

**CHALLENGES OF DEPOSIT MOBILISATION AT AGRICULTURAL  
DEVELOPMENT BANK**

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ACCOUNTING**

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## **DECLARATION**

I hereby declare that this submission is my own work towards the Executive Master of Business Administration (EMBA) and that, to the best of my knowledge, it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the University, except where due acknowledgement has been made in the text.

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## **ABSTRACT**

The bank of Ghana recently tasked the commercial banks to increase their capitalization. This has brought about some challenges to the banks. Amongst such challenges is the deposit mobilization within the banking Industry. The study seeks to investigate deposit mobilization within the operations of Agricultural Development Bank with specific reference to the branches in the Kumasi metropolitan area. Descriptive analysis was used to describe the behavior of individual variables.

Account opening processes, loan application processes, non- functioning of ICT facilities inadequate branches and poor customer service delivery are identified as some of the challenges facing ADB in their deposit mobilization operations. The study recommends the following as some of the possible means of addressing the above challenges. Regular training of staff, reduce loan application requirement, improves ICT facilities, provision of attractive products such as mobile phone services, open new branches at vantage locations and ensure good customer services.

## **DEDICATION**

This work is dedicated to Mr. Richard Oduro Asamoah (My husband), Kwabena Siaw Asamoah, Kwame Agyeman Asamoah and Adwoa Adoma Asamoah (My Children), all ADB Staff of Adum branch – Kumasi for their patience, encouragement and emotional support throughout these two years. God richly bless you all.

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## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1. Introduction of the Study**

The performance of the banking industry is very significant in view of the tremendous role banks play in the economy. The financial intermediation of the banks has accelerated economic growth and development by providing credit facilities to both public and private sector of the economy.

In the wake of intense competition in the banking sector, most managers and administrators of commercial banks have had their attention drawn to improving the cash mobilization. Financial systems in developing countries have lacked in undertaking the necessary functions required to facilitate growth and to perform the essential economic development functions required for speedy growth and capital amassing efficiently. One of the ways of addressing this is by turning towards maximizing deposits (Agu, 1994).

Deposit mobilization is the heart of banking operations in the financial sector. It enable banks to increase working capital, increase loan packages for clients, buy quality assets to provide quality services, meet reserve requirement with the central bank etc. The banks are the most capable institutions of mobilization of funds because of their widespread branch networks, which gather unutilized funds in a form of savings. Banks as financial intermediaries bring savers and investors, and/or lenders and borrowers together; they create money and administer the payment system (Fry. 1997).

Consequently, banks in Ghana have been plagued with piles of problems hindering the mobilization of savings or deposits and distribution of credit among borrowers. This has particularly inhibited access to funds for investors requiring long-term finance and for small businesses that contribute to the recovery of the economy. Surplus funds of the

majority of the populace are held in real assets like land and buildings, ornaments etc, which are unproductive.

One way banks can solve this challenge is to encourage capital formation initiatives such as working capital financing and financial savings. In order to continue having a sustainable economic growth, the emphasis should be on the mobilization of domestic savings (Aryeetey et al, 1991).

## **1.2. Statement of the Problem**

Although the formations of new banks are to increased authority of the commercial banks and create interest rate liberalization. The informal sector finance is the first choice for traders, artisans, farmers and small businesses in the rural and semi-urban places, as well as salaried workers in the urban areas than the commercial banks (Amoako - Tuffour, 2000).

Studies have shown that, most people are discourage to do business with the banks because of the restricted and limited hours of providing services to customers, limited number of bank branches especially in the deprived communities and poor customer service. Recently some banks have also introduced the minimum deposit balance, the corporate and institutional banking, situations where non- salaried workers find it difficult to access credit from the main commercial banks (Adams et al, 2012).

Stringent financial strategies by the central bank comprising; high reserve requirements, interest rate ceilings, credit distribution are some of the observations why a huge number of population in the rural areas are not into any banking services.

Banking sector reforms were aimed at minimizing government involvement in financial markets, in order to enable more efficient institutions to emerge, improve the regulatory atmosphere. It is in the search for solutions to the above problems that the study seeks to

investigate the challenges facing Agricultural Development Bank in the area of deposit mobilization.

### **1.3. Objectives of the Study**

The main objective of this study is to ascertain the casual factors of low deposit mobilization in the commercial banks using the Agricultural Development Bank (ADB) in the Kumasi Metropolis. The specific objectives include;

- To ascertain the deposit mobilization levels of ADB.
- To identify the causes and effects of the deposit mobilization situation of ADB.
- To highlight possible solutions to deposit mobilization in the banking industry in Ghana.

### **1.4. Scope of the Study**

The study focuses on deposit mobilization challenges in the operations of ADB and due to time constraints and other resources, the study will be on some selected branches within Ashanti region. The Agricultural Development Bank has a total of eight branches in Ashanti region and half of the number is within the Kumasi Metropolis. The study focuses on the four branches with in the Kumasi Metropolis, the performance of ADB, factors that determined deposit mobilization by banks.

### **1.5. Significance of the Study**

Saving accumulation enhances capital formation, it is regretting to state that much of government revenue is used to service debt in Ghana (Amoako - Tuffour, 2000). External sources of finance are highly unpredictable and it is therefore not reliable for any country to depend on. Countries, which therefore seek to sustain their growth, must not depend entirely on external sources. The ideal way is to mobilize domestic savings. This study is useful policymakers in Agricultural Development Bank in efforts to increase financial

deepening, promote capital formation and examining the relationship between growth in banking and economic development as well as factors, which are significant in promoting cash mobilization.

