribution of successful applicants' use of credit by their socioeconomic characteristics. The socioeconomic characteristics of respondents used were marital status, number of children, age, education and occupation.

Generally, the table shows that a large proportion of successful applicants used the community banks' credit for investment purposes. The use was more for expansion of business than for start-up, which subsequently generates income for the recipients. From the interview conducted, bank officials prefer to give loan to women who have established businesses, because the chances of repayment are usually higher than for new businesses, and this frequently ruled out loans for start-up businesses.

Specifically, the above table shows that a small proportion (9.4%) of the women that were currently married used their loan for consumption, education and social purposes, while a larger proportion (52.1%) of women who were not currently married (widowed, separated, divorced, never married) used their loans for consumption, education and social purposes. The reason for this might be that married women had husbands that could share their financial responsibilities with them, whereas the women that were not currently married bore financial responsibilities alone. This indicates that female headed households bear heavier burdens of financial responsibilities than women who do not head their households.

The number of children had by the respondents did not have any significant pattern on loan use. Although 16.7% of those that had 7-9 children used their loans for consumption and 45.5% of the respondents that had 10-15 children also used their loans for consumption, indicating that respondents with more children divert loans for consumption purposes. This relationship is however not significant.

The respondent's age also had a link with loan utilization and the relationship is statistically significant. Among the respondents that were aged between 18 and 29, 35% used their loan for consumption and 20% used the loan for education purposes.

Among the respondents that were aged between 30-39, 5.3% used the loan for consumption, 16.8% for education and 3.2% for social functions. Among the respondents that were aged 40 and above, only 1.9% of them diverted their loan to uses other than investment purposes. This pattern shows that a larger percentage of the younger women diverted their loan to other uses (especially for children's education) than the older women. This might be because younger women still had children in schools. While older women would generally have passed the child bearing and rearing stages.

Education of the respondents seems to influence their utilization of loan. About 20% of the respondents with primary education diverted their loans to uses other than investment purposes, while 9.6% of those with secondary education diverted their loans from investment purposes. However, 4.1% of those with post-secondary education used their loans for purposes other than investment. The table indicates that the higher the educational status, the higher the likelihood that loan would be used for investment purposes. Though the relationship is weakly significant at 0.05 level.

Occupation of respondents is also linked with utilisation of loan and the relationship is highly significant. What is noteworthy here is that about 66.7% of the teachers used their loan to pay the school fees of their children and in instances where respondents still attends part-time courses, loan was used to pay own school fees. This might be due to irregularities in teacher's salary payment. For example, as at June 1993, primary school teachers in some states, including Ondo State, had not received March salaries (Toye, 1993). In addition, 28.6% of the farmers used their loan for consumption, this might be due to the time lag between planting and harvesting which requires the women to use their loan for purchase of food. Among the traders, 4.7% used the loan for consumption, 2.9% for education and 1.2% for social functions. Among the respondents that provide services such as tailors and hair dressers, 10% used loan for consumption, 20% for education and 10% for social functions. Some of the respondents that used loan for consumption claimed the loan was not enough to trade with, so it was diverted for consumption.

The result above shows that socio economic characteristics like marital status, age and occupation has a strong relationship with loan utilisation, while education seems to have a weak relationship with loan utilisation. Information gathered from the study also indicated that the overlap between women's household duties and businesses and their poor record keeping habit makes it difficult to ensure that credit is used purely for investment purposes. The daily demand on women to feed and care for family members create strong pressure to dip into business revenue and stocks, rather than keeping them separate and re-investing in the business.

4.6 CREDIT HABITS OF RURAL AND URBAN WOMEN (all respondents)

4.6.1 Credit Habits Before Community Banks were Established

Table 4.22

Types of Savings Media used Before Patronising Community Banks

	Urban		Rural	
Savings media	Frequency	%	Frequency	%
Friends & Relatives	-	-	-	
Rotating Credit e.g ajo, esusu	10	6.5	39	25.0
Mobile bankers	3	1.9	5	3.2
Rotating credit & mobile bankers	13	8.4	14	9.0
Commercial banks	76	49.0	54	34.6
Cooperative Society	2	1.3	-	-
Keeps at home by self	3	1.9	8	5.1
Rotating credit & Commercial bank	43	27.7	32	20.5
Mobile banker & Commercial bank	3	1.9	4	2.6
No Answer	2	1.3	-	-
% of Total	155	49.8	156	50.2

Table 4.22 presents the types of saving medium used by all respondents (urban and rural) before patronising community banks. Among the urban respondents, majority of them (49.0%) patronised commercial banks, 27.7% patronised both rotating savings and credit association (ROSCA) and commercial bank at the same time, 6.5% patronised ROSCA only, and 8.4% patronised both ROSCA and mobile

bankers before the advent of community banks. Similarly, among the rural respondents, 34.6% patronised commercial banks, 25.0% patronised ROSCA only, 20.5% patronised both ROSCA and commercial banks and 5.1% kept their money at home before community banks were established. The distribution of rural respondents indicates that they were more familiar with informal saving media than formal institutions.

