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**Gender Access To Credit Under Ghana's Financial
Sector Reform: A Case Study Of Two Rural Banks in
The Central Region Of Ghana.**

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GENDER ACCESS TO CREDIT UNDER GHANA'S FINANCIAL
SECTOR REFORM: A CASE STUDY OF TWO RURAL BANKS IN
THE CENTRAL REGION OF GHANA.

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Abstract

The study discussed gender access to credit under Ghana's Financial Sector Liberalization. The result showed that even though the reform does not specifically address gender accessibility to credit, it has facilitated the process to strengthen poor women's access to credit via the introduction of new banking products. There is evidence that gender access to credit has improved with the Financial Sector Reforms, yet some of the constraints to accessing credit still remain.

JEL Classification Numbers: E6

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EXECUTIVE SUMMARY

1. Introduction

This study discusses the key issues relating to gender and access to credit within the context of Ghana's Financial Sector Reform (FSR). The FSR, therefore, has the objective of restructuring, liberalizing and strengthening the banks and the general financial environment with the view to enhancing development. Despite these development efforts women and the vulnerable groups remain marginalized. The study looked at these concerns and gender-specific issues in the light of the credit operations of the Brakwa-Breman and Kakum rural banks in the Central Region of Ghana under the FSR

The theoretical framework combined both the quantitative and qualitative methodologies. The methodology followed the analytic study design employing the before and after, with and without and the case-control approaches. Sampling procedures adopted were both the probability (simple and systematic random methods) and the non-probability (convenience and the purposive) techniques.

The analytical framework analysed the impact of FSR on gender access to credit and was tested based on ten hypotheses using the t statistic. The basic assumption was that the higher the probability of loan applications receiving approval the higher the chances of accessibility to credit. Using data of the Brakwa-Breman Rural Bank from 1983-1999, the 'before and after' and the 'with and without' tests were conducted.

2. Major Findings

Independent samples comparing means of loan applications and approvals for both sexes before the FSR (1983-1987) and during the FSR (1988-1999) were statistically tested by the t test to be significant. Dependent sample means for the period (1994-1999) was also tested to be significant. These tests suggested that the FSR has made some impact on the banks' lending operations by offering congenial environment for the banks to operate more aggressively on the financial market dm before the FSR. The survey results revealed also that the proportion of women that gained access to credit was more than that of the men. In spite of the positive effects of the FSR women and men alike particularly the farmers continue to be marginalized.

3. Conclusions And Policy Implications

The following conclusions were drawn.

The Gains of FSR for Bank Beneficiaries

1. The FSR has made it possible for banks to introduce new products into their service delivery (e.g. the Integrated Susu in KRB and CREW in BBRB). These innovations

have reduced the long process of acquiring credit especially for women since they are specifically directed to women.

2. The FSR has encouraged the adoption of non-economic factors like trust and confidence as basis for accessing group loans for groups.
3. Distance is not a problem for customers of RBs, as banking services have been brought to their doorsteps through home and business visits of bank employees and the expansion of mobilization centres of Rural Banks.
4. On rural--urban basis, both males and females in the less urban areas have more access to informal sources of credit than those in urban areas.
5. The number of women with access to the CREW loan has increased.

Problems

1. Even though the FSR has allowed gender specific mechanisms such as CREW into the banking system, the cost of credit in terms of interest rate, repayment modalities has not reduced for the poor rural woman.
2. FSR has not been able to remove entirely constraints to accessing credit E.g, small size of loans, loan access delays and demand for collaterals.
3. Despite financial liberalization the processes that customers have to go through to access loans have not changed significantly for both sexes
4. FSR has extended more access to salary earners than non-salary earners. In a situation where very few women are salary earners in both urban and rural communities, women continue to be discriminated against.

Non-beneficiary Group

1. The non-beneficiary group continues to rely on informal sources - friends and family members to support its economic activities.
2. The women control groups have a genuine fear with the CREW because of the high interest rate and the stiff repayment modalities.

The FSR was designed taking economic parameters into account. In the process non-economic parameters that take the issues of gender into consideration were left out. However, the FSR has strengthened women's access to credit. In conclusion, it could be said that even though the FSR has improved access of the poor to credit the effect is not far reaching, especially as we are not sure of the extent of use of the group loan system(which seem to be gender sensitive) by the rural banks.

Recommendations

These recommendations are addressed to specific stakeholders of the financial sector.

Policy Makers

1. Policy makers must create a forum that will critically revisit important components of the reform programme with the aim to developing policy guidelines to address gender issues with respect to credit accessibility.
2. Bank of Ghana should review upwards the credit ceiling of 02m for RBs to economically acceptable levels to ensure the implementation of more viable economic ventures for both men and women in the rural sector

3. The government should waive taxes for rural banks to serve as an incentive to lend to the poor. Such banks should be required to give at least 30% of their loanable funds to the poor in the agricultural sector.
4. Bank of Ghana should expedite action on ratification of loans above the ₵2m limit of rural banks by reducing bureaucracy that ends up in delays.

Management of Rural Banks

1. RBs should replicate the Integrated Susu and the CREW and involve more vulnerable groups like the physically handicapped besides women.
2. RBs should educate potential farmers to take other occupations such as trading and artisanal jobs, to improve their credit worthiness.
3. RBs should review their interest rate policy and the weekly repayments modalities attached to the CREW to encourage more women to join.
4. RBs should explore other forms of guarantee such as the extended family system with its advantages of joint responsibilities to guarantee potential family borrowers. After all if extended families can guarantee loans for funeral celebrations then they should also qualify to guarantee for working loans as well for its members.
5. RBs should increase their spread to other areas with their services.
6. Banks should protect their credibility in dealing with borrowers, as the banks' inertia in granting credit (as indicated by non-beneficiaries of the RB credit) amounts to deception in the minds of potential borrowers.
7. RBs should graduate the size of credit to the poor depending on their creditworthiness with respect to previous credits. This will ensure that a sizeable amount of credit goes to clients with a high probability to repay.
8. RBs should encourage the group loan system among the economically active people as the inherent confidence and trust among group members translate to strong peer pressure the banks could consider to grant loans.

Community Beneficiaries

People in the communities should take interest in the banks, support them, patronise their banking products and above all be credit worthy.

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1. Introduction

This study discussed the key issues relating to gender and access to credit within the context of Ghana's Financial Sector Reform. The underlying assumption is that both men and women are expected to have equal access to credit and that inequality between men and women in accessing credit is the result of unequal social relations and unequal financial opportunities that create gender-specific barriers in the financial sector. The study provides the basis for critical analysis of the key issues.

1.1 Background

From the middle of the 1970s to the early 1980s the economy of Ghana began to show very serious cracks in all the development indicators. Real output declined, and coupled with unfavourable terms of trade for Ghana's exports, the economy experienced persistent balance of payments deficits.

These developments impacted significantly on the banking system. Lack of competitive conditions as a result of financial repression manifested in interest rate control, credit ceilings, exchange rate controls and control of bank charges. Additionally, weak internal management controls exposed the banks directly to agriculture, commerce and industry. It was in the light of this did the PNDC government introduced the ERP in Ghana in 1983.

The major components of the reform program included the following:

- i promulgation of the Banking Law of 1989 (PNDCL 225) to provide an appropriate regulatory framework for re-structuring and strengthening the banks to support the economy.