### **1.6. Organization of the Study**

The study is organized into five chapters. Chapter one dealt with the Introduction of the study. Chapter two reviews literature on both theoretical and empirical studies on the link between bank deposits and economic growth. An assessment of research work on savings and the variables that influence its mobilization. An overview of banking in Ghana and the methodology employed for assessing the quantitative significance of the determinants factors of savings mobilization. Chapter three includes questionnaire, interviews and the use of statistical tools like SPSS in analyzing the data. Chapter four presents the results of analysis done and suggests recommendations for policy consideration.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1. Introduction**

The literature review will cover an appraisal of previous works related to the proposed study. The section is divided into the following: development of banking Industry; history of banking in Ghana; the organization of the banking industry in Ghana; the formation of Agricultural Development Bank of Ghana; the concept and definition of deposit mobilization in the banking industry.

#### **2.2. Development of Banking Industry**

The word Bank is derived from the Italian word “*banco*” inferring “desk” or “bench,” and was used by traders to regulate their transactions. The word bank was drawn back to the Ancient Roman Empire (Badu, 1994). The current banking structure working in every country can be trace back to Mediterranean Europe, primarily in Italy and the Northern Europe. Goldsmiths were influential in the development of banking industry in the mid-seventh century in England.

In the mid- nineteen century, Iran initiated her first contemporary banking and in 1925, the first Iranian owned bank known as the Bank Pahlavi Qoshun was established (Badu, 1994).

Banking was introduced in Africa in the last three centuries by the European traders. Barter system was the medium of exchange between the Europeans and the emerging states (Badu, 1994). The use of money, as a medium of exchange brought about business and improves banking system between the Europeans and their African partners. Modern banking started in African after most of the countries have attained independence.

The Central Bank of Ghana and other state – owned companies were established after independence (Badu, 1994). In recent decades, the introduction of banking reforms and the regulations have paved way for a lot of private commercial banks to come into operation.

The industry has developed over the years in terms of magnitude, organization and roles to its present vibrant state. The Banking Act of 2004 (Act 673) has improved the industry by establishing fair conditions for every bank to operate. This has clearly defined the differences amongst commercial, development and investment banks. However, certain banks silently have commercial, development or investment as part of their designations; variances occur solely in their characteristics devoid of major inference in their main business (Bank of Ghana, 2008). The major developments in the industry have improved to perform an effective part in the financial assets for economic advancement.

### **2.3. History of Banking Industry in Ghana**

In the 19<sup>th</sup> century, the essentials for the formation of financial organization in Ghana were established; and Europeans (the British) first introduced silver coins as medium of exchange in the West African. The purpose of the use of coins was for easy collection of taxes. In 1888, the government introduced a savings bank in the Gold Coast.

The British Bank of West Africa was the first commercial bank to be established in Ghana now Standard Chartered Bank-Ghana. In 1917 the British Bank of West Africa and the Colonial Bank (now Barclays Bank-Ghana) were combined. According to Sowa (1997) these banks facilitated the monetization of the economy of the Gold Coast. However, the collateral requests made it difficult for indigenes to accessed credit; this led to uneasiness among the nationalists. The introduction of the Bank of Gold Coast Decree in October 1952 was to make banking services available to the local people.



The first branch of the Bank of Gold Coast was opened to the public in 20<sup>th</sup> May 1953. Before 1952, Sir Cecil Trevor's report outlined main functions that the bank will perform which include the following:

1. Accepting money for deposit, either with or without interest, and the collection of money for the Government, local authorities, banks and any other persons.
2. Acquisition, sale and rediscount of bills of exchange and promissory notes bearing two or more good signatures and maturing within six months from the date of such purchase of rediscount; or within nine months in the case of bills for the purpose of financing seasonal agricultural operations or the marketing of crops.
3. Acquisition and sale of foreign exchange.
4. Loans and advances payable on demand or on expiry of fixed period not exceeding six months against certain specified securities (i.e. stocks, gold, silver etc)
5. The issue of demand drafts made payable at its own offices or agencies.
6. Acquisition and sale of securities.
7. Acting as agent for Government and local authorities or any other persons
8. Acting as agent or correspondent of a bank incorporated in any country outside the Gold Coast.

After the liberation of the banking industry, a lot of banks were established to perform specific functions. National Investment Bank (NIB) was one of such bank which was established to provide support for Ghanaian businesses Sowa (1997).

#### **2.4. The Organization of the Banking Industry in Ghana**

The organization of the banking industry in Ghana has gone through a lot of changes over the years including the Banking Act, 2004, (Act 673) and its modifications in 2007. Prior to the introduction of the Acts, some key banks were in operation and their activities were

categorized according to their operations and management as commercial banks, development banks, and merchant/investment banks (Badu, 1994).

Commercial banks were to focus on collection of deposit and short-term credit products for businesses. The Merchant/investment banks were restricted to capital market operations and the development banks provided loans for agricultural and infrastructure growth of the country.

The introduction of Banking Acts and the three pillars of the banking organizations in the country have been substituted with a general banking structure where no obstacles in the performance of their duties. The Acts have leveled the industry and likewise revealed competition, merchandise novelty and access (Bank of Ghana, 2008).