TABLE 4.23

Distribution of Respondents (successful and unsuccessful) by Location and Whether they have Ever Applied for Loan Before Community Banks were Established

Ever applied for loan from other sources

Location	Yes	No	No Response	Percentage of Respondents
Rural	10.9	36.3	3.2	50.2
Urban	16.1	29.9	3.6	49.8
Total	27.0	66.2	6.8	100.0

Chi-square (x^2) = 20.9912 α = 0.0038*

* indicates the variable is significant at 0.05 level

Table 4.23 presents the location of respondents by whether they have ever applied for loan from saving medium used before community bank was established. The table shows that 50.2% of the respondents lived in rural areas while 49.8% lived in urban areas. The data shows that 27% of the respondents (urban and rural) had applied for loan from their saving medium before the establishment of community banks, while 66.2% had never applied for loan. The major reason given for this is that loan was not needed either because they had no business on hand or had enough cash to trade with.

Out of the 27% of respondents that had applied for loan from their respective saving media 16.1% lived in urban areas as against 10.9% that lived in rural areas. This indicates that before the advent of community banks, urban women had a higher credit habit than rural women. Other than the claim that loan was not needed, other reasons why the number of rural women applying for loans is less than urban women might be due to their literacy level which is lower than urban women (data collected shows that 47% of rural women as against 22.9% of urban women had primary school education and below). Because of the above, rural women might be ignorant about loan procedures in formal credit.

TABLE 4.24

Distribution of Respondents (successful and unsuccessful) by Location and Actual Number that had Access to Loan Before Community Banks were Established

	Access to loan				
Location	Yes	No	Not Applicable	No Response	Number of Respondents
Rural	8.6	2.3	36.3	3.2	156
urban	11.3	4.8	29.9	3.6	155
Total	19.9	7.1	66.2	6.8	311

Chi-square $(x^2) = 21.2500$ $\alpha = 0.0007^*$

* indicates the variable is significant at 0.05 level

Table 4.24 shows the percentage distribution of respondents by location and access to loans from their saving medium before community banks were established. The table indicates that 19.9% of the respondents (rural and urban) had access to credit before community banks were introduced, 8.6% of these respondents lived in rural areas while 11.3% lived in urban areas. Also, 7.1% were not given loans even though they applied for loan from their respective saving media.

4.6.2 Credit Habits After Community Banks were Established

Though 27% of the respondents (urban and rural) had at one time or the other applied for loans in their various saving media before community banks were established, and 19.9% were given loan. In this study, all respondents had applied for loans in community banks while 87.7% were given. This implies that there has been an upsurge in access to credit of all the respondents (urban and rural) since community banking was introduced.

Since savings is closely linked to credit and investment, the reason for the upsurge might be because personal savings which usually was a source of initial and working capital for women is no more enough to trade with, due to recession and structural adjustment in the country. The current recession being experienced in the country added to the pressure on most households and has increased the importance of women's earning capacity. Women have therefore increased their demand for credit to help maintain their economic activities. The upsurge in access to credit could also be due to relaxed and flexible requirements of community banks.

4.6.3 Access to credit for Urban and Rural Women in Community Banks

TABLE 4.25

Respondents' (successful and unsuccessful) Access to Credit by Location

Access to Credit

Location	Yes %	No (%)	Total
Rural	47.2	73.7	155 50.5%
Urban	52.8	26.3	152 49.5%
Total	87.6	12.4	307 100%

chi-square (x^2) = 10.0028 α = 0.0014*

* indicates variable is significant at 0.05 level

Table 4.25 presents the difference in access to credit between urban and rural women. Ability to obtain credit was expected to be higher for urban women than rural women because rural women are noted for their low level of education, ignorance about formal credit and problems with form filling which usually discourages them from applying for credit. And the expected pattern was exhibited. The above relationship shows that 47.2% of respondents that were able to obtain credit came from rural areas while a higher percentage (52.8%) came from urban areas. The high rate of access to credit among urban women might be due to their high level of education compared to rural women, and a better access to information about formal credit, because the study shows that information channels mostly used by community banks were television, radio, newspaper and banners which are all more accessible to urban women. Also, information from the study showed that people who patronise community banks were not required to fill lengthy application forms, hence, the reduced rate of rural women's access to credit can be adduced to ignorance about credit procedures in community banks.

4.7 EFFECTS OF COMMUNITY BANK'S CREDIT ON FEMALE LOAN RECIPIENTS: INCOME, SAVINGS AND EMPLOYMENT CREATION

One of the objectives of community banks is to improve the economic status of small producers in the informal sector. An attempt was made to assess the effect of the community bank's credit on the quality of life of female beneficiaries. The variables used in assessing the quality of life included recipient's monthly income, savings and ability to create job, before and after taking community bank's credit. The mean value of the variables were used for the assessment with the exception of job creation. T-test was also used to test for the significance in the difference of means. The perceptions of respondents who were asked to indicate the effect of community bank's credit on these variables were also used.

4.7.1 INCOME

The mean value presented in table 4.26 summarised how community bank's credit has affected the income of female loan recipients in the study area. Income is a major determinant of the amount people save.

TABLE 4.26

Loan Recipients' Monthly Income

Variable	Mean	Standard Deviation	Number of cases
Income before loan	2,94 9.30	10745.53	216
Income after loan	4,413.94	21017.34	216
Diff. in mean	1,464.6	5287.77	

t value = 1.98 α = 0.049*

* indicates the variable is significant 0.05 level.

Income of recipients was found to increase appreciably through their access to community bank's credit. Table 4.26 shows this is significant at 0.05 confidence level. This is confirmed in table 4.27 where 96.7% of successful applicants claimed their income increased fairly or very much.

TABLE 4.27

Effects of Community Bank's Credit on Income

Effect	Frequency	Percentage
Increased very much	178	65.2
Increased fairly	86	31.5
No increase	9	3.3
Decrease	-	-
Total	273	100

The increase in income change is an indication that one of the major goals of the community banking scheme in improving recipient's income has been met. Nonetheless, other factors could have contributed to its improvement but the use of community bank's credit facility is one major factor accounting for this change.