- ii. promulgation of Financial Institutions (Non-banking Law, 1993) PNDCL 328 introducing new licensing, regulation, supervision and prudential reporting requirements for all non-bank financial institutions.
- iii. deregulation of interest to provide appropriate incentives to the saver and a fair price for efficient allocation of mobilized resources. Since February 1988 interest rates have fully been deregulated and banks have determined their borrowing and lending rates.
- iv. lifting of credit ceilings and directives. By the end of January 1992, all credit ceilings including sectoral allocation had been removed.
- V. introduction of measures aimed at strengthening internal management, operational system and control of banks. This resulted in the strengthening of the banking supervision department of the Bank of Ghana and the establishment of a national Banking College in 1995.

1.2 The Research Problem

In Ghana, issues of gender and access to credit have for quite long been a major concern for the financial sector policy although they are yet to be fully tackled and resolved. Questions of gender and access to credit in Ghana raise issues of cultural norms, beliefs and practices that affect social and economic lives of the people. But the thrust of the matter is twofold; the relevance of the current financial liberalization programme for gender accessibility to credit and how the liberalized financial environment facilitates gender sensitive credit programmes since gender equity distribution currently seem unattainable in the financial market

Generally, there are many constraints to the socioeconomic development of Ghanaians; low productivity, low income levels, low savings, unemployment and mass poverty. Attempts at resolving these constraints have had to examine gender and equitable access to credit as reported

in a number of studies that have been carried out in Ghana. Thus the major interest in this study was less the availability of credit but more the gender sensitivity to credit of financial institutions under the financial liberalization programme.

1.3 The Goal And Objectives Of The Study

The study examined gender access to credit in two rural banks in the context of the current reforms in the financial sector in the Central Region and made recommendations to relevant stakeholders of the financial sector.

The specific objectives of the study include:

- I -To explain the processes involved in accessing credit from the banks.
- 2.To identify the factors constraining women and men from benefiting from credit from selected financial institutions.
3. To determine the urban/rural disparities in women's access to credit.
- 4-To determine the uses to which credit is put on the basis of gender
- 5.To assess gender- specific mechanisms to credit under the present economic reforms.

1.4 Relevance Of The Study

There is widespread belief that men have more opportunities to access credit than women. The Beijing Conference of 1995 sought to bridge the gap between males and females with regard to all available opportunities. Constituting about 51% of Ghana's population, Women are known to have little access to institutional credit because of lack of collaterals. Since women make a substantial proportion of Ghana's informal business sector, it is only fair that they have equal access with men to credit.

The import of this study is to make both theoretical as well as empirical contributions to address some of the concerns brought up in line with gender accessibility to credit in the rural areas of Ghana under the FSR.

2 Literature Review

2.1 The Dimensions Of The Rural Financial Market In Ghana

The rural environment in Ghana as in many African countries is characterized by lack of basic amenities and infrastructural facilities. Primary production in the form of agriculture and fishing dominate the rural economy. Farm operations and fishing expeditions are carried out with the help of simple tools, local varieties of crops and primitive fishing equipment. The people continue to produce at the subsistence level. The introduction of improved and/or modern scientific inputs are yet to make the expected impact in the rural communities. Trade and commerce have long history in the rural economy and have contributed immensely to the monetization process that co-exist with the subsistence form of living. A small proportion of the total capital outlay on farm operations and home consumption continue to be in the form of cash. With the increase in the use of fishing gear, outboard motors and varieties of fishing nets the demand for capital outlay in the fishing industry has become higher than before. Nevertheless, the general economic environment finds itself in what has been described as the "Little Opportunities Circle" (Owusu Acheampong, 1983). In this situation, virtually all opportunities for savings and capital accumulation are absolutely low, reflecting in low production (see Annex 4 Fig 1).

This makes the issue of financial intermediation a crucial factor even more with the financial sector liberalization policies. There exist two categories of people in the financial market environment. Those who possess more than they can or are willing to consume, called the surplus unit, then the section of the market that requires more funds than they possess for investment called the deficit unit This means that financial institutions must structure their assets and liabilities to meet the requirements of the ultimate borrowers and lenders in the market environment. But they must also fulfil the task of bringing into equilibrium the different interests of not only two but four groups: the surplus units, the deficit units, owners of the financial institutions (banks), and the Banks' regulator (in Ghana the Bank of Ghana). By

implication, therefore, a high return to the surplus unit would mean a higher cost to the financial institution.

The informal credit system even in rural Ghana is also well developed and meets the critical needs of the people for production and consumption and satisfies urgent social obligations such as defraying cost of the sick and funeral celebrations (Sarris, A.& Shams, H. 1991). Sources of the informal credit are relatives, friends, traders and/or private money lenders and landlords. Relatives, that is to say close family relations, and friends do not normally charge interest. But depending on their claims to the sources of the money being lent out some may do so. In any case, interests charged by relatives and friends are, however, exceptions to the rule. With regard to the landlord, as Sarris and Shams (1991) have also indicated that a loan can be interest-bearing or have an inbuilt transaction costs like offering free labour. Money-lenders charge high interest rates ranging between 50% and 100% depending on the period which was agreed upon with the borrower. Evidence of activities of money lenders in Ghana are captured in both past and present surveys (Shepherd, 1936; Nowel, 1938; Havers, 1945; Owusu Acheampong, 1986; Sarris & Shams, 1991). These studies have not only emphasized the harsh and sometimes the in-human lending conditions of the money-lenders, but they also underline the economic significance of the convenience, ease and timeliness with which money-lenders grant credit. The informal credit system in a nutshell, therefore, plays an important complementary role to the formal system in the rural financial market.

For small holder credit in the rural financial market the Rural Banks¹ (RBs) and the Agricultural Development Bank (ADB) have been observed to be most important. The ADB (a development bank) grants various credits and has a high recovery rate. However, compared to the RBs the ADB does not have operational offices in the rural communities where the small holder and the poor reside and operate their businesses. Contact to customers in such areas is provided through mobile services. The rural financial market can thus be described as

¹ The RBs are privately organized in the rural communities with the objective to mobilize savings and extend credit to small farmers and businesses. Rural banking started in Ghana in 1976 with the initiative of the Bank of Ghana.

heterogeneous providing different forms of financial interventions. The efficiency of such interventions will have to consider the low level of social differentiation and stratification resulting from few existing economic opportunities in the rural areas.

2.2 Gender Accessibility To Rural Credit - The Empirical Evidence

Essel (1996) in a research conducted on Kakum Rural Bank in the Central region of Ghana, found that men have more access to rural bank credit than women. This marginalization of women, he noted, was due in part to institutional and cultural factors. The institutional factors include the rigid demands by banks (e.g. collateral) whereas the social and economic factors included such factors as:

- (i) the fear of women to take risks (perceived by women themselves),
- (ii) lack of awareness leading to reduced access to credit and
- (iii) the skewed ownership of traditional resources (which can be used as collateral) in favour of men.

While these findings signal a genuine problem confronting rural women the scope of the study was limited to only the Kakum Rural Bank and its mobilization centres in the Central Region of Ghana. It stands, therefore, to prove the extent to which such an important finding can be generalized.

UNICEF(Ghana) launched a study in the 1980s on Structural Adjustment Programme (SAP) that culminated in the design of the Programme of Action to Mitigate the Social Costs of Adjustment (PAMSCAD) on vulnerable groups. Under the PAMSCAD, the government provided US\$ 2 million as a revolving fund to small scale enterprises (ISSER,1992). The project, however, failed to address the issue of gender and how it affects the socioeconomic development of the people.