The past years, the banking sector in Ghana has seen an extraordinary evolution. Bank of Ghana revealed that, the banking industry is soundly capitalized, very liquid, profitable and recording strong asset growth. The industry has a total assets of GH¢ 11,240.0 million at the end of first quarter of 2010, signifying a growth rate of 39 % as compare to GH¢10,692.0 million, a growth of rate 37.2 % in 2009. The industry has experienced some financial and reputational losses as a result of economic decline and government liabilities in the 1980s and 1990s, during this periods Ghanaian banks and other financial institutions stopped providing financial support to the private sector (Kunateh, 2009).

The banking industry has realized key capital boost relatively because of political stability, gains in micro and macro-economic indicators. And also the government's policy to make Ghana the “financial hub” of West Africa.

The Bank of Ghana has sanctioned the enforcement of statutory requirements, rigorous supervision and increasing capital requirements. The Central Bank through the ARB

Apex bank has approved the operations of 123 banks. This includes some non-banking financial institutions under the supervision of ARB Apex bank (Bob-Miller, 2007).

The banking sector in Ghana allows private sector to operate or own a financial institution through the capital market. Recently, new banks are owned and managed by Africans. The sector boasts of highly skilled and experienced bankers. The liberalization of the banking industry has introduced transformations which include access to banking services in deprived communities who were denied by the traditional banks, the use of internet banking, smartcard technology, mobile phone banking and the use of biometric technology to protect all their areas of operation. The Bank of Ghana who is the regulator has executed a series of firm supervisory measures to ensure that banks operate within the regulatory framework (Bob-Miller, 2007). Lately, banks have introduced new products which were not part of service by the traditional banks unto the market. Previously traditional Banks were interested in providing service for the few elites and focused on investment banking. But due to aggressive competition from new banks who have made their operations available to the deprived communities in Ghana. Both the traditional and the new banks are now attending to all manner of clients. Presently, the banks are taking their services to the doorsteps of the public.

## **2.5. Determinants of Deposits in Ghana**

In order to increase deposits in the banking industry Agu (1994) recommend creation of special institutions that could established their presence in un-banked areas and not only on spreading branch networks. The real return on bank deposits should be attractive to customers than other physical assets. This caused government to relax revenue mobilization resulting in a decrease in average national savings rate (Rahman, 1968). Zang and Kim (2007) used the of ratio of liquid liabilities to GDP, ratio of deposit money

bank domestic assets to deposit money banks domestic assets plus central bank domestic assets, and credit issued to private enterprise as a share of GDP in panel analysis to examine 74 countries over the period 1961-1995. The study found that economic growth precedes subsequent financial development.

Money demand is a function of interest rate, exchange rate, income, inflation, and lagged money stock. Using data from 1960 to 1988, price index, which served as a proxy for inflation, was found to be statistically significant. However, exchange rate does not show any significant influence on money demand. Interest rate was significant and attributed its significance to the weak market in Ghana (Sowa, 1997).

Financial reforms in Ghana have relative improvement in the efficiency of credit allocation in the financial sector (Asante, 1992). Real domestic savings rate has averaged about 7% over the period 1983 and 1992, which is lower than the Sub-Saharan African average of 22% for the same period. The financial institutional ratio to GDP between 1983 and 1994 was lower than the period covering from 1970 to 1982 (Dordunoo, 1995).

In Ghana, despite the measures undertaken to bring about financial liberation under the Economic Reform Program (ERP), both public and private savings have failed to respond positively. Ghana's financial depth was very low compared to countries like La Cote d'Ivoire, Zambia, Kenya and Senegal where ratios were over 30% (Baffour, 1995).

In a survey of savings behaviour under repressive and liberalized periods in Ghana, real deposit rates were negative for most of the post-independent period of repression. This resulted in low and declining savings rates throughout 1970-1993. The performance of savings after liberalization was not initially positive. The inference was that policy measures under the liberalization did not lead to positive real deposit rates for most of the period (Ayiku, 1996).

In an attempt to investigate how financial sector reforms influenced bank performance in Ghana, Antwi-Asare and Addison (2002) argue that financial sector reforms have succeeded in enhancing financial development and causing an expansion in the size and diversity of the banking sector. Specific policy reforms that improved the performance of the banking sector include interest rate liberalization, freeing of credit allocation and removal of non-performing assets were proposed (Amidu, 2006).

The above literature review suggests the financial sector of any economy contributes immensely to economic growth of that economy growth. Notwithstanding, Ghana's financial system is battled with numerous challenges, which have not allowed its liberalization policies to achieve expected results in economic growth through financial savings (Aryeetey et al, 1991).

There is therefore the need to assess the factors that determine cash mobilization and examine the role that banks must play in order to contribute tremendously to the growth and development of the economy.

## **2.6. Confidence in the Ghanaian Banking System**

The banking sector in Ghana faced countless challenges in the late 1970's and early 1980's because of unstable policies. The consequence was the loss of confidence by the populace in the banking system. Overtime, savings mobilization has improved especially from the 1990's. The reasons for the loss of confidence in the banking sector were among the following:

Firstly, high inflationary trends in the country, which coupled with low savings rates, demotivated people to save their money with banks. In other words, most people preferred to invest their money in real assets rather than saving it with a bank. Again, high illiteracy rate created the barrier to the awareness of the useful role banks played in mobilizing

savings and re-channeling them into profitable ventures as investment or facilitating commercial transactions (Asele, 1997).