4.7.2 Savings

Savings are residual funds left over from consumption during any given period. The level of savings could be affected by taxation, government policy changes, availability of credit and expectation of price changes. Also, savings affects investment. The mean value of recipients savings is shown below.

TABLE 4.28

Loan Recipients' Monthly savings

Variable	Mean	Standard Deviation	Number of cases
Savings before loan	890.40	2461.44	216
Savings after loan	1,098.90	5960.51	216
Diff. in mean	208.5	2240.57	

t-value = 10.41 $\alpha = 0.000^*$

* indicates variable is significant at 0.05 level

Table 4.28 recorded a marginal increase in savings after obtaining community bank's credit, table 4.29 also shows that 54.9%

of successful applicants claimed there was an increase in savings while 35.2% claimed no increase.

TABLE 4.29

Effects of Community Bank's Credit on Savings

Effect	Frequency	Percentage
Increase	150	54.9
No increase	96	35.2
Decrease	5	1.8
No Response	22	8.1
Total	273	100

The reason why some claimed no increase might be because they are still repaying loans. Though increase in savings was marginal, most female recipients have imbibed the banking habit and are more exposed to the use of banking services compared with when community bank was not in operation. The attitude of recipients to savings has been positively affected by the establishment of community banks because information from the interviews shows that loans are usually given to applicants that operate their accounts properly.

4.7.3 Employment Creation

TABLE 4.30

Employment Creation Among Successful Applicants

Employment of additional people	Frequency	Percentage
Yes	97	35.5
No	164	60.1
No Response	12	4.1
Total	273	100

The table above shows that 35.5% of female loan recipients employed additional people in their businesses. This indicates that approximately for every three loan recipients, at least a job was created. Those that did not employ additional people claimed the credit has helped them maintain their business.

Thus, it can be concluded that the community bank's credit had a positive effect on income and savings of the female loan recipients in the study area. Some jobs were created while old ones were maintained.

4.8 COMPARISON OF SUCCESSFUL AND UNSUCCESSFUL APPLICANTS IN TERMS OF SALES, PROFITABILITY AND SAVINGS

TABLE 4.31

Mean Values of Weekly Sales and Profits, and Monthly Savings of Successful and Unsuccessful Applicants

Variable	Mean (₦)	Standard Deviation	Number of cases
1. **Weekly Sales**			
Successful Applicants	10,389.91	80436.30	221
Unsuccessful Applicants	3,019.74	4840.98	38
Difference in mean t value = 4.00 α = 0.000*	7,370.17	44409.03	
2. **Weekly Profits**			
successful applicants	1,263.38	18861.61	221
Unsuccessful Applicants	517.11	456.55	38
Difference in mean t value = 3.35 α = 0.001*	746.27	14879.63	
3. **Monthly Savings**			
Successful Applicants	1,098.90	21846.86	197
Unsuccessful Applicants	308.17	224.54	30
Difference in mean t value = 3.43 α = 0.001*	790.73	15743.03	

* indicates variable is significant at 0.05 level

Table 4.31 shows mean values of weekly sales and profits, and monthly savings of successful and unsuccessful applicants. As the table indicates, there are marked differences in all the variables between the successful and unsuccessful applicants. The mean weekly sales and profits of successful applicants were ₦10,389.91 and ₦1,263.38 respectively while those of the unsuccessful applicants were ₦3.019.74 and ₦517.11 respectively. Successful applicants also had a higher monthly savings of ₦1,098.90 than unsuccessful applicants with ₦308.17

The above implies that successful applicants perform better than unsuccessful applicants in terms of sales, profits and savings, since an attempt was made to choose unsuccessful applicants with characteristics similar to successful applicants. Also the differences in the variables were all statistically significant.

However, differences between successful and unsuccessful applicants may be artificial, because of the bias in the sample of unsuccessful applicants, and because one cannot be sure that the respondents answered the questions on economic variables truthfully. It may also reflect real differences, especially if community bank credit attracted female entrepreneurs with greater sales volumes. With this, their profits and savings will also be higher. The increase in income change is an indication that the target of the scheme in improving recipient's income has been met. Nonetheless, other factors could have contributed to its improvement but the use of community bank's credit facility is one major factor accounting for this change.

CHAPTER FIVE

SUMMARY, POLICY RECOMMENDATIONS AND CONCLUSIONS

5.1 Summary

The study examined the role of community banks in southwestern Nigeria in providing direct access to credit for women and the effects of community bank's credit on women's economic status. In specific terms, the study:

- assessed the level of female participation in the ownership structure and patronage of community banks;
- identified the constraints militating against unsuccessful female applicant's access to community bank's credit;
- examined the utilization of credit made available to female loan recipients;
- investigated the effect of community bank's credit on income, savings and employment creation among female recipients;
- investigated the credit habit of urban women relative to rural women.

Lagos and Ondo States were selected as study areas because they represent urban as well as rural settings. Both primary and secondary data were employed for this study. The primary data, which formed the bulk of the data used, elicited information from 273 successful applicants and 38 unsuccessful applicants of community bank's credit chosen from purposively selected occupations in Lagos and Ondo states. Proportional sampling technique was employed for successful applicants while unsuccessful applicants were identified by bank officials. An official of each community bank in the two states was also interviewed. The secondary data were obtained from each bank's credit records.

