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UNIVERSITY OF CAPE COAST

PUBLIC PERCEPTION OF THE SERVICES OF FIRST ALLIED SAVINGS AND LOANS LTD

BY

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Dissertation Submitted to the Department of Accounting and Finance of the School of Business, University of Cape Coast, in Partial Fulfilment of the Requirement for the Award of Master of Business Administration (General Management)

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DECLARATION

Candidate's Declaration

I hereby declare that this dissertation is the result of my own original research and that no part of it has been presented for another degree in this university or elsewhere.

Candidate's Signature……………………….Date…………………….

Name: Gabriel Kow Ankrah

Supervisor's Declaration

I hereby declare that the preparation and presentation of the dissertation were supervised in accordance with the guidelines on supervision of dissertation laid down by the University of Cape Coast.

Supervisor's Signature……………………….Date……..………...……

Name: Dr. Mohammed Anokye Adam

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ABSTRACT

This study sought to assess the public perception of the services of First Allied Savings and Loans Company. As such, specific objectives were to assess the public awareness of the products offered by the bank, to examine the public access to loan and interest rate thereof of the bank, to assess the public perception on the CSR activities of the SLC and examine the public perception on access to financial information. Data were collected through a self-administered questionnaire from employees in the First Allied Savings and Loans Ltd. The study used a simple random sampling technique and a sample size of 100. The results reveal that to some extent, the public is aware of various account held by the bank. The results also indicate that the public is satisfied with the level of access to loan facilities offered by the bank. The study concludes that, there should be an improved access to credit facilities and improved access to information. It recommends that management of First Allied Savings and Loans Company should conduct periodic surveys to access the public perceptions on their operations to help them access their strengths and weaknesses. The study further recommends that management of the bank must take steps to organise periodic training programmes for staff to enhance their capacities on customer service and on innovative service delivery approaches.

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DEDICATION

To my father Mr. John B. Ankrah, wife –Josephine Arthur and Children-

Gabriellla E. Ankrah, Gemma A. Ankrah and Geraldine B. Ankrah.

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CHAPTER ONE

INTRODUCTION

Banks form an important component of the financial system of a country. The multiple and varied responsibilities of being an instrument for initiating and enhancing economic development of various segments of a society and of generating profits for survival have made the banking activities much complex. For the very same reason, banks are operating in an overall policy framework set by regulatory agencies, which control the financial system as a whole. Without declining the importance of the firms' offers of products and services, the perception of these by the consumers should take at least the same attention since the products and services offered by the firms can gain importance only if the adoption by the consumers can be maintained. For this reason, how consumers perceive products and services occurs to be an important subject; thus, the main purposes of this study is to explore how financial products are perceived by consumers.

Background to the Study

In Ghana, the concept of microfinance is not new because there has always been the tradition of people saving, taking small loans from individuals and groups within the context of self-help to start business or farming ventures. First credit union in Africa was established in Northern Ghana in 1955 by the Canadian Catholic missionaries (Asiama & Osei, 2007). Savings and Loans Institutions have developed into its current state through government policies and programmes (Adusei & Appiah, 2011). For instance, provision of subsidized credit in the 1950s, the establishment of African

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Development Bank (ADB) and the establishment of rural and community Banks in the 1970s and 1980s (Asiama & Osei, 2007).

The financial landscape of Ghana has gone through a chequered history over the past three decades. In the 1970's and the early 1980's the economy of Ghana was characterized by a steady decline with hyperinflation and exchange rate depreciation being major features. Savings and Loans company is a statutory term used for non-bank institutions are licensed by the Bank of Ghana under the Financial Institutions non-Banking law 1993 PNDC Law 328. Since the advent of PNDC Law 1993, 328, Savings and Loans Companies for which the First Allied Savings and Loans Company – Mfantsiman Branch, (Case study for this dissertation) forms part have gained greater visibility and are perceived as an important component of the financial system.

Savings and Loans is the provision of financial services to low-income clients or solidarity lending groups including consumers and the self-employed, who traditionally lack access to banking and related services (Larbi, 2004). It therefore encompasses the provision of financial services and the management of small amount of money through a range of products and a system of intermediary functions that are targeted at low income clients and the informal sector (small-scale businessmen and women, drivers, petty traders, artisans, hawkers, shoemakers, fitting mechanics and repairers) to spur entrepreneur. It includes loans, savings, insurance, transfer services and other financial products and services.

Despite the fact that Savings and Loans Companies (SLCs) such as the First Allied Savings and Loans, are set up to support individuals and small

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scale enterprises especially in the informal sector, public perception on the service delivery of these financial institutions vary. The perceptions of the public are generally the awareness, comprehension or an understanding of something perceived by the general public which varies depending on the subject matter. Hence, though First Allied Savings and Loans claims to be the leading Savings & Loans Company in Ghana, which provides convenient access to efficient innovative and responsive financial services to the Small and Micro Enterprise Sector on a sustainable basis for the mutual benefit of all stakeholders (Brownbridge & Gockel, 2000).

It is important to assess the public perception on this core mission to situate the role of the SLCs to the development of people in the Mfantsiman Municipality. The study was guided by self-perception theory that is interpretated that the individual will use his or her own behaviour as a source of evidence for his or her belief and attribute to the extent that the contingencies or re-enforcement for engage in the behaviour are made more subtle or less discriminatory.

Statement of the Problem

Savings and Loans Companies have gained global acclaim as an important poverty reduction tool in many developing countries (Johnson & Rogaly, 1997; Gibbons & Meehan, 2002; Armendariz de Aghion & Morduch, 2005; Copestake, Greeley, Johnson, Kabeer & Simanowitz 2005; Bakhtiari, 2011). According to Morduch (2000), few recent innovations have held much hope for reducing poverty in developing countries as SLCs. Indeed SLCs are perceived as a crucial driving mechanism towards achieving the millennium development target of halving extreme poverty and hunger by 2015

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(Simanowitz & Walters, 2002; Arun, Imai & Sinha, 2006). Sengupta and Aubuchon (2008), even described microfinance as a human right. According to leading advocates in the field, SLCs has the capacity to efficiently and effectively provide sustainable financial services to poor households who are otherwise excluded from the conventional financial systems for lack of collateral.

Casting aside the euphoria on SLCs, sober questions can be asked, does microfinance really reduce poverty? The above question has generated scores of studies that have endeavoured to ascertain whether SLCs does indeed reduce poverty. Impact assessments have been the preferred method of assessing SLCs' effect on poverty. A study by Pitt and Khandker (1998), which was reputed to be one of the most rigorous studies at its time, found positive effects of SLCs and poverty reduction but the study lacked the assessment of public view in arriving at its conclusion.

Other studies have examined components of SLCs but most of these have concentrated on individual components such as on loans, groups, interest rates and savings. Studies that have assessed the impact of SLCs in Ghana have limited them to either access to credit, rate of interest or both. This has resulted in disjointed understanding how SLCs have contributed to the building of the welfare of people. Again, like impact assessments, studies on the various components have observed the interventions from the perspective of the SLCs rather than from users of services.

Finally, SLCs researches have mainly depended on institutional designs in understanding how SLC interventions are implemented rather than how they are actually implemented (Morduch & Roodman, 2009, Giné,

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Harigaya, Karlan, & Nguyen, 2006; Karlan & Zinman, 2009). Thus these studies failed to capture the implementation gap, the difference between what was supposed to be implemented and what was actually implemented and often neglected the perception of the public. This study sought to holistically assess the perception of the public on services provided by Savings and Loans Companies.

Purpose of the Study

The main purpose of the study is to assess the public perception on the services of First Allied Savings and Loans Company.

Research Objectives

1. To assess the public awareness on products offered by the bank.
2. To examine public access to loan and interest rate thereof of the bank.
3. To assess the public perception on the Corporate Social Responsibility activities of the SLC

Research Questions

To be able to achieve the specific objectives of this study, the following specific research questions were asked:

1. What is the public awareness on products offered by the bank?
2. What is the public perception on access to loan and the interest thereof of the bank?
3. What is the public perception on the Corporate Social Responsibility activities of the SLC?

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Significance of the Study

The work was expected to be a rich source of information for the various stakeholders including First Allied Savings and Loans, the customers, the academia and the society at large. For First Allied Savings and Loans, the findings and the suggestions will go a long way to help them iron out the weaknesses and improve upon the product for maximum patronage and increase their incomes. As the weaknesses were identified and adequately addressed and suggestions for improvement adhered to the resultant benefits in the form of improved and satisfactory services to the customers. With respect to the academia, it would be a rich source of reference for future researchers and even serves as the basis for further research work. The overall resultant benefits goes to the society. The First Allied Savings and Loans will enjoy maximum patronage for more income and higher tax payment for societal use. The study will also serve as a point of reference for further research work.

Delimitations

The study assesed the perception of the public on services delivery of First Allied Savings and Loans in the Mfantsiman Municipality.The time frame within which the study was to be completed not only necessitated the limit of the scope to the area mentioned but also ensured better coverage and effective work. Findings from this study applied to First Allied Savings and Loans in the Mfantsiman Municipality. Meanwhile, other savings and loans limited with similar characteristics, may however adopt the findings.

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Limitations

A major limitation of the study was the researcher not being able to use a random sampling technique for the study due to the Savings and Loan Company unwillingness to provide data of its customers for random visiting and calling the customers. Another constraint was short time dedicated to the project. The work was so involving that the researcher needed to visit the centre a couple of times to get customers around for questionnaire administration.

Definition of Terms

In the context of this study, public perception was defined as a way in which something is regarded, understood, or interpreted by the public (Karlan & Zinman, 2009).Savings and Loan Company according to Asiama and Osei (2007) is a financial institution that specializes in accepting savings, deposits, and making mortgage and other loans.Micro-finance is generally an umbrella term that refers to the provision of a broad range of services such as deposits, loans, payment services, money transfers and insurance to poor and low-income households and their micro-enterprises (Khawari, 2004).

Organisation of the Study

The study is organised into five chapters. Chapter one of the study covers the introduction. It involves a brief coverage of the background, statement of the problem, purpose of the study, objectives, significance, scope and the organisation of the study. Chapter two review relevant literature to the study. Chapter three deals with the study area and the methodology adopted for the study. Chapter four covers the analysis of the data. It gives a

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descriptive report of the study as well as the analysis of the questionnaires administered. The last chapter, chapter five, presents the summary, conclusion and recommendations of the study.