Another important reason for the loss of confidence in the banking system was the continuous government intervention in the banking system. A case can be made of March 1979, where there was a mop up excess currency in the system by changing the cedi notes by the government of the Supreme Military Council (SMC), which was led by Lt. General Fredrick Akuffo. The exercise was aimed at only those with cash outside the banking system. This exercise affected the citizens in the lower income brackets most. Nonetheless, the significance is the fact that generally, the 'poor' in most cases keep money more for transactional purpose than the rich hence the lost more than the 'wealthy' citizens.

One important principle in the code of ethics in banking is the oath of secrecy, which is sworn by staff of banks in order that they will not expose a customer's account information unless for purposes of national interest. Governments of Ghana, however, during military regimes 'forced' their way to obtain access to customer account details. This put fear into the public and tarnished the confidence the citizenry bestowed in the banking system. Though, confidence is building back into the public on the banking system, the government machinery has a major role to play in restoring it.

Ghana's financial sector operated within rigid regulations through monetary policies. This determined, interest rates charged by banks, and the volume of credit in the period preceding the Structural Adjustment Programme (SAP). The Bank of Ghana (BOG) established interest rates administratively rather than allowing the forces of demand and supply to act. The outcome was that interest rates rose less rapidly than the rate of inflation (Quartey, 2005). Not all, there was the establishment of credit ceilings, specified

in the form of both bank-specific and sectorial limits on domestic asset creation by the banking system. This policy limited credit and caused surplus liquidity in the banking system. Very wide margins exist between lending and borrowing rates as banks strove to cover charges and post passable profits. Banks were constrained by lack of investment opportunities and therefore they could not mobilize resources (Obben, 1992). The non-bank public increasingly held a higher proportion of money supply resulting in greater demand for goods and services and, hence higher rates of inflation.

## **2.7. Financial Liberalization Policy in Ghana**

Against the background of superficial and exploitive financial measures, the Financial Sector Reform Program (FINSAP 1) was implemented between the periods 1988 to 1990 (Mensah, 1999). This was introduced to achieve the following: to restructure banks that were distressed; improve savings mobilization and enhance efficiency in credit allocation; reform banking laws; restructure the regulatory framework and improve banking supervision; develop money, capital and securities markets; and establish a non-performing assets recovery trust. The financial sector reform saw the emergence of additional financial institutions especially, those in the non-banking sector. Private individuals to accommodate the rest of the unbanked in the economy established various categories of non-banking financial institutions (Bhattarai, 2000).

The period also saw the introduction of different products in the financial system such as equity finance, long-term credit for industry and real estate, and small-scale savings. Largely, the small-scale and medium-sized businesses still depend extensively on the bank intermediated debt finance though self-finance remains the ideal way (De Melo, 1986).

One notable reform in the Ghana's financial sector is the passing of the Universal Banking Law in 2003; this law authorized banks to engage in all types of business including commercial banking, investment banking, merchant banking and developmental banking. The liberalization process is successfully entrenching a market-based financial sector. The central bank also abandoned direct monetary controls, reduced the minimum reserve requirements for banks, introduced new financial instruments, and managed the monetary policy to keep the liquidity in the economy. The central bank's requirement that every bank should raise its minimum capital requirement to GH¢60 million before the end of 2012 was a step to build more capital to finance the private sector and the oil business in Ghana.

## **2.8. The Establishment of Agricultural Development Bank.**

The Rural Credit Department was established by the Bank of Ghana to formulate the necessary legislation, strategies and processes for the formation of a specific bank for the delivery and administration of credit and other banking services in the agricultural sector. Agricultural Development Bank was established by Act 286 in 1965 as the Agricultural Credit and Cooperative Bank. The Bank started operations from a building on the Tunisia Road, West Ridge - Accra.

The National Liberation Council (NLC Decree 182) changed the name of the Bank from the Agricultural Credit and Cooperative Bank to the Agricultural Development Bank and revised key sections of the original Act 286. By 1990, the Bank became more diversified and added international banking and trade services to its growing product portfolio. The Bank became the principal agent in inward money transfer (Western Union Money Transfer) and other remittances in the country.



The Bank obtained the Universal Banking license and broadened its bouquet of services offerings. Currently, the Bank had repositioned itself by harmonizing market orientation with focus on Agriculture and more. The adb has 78 branches with high performing modern information communications technology across the country. The bank had introduced the ADB Visa Classic Card, authorizing card owners to conduct business wherever in the world. The ADB Continental position is now 24 places amongst prestigious commercial banks in Africa ([www.agricbank.com](http://www.agricbank.com) 20/03/15).

The study will focus on the branches in Ashanti region and specifically all the branches in the Kumasi Metropolis.

## **2.9. The Concept Deposit Mobilization in the Banking Industry.**

Mobilization of deposit for a bank is as essential tool for the survival of the banking industry (Deb, 1988). Deposit mobilization is one main functions of banking business and so an important source of working fund for the bank. Mobilization deposit is the collection of cash or funds by a financial institution from the public through its current, savings, fixed, recurring accounts and other specialized schemes (Maende, 1992).

Since deposits are normally considered as a cost effective source of working fund, the bank's ability to lend more as well as its success greatly lies on its deposit mobilization. However the bank's ability to mobilize enough funds from the public through its current, savings, fixed, recurring accounts and other specialized schemes will depend on the systems employed in this highly competitive industry, (Digaria, 2011).