Also, at a 'Micro-credit Summit' held in 1997 in Washington D.C., donors agreed to a plan that would extend small loans to 100 million poor households by the year 2005, counting on

additional outlays of 26 billion dollars. The same concern has been expressed by the UN Secretary General, in a new report on "the role of micro-credit in the eradication of poverty" (A/53/223). He referred to the success story of relatively few institutions including the Grameen Bank in Bangladesh, which reaches over 2 million people with cumulative lending of about \$2.1 billion, and Action International with \$1.0 billion in loans to Latin America. The need to strengthen access to credit for women, small rural or urban producers, landless farmers, people with low or no income and

vulnerable groups was also underlined by the World Summit for Social Development held in Copenhagen in 1995 (UN 1995).

A number of micro finance institutions have equally adopted innovative ways of providing credit and savings services to reach the poorest of the poor. Two approaches have been advocated for on the role of credit in poverty reduction. These are:

1. the Income Generation Approach(IGA)
2. the Minimalist Approach.(MA)

The advocates of the IGA maintain that credit should be provided mainly to the entrepreneurial poor to enable them finance specific private income-generating activities to increase their revenues. The proponents of the minimalist approach, on the other hand, argue that credit programmes would still be helping the poor fight poverty by giving credit to any poor person who is able to repay a loan without dictating to that person how and what the loan should be used for.

Since 1989, Freedom From Hunger (FFH, an international NGO) has worked with local partners to develop and disseminate a cost effective integrated programme called Credit With Education for Women (CREW). The goal is to improve the nutritional, financial status and food security of poor households in rural areas of Africa, Latin America and Asia. CREW has provided over 9000 individual small loans with a total value of about US\$600,000 to poor women in rural and urban areas who have been hard to reach through the traditional banking system. A study of the impact of CREW at the Lower Pra Rural Bank and seven other

institutions on participating women has revealed much success with about 92% repayment rate (MkNelly and Dunford 1998). These micro-credit schemes could be considered as packages providing financial and educational assistance to poor women on one hand and institutional support to participating institutions on the other.

At a workshop on enhancing the role of the informal financial sector in 1998 it was observed that with the exception of the ADB, both informal agents and formal financial institutions did not have agriculture, fishing and forestry as priority lending sectors (DFID, 1998). The preference is for less risky and shorter duration processing activities and trade.

3. Methodology

3.1 Research Design, Sampling Procedures And Data Collection Techniques

The research adopted analytic studies. We examined how the accessibility of beneficiary groups to institutional credit varied or otherwise from non-beneficiary groups' access to credit for both men and women. The main study populations were:

1. loan beneficiaries of two RBs in the Central Region: the Brakwa-Breman Rural Bank (BBRB) and the Kakum Rural Bank(KRB)
2. non-beneficiaries of institutional credit and opinion leaders in the study communities
3. knowledgeable people in credit service delivery in the selected banks.

RBs were chosen because they have agencies operating in most rural communities where the majority of the people are small holders and poor². BBRB at the time was considered satisfactory while KRB belonged to the mediocre. The two banks were selected purposively because of their performance over the years as a result of which we cannot rule out the influence

² The selection of the banks was based on the Bank of Ghana's Capital Adequacy Requirement(CAR) of $\geq 6\%$ for satisfactory banks and a CAR of $< 6\%$ for mediocre banks.

of sampling bias on the results of the study. This is more likely so because the sampling frame for the list of credit customers, who may possibly be in 'good standing' was provided by the banks. From the list 150 credit beneficiaries were selected using both the simple random and the systematic sampling methods for the study. Credit beneficiaries from the KRB formed 55% of respondents because the bank has a much larger catchment area and more agencies than BBRB. The multi-stage sampling procedures were used as we also considered the proportional representation of gender. 137 responses were returned. These were made up of three-fifths (59.9%) women and two-fifths (40.10%) men. Besides, the non-probability sample method specifically the convenience and the purposive techniques were respectively used to select non-beneficiaries of institutional credit and bank officials. Six communities with five mobilization centres and a head office of the banks were selected for the study. These were Brakwa (head office of BBRB), Asikuma (an urban centre) and Jamra for BBRB. Mpoben (a suburb of the Elmina urban centre), Moree and Abakrampa for KRB.

3.1.1 Brakwa-Breman Rural Bank(BBRB)

The BBRB was licensed to operate in 1982 to provide banking services to people in the Breman areas which abound in cocoa and food production, but are poorly served with banking services. With only one agency at Breman Asikuma, which is also the only urban centre in the bank's catchment area, the bank as at December 1999 had account holders numbering 9,382 with total deposits of over ₵800 million and total loans granted at end of 1999 was ₵352.69 million.

Since 1994 the bank has been operating the CREW with FFH. The CREW is open to all economically active women of age 18 and above. Members must reside in the community in which members are well known by each other and ready to serve as a member of the mutual guarantee system (applying the peer pressure) for each other in the group called solidarity group, consisting of 4- 7 members. The programme is specifically designed for the poor (women) who

can pay. The size of credit ranges between ₵100,000 and ₵400,000 with repayment stretched over 16 weeks equal weekly installments at an interest rate of 16%.

3.1.2 *Kakum Rural Bank*

The KRB was registered in 1980 but started banking operations in 1983 with its head office in Elmina. The bank as at the end of 1999 had nine agencies and spanned over Abrem Agona, Mpoben, Jukwa, Abura (Cape Coast), Kotokuraba, Moree, Abakrampa and Mankessim. Elmina which is a fishing community of which Mpoben is a suburb, has urban characteristics. Most men are fishermen whilst most women are either fishmonger or traders in fish. The town is the hub of fishing trade along the coast. As such it attracts people from all regions in Ghana. Farming is the major economic activity in the other communities where the bank has mobilization centres. Total deposit of the bank as at December 1999 was ₵2.9 billion with average of ₵141,000 per deposit. The number of account holders had grown to 20,400 by 1999. In the same period credit to clients was over ₵1.5 billion. The KRB is older and bigger in terms of volume of business than BBRB, data on loan applications and approvals was only available from the 1994 to 1999 (Table 3 p.21) probably due to difficulties in keeping and maintaining well coordinated management information system for its records.

Structured interview schedules with beneficiaries, semi-structured in-depth interview guides with bank officials and focus group discussions with non-beneficiaries were the main instruments used to gather the primary data.

3.2 Analytical Framework

Analysis of the data depended on the objectives and the research design chosen for the study. The focus and the kind of data obtained for the study, allowed a combination of both the quantitative and qualitative analytical approaches (Hoepfer 1990, Dlamini and Simelane 1990, Croebeck 1983, Moser and Kalton 1979). On the basis of this we pursued a causal modeling employing statistical approaches.

The basic assumption is that credit depends on the availability of money from total deposit savings at the banks. This includes the banks' own reserves, customers' deposits and special deposits for special programmes. Credit in the form of both cash and kind, can be regarded as such when it is made available to those who require it. Accessibility to credit therefore, can be determined by the number of borrowers who apply for the credit facility and the number of approvals depending on the banks' total savings at a particular point in time. Holding other factors constant accessibility to credit is for simplification, the number of applications submitted to the rural banks and the probability of any application being approved.