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CHAPTER TWO

LITERATURE REVIEW

Introduction

The literature review enables the researcher to identify similarities and differences between the present and previous studies as well as the potential contributions to the study (Speziale, Streubert & Carpenter, 2009). This current study would focus on the public perception on the services of First Allied Savings and Loans Company. Also this chapter presents the literature review of the relevant areas covering the study including definition of Microfinance, history and evolution of microfinance, its development and how it has reduced poverty in Ghana.

The chapter further reviewed literature on theories underpinning the study, policies and global perception of microfinance. The chapter also captured the product offered by First Allied Savings and Loans Ltd, the challenges affecting the operation of microfinance.

Self-Perception Theory

Perception according to Marion (2000) is our recognition and interpretation of sensory information. Hence, it is the process where sensory information are taken from the environment and used in order to interact. The theory of self-perception theory was initially formulated, in parts, to address empirically certain questions in the philosophy of mind (Bem, 1972). The tentative evidence for its validity appeared to reside already in the forced

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compliance experiments conducted with Fasteners theory of cognitive dissonances (Kamischke, 2010).

The crux of the self-perception interpretation is that the individual will use his or her own behaviour as a source of evidence for his or her belief and attribute to the extent that the contingencies or re-enforcement for engage in the behaviour are made more subtle or less discriminatory (Bem, 1972). The self-perception theory leads to a prediction that no attitude change will occur if the behaviour advocacy lies anywhere along the attitude continuum other than the person's preferred position.

As the self-perception hypothesis predicts that subjects changed their attitudes significantly more when they made their statements in the presence of the "truth" light than when they made the statement in the presence of lies light. Bem (1972) proposed the self-perception theory as an alternative to the cognitive dissonance theory in explaining how attitudes are shaped. The radical element of Bem's theory is the hypothesis that behaviour causes attitudes, as opposed to the more conventional motion that attitudes shape behaviours.

The self-perception theory therefore is a process of catering attitudes based on observing one's owns behaviour (Donsbach, 2004). The theory assents that a person functions as an observer of his or her own behaviour, and then makes attributions to either an external (situational) or internal (disposition) (Nishii, Lepak & Schneider, 2008). An empirical demonstration of the self-perception process was conducted by Harré and Moghaddam (2003). The result of the demonstration showed that those subjects who had been conducted into reporting pro-environmental behaviour later rated

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themselves as pro-environmental than those who been introduce into reporting anti-environment.

Definition of Microfinance

Micro-finance is generally an umbrella term that refers to the provision of a broad range of services such as deposits, loans, payment services, money transfers and insurance to poor and low-income households and their micro-enterprises (Khawari, 2004). For Ghartey (2007), microfinance relates to the provision of financial services (i.e. savings, credit, insurance and remittances) to a larger number of the productive but resource poor, in a cost-effective and sustainable manner with the view to creating wealth and reducing poverty. Bravo, Maldonado and Weber (2013) considers microfinance as a range of innovative financial arrangements designed to attract the poor either as borrowers or savers.

Schreiner and Colombet (2001) reiterates that microfinance is an economic development approach that involves providing financial services, through institutions, to low-income clients, where the market fails to provide appropriate services. According to Schreiner and Colombet (2001) microfinance institutions also provide social intermediation services such as training and education, organizational support, health and skills in line with their development objectives. However, Robinson (2001) discusses that a microfinance is a small scale financial services for both credits and deposits-that are provided to people who farm or fish or herd; operate small or microenterprise where goods are produced, recycled, repaired, or traded; provide services; work for wages or commissions; gain income from renting out small amounts of land, vehicles, draft animals, or machinery and tools; and

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to other individuals and local groups in developing countries in both rural and urban areas.

In this study microfinance has been operationalized or used to refer to the provision of a broad range of services such as deposits, loans, payment services, money transfers and insurance to poor and low-income households and their micro-enterprises.

Evolution of Microfinance in Ghana

Indeed, the concept of microfinance is not new in Ghana. There has always been the tradition of people saving and or taking small loans from individuals and groups within the context of self-help to start businesses or farming ventures. According to WHO (2007) available evidence suggests that the first credit union in Africa was established in Northern Ghana in 1955 by Canadian Catholic missionaries. However, Susu, which is one of the microfinance schemes in Ghana, is thought to have originated from Nigeria and spread to Ghana in the early twentieth century (WHO, 2007).

According to the Bank of Ghana (Amidu, 2007) microfinance sector has thrived and evolved into its current state thanks to various financial sector policies and programmes undertaken by different governments since independence. These are:

1. Provision of subsidized credits in the 1950s;
2. Establishment of the Agricultural Development Bank in 1965 specifically to address the financial needs of the fisheries and agricultural sector;
3. Establishment of Rural and Community Banks (RCBs), and the introduction of regulations such as commercial banks being required to

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set aside 20% of total portfolio to promote lending to agriculture and small scale industries in the 1970s and early 1980s;

4. Shifting from a restrictive financial sector regime to a liberalized regime in 1986; and
5. The promulgation of PNDC Law 328 in 1991 to allow the establishment of different categories of non-bank financial institutions, including savings and loans companies and credit unions.

According to Opare-Djan and Apania (2008), In Ghana, the microfinance sector has been divided into four main sections. They are:

1. *Formal Suppliers;* they comprise of savings and loans companies such as *Pro-Credit*, rural and community banks, together with some development and commercial banks.
2. *Semi-formal suppliers;* they include credit unions, financial non-governmental organizations and cooperatives.
3. *Informal suppliers;* they include susu collectors, moneylenders, other individuals, rotating and accumulating savings and credit associations.
4. Financial and non-financial services that have been developed by public sector for their clients. Clients are a good mixture of men and women.

Microfinance and its Development

According to the Bank of Ghana, microcredit is one of the critical dimensions of the broad range of financial tools for the poor, and its increasing role in development has emanated from a number of key factors that include:

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1. The fact that the poor need access to productive resources, with financial services being a key resource, if they are to be able to improve their conditions of life;
2. The realization that the poor have the capacity to use loans effectively for income-generation, to save and re-pay loans;
3. The observation that the formal financial sector has provided very little or no services to low-income people, creating a high demand for credit and savings services amongst the poor;
4. The view that microfinance is viable and can become sustainable and achieve full cost recovery;
5. The recognition that microfinance can have significant impact on cross cutting issues such as women's empowerment, reducing the spread of HIV/AIDS and environmental degradation as well as improving social indicators such as education, housing and health.

Indeed, empirical studies have shown that micro-finance helps very poor households to meet basic needs and protects against risks, and is thus associated with improvements in household economic welfare. Gender activists also argue that microfinance helps in empowering women by supporting women's economic participation and so promotes gender equity. Other strands of the literature suggest that micro- finance creates access to productive capital for the poor, which together with human capital, addressed through education and training, and social capital, achieved through local organization building, enables people to move out of poverty. By providing material capital to a poor person, their sense of dignity is strengthened and this

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can help to empower the person to participate in the economy and society (Otero, 1999).

The aim of micro-finance according to Otero (1999) is not just about providing capital to the poor to combat poverty on an individual level, it also has a role at an institutional level. It seeks to create institutions that deliver financial services to the poor, who are continuously ignored by the formal banking sector. Littlefield and Rosenberg (2004) argue that the poor are generally excluded from the financial services sector of the economy so MFIs have emerged to address this market failure. By addressing this gap in the market in a financially sustainable manner, an MFI can become part of the formal financial system of a country and so can access capital markets to fund their lending portfolios, allowing them to dramatically increase the number of poor people they can reach (Ledgerwood & White, 2006).

More recently, commentators such as Littlefield, Murduch and Hashemi (2003); Simanowitz and Brody (2004) and the Barro and Lee (2005) have commented on the critical role of micro-credit in achieving the Millennium Development Goals. According to Simanowitz and Brody (2004), micro-credit is a key strategy in reaching the MDGs and in building global financial systems that meet the needs of the poorest people." Littlefield, Murduch and Hashemi (2003) asserted that, micro-credit is a critical contextual factor with strong impact on the achievements of the MDGs. Micro-credit is unique among development interventions: it can deliver social benefits on an ongoing, permanent basis and on a large scale.

However, other schools of thought remain sceptical about the role of micro-credit in development. For example, while acknowledging the role

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micro-credit can play in helping to reduce poverty, Mosley (2012) clinched from their research on micro-credit that most contemporary schemes are less effective than they might be. They argued that micro-credit is not a panacea for poverty-alleviation and that in some cases the poorest people have been made worse-off. This notwithstanding, microfinance has emerged globally as a leading and effective strategy for poverty reduction with the potential for far-reaching impact in transforming the lives of poor people. It is argued that microfinance can facilitate the achievement of the Millennium Development Goals (MDGs) as well as National Policies that target poverty reduction, empowering women, assisting vulnerable groups, and improving standards of living.

As pointed out by the former UN Secretary General Kofi Annan during the launch of the International Year of Micro Credit (2005), sustainable access to microfinance helps alleviate poverty by generating income, creating jobs, allowing children to go to school, enabling families to obtain health care, and empowering people to make the choices that best serve their needs.(Kofi Annan, 2003). Clearly, there is broad consensus among academia and policymakers that although microfinance is not a panacea for poverty reduction and its related development challenges, when properly harnessed it can indeed make sustainable contributions through financial investment leading to the empowerment of people, which in turn promotes confidence and self-esteem, particularly for women.

Magner (2007), in a publication on the Grameen Foundation, talks about the impact of microfinance going beyond mere capital to help out the poor. She affirmed that microfinance has demonstrated that its impact goes beyond

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providing individuals with access to capital; it has also helped to protect, diversify and increase their sources of income and assets that enable them to make their way out of poverty. She further claimed that microfinance has shown that when capital is provided to poor individuals with entrepreneurial ideas and spirit, they will utilize that capital to generate income for themselves and their families – offering them the potential of a life that is poverty free. Gumel (2011) states that studies have shown that microfinance plays three key roles in development. It:

1. helps very poor households meet basic needs and protects against risks,
2. is associated with improvements in household economic welfare,
3. helps to empower women by supporting women's economic participation and so promotes gender equity.