Among the respondents (successful and unsuccessful) 49.8% lived in the urban areas, while 50.2% lived in the rural areas. Over 80% of the respondents were married and therefore had male heads who shared their financial responsibilities with them. The modal age group of respondents is between 35 and 39 years of age. Among the successful applicants, older women above 45 years old were in the majority while younger women less than 30 years old were in the minority. The educational status of respondents show that only 13.6% and 10.5% of the successful and unsuccessful applicants respectively were uneducated, while 26.7% of successful and 21.1% of unsuccessful applicants had post secondary education. Trading was the commonest occupation among the successful and unsuccessful applicants with 62.3% and 73.7% respectively being traders. A small proportion of the respondents (2.6% each of successful and unsuccessful applicants) were engaged in farming, while the remaining 35.1% of successful applicants and 23.7% of unsuccessful applicants were engaged in non-farm enterprises such as tailoring, hair dressing and other activities. The study also showed that majority of the respondents (95.6% of successful and 97.3% of unsuccessful) used part of their earnings on family necessities. A large proportion of the respondents (74.0% of successful and 84.2% of unsuccessful) saved between ₦50 and ₦1,000 per month (though irregularly), while 95.6% and 79% of the successful and unsuccessful applicants respectively had patronised community banks for over 6 months.

Information from the secondary data showed that, on the average, 1,188 females and 1,954 males were patronising the community banks, indicating that the ratio of females patronising community banks was less than males. This was attributed to inadequate enlightenment campaigns by community bank officials. Average loan disbursed by banks was ₦3,403,818.60 while the average loan disbursed to women was ₦971,367.80 indicating that 28.5% of total loan was received by women. The data also showed that the proportion of females that applied for loan was lower than the males. Most of the loans given to women were concentrated in the smallest loan categories of ₦1,000 and below, which were insufficient for large expansion of businesses.

The results of the primary data shows that some guidelines as specified by community banks enhances women's ability to obtain credit in community banks. Such guidelines are: ability to get guarantors, membership of groups, large savings, operation of current account and possession of car and house. The major constraint militating against unsuccessful female applicants' access to community bank's credit is lack of access to suitable guarantors (44.7%). Other constraints were: irregular operation of account by loan applicants (20.9%); lack of adequate collateral

(7.3%); and other reasons including project not viable, non-operation of current account and non-membership of a group/association (18.4%).

The study indicates that socio economic characteristics of loan recipients like marital status, age and occupation had a strong relationship with utilization of loan. Furthermore, majority of female loan recipients (87.3%) regardless of their level of education took their loan obligations seriously. They paid back their loans within the scheduled time, confirming the high repayment rate by women discussed in the literature by Miracle et al (1980).

The effects of community bank's credit on income, savings and employment creation among female loan recipients were examined. An increase in income and savings levels of the female recipients through access to community bank's credit was reported. Concerning employment creation, respondents reported that community bank's credit helped to preserve businesses while some new jobs were created.

The research study showed that there has been an upsurge in the credit habit of all respondents (urban and rural) since community banking was introduced. This was attributed to relaxed and flexible requirements of loan procurement in community banks, and the current recession and structural adjustment programme in the country which made personal savings inadequate. Also, urban women had more access to community bank's credit than rural women as reflected by the results from the study.

A comparison of successful and unsuccessful applicants in terms of weekly sales and profits, and monthly savings was conducted. It was observed that, successful applicants had significantly higher sales, profits and savings than unsuccessful applicants.

5.2 Policy Recommendations

The findings of this study necessitates the need for planners and policy makers to recognise the significant role played by women in the Nigerian economy and that credit is a major factor limiting women's contributions and productivity. The most meaningful recommendation for policy consideration should be such that would enhance female patronage of community banks, access to community bank's credit and productivity of female loan recipients. In this regard, a number of recommendations are proffered.

1. It was noticed from the study that not many women patronised community banks and only a few applied for credit. It is therefore suggested that community banks should carry out massive campaigns to educate the community they are serving on their mode of operations especially as regards process of obtaining credit. Information channels which reach women specifically should be identified and used, for example, market and community leaders, health care centres, religious groups, small savings associations and women associations. The above is likely to increase women's awareness of patronage and demand for community bank's credit, which if granted and used

properly would enhance their productivity, and hence standard of living.

2. A detailed disaggregation of data by sex should be undertaken in each community bank so as to monitor women's participation in patronage, shareholding, access to credit, use of credit and repayment rate. This would bring out a needs assessment for women and appropriate solutions can more readily be provided.
3. Counseling services by banks should be provided for loan applicants on consequences of loan diversion and general business management to enable borrowers repay due loans. Such services are necessary for women and particularly rural women many of whom have had little experience with financial institutions.
4. Government and women organisations should encourage formation of women groups, this is because individual loans guaranteed through the group process would be most helpful for those women who find it hard to get guarantors to secure loans. This process also reduces risk without, at the same time, increasing transaction costs for bank officials.
5. The study also showed that some loan recipients used their loans for consumption because loan was not enough to trade with. It is therefore suggested that loans should be granted in amounts large enough to cover business expenses.

5.3 Conclusions

Women have been one of the most consistently neglected groups in development planning and programming, and one of the groups with the greatest unrealised potential. Direct access to credit can become a catalyst for change that brings benefit to women as well as their families and communities, and also allow women to fulfil that unrealised potential. Hence, the research study examined the role of community bank's credit in southwestern Nigeria in providing direct access to credit for women and the effect of community bank's credit on women's economic status (that is income and savings).