In the case of KRB the introduction of the Integrated Susu and the injection of money externally as of the CREW in the BBRB are considered outcomes of the FSR. Even though there was no law barring partnership funding before the FSR started in 1987, it was only in the period of FSR that a freely conducive environment is supposed to have been provided for such partnerships. Relationship between FSR and improvement in loan applications/approvals were tested statistically based on the following research hypotheses³:

1. Loan applications differed significantly before and after the introduction of FSR for males.
2. Loan applications differed significantly before and after the introduction of FSR for females.
3. Loan applications differed significantly between males and females before the FSR

³ The statistical computations using the t test comparing means to test the hypothesis are presented in Annex 2

4. Loan applications differed significantly between males and females after the introduction of the FSR
5. Loan approvals differed significantly before and after the introduction of FSR for males.
6. Loan approvals differed significantly before and after the introduction of FSR for females.
7. Loan approvals differed significantly between males and females before the FSR
8. Loan approvals differed significantly between males and females after the introduction of the FSR
9. Loan approvals differed significantly with and without the intervention of the CREW special credit scheme.
10. Loan approvals differed significantly between males and females without the CREW credit scheme.

4. Findings And Discussions

4. 1. The Rural Bank - Before And After The Financial Sector Reform

The dearth of data of many rural banks before the reform presents a difficult situation drawing on RBs for this analysis. Even the KRB did not have up-to-date data until 1994. The BBRB is, therefore, considered as a case study in this respect. The focus of this analysis is an assessment of the accessibility of the bank's loan to males and females under the FSR. Graphically, the distribution of applications for and approval of loans show sharp differences with respect to sharp drops in the number of loan applications /approvals from 1983 to 1987 for both sexes (Figs. 3&4). A number of factors may explain the sharp drops in 1984 and 1985. It must have been partly due to the effects of the 1983 outbreak of bush fires that devastated both farmlands and large expanse of virgin forests in most rural areas in Ghana. A good number of people having lost such huge properties left the rural areas to join relatives in the urban centers. There were others too that could not provide the needed security for loans as a result of being

victims of the bush fires. The banks on their side were more careful in approving loans during this period.

The period from 1988 to 1999, shows low, then later sharp increases for both sexes possibly explained the slow take off of the financial sector liberalization especially among the rural banks which are generally small in the banking sector. In actual fact considering the FSR as an innovation in the banking sector the rural banks were late adopters. However, the increases were more pronounced for females than males for this period (Figs. 5&6). The mean applications for males was more than doubled from 229.5 to 494.4 while that of females increased more than five times from 127.6 to 726.5. For the same period mean loan approvals tripled for males from 102.8 to 413.3 and that of females increased more than ten times. This means that women have more access to credit during the FSR than before.

Table 1: Distribution of Loan Applications and Approvals from 1983-1999 by Sex at Brakwa Breman Rural Bank

YEAR	LOAN APPLICATIONS			LOAN APPROVALS		
	MALES	FEMALES	CREW	MALES	FEMALES	CREW
1983	521	322		375	269	
1984	120	32		30	18	
1985	124	35		52	11	
1986	203	154		32	14	
1987	180	95		25	13	
1988	210	80		74	15	
1989	230	72		149	34	
1990	281	92		179	23	
1991	180	71		84	27	
1992	602	224		531	75	
1993	680	154		652	95	
1994	690	632	302	662	560	302
1995	613	400	976	576	1260	976
1996	521	1710	1023	434	1490	1023
1997	651	1678	1126	501	1528	1126
1998	622	1680	1173	556	1530	1173
1999	653	1925	1135	562	1715	1135

Loan applications /approvals for the period of intervention (1994-1999) with the intervention of the CREW as a special credit scheme shows that total female applications increased more than three times from about 632 to nearly 2000 at a yearly average of about 1337.5 (Figs. 5-8.) Statistical tests (non-directional) using independent samples and comparing

means of applications and approvals for both males and females before the FSR (1983-1987) and during the FSR period (1988-1999) at 0.10 significance level varied in their results⁴.

The student's t test yielded the following results:

Table 2. T Test Score Values

	VARIABLE	T TEST SCORE
1.	Male application before and after the FSR	2.56
2.	Female application before and after the FSR	1.8995
3.	Male approvals before and after the FSR	2.817
4.	Female approvals before and after the FSR	3.56
5.	Female approvals with and without CREW after FSR	6.977
6.	Male and Female applications before the FSR	1.12
7.	Male and Female application after the FSR	1.341
8.	Male and Female approvals after the FSR	0.45
9.	Male and Female approvals after the FSR	1.275
10.	Male and Female approvals after the FSR without CREW	2.26

The test results for 1, 2, 3 and 4 show that loan applications and approvals indicated significant differences for males and females before and after the FSR. This means that the observed increases in male and female applications/approvals for loans before and after the FSR is statistically significant. These results suggest that the FSR has made some impact on the bank's lending operations considering the sexes separately (test results 1-4).

Nevertheless, this is not so, comparing both sexes especially with respect to loan applications and approvals (test results 6-9). Comparing male and female loan applications/approvals before and after the introduction of the FSR (test results 6,7,8 and 9) there seem not to be sufficient evidence to prove that the differences are significant. However, the period 1994-

⁴ Different levels of test significance (.05, .01) would yield different outcomes though the general trend will not change much. But considering the general paucity of management of rural banks in Ghana, we estimated that a confidence level of 90% is acceptable for the test.

1999 without the CREW showed significant differences in loan approvals between females and males (test result 10). Another test with and without the CREW intervention (test result 5) was highly significant. The two results mean that if the CREW programme were not introduced loan approvals for males and females would differ significantly in one instance. In another instance loan approvals for females alone differed significantly with the introduction of the CREW and also confirmed in test 4.

Table 3: Distribution of loan applications and approvals from 1994-2000 at Kakum Rural Bank⁵

YEAR	LOAN APPLICATIONS				LOAN APPROVALS			
	MALES	FEMALES	SUSU CLIENTS	TOTAL	MALES	FEMALES	SUSU CLIENTS	TOTAL
1994	715	149	54	918	481	93	43	617
1995	1,006	270	84	1,359	702	169	66	938
1996	1,174	384	115	1,673	897	248	91	1,236
1997	1,511	624	164	2,299	1,151	410	130	1,692
1998	1,744	822	187	2,754	1,344	551	153	2,047
1999	1,960	1,047	211	3,217	1,518	731	176	2,425

At the Kakum Rural Bank, (Table 4 p.22) shows a steady increase in both loan applications and approvals for males, females and susu clients. The conventional acquisition of loans improved up to 90% for males in 1999 and up to 87% in 1998 but fell to 70% in 1999 for females. The sudden increase for males may be accounted for in view of the bank intensifying the use of the local FM radio stations for its service delivery. The female reduction may, however, be due to the fact that more women are using the susu group scheme more than before in acquiring loans. In spite of that, percentage increases as far as susu is concerned is more steady and much higher than that of the conventional way of acquiring loans from the bank. The difference may be explained by the fact that the bank is possibly comfortable with the susu

⁵ The statistical t test for the KRB data yielded results that are not significantly different from that computed for BBRB

group guarantee scheme which makes it easier for it to use group pressure to follow up defaulters.

Table 4: Proportion (Percentage) of Loan Applications Approved by Sex and Susu Clients at KRB from 1994-1999 (Values in %)

Year	Males	Females	Susu Clients
1994	67	62	80
1995	69	63	79
1996	76	65	79
1997	76	66	79
1998	77	87	82
1999	90	70	83

This means that access to credit before the FSR differed between males and females. It also happens to take the same trend since the FSR in both banks. There is evidence from the test however, that loan approvals were higher for females where special credit programmes have been designed for them and do not have to compete with males. This position is supported by the test results 4 and 5. The female approvals with CREW intervention (hypothesis 5) was statistically significant after having processed it through a more sensitive statistical test using dependent sample means for the period 1994-1999 and having matched the sample years and statistically controlled the variability between them. Statistically, therefore, the CREW is making impact on the financial situation of its members. Equally, relevant is the impact being made by the integrated susu in the KRB. It also implies that the congenial environment offered through the FSR has enabled the banks to operate aggressively in the financial market by introducing new products specific for females.