Mathie (2001) illustrates the various ways in which microfinance at its core combats poverty. He states that microfinance creates access to productive capital for the poor, which together with human capital, addressed through education and training, and social capital, achieved through local organisation building, enables people to move out of poverty. By providing material capital to a poor person, their sense of dignity is strengthened and this can help to empower the person to participate in the economy and society (Otoo, 2012).

The aim of microfinance according to Wajdi (2008) is not just about providing capital to the poor to combat poverty on an individual level, it also has a role at an institutional level. It seeks to create institutions that deliver financial services to the poor, who are continuously ignored by the formal banking sector. Littlefield and Rosenberg (2004) state that the poor are generally excluded from the financial services sector of the economy so MFIs

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have emerged to address this market failure. By addressing this gap in the market in a financially sustainable manner, an MFI can become part of the formal financial system of a country and so can access capital markets to fund their lending portfolios, allowing them to dramatically increase the number of poor people they can reach (Roth, McCord & Liber, 2007).

The aim of microfinance according to Hermes and Lensink (2011) is not just about providing capital to the poor to combat poverty on an individual level, it also has a role at an institutional level. It seeks to create institutions that deliver financial services to the poor, who are continuously ignored by the formal banking sector. Littlefield and Rosenberg (2004) state that the poor are generally excluded from the financial services sector of the economy so MFIs have emerged to address this market failure. By addressing this gap in the market in a financially sustainable manner, an MFI can become part of the formal financial system of a country and so can access capital markets to fund their lending portfolios, allowing them to dramatically increase the number of poor people they can reach (Otoo, 2012).

Wright (2000) states that much of the scepticism of MFIs stems from the argument that microfinance projects fail to reach the poorest, generally have a limited effect on income which drive women into greater dependence on their husbands and fail to provide additional services desperately needed by the poor. In addition, Wright (2000) says that many development practitioners not only find microfinance inadequate, but that it actually diverts funding from more pressing or important interventions such as health and education. As argued by Navajas, Conning and Gonzalez-Vega (2000), there is a danger that microfinance may siphon funds from other projects that might help the poor

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more. They state that governments and donors should know whether the poor gain more from microfinance, than from more health care or food aid for example. Therefore, there is a need for all involved in microfinance and development to ascertain what exactly has been the impact of microfinance in combating poverty.

Considerable debate remains about the effectiveness of microfinance as a tool for directly reducing poverty, and about the characteristics of the people it benefits (Chowdhury, Mosley &Simanowitz, 2004). Charles (20003) argues that it is notoriously difficult to measure the impact of microfinance programmes on poverty. He argues that money is fungible and therefore it is difficult to isolate credit impact, but also because the definition of poverty, how it is measured and who constitute the poor are severely challenged issues.

It is commonly asserted that MFIs are not reaching the poorest in society. However, despite some commentators' scepticism of the impact of microfinance on poverty, studies have shown that microfinance has been successful in many situations. According to Littlefield, Murduch and Hashemi (2003) various studies document increases in income and assets, and decreases in vulnerability of microfinance clients. They refer to projects in India, Indonesia, Zimbabwe, Bangladesh and Uganda which all show very positive impacts of microfinance in reducing poverty. For instance, a report on a Sustainable Harvest-Agriculture, Resources, environment (SHARE) project in India showed that three-quarters of clients saw "significant improvements in their economic well-being and that half of the clients graduated out of poverty. Ferka (2011) states that microfinance is a tool for poverty reduction and while arguing that the record of MFIs in microfinance is generally well below

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expectation he does concede that some positive impacts do take place. From a study of a number of MFIs he states that findings show that consumption smoothing effects, signs of redistribution of wealth and influence within the household are the most common impact of MFI programmes (Goldberg, 2005).

Weber (2004) in a comprehensive study on the use of microfinance to combat poverty, argue that well-designed programmes can improve the incomes of the poor and can move them out of poverty. He stated that there is clear evidence that the impact of a loan on a borrower's income is related to the level of income as those with higher incomes have a greater range of investment opportunities and so credit schemes are more likely to benefit the middle and upper poor. However, they also show that when MFIs such as the Grameen Bank and Bangladesh Rural Advancement Committee (BRAC) provided credit to very poor households, those households were able to raise their incomes and their assets (Kabeer, 2005).

Products offered by First Allied Savings and Loans Limited

First Allied was licensed by the Bank of Ghana under PNDC Law 328 (1993) to provide banking services. It started operations on 25th September, 1996. First Allied has grown steadily over the years from a single branch in 1996 to over 20 branches in almost all the economic and commercial centres of the country. The institution has earned its current enviable status as a leading Savings and Loans company in Ghana through its relentless pursuit of customer-centered services and the continuous introduction of innovative products which have become lifelines to many SMEs and individuals who hitherto were marginalized by the formal financial system.

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Loan Products

The institution offers carefully designed credits facilities to meet specific needs of its customers. These include: Commercial loan-targeted at individuals who wish to expand their businesses and may be utilized to meet cash flow needs. It is available to anybody with an existing account relationship with First Allied and offers substantial loan sizes at a very competitive interest rate. Equipment Financing Scheme- exists to meet medium range equipment needs of joineries, machinist, etc. Under this scheme, customers are encouraged to save up to a minimum of 20% of the cost of the equipment, whilst First Allied covers up the remaining balance. Customers are then given flexible terms of repayment and also loans are given out at a very competitive rate. Consumer Credit- available to both customers and non- customers who desire to buy consumer durables or building materials on hire purchase scheme from accredited shops. Beneficiaries of this facility are given flexible monthly instalment arrangements.

Travel Credit- allows customers and non-customers to buy air-tickets on credit from our selected travel agents and is granted for short term at a competitive interest rate. Clearance Loan- a short term facility, specially designed to enable importers to clear their goods with ease. The facility is available to both customers and non-customers at a very competitive rate and can be granted within 24hours. Salary Credit- exists for employees who receive their salaries through First Allied and all government workers who received their salaries through the Controller and Account Generals Department. This facility also enables beneficiaries to access substantial loan amounts with monthly repayments, done through deductions from their

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salaries. And lastly, the gospel loan - meant to aid churches in their development projects. This facility may be accessed by churches for the purpose of building churches, procuring equipment, furnishing, etc. The facility also carries a very attractive and flexible repayment terms.

Susu Product

Golden Susu- a passbook daily savings program designed to assist micro/small-scale entrepreneurs to expand their businesses. Contributors may, after contributing for an agreed number of days, be eligible for loans. Repayment of the loan is made through a flexible repayment package covering a period of between six and twelve months. Super Golden Susu- specially designed savings and loans product for customers who have reached the maximum Golden Susu Loan Amount and new entrants who can save for an agreed number of days. Lastly with the susu products is the community lending (group loan scheme) - a band group savings and Loans program designed to meet the banking needs of customers. Individual members of the group are required to make minimum weekly savings for four weeks. Customers are granted flexible terms to pay off loans granted under this scheme.

Deposit Products

Allied Suppersave Account- an exciting savings product which offers clients convenience and an opportunity to secure their financial future. This new product also offers flexibility, great reward, transparency and above all an expectation of good returns on savings. The benefit include convenience where cash collection can be done at customers' doorsteps, opportunity where

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it offers users a great opportunity to accumulate funds effortlessly for your business expansion flexibility where no restrictions on daily contribution, minimum balance and withdrawals, greater heights where users can used as collateral security for loans, transparency where Customer's contributions are recorded in a passbook and this enables the customer to watch his wealth grow and rewarding where it offers users a high interest rate above normal savings account in the industry.

Current account- specially designed for customers who require unlimited access to their money. It is operated with personalized cheque books available to all customers. It also offers the following benefits: it does not attract any Commission on Turnover (COT), very low initial minimum deposit requirement of GH¢10, instant access to your money, outreach /mobile banking service undertaken by well-trained officers, withdrawal of money from your account at any of our networked branches, provision of regular statement of transactions on your account and easy access to Commercial loan, Salary loan, Consumer credit and Travel credit, SMS/ Mobile banking facilities.

Savings account- available to customers who desire to make regular deposits and build on them to meet their future needs, to do so profitably. Very low initial deposit of GH¢5 is required. Users benefit form an unlimited number of cash withdrawals, quarterly payment of high interest on savings account, easy access to loans and statement of Account upon request. Fixed deposit - an investment account that is offered for a fixed term or on rollover basis. The very high interest rates associated with this product may be negotiated or fixed at the time of investment. Fixed deposits may be placed for

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terms of one month, three months, six months or one year. The benefits include high and competitive interest rates are offered on maturity, instant access to your money and fixed deposits can be used as collateral for a loan.

Microfinance and Poverty Reduction in Ghana

The main objective of Ghana's Growth and Poverty Reduction Strategy (GPRS II) is to ensure sustainable equitable growth, accelerated poverty reduction and the protection of the vulnerable and excluded within a decentralized, democratic environment. The task is to eliminate widespread poverty and growing income inequality, especially among the productive poor who constitute the majority of the working population. According to the 2000 Population and Housing Census, 80% of the working population is found in the private informal sector. This group is characterized by lack of access to credit, which constrains the development and growth of that sector of the economy. Clearly, access to financial services is imperative for the development of the informal sector and also helps to mop up excess liquidity through savings that can be made available as investment capital for national development. Unfortunately, in spite of the obvious roles that microfinance institutions have been playing in the economy particularly over the last twenty years, there is pervasive lack of data on their operations.

According to the Tenaw and Islam (2009) loans advanced by microfinance institutions are normally for purposes such as housing, petty trade, and as "start-up" loans for farmers to buy inputs for farming and this includes rice seeds, fertilizers and other agricultural tools. Some of the loans are used for a variety of non-crop activities such as: dairy cow raising, cattle fattening, poultry farming, weaving, basket making, leasing farm and other

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capital machinery and woodworking (Otoo, 2012). Of course, funds may be used for a number of other activities, such as crop and animal trading, cloth trading and pottery manufacture (Hopkins, 2014).

The Current Global Perception of Microfinance

In the global arena there is already the impression that microfinance is successful in reducing poverty (Okibo & Makanga,2014). Many policy makers are therefore engaged on how to make microfinance sustainable and available to many poor households in the future. Many stake holders in the microfinance industry especially donors and investors argue that, Microfinance can pay for itself, and must do so if it is to reach very large numbers of poor households(Daley-Harris & Laegreid, 2006). The overall message in this argument is that unless microfinance providers charge enough to cover their costs, they will always be limited by the scarce and uncertain supply of subsidies from governments and donors.