The major conclusion reached from the results of the data analysis is that community bank's credit has played a contributory role in improving the economic status (income and savings) of most of the successful applicants. Also, most of the respondents (successful and unsuccessful) have inculcated banking habits and have been exposed to the use of banking services.

The improvement in incomes and savings of loan beneficiaries as shown in the study is one of the major goals of community banks and as reported by Patrick (1966) in the theoretical framework, the basic objectives of financial policy for economic growth are to encourage savers to hold their savings in the form of financial rather than unproductive tangible assets; to ensure that investment is allocated efficiently to the socially most productive uses, and to provide incentives to increase savings, investment and production.

Finally, the results of this study should be understood in the broader context of the importance of the informal sector and women as participants in this sector of the Nigerian economy, particularly in periods of recession, which jeopardize the survival of the poorest families. However, massive campaign by community bank officials should be carried out to educate women on banking operations especially the process of obtaining credit so that community bank's credit will reach an increased number of women in Nigeria.

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QUESTIONNAIRE

WOMEN AND COMMUNITY BANK CREDIT IN SOUTH-WESTERN NIGERIA

DEPARTMENT OF ECONOMICS, OBAFEMI AWOLOWO UNIVERSITY, ILE-IFE

QUESTIONNAIRE SCHEDULE FOR SUCCESSFUL FEMALE LOAN APPLICANTS OF COMMUNITY BANK'S CREDIT

INTRODUCTION:

Dear Respondents,

This questionnaire is meant for a research study which forms part of the conditions to be fulfiled for the award of M.Sc. Degree in Economics, in the above named university.

The questionnaire aims at knowing the role of community banks in providing credit to women, problems women encounter in having access to credit and finding possible solutions to alleviate these problems.

I am not from the Inland Revenue Department and the information will not be used for tax assessment. All information given will be treated as strictly confidential with your anonymity guaranteed. Please be sincere with your answers.

Thank you for your anticipated cooperation.

Please tick ( ) wherever applicable

SECTION A: Socio - Economic and Demographic Characteristics.

1. State of Origin :..

2. Name of Town/Village where respondent resides..

3. Local Government Area : ....

4. Marital status of Respondent
(1). Married (2). Never married (3). Divorced
(4). Seperated (5). Widowed (9). No Answer

5. How many children are in your household ? ....

6. What is your religion ?
(1). Islam (2). Catholic (3). Protestant
(4). Traditional (5). Others, please specify (9). No Answer

7. Age of Respondent in years
(1). 18 - 24 (2). 25 - 29 (3). 30 - 34 (4). 35 - 39
(5). 40 - 44 (6). 45+ (9). No Answer.

8. Highest level of education attained
(1). Some primary (2). Completed primary (3). G4/modern school
(4). Some secondary (5). Completed secondary (6). Post secondary
(7). Religious/Koranic (8). None (9). No Answer

9. What is your occupation ?
(1). Farming (2). Trading (3). Teaching
(4). Civil service (5). Retired worker
(6). Services e.g. Hair dressing, Sewing, Food selling
(7).Professional (8).Others, please specify
(9). No Answer

10. What is your husband's occupation ?
1. Farming 2. Trading 3. Teaching 4. Civil service.
5. Retired worker 6. Services e.g. Mechanic, Bricklayer
7. Professional 8. Others, please specify........ 9. No Answer

11. Household Responsibilities : Which of the following are you catering for ?
(1). Feeding (2). Payment of school fees
(3). Others, please specify.

(9). No Answer

SECTION B: GENERAL INFORMATION ON SAVINGS AND ACCESS TO CREDIT

12 (a). Do you believe in saving money ?
(1). Yes (2). No (9). No Answer
(b). IF NO, go to question 25

13 (a). If YES, do you save ?
(1). Yes
(2). No
(9). No Answer

(b). If NO, why do you not save ?

14 If yes, what saving medium do you use, before the establishment of Community Banks ?

(1). Friends and relatives
(2). Rotating credit e.g. Esusu or Ajo
(3). Mobile bankers
(4). Fixed Fund Association
(5). Commercial Bank
(6). Cooperative society
(7). Others, please specify
(9) No Answer

15. If your answer to question 14 is a bank, what type of account do you operate. ?
(1). Fixed account (2). Current account (3). Savings account
(4). Others, please specify (9). No Answer

(16). How much do you save before community bank was established ?
(1). Daily =N=.............
(2). Weekly =N=.............
(3). Monthly =N=.............
(9). No Answer=N=............

17(a) Have you ever applied for loan from your saving medium ?
(1). Yes
(2). No
(9). No Answer

17(b). If yes, go to question 18a

(c). If No, what are your reasons for not applying for one?..
....

18(a). If yes, was the application for loan granted ?
(1). Yes (2). No (9). No Answer

(b). If NO, go to question 24

(19)a. If yes, did you have problem with form filling when processing the loan?
(1). Yes (2). No (9) No Answer

(b). If yes, how was the problem tackled ?
....

(20)a. Were you asked to give collateral as a condition for granting loan application ?
(1). Yes (2). No (9) No Answer

(b). If yes, what type of collateral did you give ?
(1). Land (2). House (3). Jewelry (4). Shares or stocks
(5). Others pls. specify............................
(9) No Answer

(21). Was co-signing of the forms/document a mandatory condition for granting loan ?
(1). Yes (2). No (9). No Answer

(22). How much was the loan ?
(1). Less than N500.00
(2). N500 - N10,000
(3). N10,000 - N20,000
(4). N21,000 - N30,000
(5). N31,000 - N40,000
(6). N41,000 - N50,000
(7). N50,000+
(9). No Answer.