Banking over the years has lived up to its definition of safe keeping of customers funds and ensuring that the customers get the money upon demand. And this has been the basic function of banking just as a raw material is for a business; to banking institution is cash (Giovanni, 1985).

Deposit mobilization therefore the world over has continually been part of the primary and important component of banking. In the past few years, a lot of modifications in the financial economies have taken place in the world (Hyuya, 1991). The world has witnessed many banks in North American filed for insolvency. One of such was the Leman Brothers, when the company declared insolvency security and it became a surprise because their business has been in operation for past 159 years. This affected banks across Europe and other countries around the world. The challenges of the banking industry have effects on the performance of other businesses. Other businesses cannot assess loans to finance their activities thereby disturbing their production and services operations (Refiee, et al, 2013).

There are many diverse scholarly works to investigate the consequence of several factors on banking industry Beikzad and Ghorbannejad Maleki (2012) examined the operative factors on bank resource mobilization and established that, information and communication technology, service diversity, human resource skills, internal atmosphere service and locations were considered to be some of the factors influencing cash resource mobilization. Karami et al. (2012) presented a combination of Balanced Score Card (BSC) and Data Envelopment Analysis (DEA) method for assessing the activities of banking sector. The study revealed various important factors related to each of the perceptions of BSC and applied an analytical order process to rank the methods. Khodaei Valahzaghhard et al. (2012) explored the influence of macroeconomic indicators on credit risk in the banking system of Iran and stated that no significant relationship between the inflation rate, employment rate, unemployment rate, the dollar, the euro, with import growth of credit risk in the banking system in Iran.

The conclusion was that, the credit risk in the banking sector in Iran under the influence of variables factors was insignificant. The purpose of this research is establishing the factors influencing deposit mobilization in the operations of ADB bank in Ghana.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.1. Introduction**

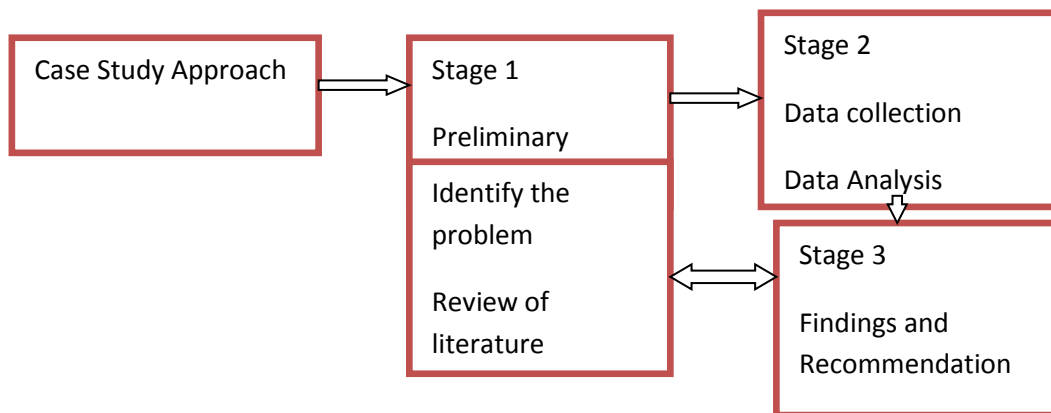
This chapter presents the research methodology of the study. It describes and justifies the methods and processes that were used in order to collect data in answering the research questions. The chapter also focuses on the research design that was adopted, sampling techniques, the key study variables and units of analysis. The rest are the sources of data and methods of data collection as well as methods of data analysis. It explains the type of data used for the study and the techniques employed in identifying the factors that influence the mobilization of savings and describing the channels through which Agriculture Development Bank increases growth through savings mobilization.

#### **3.2. Research Design**

The case study design was used in conducting this research. A case study is defined as an empirical inquiry that investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used (Yin, 1984). The case study design is also useful for testing whether a specific theory and model actually applies to a phenomena in the real world. It is a useful design when not much is known about a phenomenon. This approach focuses on a particular area of interest, thoroughly considers issues in that area and reports on it. This is aimed at enabling the investigator to grasp and understand the deposit mobilization issues within the selected ADB bank branches in the Kumasi metropolis. The approach is also one of careful and critical inquiry or investigation and examination, seeking to analyze the barriers involved in a given case,

problem, and issue, among others, before making any suggestions or recommendations.

See Figure 1



**Figure 1: Research design for the study**

**Source: Authors Own Construct 2014**

### **3.3. Data Sources and Data Collection Instrument**

Relevant information for the study was obtained from both primary and secondary sources. Primarily questionnaires and interviews were employed in gathering from the clients. Questionnaires employed the use of both open and close ended questions with interviews using both the structured and unstructured technique. This use of this form of questionnaires and interview ensured coordination while facilitating easy analysis. Secondary sources of data such as periodicals, journals, reports, publications as well as manual on the resource management were studied in details not leaving out other unpublished thesis. In the administration of the questionnaires, the researcher used purposive technique in interviewing the respondent. This was as a result of the fact that, the kind of data required could only be given by the clients of that particular bank. This set the basis for the identification of data and information gaps and a clearer definition of the problem statement as well as a deeper understanding of the significance of the topic.