The main underlying assumption in this argument is that microfinance is already good for the clients, and therefore what is really urgent is to make the financial service available to as many poor people as possible. Morduch (2000) correctly points out that this kind of enthusiasm for microfinance rests on an enticing win-win proposition that: Microfinance institutions that follow the principles of good banking will also be the ones that alleviate the most poverty. The assumption being that with good banking practices it is possible to cover costs and operate in a sustainable manner to continue serving clients and alleviating poverty (Morduch, 2000).

The "win-win" situation both for the investor and the poor can be explained as follows: The investor in microfinance programs follows good

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banking practices with the possibility of some profit, while the poor continue to benefit by accessing reliable credit that is assumed to be beneficial to their welfare (Endailalu, 2014). The supporters of the “win- win” proposition stress (mainly by assumption) that the ability to repay loans by the poor is a good indicator that whatever investments the poor make with their micro credit loans must be giving back profits (Yunus, 2007). Given the assumption that microfinance is already beneficial to the poor, the “win-win” proposition further assumes that the amount of household poverty reduced is directly proportional to the number of households reached with microfinance.

Although microfinance has been formalize with laid down structure, most of the model of microfinance fall with the purview of informal credit market(Adeusi, Azeez, & Olanrewaju, 2012). Standard economic theory assumes perfect information, perfect contract enforcement and heterogeneous borrowers and lenders. It is based on these assumptions credit markets are modelled perfectly competitive, with results of zero profit in equilibrium (Freixas& Rochet, 2008). In considering this type of model we expect to observe one equilibrium interest rate in one region reflecting the interception between demand and supply of credit in the area. However, empirical studies of the credit market in developing countries demonstrate the existence of a dual credit market and prove a gap between formal and informal interest rates charged within the same region.

The basics of lending are to provide a loan today and get it repaid, usually with an interest rate, sometime in the future. This natural time delay in a debt contract, as compared to an instant exchange of two goods, makes lending potentially risky (Bardhan & Udry, 1999). A credit contract involves a

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promise of future payments. Unless the provider of credit can ensure that this promise is kept in the future, there will always be a risk that the promise is not kept, and hence, repayment can fail. In formal credit markets in well-developed countries these problems are largely overcome by strong legal enforcement in combination with some kind of collateral and information databases where information about individuals' creditability is stored and equally available for all lenders. In developing countries such devices are not readily available and formal lending institutions are usually not willing to lend to poor individuals who are landless and with an unknown credit history.

According to Atieno (2001), in developing countries we observe that individuals that are unable to get loans from formal institutions can still obtain credit from informal lenders. This indicates that informal lenders are able to handle information and enforcement problems. In a credit market there are typically asymmetric information between a borrower and a lender, where borrowers have full information about their productivity and their risk types, but a lender lacks this information. This kind of information asymmetries may be captured in a standard principal-agent model. When borrowers have private information about their risk types, the lender is facing an adverse selection problem. Adverse selection is a pre-contractual problem and we refer to this as the lenders screening problem later in the dissertation. If post-contractual action by the borrower is not verifiable for the lender, the problem is called moral hazard. This problem can be thought of as a monitoring problem and we refer to this as the incentive problem (Kunal, 2013).

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Challenges

One of the challenges microfinance institutions face is product delivery and management. According to Owusu (2011), current strategies for credit delivery are not adequately diversified or efficient and therefore are unable to fully meet the varying demands of the market and different categories of end-users. There is no framework for categorizing and upgrading some of the emerging microfinance institutions in the semi-formal and informal sub-sectors in accordance with their operational capacities and capabilities. The objective of microfinance is to provide resources for the poor. Nonetheless, there is yet to be adequate, reliable and acceptable methods for classifying various poverty levels to enhance the categorization of potential and actual MFI clients and other forms of support that may be more appropriate for some groups. In the views of Oti-Boateng and Dawoe (2005), there is lack of information on microfinance institutions, their operations and clients in the country. Approaches to and methodology for data and information gathering at the national level are not uniform, making it difficult to centrally monitor progress of the sub-sector.

Morduch (2002) discussed how microfinance programs face challenges when it comes to making sure the services provided reach the poorest of the economically active households. He explains that, one of the major obstacles that they face is the assumptions which are made by donors and practitioners supporting the program. The assumptions are:

1. The design of microfinance, especially group-based microfinance brings about bias towards the poor (as against the not-so-poor).
2. Loan sizes are generally small, with high interest rates on them.

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3. Repayments of loans are done frequently and there is a high dependence on mutual guarantees.

All these assumptions are made unattractive to people who have other sources of easier credit. According to Dzisi and Obeng (2013) the Ministry of Finance and Economic Planning (MOFEP, 2008) outlines some challenges that microfinance institutions face in Ghana:

1. In general, there is the lack of funds to run the microfinance program effectively as the demand for microfinance assistance keeps increasing. For example, the Health Keepers Program in Ghana (organized by the FFH), had to pull away in September 2009 (Freedom from Hunger, 2011) mainly because most of their donor money fell away due to the recession.
2. According to MOFEP (2008), the interest rates charged by most MFIs are higher than what most formal banking institutions charge. This is mainly due to the default risk which form part of the interest rate build up. As such, potential customers are driven away, thus making microfinance programs too expensive sometimes.
3. Some MFIs do not adequately diversify their strategies as they fail to fully meet the varying and changing demands of the market and different categories of end users.

Policy on Microfinance

In the year 2005 when the United Nations declared that year the International Year of Microcredit, there was the need to put Ghana's microfinance sector into a right perspective. But before the declaration of the

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Year of Microcredit preparatory works had begun in the year 2003 toward the formulation of a National Microfinance Policy. In November 2006 the Ghana Microfinance Policy was out doored. The paragraphs which follow give highlight on the Ghana Microfinance Policy (GHAMP, 2006) as cited in Awuah and Addaney (2016) from the same document.

The goal of GHAMP is to promote the delivery of efficient and sustainable microfinance services to achieve wealth creation and poverty reduction, within the context of the objectives of Ghana's poverty reduction, growth and financial sector development strategies. The primary objectives of the policy are to create an enabling environment at the macro, meso and micro levels that supports the operations of the sub-sector. The policy also seeks to provide avenues for the sustainable flow of funds, adequate infrastructure and development of human capital. The policy tries to ensure a harmonized and coordinated sub-sector. There was also the need to get proper financial service for the poor and in that sense the GHAMP seeks an integrated and sustainable financial system that reaches the poor. Finally, the policy in the final end tries to get all consumer of microfinance together and facilitate activities that ensure consumer protection.

The general policy contains directions and guidelines which in the long run improve the microfinance sub-sector which is to say that Government of Ghana seeks to improve and deepen financial intermediation to serve the poor and low-income populations by supporting the building of an inclusive, sustainable and efficient financial services system. In line with national financial policies and other relevant programmes and projects, in order to achieve a good results from the implementation of GHAMP most of the

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implementation would be done through activities with MDAs and MMDAs, development partners, practitioners, service providers, supporting institutions and end users. The intention is for all these key stakeholders to act in concert to achieve the objectives of the policy and in accordance with internationally accepted best practices, principles and standards

The microfinance policy framework is to develop physical infrastructure. Infrastructure development is to be pursued with the aim of establishing a base and the provision of adequate logistics to support operations and activities. As part of the process mechanisms shall be put in place to systematically harmonize the development of infrastructure and the provision of logistics. There is no way any policy can be implemented without funding. Under the policy framework a fund is to be created to meet the needs of the sub-sector. Other funds from diverse sources are also encouraged to meet the needs for capacity building. Coordination and tracking at all levels shall be vigorously pursued, to ensure the judicious use of all available funds.

In a developing country context, credit is an important instrument for improving the welfare of the poor directly (consumption smoothing that reduces their vulnerability to short-term income shocks) as well as for enhancing their productive capacity through financing investment in human and physical capital (Khandker, 2003). The demand for credit for productive investments usually comes from those poor who are less risk-averse and enables them to overcome liquidity constraints, making it possible to undertake investments that can boost production, employment and income.

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Public Awareness of Products offered by Banks

The exploration and understanding of awareness is always crucial to ensure that organisation or banking sector can remain successful and competitive in the industry. There are various definitions given for understanding the concept of awareness. Referring to Kotler (2003), the concept of awareness attempts to explore how the customers establish the knowledge of the products or services and to what extent they are lacking of information about it. According to Tanakinjal, Deans and Gray (2010), the term awareness refer to what extent the individuals are able to associate the product as an option for satisfying a problem but has little or no information about it. As argued by Banerjjee (2008), we need to raise the awareness of banking customers as the industry are offering a wide range of customer products beside various alternatives that are made available by banking institutions in securing their competiveness. In a more plain and much easier way to understand, awareness may be defined as a knowing about the products offered (Marriott, 2007).

As suggested by Hibberd (2007) the process of awareness involves familiarizing customers via advertisement, promotion and other marketing communication method with the company brand, products and services, and informing people about its special features and benefits and showing how it is different in functional or symbolic sense to competitive brand. Besides that, a customer who receive information from the mass media or through word of mouth also will create the consumer awareness (Leppanieemi, Sinisalo & Karjoluoto, 2006).in fact the use of mobile devices found to be among the effective and promising mean of marketing communication that resulted in

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awareness (Norris, 2007). The significant relationship of awareness and usefulness is explicitly noticeable when consumers are able to gain acceptance and satisfaction with the transaction (Kotler, 2003).

Public Access to Loans Offered by Banks

Access to loan (Finance) is a disproportionately important obstacle for high-growth firms compared to other businesses. Eighteen per cent of high-growth firms consider funding, either short-term cash flow (13 per cent) or longer-term finance (5 per cent), to be the most important barrier to growth that they face compared to just 13 per cent of other firms. There is good evidence to suggest that access to loans does have a beneficial impact on business start-ups and growth, which will contribute to economic growth. For instance, a review of empirical studies exploring business growth showed that of the five studies which examined the impact of start-up capital on the growth performance of businesses, three found a positive relationship, whilst two found no statistically significant relationship. These three empirical studies show a positive correlation between start-up capital and growth after controlling for characteristics of the founder, but do not necessarily provide evidence of a causal relationship.