23. What was the interest charged ?........................

24. If NO to question 18a, what were the reasons given to you for not granting the loan
....

SECTION C: PARTICIPATION AND ACCESS TO CREDIT IN COMMUNITY BANKS.

25. How did you know about the community bank ?

(1). Radio (2). Television (3). Newspaper
(4). Friends/co-worker (5). Booklets and Brochures
(6). Community leader (7). Others, please specify
(9). No Answer.

(26). When did you start patronising community bank ?

....

(27). Why did you start patronising community bank ?

(28)a. Did you have problems with form filling when you started with the Bank ?
(1). Yes (2). No (9). No Answer

(b). If yes, how did you tackle the problem. ?
....

(29)a. Do you have shares with the bank ?
(1). Yes (2). No (9) No Answer

(b). If yes, please, state amount of shares......................

(c). How did you get the shares....................

(30)a. Have you ever required for a loan. ?
(1). Yes (2). No (9). No Answer
(b). If NO, what are your reasons for not applying for one ?

(31). If yes, who/what influenced you to make a decision as to apply for a loan ?

(32). Was the loan granted ?
(1). Yes (2). No (9). No Answer

(33)a. If yes, did you have problem with form filling while processing the loan ?
(1). Yes (2). No (9). No Answer
(b). If yes, how was it tackled ?.....

(34).Were you asked to give collateral before the loan was given ?
(1). Yes (2). No (9). No Answer
b. If yes, what type of collateral did you give ?
(1). House (2). Jewelry (3). Electronics
(4). Land (5). Shares and stocks
(6). Others, specify...
(9). No Answer

(35)a. Was co-signing of the forms/document a mandatory condition for granting the loan ?
b. Who was the person that co-signed the form for you ?
(1). Husband (2). Father (3). Male Relative (4). Others, specify......(9). No Answer

(36)a. How many times did you apply for the loan before it was granted ?................................
b. If more than once, what was the reason given for not

granting the loan the first time ?

(37). How much was the loan ?
(1). Less than =N=500 2). =N=5000-=N=5,0000 (3)=N=5,001-=N=10,000
(4). =N=10,001 -=N=20,0000 (5). =N=20,001 - =N=30,000
(6). =N=30,001 - =N=40,000 (7). =N=40,001 - =N=50,000
(8). =N=50,000 and above (9). No Answer

(38). In what form was the loan disbursed ?
(1). Bulk payment (2). Instalmental payment (9). No Answer

(39). What was the interest charged on the loan ?..................

(40). Was it possible for you to meet your repayment schedule ?
(1).Yes (2). No (3). No Answer
(b). If yes, how much have you paid back ?...
(c). How many times have you taken loan ?.....

(41). Do you have access to any of the following resources?
(1) Land
(2) House
(3) Car
(4) Electronics
(5) Shares/Stocks
(6) Others, Specify................................
(9) No Answer

(42)a Would you say that access to credit would be impossible without access to one of these resources ?
(1) Yes (2)No (9)No Answer
(b) If No, why ?......

SECTION D: UTILIZATION OF LOAN

(43)a What did you use the loan for ?
1. To start up business
2. To expand business
3. Farming
4. Education of children
5. To build house
6. Maintenance of self and children
7. For social functions e.g. wedding, burial, chieftancy etc
8. Others, specify.................
9. No Answer

(b).If answer to question 43 is not Business or farming go to question 49

(44). If answer to question 43a is business or farming, what type of product do you market ?

(45). How much did you realise last week as
Sales =N=..............................
Profit =N=..............................

(46). What is your average weekly :

	Sales	Profit
1). At peak periods		
2). At Normal period		
3). At Low Period		
4). No Answer		

(47)a. Since you took the community bank loan, has business been
(1) Less profitable (2). Profitable (3) Fairly Profitable
(4) Very Profitable (5). Not Profitable (9). No Answer
b. If not profitable, what kind of assistance do you think is needed

(48). Has SAP made profits
(1) Very high (2) Fairly high (3). High
(4) Low (5). Very Low (9). No Answer

(49). If the loan was not used for business and farming, from what source do you to repay the loan

(50). Since you took loan, has income
1.= Increased very much
2.= Increased fairly
3.= No Increase
4.= Decrease
9.= No Answer
b. IF no increase, why ? ....
c. IF there was decrease, why ? ....

d. Could you please state your income before the loan and after the loan.

INCOME BEFORE LOAN (MONTHLY)	INCOME AFTER LOAN (MONTHLY)

(51). Since you took loan has savings
1.= Increased
2.= Decreased
3.= No Increase
9.= No Answer

(52). How much do you save
Weekly................
Monthly...............

(53). Since you took loan, has expenditure
1.= Increased very much
2.= Increased fairly
3.= No Increase
4.= Decrease
5.= No Answer
b. Please state your family expenditure before/after the loan

ITEM	(=N=) EXPENDITURE BEFORE LOAN (PER MONTH)	(=N=) EXPENDITURE AFTER LOAN (PER MONTH)
Food		
Transportation		
Clothing		
House Rent		
School fees		
Medical exp.		
Others		

(54).a Since you took the community bank loan, have you been able to employ more people in your business ?
1). Yes 2). No 9). No Answer
b). If yes, how many ....

c). If No, why ? ....

(55). What problems do women face in getting credit from community banks ? ....