The results of the analysis have implications for the bank's clients.

Borrowers of bank credit in the rural areas would breakthrough the little opportunities circle proposed by Owusu Acheampong (1986) if other economic factors such as the supply of inputs, demand for goods and services could be enhanced and inflation controlled. This would have effects on increasing capital outlay and would trigger off increases in investments, business turnovers and incomes.

Financial intermediation would bring advantages to the poor (Annex 4, Fig2).

Table 5: A Flow Chart of the Demographic Data of FGD Participants

	NO. OF RESPONDENTS	AGE RANGE (YRS)	MARITAL STATUS	AVERAGE NO. OF CHILDREN	EDUCATIONAL LEVEL	OCCUPATION
JAMRA Men	12	27 – 57	Over 80% married	4	About 85% up to Middle School/JSS	Farming, Trading, Small scale Industries
Women	13	21 - 52	70% married	3	About 70% up to Middle School/JSS	Petty Trading farming
BRAKWA Men	12.	27 – 42	11 married	3	All up to Middle/JSS	Farming and Trading
Women	12	24 - 45	majority married	3	Half up to Middle/JSS Other half no formal education	Petty Trading farming
BREMAN ASIKUMA Men	12	20 – 56	80% married	4	All Middle form 4	Farming, Trading, Carpenter, shoemaking
Women	13	25 - 49	75% married	3	Majority up to Middle/JSS	Petty Trading farming, hairdressing, dressmaking

Source: Survey Data

4.2 Survey Results

4.2.1 Bank Loan Beneficiaries

The survey indicated that different age groups were loan beneficiaries. There was, however, those aged between 35 and 54 years that formed the majority (72%) of credit recipients. By sex distribution, women formed three-fifth of the respondents whilst males formed the remaining two-fifth. The high proportion of women is the result of positive effects that the pulling factors of the special credit schemes (CREW and Susu) have on their members.

Marital status tends not to be a determinant in accessing credit from the rural banks. A little over one-third (36.5%) of credit beneficiaries had first cycle school education, about a fifth second cycle education and just about less than a fifth had tertiary education. It is, therefore, evident that most of the customers who patronize the two banks have very low level of education or none at all in the rural communities. Education, therefore, is not a necessary condition for accessing credit but may be essential for beneficiaries to come to terms with the complex procedures for accessing credit. In a situation, where more women are less educated than men education tends to become a "pull out" factor for women's access to credit.

The main economic activities of the respondents were farming, trading (sales/business) and salaried jobs such as teaching, and the public and civil services, carpentry, masonry and shoe-making. Evidence, however, indicates that salaried workers (with steady incomes) have a better deal to access credit than farmers and applicants in occupations with less steady incomes. Occupation and the liquidity position of the applicant are, therefore, the other critical variables in examining one's access to credit.

4.2.2 Non-Bank Loan Beneficiaries - The Control Group

A total of 74 men and women were identified for the survey from three communities, Jamra, Brakwa, and Asikuma as control group for the focus group discussions. This comprised 36 men and 38 women (Table 5 p.23) who were not customers of any bank. Their ages ranged from 20-57years. Majority of both men and women (over 75%) were married with 3 and 4 children on the average. Most of the participants had attained some level of education in the first cycle. The men, however, had higher education levels than the women. Farming and petty trading were the commonest occupation in all the groups in the communities. Almost all participants were engaged in multiple occupations. Few of them were engaged in small-scale industries such as carpentry, shoe-making and dressmaking.

4.3 Sources And Access To Credit

4.3.1 Bank Loan Beneficiaries-The Case

Majority of the beneficiaries supplemented the RB loan with own generated resources obtained through their present and previous economic endeavours to finance their economic activities. Other relevant sources of financial support for the respondents included:

- (a) membership of a local (rotational) susu group
- (b) the CREW - members are organized and trained in the use of credit
- (c) family relations (close and extended relations) and
- (d) friends.

4.3.2 Non-Beneficiaries of Bank Credit - The Control Group

MALE

Male respondents from all the three communities claimed to have started their businesses from, own savings, friends and close family members. Majority of them indicated that such sources were not sustainable. From all the communities, the men did not subscribe to any local susu group because of irregular cash flows from their businesses.

The men were hesitant in going for credit from RBs for two reasons; the six months savings period before credit appeared too long and the complex procedures in processing loan applications. Besides, the men claimed that women had more access to credit and emphasized that they would prefer the money-lenders despite their harsh conditions because to them, " the bank belongs to the women'. This finding is in contradiction to general assertions that men have more access to credit than women (Essel, 1996). The CREW intervention programme and the special susu schemes designed for women in the survey banks may explain this finding which reverses women's unfavourable access to credit.

FEMALE

Similar to the men, the majority of the women had their initial sources of capital from friends, close family members and suppliers' credit. They also emphasized the inadequacy and the unreliability of funds from the local sources. Some also related the problems to the generally high cost of living. As one of them put it "the same money for running the business is used also to pay school fees, drugs and other urgent needs and little or nothing is therefore left for business expansion". Sourcing credit from money-lenders was unacceptable to all the women because of the harsh conditions with which many of them operate. This corroborates the findings of other studies on rural financing (Sarris and Shama: 1991; Mellor, J: 1968). Women considered the susu system as not very helpful. Two reasons account for the explanation of the women's behaviour:

- 1) they could not meet the conditions defining the contributions and
- 2) they viewed the total contributions for members to be woefully inadequate to support any viable economic venture.

Accessing rural bank credit was regarded difficult though they generally felt that it was comparatively more humane than other sources. The six months savings with the bank and the lack of confidence as a result of different experiences with accessing credit from the banks were cited as problems. One of them who had to withdraw her ₦50,000.00 justified her action thus; "

that small contribution was my hope, so when the loan was not forthcoming after three months, I felt I was doomed⁶. Another one expressed her experience, " the 'go and come' for over 7 months without success in getting the credit made me lose confidence in the bank'.

There were indications that the CREW loan scheme in BBRB belonged to a certain group of women as they felt marginalized. In spite of that, a good number of women expressed fear in different ways going for the CREW credit because of what they termed as strict and shorter repayment terms:

" if repayment period is one week, what is one going to do with the money in the short term to be able to pay back?";..... those with access to rural bank credit under the CREW are being harassed week after week to repay".

Some of these women even thought that some CREW beneficiaries did not invest the money at all but kept the same money for the repayment. In their view, therefore, the CREW programme implementation seems to defeat its own objectives. Such a perception is certainly debateable because such an attitude of borrowers may generally tend to improve their credibility with the bank. In the case of the CREW members, however, failure to invest the money borrowed meant on one hand that they could take a good credit risk which will not lead to qualify a borrower for much higher loan though. On the other hand, this is usually a dissatisfaction syndrome signaling that the CREW conditions are just too harsh for some members.

⁶ All amounts beyond ₵2 million should be sent to Bank of Ghana for ratification with all its attendant delays.

4.4 *Size Of Credit And Its Distribution*

Generally, even though the number of loans granted had increased, the size of credit extended to the beneficiaries over the last two years has not changed much. A quarter of the respondents received ₵500,000.00 each within the two-year period bringing the annual average credit to in different ways in different ways ₵250,000.00 each (Table 6 p.28). Less than a fifth had ₵1,000,000.00 and above. The majority of about one-third received less than ₵500,000 each within the same period.