In addition, Aghion, Fally and Scarpetta (2007) find that higher finance development increases new firm entry in sectors which are heavily dependent upon external finance (loans). The authors find finance is most important for smaller businesses, but also enhances post entry growth of firms in sectors which are most dependent on external finance. There is also some empirical evidence to suggest better access to finance leads to higher productivity within an economy. Butler and Cornaggia (2009) indicate access to loan has a

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positive impact on productivity as measured in agricultural crop yields in different US states. They find that production increases the most in states with relatively strong access of loan to finance their activities.

Corporate Social Responsibility offered by Banks

Corporate social responsibility forms part of a new business concept, according to which the company is not designed solely to generate profit, but has the additional objective of meeting society's needs. Kohers and Simpson (2002) argue that corporate social responsibility improves the financial performance of the company. Maignan (2001) specifies that this improved financial performance is due to the significant increase in sales, produced by greater customer loyalty. Surroca *et al.* (2010) state that corporate social responsibility stimulates the development of intangible resources such as innovation, human capital, culture and reputation, which in turn improve financial performance.

In the same vein, Smith (2003) points out that it is common practice within companies to re-evaluate their image and reputation in terms of social responsibility. In addition, other researchers refer to the increased ability to attract and retain employees as a benefit of corporate social responsibility, or the increased access to capital that socially responsible companies have earned (Hockerts & Moir, 2004). The positive relationship between corporate social responsibility and customer satisfaction has been partially supported by empirical research (Argenti *et al.*, 2005). Corporate social responsibility is considered an essential element of business marketing strategies. Since the financial crisis, social responsibility has become even more relevant in the

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banking sector. The concept is associated with specific aspects of the banking sector such as materiality, risk and moral hazard.

Banks use social responsibility in the formulation of their policy and management and with respect to consumer relations (Burioanova & Paulik, 2014; Yeung, 2011 Pirch *et al.*, 2007), and they try to communicate their social responsibility to the community in various ways (Gore, 1988; Peterson and Hermans, 2004). Despite this, some bank customers' perception is that the banking sector does not adequately exercise their social responsibility. Some companies aim to keep certain specific groups satisfied when competition intensifies. In such a situation, the contributions related to corporate social responsibility could influence customers (Yeung, 2011; Lewis & Soureli, 2006; Bejou et al., 1998). A number of studies investigate the interdependence of customer expectations towards corporate social responsibility and their perception of quality (Garcia Salmon et al., 2005; Brown & Dacin, 1997).

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CHAPTER THREE

RESEARCH METHODS

Introduction

Every research is conducted along a certain pattern following some methodological considerations. This chapter gave a description of the study area and procedure that was used in conducting the research. It has information on research design and how the respondents were selected for the study. It also includes information on the research instruments, data collection procedure and data analysis method.

Study Area

The study area, Mankessim is located in the Mfantsiman Municipality in the Central Region of Ghana. According to the Ghana Statistical Service (2005), the population of the Municipality was 152,855 comprising of 82,643 females and 70,212 males. Mankessim township has about one-sixth of the total population (25,481) of the Mfantsiman Municipality comprising of 11,511 males and 13,970 female. It has 5983 households with an average household of 4.4 (Ghana Statistical Service, 2015).

The main economic activities the people engage in are agriculture, animal rearing and forestry (49.4%), sales work (17.2%) and production, transportation and equipment (16.7%). The municipality has a high unemployment rate of (14.8%), exceeding both the regional and national averages of 8.1% and 10.4% respectively**.** The market which operates actively on Wednesdays and Saturdays is the main economic basket for the town on which most economic activity revolves. Mankessim township has a number of

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financial institutions which includes the GCB Bank, Agric Development Bank, First National Bank and other Micro Finance Institutions and Rural Banks such as the Mfantsiman Rural Bank, Snapi Aba Savings and Loans, Kakum Rural Bank and the First Allied Savings and Loans Company.

The First Allied Bank though situated in Mankessim serves several communities in the Municipality with its savings and loans facilities. The bank became operational in the Municipality since 2010. It has about 734 clients mainly market women, traders and some public and civil servants.

Research Design

The study used descriptive design in a systematic manner to examine public perception of First Allied savings and loans in the Mfantsiman Municipality. The design started from the review of relevant literature and from a conceptual framework that was framed in connection to the public perception Savings and Loans Company in the Mfantsiman Municipality. The Mfantsiman Municipality as carefully selected as the study area and First Allied Savings and Loans as carefully selected for the solicitation of information using questionnaires. From thence, data collection instruments was used to ultimately capture information relevant to the objectives of the study. The data collected was analysed and presented in tables and charts and consequently discussed both qualitatively and quantitatively.

Population of the Study

Kumekpor (2002) described the population of a study as the number of all units of the phenomenon to be investigated that exists in the area of investigation. Zikmund, Babin and Griffin (2013) also described a population

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as the total collection of elements about which some inferences can be made. Kindness, Sekaran and Feldmann (2003), on the other hand, described a population as the aggregate of all cases that conform to some designated set of specifications. Zikmund*et al.* (2013) stipulated that there must be enough similarity within those elements within the population such that a sample of the elements will be a fair representation of the total elements of the population. The targeted population for this study was the clients of the First Allied Savings and Loan Company, Mankessim Branch. The entire population for this study is therefore about 3000 clients.

Sampling and Sampling Procedure

A subset of some part of a larger population that shares some set of characteristics of the larger group is termed as a sample (Zikmundet al, 2013). Sekaran and Feldmann (2003) emphasized that a sample of a population consists of that proportion of the number of units selected for investigation. Gravetter (2012) described sampling as the deliberate choice of a number of people who are to provide the data from which conclusions about those people can be drawn. The study shall considered 100 participants for its questionnaire administration as respondents due to the difficulty of getting respondents at its entirety. Therefore the convenience sampling approach was used to select the respondents. The convenience sampling involves selecting cases haphazardly only because they are easily available (or most convenient) to obtain for your sample (Saunders, Lewis & Thornhill, 2016).

Although convenience sampling is used widely, it is prone to bias and influences that are beyond the researchers control (Saunders, 2012). However, cases appear in the sample only because of the ease of obtaining them and the

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respondents who answered the questionnaire felt strongly enough about the subject of the question to answer during the period the researcher's poll was available. Saunders (2012) also points out that samples ostensibly chosen for convenience often meet purposive sample selection criteria that are relevant to the research aim.

Data Collection Instruments

Research instrument is any type of written or physical device which is used to measure variables. The type of instrument used for data collection depends on the data and the type of data to be collected. A choice of instrument would depend on many factors including validity and reliability, ease of administering, ease of acquisition of response, and ease of interpretation (Robson, 2001). This study relied on questionnaires as its main primary data sources. Questionnaires were employed by this study to allow easy standardisation of relevant questions and scientific and objective analyses. Secondary sources of information from as books, thesis, journals, magazines, thesis and internet were explored for this study. This study employed a multiple-method approach that ensured easy collection of variety of data adaptable to the often changing settings of public perception. The variety of research methods to be used will be able to cover exhaustively all aspects of the research (Jarvis, MacKenzie, & Podsakoff, 2003)

Data Collection Procedure

The questionnaires were administered personally to one hundred (100) clients over a three week period from 7^{th} to 30^{rd}Octoberber, 2015. The researcher collected the data as and when respondents were available. In this

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regard, part of the data was collected in the morning for the morning and late in the day. In all one hundred (100) questionnaires were retrieved.

Questionnaire Design

Questionnaires was used for this study because it allowed a lot of respondents to participate in a research. The open-ended and the closed-ended questions were used. The open-ended questions allowed respondents to freely provide information in a flexible manner whilst the closed ended questions guided the study to acquire specific questions that were in line with the objectives of the study and avoid unnecessary information. The questionnaire used by this study was design carefully devoid of jargons and complex terminology to allow easy cooperation among respondents. Again, to ensure easy cooperation, the relevance of the questionnaire was explained to respondents before questionnaires are administered. The questions covered public perception on access to credit, public perception on savings packages, public perception on the Corporate Social Responsibility of the SLC, public perception on the customer services of the SLC and public perception on access to financial information.

Data processing and Analysis

Collected questionnaires have to be managed properly if decision-making is to be made of it. Consequently, it is important that raw data is handled properly so as to transform it into information for the purpose of decision making. Data collected from the clients of First Allied Savings and Loan Ltd were subjected to review and coding. The review was to enable the researcher make sure that there were responses for all the questions used to

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elicit the information. The data was grouped into like variables in order to make coding much easier. Statistical Package for Social Sciences (SPSS) software was used to process, summarize and create appropriate tables to examine the relationships among the variables.

The researcher also used a summary description of the data collected in its qualitative data analysis. The data gathered from the questionnaire was edited to ensure completeness, consistency and accuracy. In analyzing the data, tables and figures were used as analytical tools. Quantitative explanations were made of quantitative data to give meaning to them as well as explain their implications and summary description in analysing qualitative data.

Reliability and Validity

Reliability and validity are two key components to be considered when evaluating a particular instrument. Reliability, according to Hilsenroth, Ackerman, Blagys, Baumann, Baity, Smithand Holdwick (2000) are concerned with consistency of the instrument, and an instrument is said to have high reliability if it can be trusted to give an accurate and consistent measurement of an unchanging value.

A Crombach's Alpha of 0.814 was recorded for the internal consistency and since it is above the standard 0.7, the scale can be considered as being reliable with the sample size (Pallant, 2005). Saunders and Lewis (2009) explained that internal consistency involves correlating the responses to each question in the questionnaire with those to other questions in the questionnaire. The validity of an instrument, on the other hand, refers to how well and instrument measures the particular concept it supposed to measure

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(Saunders & Lewis, 2009). They further argue that an instrument must be reliable before it can be valid, implying that an instrument must be consistently reproducible; and that once this has been achieved, the instrument can then be scrutinized to assess whether it is what it purports to be.

To ensure validity of questionnaires, the researcher reviewed other relevant literature that served as evidence and supported the answers found using the questionnaire, relevance being determined by the nature of their research question and their own judgement (Saunders & Lewis, 2009). Further, the designed questionnaire was submitted to the project supervisor for vetting, correction and approval before distributing it to the respondents.