The administration of the questionnaires was undertaken by the researcher herself as she is a part of the banking system. To ensure that the target groups were reached the

questionnaires were administered mostly during the late morning when most of the respondents were around. The level of education of the respondent lessened the burden of the questionnaires administrator as the respondent could read and write. The main source of primary data for the study was in the use of controlled questionnaire and discussions with some resource personnel design to collect information from upper level officers of ADB and a sample of clients of the bank in the Kumasi metropolis.

### **3.4. Population and Sampling Frame**

Nachmias and Nachmias (1992) define a population as “the aggregate of all cases that conform to some designated set of specification” whiles the sample frame is the material or device from which a sample is drawn. By this definition, all the branches of the bank and clients were chosen as the population while 2/3 of the population was randomly selected to represent the sample frame for the study.

#### **3.4.1. Target Population and Sampling Methods**

Sampling may be defined as the selection of some part of an aggregate or totality on the basis of which a judgment or inference about the aggregate or totality is made. In other words it is the process of obtaining information about an entire population by examining only a part of it. The selection of the sample went through the multi stage technique (Koop, 2006).

The Agricultural Development Bank has a total of eight branches in Ashanti region and half of the number is within the Kumasi Metropolis ([www.agricbank.com](http://www.agricbank.com) 21/03/15). The study will focus on the clients and staff of the four branches with in the Kumasi Metropolis and will consider the informal savings, the performance of ADB over the years, factors that determine the mobilization of deposits by banks and its economic implications. The theoretical literature discussed above suggests that bank deposit,

inflation rate, exchange rate and deposit interest rate are related. Investment in an emerging economy is cumbersome, self-financed and hereafter cannot be materialized except satisfactory savings are accrued in the form of bank deposits (McKinnon 1973). The study estimated the linear regression equation by calculating the values of the variables in the following equation: Sample size (n) =  $N / (1 + N \alpha^2)$ , Where N = Sample frame and  $\alpha$  = confidence level.

### **3.4.2. Data Analysis Methods**

Prior to the estimation of the regression line, descriptive analysis is used to describe the behavior of the individual variables over the period under review. The descriptive analysis also included a brief situation of the macroeconomic variables in the country. The data collected was collated and processed by editing and coding to eliminate all errors. It was then synthesized and analyzed using both qualitative and quantitative analytical techniques to draw valid conclusions and inferences using SPSS version 20. Cross tabulations were used to bring-out all interrelated inferences. Tables, charts, percentages and graphs were used in the case of the quantitative technique, while descriptions were used in the case of the qualitative analysis. The findings and recommendations of the analyzed data enumerated for policy formulation and implementation.

### **3.5. Measurements**

Measurement in social research involves attaching numerical values to observable phenomena, then working with the numerical values to determine differences, relationships, and patterns in the data. Different kinds of numbers can tell us different things. Numbers have four properties, and these properties determine how numbers can be used Identity, Magnitude, Equal intervals, Dickey et al (1981). For the purposes of

data analysis the ordinal scale was used. The ordinal scale is used when the property “magnitude” is present in a scale. The Values on the scale can be distinguished between lower and higher amounts of a psychological construct. Ordinal scales indicate relative differences on a construct but are otherwise not very precise. The most common type of ordinal scale is a rank-order scale and this was the scale adopted in measuring applicable variables. Table 1 gives an impression of the ordinal scale applied.

**Table 1: Ordinal Ranking Scale**

<b>Ranks</b>	<b>Value</b>	<b>Interpretation</b>
0	Neutral	Neutral
1	Disagree	Poor
2	Agree	Very Good

Source: Authors Own Construct 2015.

### **3.6. Rules, Reliability and Validity of the Instrument and Scale**

Rules are the most significant component of measures as poor rules make measures meaningless. To this extent, isomorphism which is seen as the situation where the numerals system adopted is similar in structure to the structure of the concept being measured will be upheld. Reliability, which is defined as the ratio of the true variance to the total variance, is an important property of measurement. In order to estimate the reliability, the concepts of measurement model and measurement scale are required. The model specifies the structure of the measurement, and the scale, which is a combination of the measured items, represents a realization of the theoretical notions. Reliability was ensured by explaining the context of the task to the respondents. Biases in data collection were also reduced to the barest minimum by ensuring that all the questionnaires were self-administered by the researcher. The validity of an instrument is the degree to which the instrument measures exactly what it is intended to measure. Validity is concerned



with the question “is one measuring what one intends to measure?” content validity is the extent to which an instrument represents the variables under study. To ensure content validity, the questionnaires were pre-tested in one of the farming communities to ensure that the questionnaire actually measured the set variables.

External validity is the extent to which the study findings can be generalized beyond the sample used was considered by ensuring that the selection of the sampling size and the sampling unit was representative enough to ensure the generation of the findings. This is indicated in the process that the researcher went through before the final selection of the sampling units using a combination of methodologies and approaches. To a large extent, the study achieved both content and external validity.