The distribution of credit over the last 2 years in the two banks is presented in table 3:

Table 6: Size of Credit and Distribution Among Respondents in the Kakum and Brakwa-Breman Rural Banks.

Range of Credit	Kakum	Brakwa-Breman	Total	%
Up to 100,000	1	2	3	2.2
101,000 - 500,000	43	34	77	56.2
501,000 - 1 m	19	16	35	25.6
1.1m - 2m	8	9	17	12.4
2.1 m - 5m	3	1	4	2.9
5.1m- 10m	1	-	1	0.7
TOTAL	75	62	137	100

This reveals the fact that the bulk of the banks' credit go to beneficiaries in small amounts. Despite the financial liberalization it appears that most banks continue to be cautious in granting loans in bigger amounts to the poor. The number of those who were granted over ₵2.0 million was negligible. Evidence from the Brakwa Breman Rural Bank indicates that since 1994 only 9 males have benefited from loans over ₵2.0 million out of 131 applications and 6 females out of 52 applications. In effect, females with 11.5% have had better access than males with 6.9% at that level of credit. On the average, not more than 70% of loans applied for are approved.

With the Bank of Ghana giving the tune for financial management at the rural banks by limiting the rural banks lending up to ₵2.0 million, the size of credit will continue to be small⁷.

4.5 Processes And Constraining Factors In The Acquisition Of Credit

4.5.1 Processes In The Acquisition Of Credit

Formal Source

The basic problem that financial and non-banking financial institutions face with respect to lending concerns loan repayment by potential beneficiaries. In order to increase the chances of loan repayment therefore, these institutions require potential borrowers to fulfil some basic requirements.

A potential borrower is required to have an account (saving, demand or time deposits) with the bank for at least six months. An application for loan is first examined by the project manager and then passed on through the process for approval by the manager, the loans committee, and the board of directors depending on their respective loan approval limits.

With the introduction of the financial sector reforms, some rural banks, as part of the innovation to improve their deposit mobilization and lending functions have adopted and incorporated the traditional 'susu' into the formal and mainstream banking. This is the case with the Kakum Rural Bank (susu) and the Brakwa Breman Rural Bank (CREW). For these group, the level of scrutiny and the delays have reduced as a result employing in-built group solidarity as guarantee.

The Susu of the Kakum Rural Bank (KRB)

Members contribute at the workplace on daily, weekly or monthly basis and collect the bulk money at the end of the agreed time. In this system, one does not need to open an account with the bank. A 'susu' clerk from the bank goes round to the target population, such as traders, artisans and technicians (i.e. businesses with daily cash flows. The basic difference between the traditional 'susu' and the integrated 'susu' in the bank is that the latter allows the participant to

access credit after some agreed time (e.g. 6 months, 12 months etc) depending on the size of one's contribution for the period which is usually used as security.

The CREW in the Brakwa-Breman Rural Bank

Credit with Education for Women (CREW) which is also an innovation has become possible because of the liberalization the financial sector reform grants the banks to pursue market oriented programmes. This is a partnership programme by an NGO, Freedom From Hunger (FFH) and some rural banks of which BBRB is one.

A member of this programme should agree to defined conditions and must belong to a group of women who though poor must show the ability to pay or contribute to an initial contribution that serves as security for the group. The acquisition of credit depends on the group's contribution and the repayment behaviour of members to previous loans. Much as we recognize the impact that this programme is making on a number of rural women, it is also evident that it can only reach out to the better off among the poor.

4.5.2 Constraining Factors

Conditionalities of the Banks

For most customers conditions expected to be satisfied before acquiring loan pose a big constraint. Just about less than a third (31.4%) of the beneficiaries felt they could satisfy the conditions. It means that this proportion could satisfy the conditions without much difficulties while the remaining proportion have great difficulties in satisfying the conditions. It must be mentioned that the fact that the fact beneficiaries satisfy the conditions though means that this the only option or 'a better of two evils' (the choice between CREW and money lenders). This position was shared by both men and women and evidenced in both the interviews and the focus group discussions. Moreover, the small size of loans and delays in granting loans were the other major concerns that were mentioned.

Another Constraining factor relates to the lack of adequate information about services, procedures and new banking products. The KRB is currently making an attempt to bridge the

information gap by using the local radio FM stations to advertise its products and get service-related messages closer to the clients. Much more needs to be done in terms breaking down these messages to the level of understanding of most rural clients, majority of whom consider the bank as an alien institution in their milieu.

With regard to the Susu and the CREW, clients had openly no problem with satisfying the banks' conditions to acquire credit through group formation. Nevertheless, trust, confidence and the willingness of the individual to accept joint responsibility are conditions that need to be satisfied by members. The group uses their contributions after a specified period as a security for loan. In this way the banks mobilizes savings from customers while extending credit to them.

Moreover, another factor with particular reference to the CREW is the high cost of the credit (16%) for the small amounts (¢100,000 and ¢400,000) to be repaid within 16 weeks on equal weekly installments. Besides the repayment modalities, the 16 percent cost of credit (i.e. interest rate of 1% per week) is considered relatively high, given the poor clientele. This is because the average interest rate for the year, 2000 in Ghana was 42.3% with an average inflation of 25.2% and the average real lending rate of 17.1% (BOG, 2000). Considering that the interest rate charged by CREW stood at 48% per annum if a member collected three instalments of credit in the year, the real lending rate for the CREW was 22.8%. Given the gap between the real lending rate of commercial banks (17.1%) and that of the CREW (22.8%), it is evident that the banks were gaining more on the CREW by 5.7%. Moreover, the CREW management charges extra 5% for administrative charges on every credit granted for 4 months. In the year this amounts to 15% and in addition to the 48% CREW actual interest makes 63%. This makes the CREW credit more expensive in terms of cost of credit even though the CREW credit is more convenient and readily available.

Other problems respondents encountered in credit acquisition from the formal source that give credence to this discussion are:

- (i) difficulties in making weekly repayments because the amounts received are not sufficient to offer the needed push even to the micro businesses.,
- (ii) high commitment fee charged by the banks,
- (iii) credit worthiness of borrowers and demand for guarantors (especially difficult for farmers and the rural poor),
- (iv) granting of part of loan required.

4.5.3 Constraints from Informal Sources

The informal sources of credit contrary to the formal sources are usually convenient for small-holders and the poor because of the absence of the bureaucratic red tapism. The only major constraint according to respondents was, however, that it is unreliable because friends, relatives and close family members may be hard up with money at the time financial assistance is required.

4.5.4. Constraints Specific To Distance And Time

Distance to Bank

More than 7 out of every 10 women and 64% of the men beneficiaries of the survey stayed within one kilometre from the banks. About 17% of both sexes stayed beyond five kilometres while the rest resided within 1.5 kilometres. This may not offer adequate evidence to state that the closer the people are to the location of the banks and to their services, the higher their chances of approaching the banks for credit. Those that reside farther away would certainly have problems reaching the offices partly because they are not motorised and depend on private commercial transport and partly because most roads are either all the year round or seasonally inaccessible.

Timeliness in Credit Acquisition

There is always a time lag between the time credit is applied and the time credit is granted. Nevertheless, the time lag appears to be an unavoidable difficulty especially for farmers in the agricultural sector where the producer credit is usually released not at the time it is required. But against this general situation, there seem to be some improvement in credit acquisition in KRB and BBRB where majority (85%) of credit beneficiaries indicated receiving credit in good time. The situation in both banks may be explained by the introduction of the special bank products (the susu and the CREW) to beneficiary groups.