(56). What problems do women face in patronising community banks ?..

(57)a. Do you participate in any community activity in your locality ?
1). Yes 2). No 9). No Answer
b. If yes, what type of activity ?...................
c. What function do you perform ?.........................
d. If No, what are your reasons ? ....

(58). What other reasons do you think prevents women from participating in community activity ?
....
....

(59). In your opinion, how do you think this problem can be tackled ?...
....

QUESTIONNAIRE SCHEDULE FOR UNSUCCESSFUL FEMALE LOAN APPLICANTS OF COMMUNITY BANK'S CREDIT

Please tick ( ) wherever applicable

SECTION A: Socio-Economic and Demographic Characteristics.

1. State of origin ....
2. Name of Town/Village where respondent resides ....
3. Local Government Area ....

4. Marital status of Respondent
   (1). Married (2). Never married (3). Divorced
   (4). Separated (5). Widowed (9). No Answer

5. How many children are in your household. ? ....

6. What is your Religion. ? ....
   (1). Islam (3). Protestant (5). Others, please specify
   (2). Catholic (4). Traditional (9). No Answer

7. Age of Respondents in years.
   (1). 18 - 24
   (2). 25 - 29
   (3). 30 - 34
   (4). 35 - 39
   (5). 40 - 44
   (6). 45 and above
   (9). No Answer.

8. Highset level of education attained.
   1 Some primary.
   2 Completed primary.
   3 G4/modern school.
   4 Some secondary.
   5 Completed secondary.
   6 Post secondary.
   7 Religious/koranic
   8 None.
   9 No Answer.

9. What is your occupation. ?
   1). Farming. (4). Civil service (7). Professional.
   2). Trading (5). Retired worker (8). Others,specify......
   3). Teaching. (6). services (9). No Answer.

10. What is your husband's occupation.?

(1). Farming.
(2). Trading.
(3). Teaching.

(4). Civil service.
(5). Retired worker.
(6). Services e.g. Mechanic, Bricklayer.
(7). Professional.
(8). Others, specify.
(9). No Answer.

11. Household Responsibilities : Which of the following are you catering for. ?
    (1). Feeding.
    (2). Payment of school fees.
    (3). Clothing
    (4). Others, please specify.
    (9). No answer.

SECTION B: GENERAL INFORMATION ON SAVING & ACCESS TO CREDIT.

(12)a. Do you believe in saving money. ?
    (1). Yes.   (2). No.   (9). No Answer.
  b. IF NO, go to next section.

(13)a. IF YES, do you save. ?
    (1). Yes.   (2). No.   (9). No Answer.
  b. IF NO, why do you not save. ? ....

(14). If yes, what saving medium do you use before the establishment of community banks ?
    (1). Friends and Relatives.
    (2). Rotating credit e.g. esusu or Ajo.
    (3). Mobile bankers
    (4). Fixed Fund Association.
    (5). Commercial Banks.
    (6). Cooperative society.
    (7). Others, specify.
    (9). No Answer.

(15). If your answer to question 14 is a bank, what type of account do you operate.?
  (1). Fixed Account. (2). Current Account. (3). Savings Acct.
  (4). Others, please specify. (9). No Answer.

(16). How much do you save before community bank was established ?
    (1). Daily =N=
    (2). Weekly ....
    (3). Monthly ....
    (9). No answer ....

(17)a. Have you ever applied for loan from your saving medium.?
(1). Yes (2). No. (9). No Answer.

b. If yes, go to question 18a.

c. If No, what are your reasons for not applying for one.?.....

(18)a. If yes, was the application for loan granted.?
(1). Yes (2). No. (9). No Answer.
b. IF No, go to question 24

(19)a. If yes, did you have problem with form filling when processing the loan.?
(1). Yes. (2). No. (9). No Answer.
b. If yes, how was the problem tackled. ?
....

(20)a. Were you asked to give collateral as a condition for granting application. ?
(1). Yes. (2). No. (9). No Answer
b. If yes, what type of collateral did you give.?
(1). Land. (2). House. (3). Jewelry.
(4). Shares or stocks. (5). Others please specify..
(9). No Answer.

(21). Was co-signing of the forms/document a mandatory condition for granting of loan.?
(1). Yes (2). No. (9). No Answer.

(22). How much was the loan.?
(1). Less than 500.00
(2). 500 - 10,000
(3). 10,001 - 20,000
(4). 20,001 - 30,000
(5). 30,001 - 40,000
(6). 40,001 - 50,000
(7). 50,001 and above
(9). No Answer.

(23). what was the interest charged. ?..........................

(24). If NO, to question 18a, what were the reasons given to you for not granting the loan.
....

SECTION C: PARTICIPATION AND ACCESS TO CREDIT IN COMMUNITY BANKS.

(25). How did you know about the community bank.?
(1). Television. 2. Newspaper 3. Friends/co-worker
(5). Booklets/Brochures. (6). Community leader

(7). Others, specify. (9). No answer.

(26). When did you start patronising community bank.?
....

(27). Why did start patronising community bank?
....

(28)a. Did you have problem with form filling when you started with the bank?
(1). Yes (2). No (9). No Answer
b. If yes how did you tackle the problem?......

(29)a. Do you have shares with the bank?
(1) Yes (2) No (9). No Answer
b. If yes, please amount of shares......

(30)a. Have you ever required for a loan
(1) Yes (2) No (9) No Answer
b. If no, what are your reasons for not applying for one?...........