## **CHAPTER FOUR**

### **DATA PRESENTATION AND ANALYSIS**

#### **4.1. Introduction**

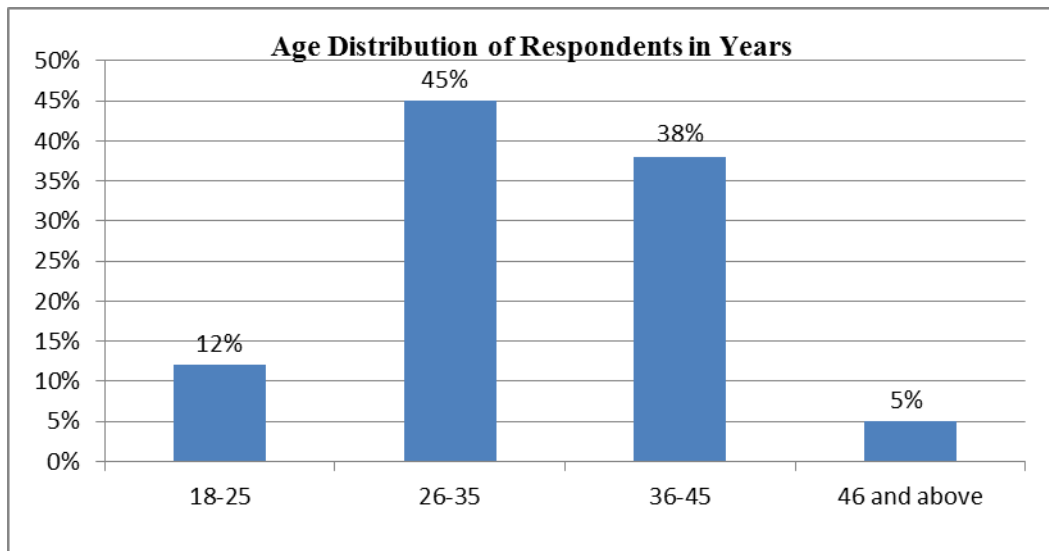
This chapter focuses on the analysis of the data gathered from the field study on the topic ‘Investigation into Deposit Mobilization Challenges in the Banking Sector’. This chapter gives insight into the background of the sampled respondents; perceived performance of Agricultural Development Bank (ADB), challenges facing the delivery performance of the bank, cash mobilization challenges as well as its improvement among others, all from the view point of the customers. The analysis is aimed at validating the research questions in order to achieve the objectives of the research.

#### **4.2. Background Information of the Respondents**

##### **4.2.1. Age and Sex Distribution of the Respondents**

Figure 4.1 represents the age distribution of the sampled respondents or customers who do business such as savings with the bank. The data gathered indicates that, 12% of the respondents were between the ages of 18-25 years, 45 % between the ages of 26-35 years, 38 % between the ages of 36-45 years and 5% of the respondents above 46 years. This is a good indication of the potential future growth of the institution as majority of their clientele were in the youthful ages and they will be long term clients of the bank.

The data gathered indicates that 76% of the respondents were males whilst the remaining 24% were females. This gives credence to the assertion that females especially the market women have a less inclination to banking and related issues.

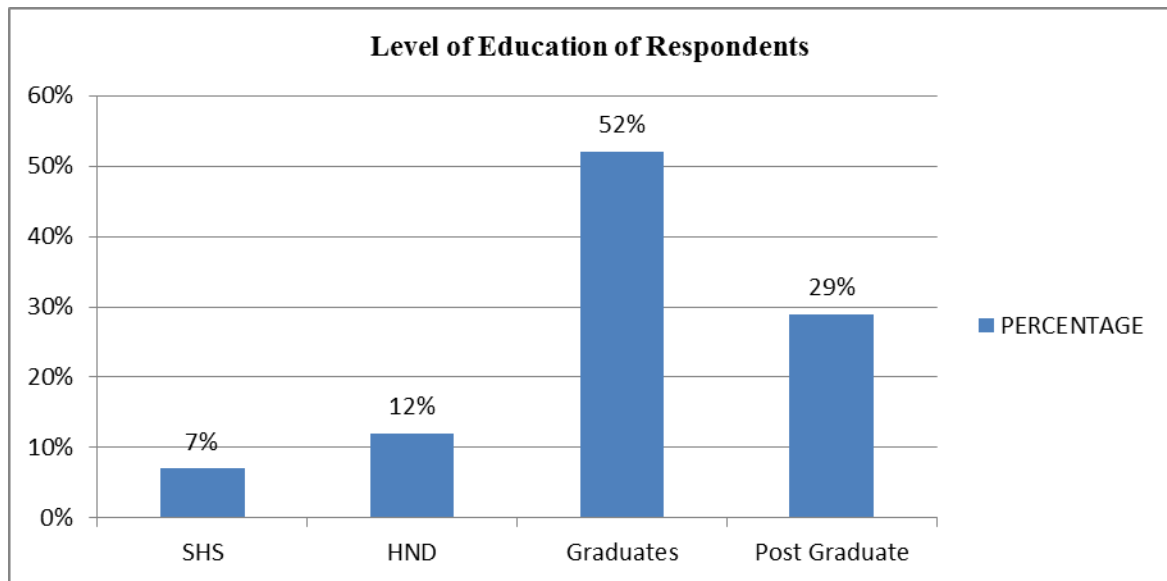


**Figure 4.1 Age distribution of respondents**

**Source: Field Study, May, 2015.**

#### **4.2.2. Respondents' Level of Education**

An analysis of the educational status of the respondents was important given the technicalities of the issues under review. It also revealed the abilities of the customers to understand and appreciate the issues at hand. The results of this assessment were as presented in figure 4.2. 7% of the respondents had attained secondary education, 12% were HND holders, while 52% were graduates and 29 % had a Post graduate education qualification. This implies that, the organization has very elite customers.