4.6 Rural-Urban Differences In Accessing Credit

Observations were made in two communities with some urban characteristics (Mpoben in Elmina – KRB and Asikuma – BBRB) from two perspectives; the formal and the informal sources of obtaining credit. From the formal sources the rural and the urban areas did not differ significantly in terms of equal conditions and the amount of credit received because of the banks' drive in extending mobilization centres, and mobile 'banks on foot' in the case of the susu to rural areas. Differences may be identified with respect to road accessibility to offices of the banks by rural dwellers. But as indicated above the farthest is beyond five kilometers and certainly is a disadvantage against those who are closer to the banks. Both sexes indicated that the RBs were the most readily available source of credit for them. With the exception of the non-beneficiary groups nearly all the men (93%) and about two thirds (66%) of women largely depended on the rural banks for credit.

From point of view of the informal sources, the perceptions of credit beneficiaries revealed that more women (50%) than men (45%) get readily available resources from their own generated resources. All the credit beneficiaries in the rural communities seem to depend on their own-generated funds as the most readily available source of investment. In such communities the required capital outlay is relatively small for most economic ventures although for the majority of them it is still a problem to satisfy the conditions that qualify them for the loans.

On the other hand, own-generated income seems not to be adequate for the amount of capital outlays required in bigger urban areas. This was testified by nearly all respondents in Mpoben (100%) and Bantuma (83%), and Moree (86%).

Dependence on close family relations (e.g. spouse and grown up children) as a readily available source of credit was seen to be slightly more dominant among less urban groups. The existence of wide opportunities in urban areas for credit may explain beneficiaries' less dependence on the family source.

4.7 Benefits From Use Of Credit

Almost all the credit beneficiaries indicated that credit was beneficial to them. Even though credit acquired was generally small, more than two-thirds of them maintained that the loans enabled them to establish and /or expand their micro businesses. The other area of investment indicated was in the education of children. Credit was also helpful to the beneficiaries in the settlements of debts. If this is so, then one needs to question how repayment are made and questions the issue of reaping economic gains from the credit. Many such cases contribute to increase the number of borrowers that default in repaying loans⁷.

More males than females used the loan in the acquisition and maintenance of personal and landed property such as land, furniture and other household items. In respect of savings and comparing with the period before the financial sector reforms, about a fifth found their level of savings bettered. Twice the number of men as women were better off indicating that the liberal economic environment had favoured the business activities of women than men in the rural communities and made them financially independent. There was, however, indications that the few gains had been eroded by macroeconomic factors especially inflation. On the question of how respondents had fared in terms of savings, few indicated that their savings had become worse off: more men (31%) than women (25%) savers were worse off.

⁷ The banks were, however, not ready to make available the details of defaulters.

5. Conclusions And Policy Implications

The results of the study have revealed that the FSR has made significant impact on gender access to credit. The results have been informed adequately by both the secondary as well as survey data.

However, not all credit beneficiaries depended on the banks for loans. Nearly a third of credit beneficiaries depending on self-generated income for further investment agreed that their present access to institutional credit was better and profitable than before the reforms and was also confirmed by the statistical tests. Only very few indicated that their access to such credit had either remained the same or become worse off due to fluctuations in business caused by macro economic factors that whittled off the credit.

The Gains of FSR for Bank Beneficiaries

- The FSR has made it possible for banks to introduce new products into their service delivery (e.g. the integrated Susu in KRB and CREW in BBRB). These innovations have reduced the long process of acquiring credit especially for women since they are specifically directed to them.
- The FSR has, moreover, encouraged the adoption of non-economic factors like trust and confidence as basis for accessing group loans for groups.
- In the liberalized financial market banking services have been brought to the doorsteps of customers through the home and business visits of bank employees and the expansion of mobilization centres of Rural Banks. Distance therefore, appears not to be a problem for customers of RBs except those in inaccessible rural areas.
- Both males and females in the rural communities have more preference to informal sources of credit than those in urban areas because of the perception that institutional credit is alien to their environment.

- The number of women with access to the CREW loan has increased over the years.

Problems

- Even though the FSR has allowed gender specific mechanisms especially the CREW into the banking system, the cost of credit in terms of interest rate, repayment modalities and general conditions has not reduced for the poor rural woman.
- FSR has not been able to remove entirely constraints to accessing credit. E.g, small size of loans, loan access delays and demand for collateral.
- With the CREW and the Susu it appears women have a better deal in terms of shorter processes in acquiring loans than the men.
- FSR has extended more access to salary than non--salary earners. In a situation where very few women are salary earners in both urban and rural communities, women continue to be discriminated with respect to access to credit⁸.

Non--beneficiary Group

- The non-beneficiary group members rely on informal sources - friends and family members to support their economic activities.
- Women who are not members of the CREW have a genuine fear with the CREW programme because of the high interest rate and the stiff repayment modalities.

The FSR has been designed to take account of economic parameters. In the process, however, non-economic parameters that consider issues of gender have been marginalized. But because it is intended to liberalize the financial sector it is making it possible for the rural banks to strengthen women's access to credit. In that context the operations of the rural banks seem they have adopted the income generation approach (IGA) with the aim to encouraging the entrepreneurial poor in specific economic activities.

⁸ Even among the women, certain category of occupation like the farmers are marginalized with respect to CREW loan. Thus they will continue to remain in the little opportunities circle.

In conclusion, it could be said that even though the FSR has contributed to improve access of the poor to credit, the effects are not far reaching. Especially so, as we are not sure of the extent of the use of the group loan system (which seems to be gender sensitive) by the rural banks.

6. Recommendations

These recommendations are addressed to specific stakeholders of the rural financial Sector; policy makers, management of Rural Banks and the community.

Policy Makers

- Policy makers - the Ministry of Finance, the parliament and the Bank of Ghana must create a forum that will critically revisit important components of the FSR programme with the aim to developing policy guidelines to address gender issues with respect to credit accessibility.
- Bank of Ghana should review upwards the credit ceiling of ₵2m for RBs to meet economically acceptable levels to ensure the implementation of more viable economic ventures for both men and women in the rural areas.
- The government should reconsider reducing taxes meant for rural banks to serve as incentive package to lend to the poor. Such banks should be required to give at least 30% of their loanable funds to the poor in the agricultural sector.
- Bank of Ghana should expedite action on ratification of loans above the limit of rural banks by reducing bureaucracy that ends up in delays.

Management of Rural Banks

- Rural banks should introduce and/or replicate the Integrated Susu and the CREW to reach out to more rural communities and involve more vulnerable groups like physically handicapped besides women.

- RBs should educate potential farmers to take other occupations such as trading and artisanal jobs, to improve their credit worthiness.
- RBs should review their interest rate policy and the weekly repayments modalities attached to the CREW to encourage more women to join.
- RBs should explore other forms of guarantee such as the extended family system with its advantages of joint responsibilities to guarantee potential family borrowers. After all if extended families can be granted loans for funeral celebrations then they should qualify to be granted working (business) loans as well.
- RBs should expand their coverage to other areas with their services.
- Banks should protect their credibility by being honest and straight forward in their dealings with borrowers so as to raise people's confidence in the banks.
- It may be important for RBs to graduate the size of credit to the poor depending on their credit worthiness with respect to previous credits granted them. This will ensure that a sizeable amount of credit goes to clients with a high probability to repay.

- RBs should encourage the group loan system among the economically active people in small communities as the group formation is based on inherent confidence and trust among members. These attributes translate to strong peer pressure which the banks could assess for consideration as a form of collateral and thereby deepen financial intermediation.

Community Beneficiaries

- People in the communities should take interest in the banks, support them patronise their banking products and above all, be credit worthy.