(31) If yes, who/what influenced you to make a decision as to apply for a loan?
(1) Husband (2) Friends/Relatives (3) Own decision
(4) Others, specify........... (9) No Answer

(32)a Was the loan granted?
(1) Yes (2) No (3) No Answer
b. If no, what was the reason given for not granting the loan?......

(33). How did you tackle this problem?
(1) Got loan from husband
(2) Got loan from friends/Relatives
(3) Got loan from other banking institutions
(4) Got loan from informal credit association e.g Esusu, Ajo
(5) Others pls, specify...
(9) No Answer

(34). How much was the loan?
(1) Less than 500
(2) 500 - 5,000
(3) 5,001 - 10,000
(4) 10,001 - 20,000
(5) 20,001 - 30,000
(6) 30,001 - 40,000
(7) 40,001 - 50,000
(8) 50,000 and above
(9) No Answer

(35). What was the interest charged?..............................

(36)a. Were you asked to give collateral?
(1) Yes (2) No (3) No Answer

b. If yes, what type of collateral did you give?
(1) Land
(2) House
(3) Jewelry
(4) Shares/Stocks
(5) Others, specify..
(9) No Answer

(37). What problems did you encounter with your lender?...........

(38). What did you want to use the loan for?
1= To start business
2= To expand business
3= To start Farming
4= To pay children's school fees
5= For social functions e.g weddding, funeral, chieftancy
6= For feeding
7= Others , specify.......................................
9= No Answer

(39). what are the types of product you market?...............

(40). Approximately how much did you realise last week as
Sales=N=.........................
Profits=N=......................

(41). What is your average weekly:

	SALES =N=	PROFITS =N=
(1) At the peak period (e.g Ileya, Easter, Christmas)		
(2) At normal period		
(3) At low period		
(9) No Answer		

(42). Could you please state your income monthly.............

(43). How much do you save ?
Weekly =N=....................
Monthly =N=...................

(44). Please state your family expenditure

ITEM	EXPENDITURE
1. Food	
2. Transportation	
3. Clothing	
4. House rent	
5. School fees	
6. Medical Expenses	
7. Others	

(45). Do you have access to any of the following resources?

	YES (1)	No (2)	NO ANSWER (9)
1= Land			
2= House			
3= Car			
4= Electronics			
5= Shares/Stocks			
6= Others specify.....................			

(46)a. Would you say that access to credit would be possible without accesss to one of these resources?
(1) Yes (2) No (9) No Answer
b. If No, why................

(47). What problems do women face in getting credit from Community Banks?................

(48). What problems do women face in patronising Community Banks ?
....

(49)a. Do you participate in any community activity in your locality?
(1) Yes (2) No (9) No Answer
b. If yes, what type of activity?............
c. What function do you perform?............
d. If no, what are your reasons..............

(50). what other reasons do you think prevents women from participating in community activity

(51). In your opinion, how do you think this problem can be tackled?

QUESTIONNAIRE SCHEDULE FOR COMMUNITY BANK OFFICIALS.

1. Name of community Bank ? ....
2. Local Government Area.? ....
3. Staff Designation ....
4. For how long have you been in this position. ? ....
5. Can you please give the average number of female and male customers that patronise your bank at present.
   1. Female ...
   2. Male. ...
6. How much has your bank disbursed as loan so far. ? ....
7. How much has been disbursed to women. ? ....
8. How many customers have applied for loan so far.? ....
9. How many women have applied for loan so far. ?...............

10a. How many women has been given.? ....

b. Number of shareholders in your Bank.........................

c. How many women shareholders do you have ?...................

11a. Do you ask for collateral before loan is granted.? ....

(1) Yes

(2) No

(3) No Answer

b. If yes, what type.?.....................

1. Land
2. House
3. Jewelry
4. Shares and stocks.
5. All of the above.
6. Others please specify..............................

c. Do you take collateral on small amounts?

(1) Yes

(2) No

d. If no, on what type of loan do you take collateral?.....

12a. Is the use to which the loan is to be put a condition for granting of the loan.?

1. Yes.
2. No

b. If yes, what kind of use.?..................................

13. what is the maximum and minimum amount that can be approved as loan.?

Maximum ....

Minimum ....

14. For how long do the women have patronise your bank before their loan is granted.?
15. For how long does it take your bank to process a loan.? ....
16. What are the interest rate charged on each loan.?............
17. Has there been variations on the interest charged.? ....

1. Yes.
2. No.

18. If yes, what has been the reasons for the changes.?
    1. NBCB Policy
    2. Amount of loan
    3. Purpose of loan.
    4. Duration of loan
    5. Others, please specify ....
19. How is the schedule of repayment given to loan recipient,?.....
20. Can you please assess the women's repayment record in percentage ....
21, How is loan repayment ensured. ?....
22. What problems do you encounter in recovering these loans.?
23. Are there defaulters.?
    1. Yes
    2. No
24. If yes, what is the penalty given to defaulters.?
25. Identify and rank (5) major reasons for loan default
    1.
    2.
    3.
    4.
    5.

25a. Do you have a special credit program for women.?
    1. Yes
    2. No.
  b. If yes, please mention the types of loan.?.............
  c. If not, why not.?.....................................
26a. Do you train women.?
    1. Yes
    2. No.

b. If yes, what type of training.?
....

c. If no, why not.?
....

27a. In your opinion what are the problems that prevent women's access to credit.?...............
27b. How can they be tackled.?.....
28. What do you think prevent women from patronising community banks.?.......................
29. What problems do you have in your bank.?..............