Ethical Considerations

When researching human subjects, ethical issues may arise, especially when examining the differences in perception between a leader and those he or she leads. The ultimate purpose of the ethical process is to protect the human dignity of the participants in the study. The University of Cape Coast provided policies and procedures to ensure that one must respect the dignity and preserve the well-being of human research. To protect the identity of the company division, the manager, the individuals and the tellers, pseudonyms were used. All individuals were interviewed at a location away from the bank in order to decrease the chance of their identities being revealed. All participants received copies of their transcripts to review, revise, edit, delete, and approve. After additional comments and changes were completed, each participant was asked to sign transcript release forms, which stated that the information collected and recorded was accurate interview process,

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communication was done by contact through personal email, at home, or mail to protect individual identity.

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CHAPTER FOUR

RESULTS AND DISCUSSION

Introduction

This chapter deals with the analyses and discussion of data obtained from respondents in the study. It begins with an analysis of the bio data of respondents and then follows with the analysis of responses to the research questions. Descriptive statistics such as frequencies, percentages and charts were used to analyse the data and to draw conclusions on the research objectives. In all, a total of 100 respondents were captured for the study.

Demographic Information of Respondents

The first section of the questionnaire sought to obtain demographic information about the respondents. This was to enable the researcher to make comparison among the respondents. Information obtained included sex, age group, occupation and area of residence of respondents.Table 1 shows the sex distribution of the respondents of the study in percentages.

Table 1: Demographic information of respondents

Variables	Sub-scale	N	%
Sex	Male	36	36
	Female	64	64
Age range	18 – 25 years	13	13
	26 - 35 years	56	56
	36 – 45 years	21	32
	46 -55 years	07	12
	Above 55 years	03	08

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Occupation	Civil/public servants	10	10
	Students	18	18
	Traders	34	34
	Unemployed persons	13	13
	Others	25	25
Area of Residence	Mankessim Township	37	37
	neighbouring communities	42	42

Source: Field Survey, Ankrah (2017).

The study considered both males and females customers of the bank and the results showed 36 males (36.0%) and 64 females (64.0%) as indicated in the Table 1. This was due to the high female customer base of the bank. Table 1 also showed the age distribution of the respondents of the study in percentages .Respondents were drawn from various age groups, 18 to 25 years, 26 to 35 years, 36 to 45 years, 46 to 55 years and 55 years and above. Hence, the study considered a total of 90% of the respondents were selected from the active working age group of 18 to 45 years. Table 1 showed the occupational distribution of the respondents in percentages. The respondents covered under this study ranged from civil/public servants, students, traders, unemployed persons and others.

A greater proportion of 34.0% was drawn from the trading working class due to their dominance in the study area. A close majority of 25.0% was also drawn from other working class, including drivers, carpenters, tailors and seamstress and related artisan groups as in the table 1. Table 1 again showed the areas of residence of respondents in percentages. The study shows that majority of 63.0% of the respondents was drawn from the Mankessim

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township whilst the other 37.0% was drawn from the neighbouring communities such as Anomabo, Saltpond, Agyaa etc.

Analysis pertaining to the specific objectives of the study

The second section of the chapter presents the results pertaining to the specific objectives of the study. With the help of the SPSS Version 22.0, descriptive statistics such as frequencies, percentages and charts were used to tackle the objectives.

Assessing the Public Awareness on Product Offered by First Allied and Savings Ltd

The rationale for the first objective was to assess the awareness of the public on their access to product offered by First Allied and Savings Ltd. Multiple items were used to elicit data on the main variable. Six items were used to elicit data on public perception on access to credit facilities. The main variable were evaluated in terms of descriptive statistics such as bar chart. The results were presented in figure 1.

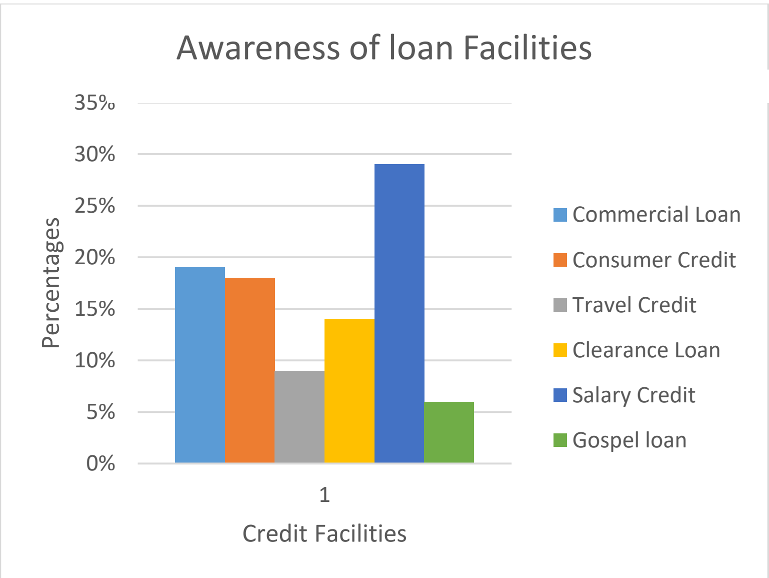

Figure 1: Awareness of customers on the loan facilities of the bank
Source: Field survey, Ankrah (2017)

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Figure 1 shows the awareness of customers of the loan facilities of the bank. In assessing the awareness of customers on loan facilities of the bank, a majority of 29.0% stated their awareness of salary credit followed by 19.0% who had knowledge of the commercial loan of the bank. The study also revealed that 18% had knowledge of consumer credit provided by the bank while 14% were aware of the clearance loan. The study discovered that another 9.0%, 6.0% and 5.0% of the respondents had knowledge on travel credit, and gospel loan

The result according to Tanakinjal, Deans and Gray (2010) meant that the customers are able to associate the various loans product the company as an option for satisfying their problem. It also meant that the customers are familiar with the product via advertisement, promotion and other marketing communication method with the company brand, products and services, and informing them about its special features and benefits and showing how it is different in functional or symbolic sense to competitive brand (Hibberd, 2007). It also means that the customers have explicitly gain acceptance and satisfaction with the transaction (Kotler, 2003).

Figure 2 also shows the awareness of the public on the susu product offered by the bank:

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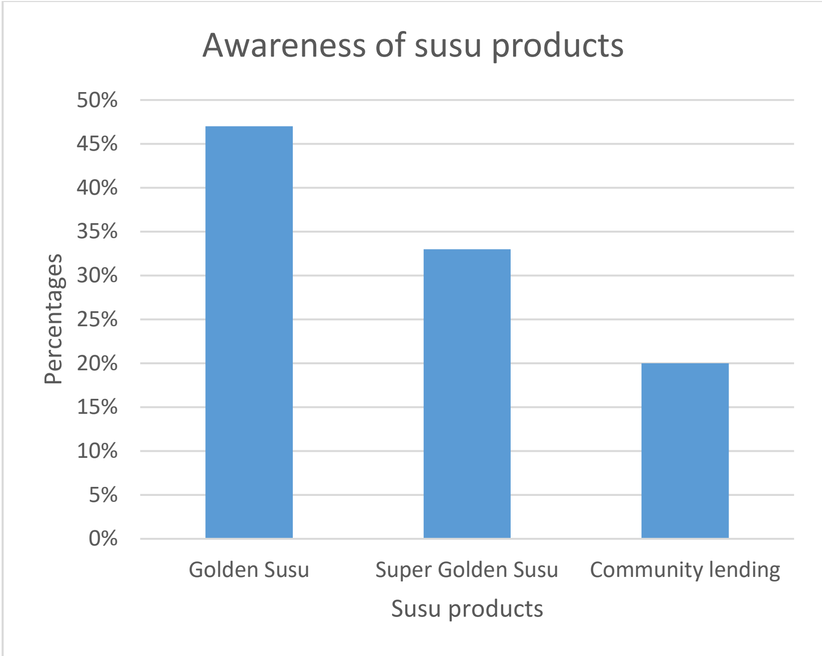

Figure 2: Awareness of susu products by the public

Source: Field survey, Ankrah (2017)

Figure 2 shows the awareness of customers of the susu products of the bank. In assessing the awareness of customers on susu products of the bank 47% of the respondents asserted their awareness of the golden susu followed by 33% awareness of the super golden susu and lastly, 20% indicating their awareness of community lending provided by the bank. This results per the sample mean that customers of First Allied Savings and Loans Limited patronize more of the golden susu account than the rest of the susu packages offered by the bank.

Further, with respect to savings package, the respondents indicated their awareness to such product offered by the bank and figure 3 presents the following:

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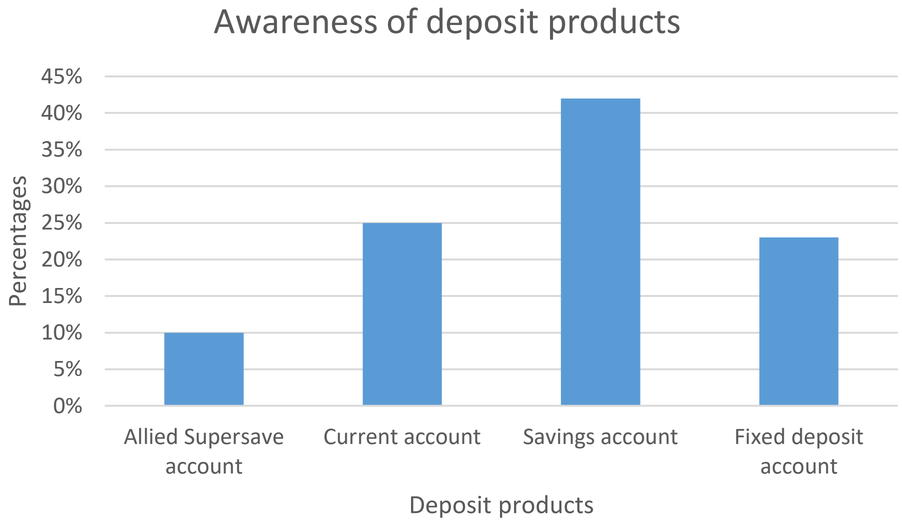

Figure 3: Awareness of Deposit products of the public

Source: Field survey, Ankrah (2015)

Figure 3 shows the awareness of customers of the deposit products of the bank. In assessing the awareness of customers on deposit offered by the bank, majority, 42.0% stated their awareness of savings account followed by 25.0% who had knowledge of the current account of the bank. The study also revealed that 23% had knowledge of fixed deposit provided by the bank while 10% were aware of the Allied suppersave account. Also, the results gives the perception that the public to a larger extent patronize the savings account than the rest of the deposit packages offered by the bank. The study confirms that most customer of the bank are aware of the savings packages of the bank as compared to fixed deposit and other packages. According to Mohindra and Haddad (2005) the demand for Savings facilities also increases as the interest rate (on savings) increases. They maintain that even though it is assumed that the some customers save even under negative real interest rates, evidence points to the importance of positive real interest rates.