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ANNEX 1 List Of Acronyms

FSR	Financial Sector Reform
CREW	Credit with Education for Women
BBRB	Brakwa -Breman Rural Bank
KRB	Kakum Rural Bank
RB	Rural Bank
IGA	Income Generation Approach
FFH	Freedom From Hunger
GCB	Ghana Commercial Bank
SSB	Social Security Bank
NIB	National Investment Bank
GSC	Ghana Stock Exchange
BOG	Bank Of Ghana
ADB	Agricultural Development Bank
NBFI	Non-Banking Financial Institution
WWB	Women's World Banking
CAR	Capital Adequacy Ratio
NGO	Non Governmental Organisation
UNICEF	United Nations International Children's Educational Fund
PAMSCAD	Programme of Action to Mitigate the Social Cost of Adjustment
SAP	Structural Adjustment Programme
ERP	Economic Recovery Programme
UN	United Nations

ANNEX 2

The student's t test was applied in the first instance for the comparison of two independent sample means for hypotheses 1, 2, 3 and 4. The assumptions made were that distribution is normal and sample size is small. The t statistic is given by;

$$t = \frac{\bar{x}_1 - \bar{x}_2}{S.E.} \quad (1)$$

Where \bar{x}_1 is the period before FSR (1983 – 87) and \bar{x}_2 the period after the introduction of FSR (1988 – 89).

S.E., the standard error is determined by;

$$S_p = \sqrt{\frac{1}{n_1} + \frac{1}{n_2}} \quad (2)$$

S_p is derived by first using the weighted averages of sample variances S_1^2 and S_2^2 for the population variance σ^2 which is unknown. The weights are the numbers of degrees of freedom in each sample. Therefore, the pooled estimates of the population variance is derived as;

$$S_p^2 = \frac{(n_1 - 1)S_1^2 + (n_2 - 1)S_2^2}{n_1 + n_2 - 2} \quad (3)$$

In the second instance, the hypothesis 5 required a more sensitive t test for the relationship between the females that received the special CREW loan and those who did not receive it. We considered this scheme as a directed intervention for the women. For the same assessment period from 1994 to 1999 there were two samples namely without the intervention, - the bank's own clients - and with the intervention, - members of the CREW. Without the intervention we expect women to have the equal access to

credit. Therefore, the same period of assessment was considered to be of two dependent samples with and without intervention and matched as such to reduce the impact of confounding variables (eg. money available for credit would not change the banks' customers and other conditions for granting loans). This makes this statistical test more sensitive than the earlier tests. For the two dependent samples the data were transformed into difference scores, D ; where

$$D = X_1 - X_2 \quad (4)$$

$$t = \frac{\bar{D}}{S_{\bar{D}}} \quad (5)$$

\bar{D} is the mean of the difference scores, $S_{\bar{D}}$ the standard deviation of \bar{D} derived from

$$S_{\bar{D}} = \frac{S_D}{\sqrt{n}} \quad (6)$$

$$\text{Where } S_D = \sqrt{\frac{\sum(D - \bar{D})^2}{n-1}} \quad (7)$$

The two statistical methods comparing the means of independent and dependent samples for “the before and after” as well as “the with and without” situations respectively were tested at a probability of 0.05 and compared to the critical t values. Statistically significant tests confirmed the positive effects of the FSR on loan applications and approvals for the period.

ANNEX 3

DEFINITION OF VARIABLES

Where the period before FSR (1983-1987) 42 =period after FSR(1988-1999) S.E. the standard error. S = weighted averages of sample variances S_1^2

S_2^2 = the population variance S^2
 N = the number of years of observation

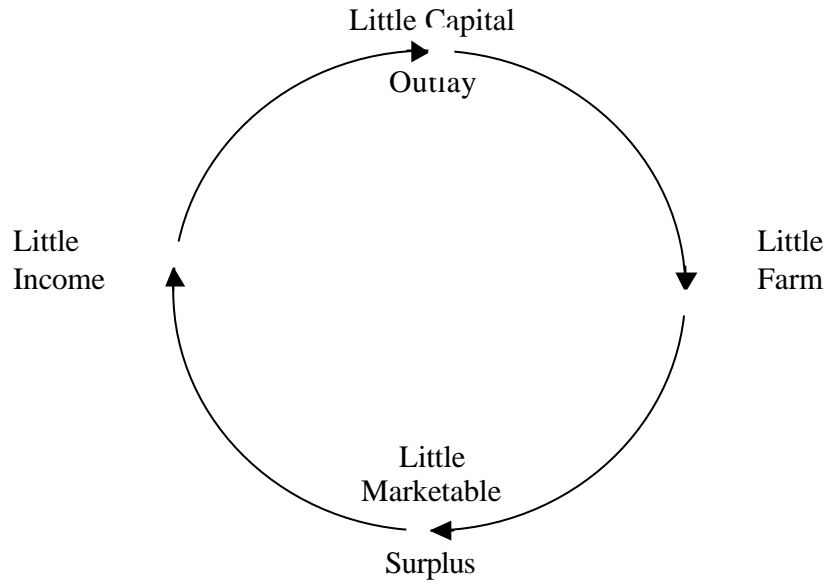
D = difference scores

\bar{D} = the mean of the difference scores,

$S_{\bar{D}}$ = the standard deviation of \bar{D} ,

ANNEX 4

Fig. 1: The Little Oppoftunities Circle

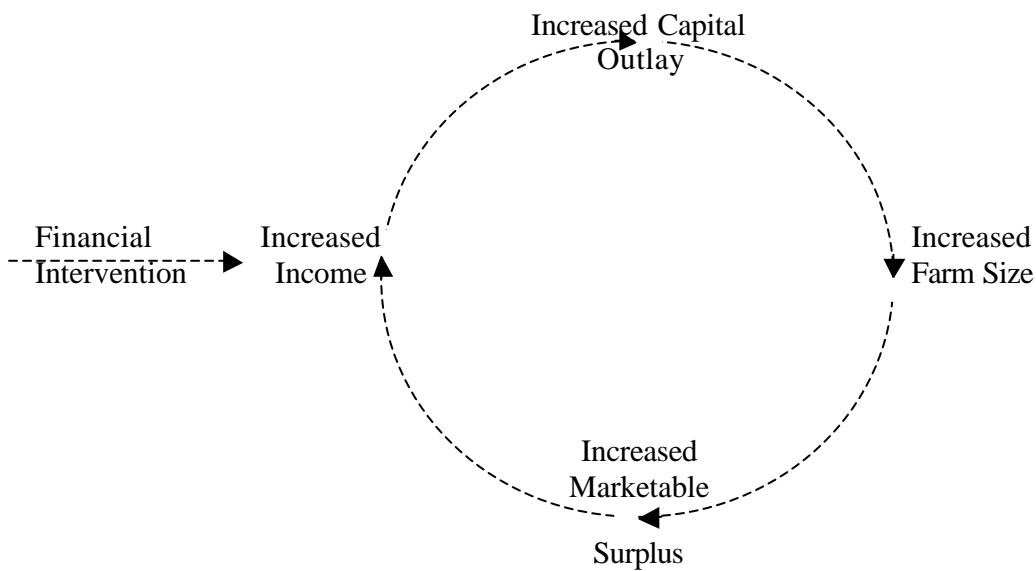


Source: Adopted from Owusu Acheampong, J. H. (1986)

Fig. 2

The circle would change as presented below:

The Little Opportunities **Circle**
with Financial hitervention (FSR & CREW)



Source: Adapted from Owusu Acheampong (1983).