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Assessment of access to loan and the interest rate by customers

The rationale for the second objective was to assess the public on their access to loan facilities and the interest thereof offered by First Allied and Savings Ltd. Multiple items were used to elicit data on the main variable. The main variable were evaluated in terms of descriptive statistics such as pie chart.

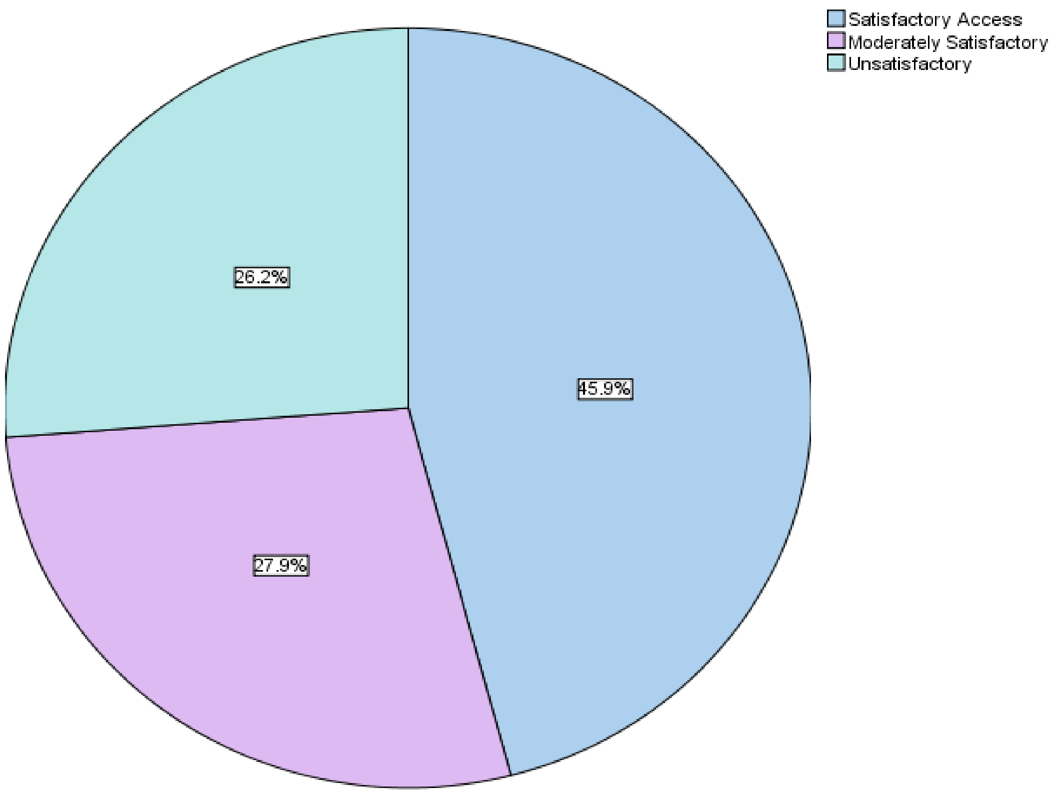

Figure 4: *Assessment of access to loan to customers*

Source: Field survey, Ankrah (2017)

Figure 4 shows the assessment of access to loan facility by customers in percentages. The study assessed the access to loan facilities by customers of the bank with varying responses. A majority of 45.9% were satisfied with the level of access to loans provided by the bank whilst 27.9% claim the level of access is moderately satisfactory. Hence, together, about 74.0% of the

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customers of the bank had a satisfactory access to loans whilst 26.0% had unsatisfactory access. For these 26.2% of customers, access to loan facilities from the bank remains one of their topmost challenges in deriving satisfactory services from the bank as shown in the figure 4 above. In line with Butler and Cornaggia (2009) it could mean that these satisfactory assess impact positively on customers' productivity.

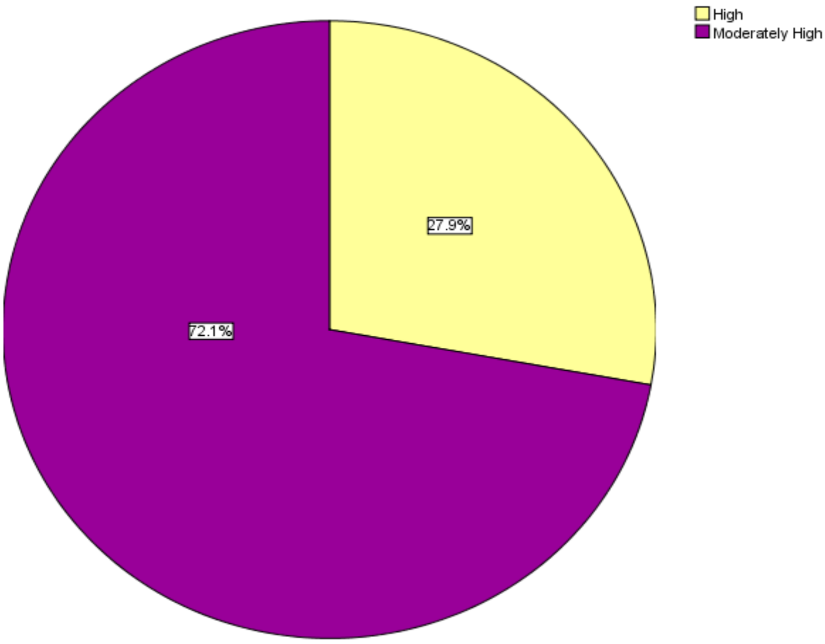

Figure 5: *Assessment on interest rates on loan to customers*

Source: Field survey, Ankrah (2017)

Figure 5 shows the assessment of interest rate on loan by customers in percentages. The customers either rated the bank high and moderately satisfactory. 72.1 % rated the bank moderately satisfactory whilst the rest of 27.9% of the customers claimed the interest rates were high. Most of the customers preferred that the interest rates of the bank be reduced to enable

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them pay off their loans at ease or go in for more. The high interest rates were thus impeding the access to loan facilities provided.

Assessment of Challenges in Accessing Loans

Table 5 shows the assessment of challenges in accessing loans in percentages. Several challenges in assessing loans were revealed by the study. The challenges include difficulty in accessing loans, high interest rate, several documents required and difficulty to get guarantors. The others are cumbersome processes, time wasting, difficult to get collateral among others. Whilst 9.0% of the customers claim they have no challenges to accessing loans, 21.0% claim short payment period is their major challenge. The other challenges were high interest rate (3.0%), several documents (9.0%), difficulty to get guarantors (3.0%) and cumbersome processes (3.0%). Time wasting and difficult to get collateral was also claimed by 3.0% and 12.0% of the customers respectively as challenges to accessing loans. However, 37.0% of the respondents raise multiply challenges from the above stated ones as the main hindrance to accessing loans from the bank.

Table 5: *Assessment of challenges in accessing loans*

Issues	Frequency	Percentages	Cumulative (%)
Short Payment Period	21	21	21
High interest rate	3	3	24
Several documents require	9	9	33
Difficulty to get guarantors	3	3	36
Cumbersome processes	3	3	39

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Table 5 continued

Time wasting	12	12	51
Difficult to get collateral	3	3	54
No challenge	9	9	63
Multiple responses	37	37	100
Total	100	100	

Source: Field survey, Ankrah (2017)

Assessment on corporate social responsibility duties of the bank

The third objective sought to assess how the customers perceive the accomplishment of corporate social responsibilities by the bank. Figure 6 shows the assessment on cooperate social responsibility implementation in percentages.

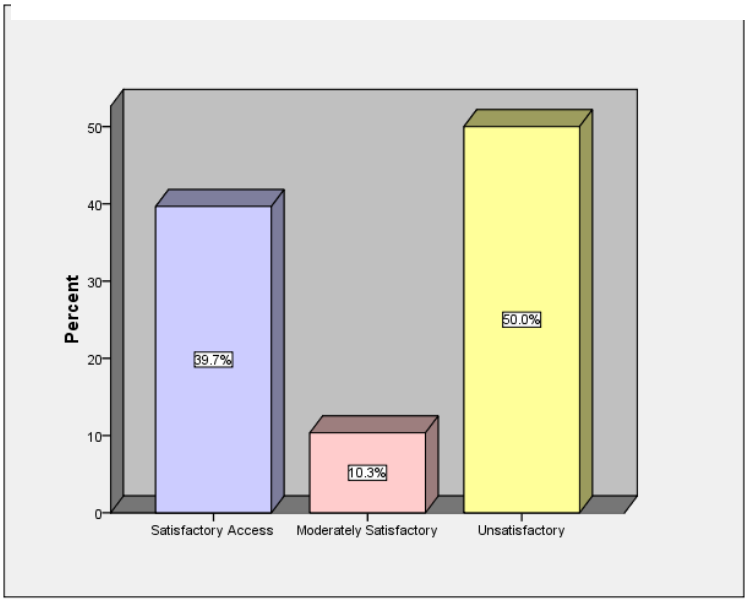

Figure 6: Assessment on corporate social responsibility duties of the bank

Source: Field survey, Ankrah (2017)

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Figure 6 shows the assessment on corporate social responsibility duties of the bank in percentages. The customers of the bank held varying views to the level of performance of the banks in the area of implementing its corporate social responsibilities**.** 50.0% of the respondents representing half of the customers claim the performance of the banks on the implementation of its corporate social responsibility is unsatisfactory. On the other hand, 39.7% of the customers claim the performance of the bank is satisfactory whilst 10.3% claim the performance of the bank is moderately satisfactory. Hence, whilst half (39.7% + 10.3%) of the customers claimed the CSRs of the bank is generally satisfactory, the other half claimed its unsatisfactory (50%).

For the public perception of CSR, Robinson (2001) found that a certain type of consumers would take the public influence of corporate into consideration for private consumption; they would like to purchase the products of the enterprises which possess positive influence on the society, and in this way to promote the better development of society. The findings of the study affirms that the customers will improve the financial performance of their business according to Kohers and Simpson (2002) and Maignan (2001). The customers would also perceive the bank to be good as asserted by Smith (2003).

However, the unsatisfactory assessment could mean that the bank does not adequately exercise their social responsibility and that it could aim to keep certain specific groups satisfied when competition intensifies as said by Yeung (2011). In such a situation, the contributions related to corporate social responsibility could influence customers (Lewis & Soureli, 2006; Bejou et al., 1998).

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Assessment of access to financial information from the bank

The last objective (objective four) of the study sought to assess respondents' access to financial information from the institution. Also, descriptive statistics such as frequencies and bar charts were used for the assessment. Figure 7 present the results of respondents' access to the financial information.

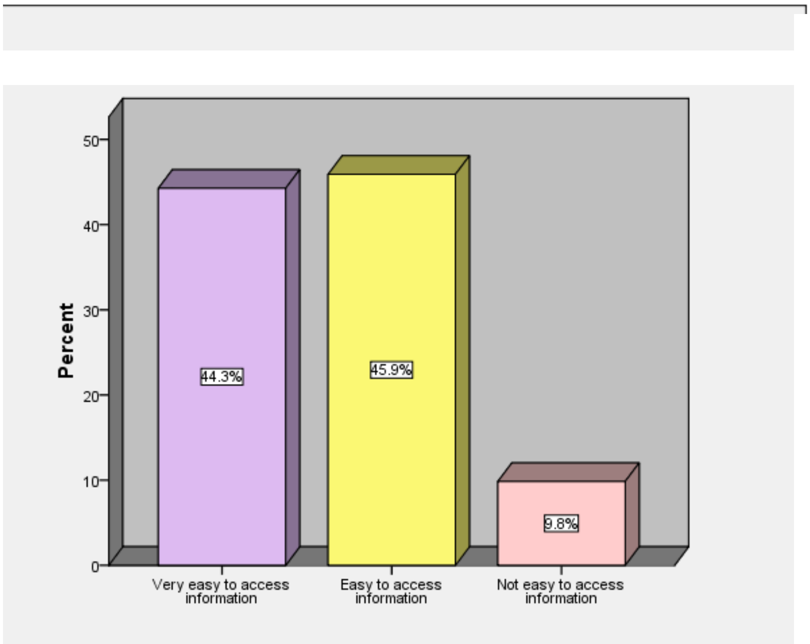

Figure 7: Assessment of access to information from the bank

Source: Field survey, Ankrah (2017)

The study revealed that there is easy access to information by the customers of the bank. 44.3% of the customers of the bank claim that access to information from the bank is very easy whilst 45.9% of the customers claim access to information is easy. 10.0% of the customers claim access to information is not easy. The 9.8% customers cited cumbersome processes and time wasting as reasons for difficulty in accessing information.

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In a credit market there are typically asymmetric information between a borrower and a lender, where borrowers have full information about their productivity and their risk types, while the lender may have inadequate information. This kind of information asymmetries may be captured in a standard principal-agent model. When borrowers have private information about their risk types, the lender is facing an adverse selection problem. Contrarily, the findings of the study show that there is easy access to information that helps the customers in their daily transactions.

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CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

This chapter consists the summary of the findings, conclusions and recommendations. Owing to the benefits that are derived from savings and loans institutions, their existence and operations cannot be overlooked.

Summary of Findings

The major findings of the study were around issues including perceptions about the bank, access to loans, corporate social responsibility and access to information. With respect to the first objective, the findings revealed that majority of the customers of the bank (29.0%) stated their awareness of salary credit followed by 19.0% who were aware of the commercial loan of the bank. The study also revealed that 18% were aware of consumer credit provided by the bank while 14% were aware of the clearance loan. The study discovered that another 9.0%, 6.0% and 5.0% of the respondents had knowledge on travel credit, and gospel loan respectively. the findings further revealed that bulk (47%) of the respondents asserted their awareness of the golden susu followed by 33% awareness of the super golden susu and lastly, 20% indicating their awareness of community lending provided by the bank.

Lastly, majority of 42.0% stated their awareness of savings account followed by 25.0% who had knowledge and access of the current account of the bank. The study also revealed that 23% had knowledge of fixed deposit provided by the bank while 10% were aware of the Allied suppersave account.

Drawing from objective two, the findings revealed that, 46.0% of the respondents were satisfied with the level of access to loans provide for by the

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bank whilst 28.0% claim the level of access is moderately satisfactory. However, 26.0% of the respondents rated access to loan from the bank as unsatisfactory. The interest attached to the loan according to the respondents revealed that 72.1 % rated the bank moderately satisfactory whilst the rest of 27.9% of the respondents claimed the interest rates were high.

The third objective discovered that50.0% of the respondents representing half of the customers claim the performance of the banks on the implementation of its corporate social responsibility is unsatisfactory. On the other hand, 39.7% of the customers claim the performance of the bank is satisfactory whilst 10.3% claim the performance of the bank is moderately satisfactory.

With respect to objective four, 44.3% of the respondents claimed that access to information from the bank is very easy whilst 45.9% of the customers claim access to information is easy. 9.8% cited cumbersome processes and time wasting as reasons for difficulty in accessing information.

Conclusion

In developing countries the primary obstacle to finance within the informal sector is access to money, more specifically, the dual dilemma of insufficient working capital and no source from which to borrow it. This lack of credit prevents people from reaching their full potential and pulling themselves out of poverty. The public perception on banking services plays a role in the demand for services provided by the banks. When issues relating to easy access to credit facilities, customer service, and access to information and cooperate social responsibility are dealt with professionally, the banks will

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broaden their scope of operation and demand for financial services will improve.

Recommendations

Based on the findings and conclusions drawn from this study, a number of policy measures could be adopted to ensure that, customers perceived good about the bank in order to gain competitive advantage over competitors in the banking industry. The following recommendations are made to the management of First Allied Savings and Loans Limited. The study recommends that management of the bank conduct periodic surveys to discover the public perceptions on their operations to help them ascertain their strengths and weaknesses. The study further recommends that management of the bank must take steps to organise periodic training programmes for staff to enhance their capacities on customer service and on innovative service delivery approaches.

The management of the bank should continue increase the scope of their Corporate Social Responsibilities to cover critical areas including sanitation, health, education and agriculture to satisfy the interest of their customers. Again it is recommended that the management of the bank should take steps to improve upon the access to information to customers of the bank to enable them make informed choices that will improve upon their socio-economic welfare.

Suggestion for Further Research

Further studies should be conducted to evaluate in details the impact of the bank's Corporate Social Responsibility on its performance.

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QUESTIONNAIRE

This questionnaire seeks to solicit information to examine the public perception on provision of services of Savings and Loans Companies in Ghana. The exercise is a partial requirement for the award of Master of Business Administration from the School of Business of the University of Cape Coast. I therefore crave for your indulgence to cooperate with the exercise as your responses will be held confidentially.

Please tick ‘‘√’’ the correct responses in the space provided [ ] eg. [√]

A) Personal Details

1. Sex: A) Male [ ] B) Female [ ]
2. Age: A) 18 - 25 years [ ] B) 26 – 35 years [ ]
   C) 36 - 45years [ ] D) 46 – 55 years [ ]
   E) 56 years and above [ ]
3. Religion: A) Christianity [ ] B) Islam [ ] C) Traditional [ ] D) Others [ ] E) No Religion [ ]

4. Occupation A) Civil / Public Servant [ ] B) Student [ ] C) Artesian [ ] D) Traders [ ] E) Unemployed [ ] F) Others [ ] Specify ....

4. Area of Residence: A) Mankesim [ ] B) Neighbouring Communities [ ] Specify ....

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B) Public Perception on Credit (Deposit)

4. Which of the following credit facilities of the First Allied Bank is known to you?

A) Susu Schemes [ ] B) Current Account [ ]

C) Fixed Deposit [ ] D) Savings Account [ ]

E) Allied Suppersave [ ] F) Others [ ] Specify

....

5. Which of the following credit facilities have you subscribed to?

B) Susu Schemes [ ] B) Current Account [ ]

D) Fixed Deposit [ ] D) Savings Account [ ]

F) Allied Suppersave [ ] F) Others [ ] Specify

....

6. How do you assess your access to the facility (ies) you have subscribed to in Q 7.

A) Satisfactory Access [ ] B) Moderately Satisfactory [ ]

C) Unsatisfactory [ ]

7. In your view, what challenges do you face relative to access to credit?

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8. How in your view, can access to credit be improved in the bank?

....

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B) **Access to Loans**

9. Are you aware of loan facilities of the bank?

A) Yes [ ] B) No [ ]

10. What is your assessment of access to loan facilities in the bank?

A) Satisfactory Access [ ] B) Moderately Satisfactory [ ]

C.) Unsatisfactory [ ]

11. In your view, are the loan facilities packaged strategically to provide relief to different categories of clients

A) Yes [ ] B) No [ ]

12. How do you access the interest rates on the loan facilities?

A) High [ ] B) Moderately High [ ] C) Low [ ]

13. Are the loan facilities made accessible to client at appropriate time of need?

A) Yes [ ] B) No [ ]

14. Do the loan facilities have flexible repayment schedules?

A) Yes [ ] B) No [ ]

15. How do you assess the conditions for accessing loans?

A) Easy [ ] B) Not Easy [ ]

C) Public Perception on Corporate Social Responsibility

18) How often does the bank exercise its Corporate Social Responsibility?

A) Very Often [ ] B) Often [ ] C) Not often [ ]

19) In your view, which relevant areas have the bank exercise it's Corporate Social Responsibility?

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20) How do you access the discharge of Corporate Social Responsibility of the bank?

A) Satisfactory Access [ ] B) Moderately Satisfactory [ ]

C.) Unsatisfactory [ ]

21) Which areas should the bank focus its Corporate Social Responsibilities to?

A) Education [ ] B) Health C) Sanitation D) Business [ ]

D) Charity [ ] Others [ ] Specify ....

Access to financial information

22) How do you assess the access to financial information from the Bank?

A) Very Easy [ ] B) Easy [ ] C) Not Easy [ ]

23) In your view, how can access to financial information from the bank be improved?

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THANK YOU FOR YOUR COPERATION

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