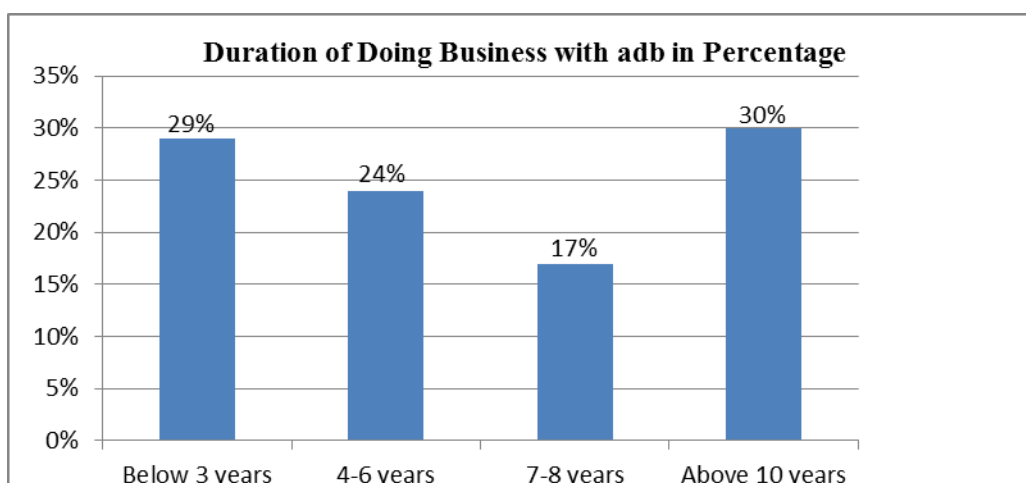


**Figure 4.2: Respondents' Educational Levels.**

**Source: Field Study, May, 2015.**

#### **4.2.3. Duration for Doing Business with ADB.**

This shows the number of years the sampled respondents had been doing business with ADB. Figure 4.3 emphasizes that, 29% of the respondents had been doing business with the bank for less than 3 years, 24% had been doing business with the bank between 4-6 years, 17% had been clients of the Bank between 6-8 years whilst the remaining 30% has been doing business with the bank for more than 10 years. These were loyal customers who were dedicated to the course of the bank and hence, can be relied upon for a good review of the operations of the bank.



**Figure 4.3 Duration for doing business with ADB**

Source: Field Study, May, 2015.

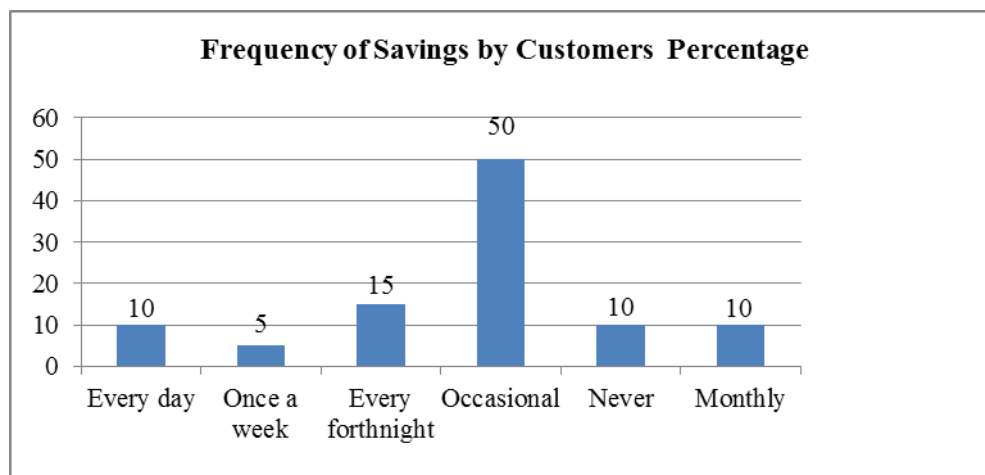
### **4.3. Agricultural Development Bank Customers' doing Business with Other Banks**

Given the introduction of so many new banks into the Ghanaian financial sector, it is unimaginable for a bank to have solely dedicated clients who do not transact any form of business with other banks. Hence, the study assessed the uniqueness of ADB as a bank to its clientele. The results of this assessment show that majority of the customers representing 90% transact businesses with other financial institutions whilst the remaining 10% transact business with ADB only. This was not surprising as the influx of the banking industry has resulted in most banks struggling to keep customers and customers also having been spoilt for choice. It also implies that, ADB as a financial institution should adopt modern ways of customer services that attract its clients or customers to transact business with them only and not any bank.

#### **4.3.1. Frequency of Savings by Customers**

It is an undeniable fact that the culture of savings in Ghana is very low. This stems from the many years when financial institutions and their services were seen as the preserve of the educated and affluent. The uneducated, traders and other informal sector workers were not attracted to banks. Also, the frequency of savings has a direct impact on the

deposit mobilization of the banks. Hence, the study sorts to ascertain the rate of savings amongst the sampled customers. It is clear from the analysis as presented in figure 4.5 that, 50% do their savings with the bank occasionally, 15% save at the bank every fortnight and 10% do their savings with the bank every day and one-off respectively. The implication of majority of the customers having irregular savings behaviour was seen as the main challenge of the management of the bank to be able to forecast their increase deposit mobilization rates. This implies that, management of ADB have to investigate to identify the perceived or real hindrances to customer savings which might include that the customers were not getting the maximum satisfaction when transacting saving activities with the bank. However, management has to address the issues relating to their customers satisfaction in order to attract them to the organization.



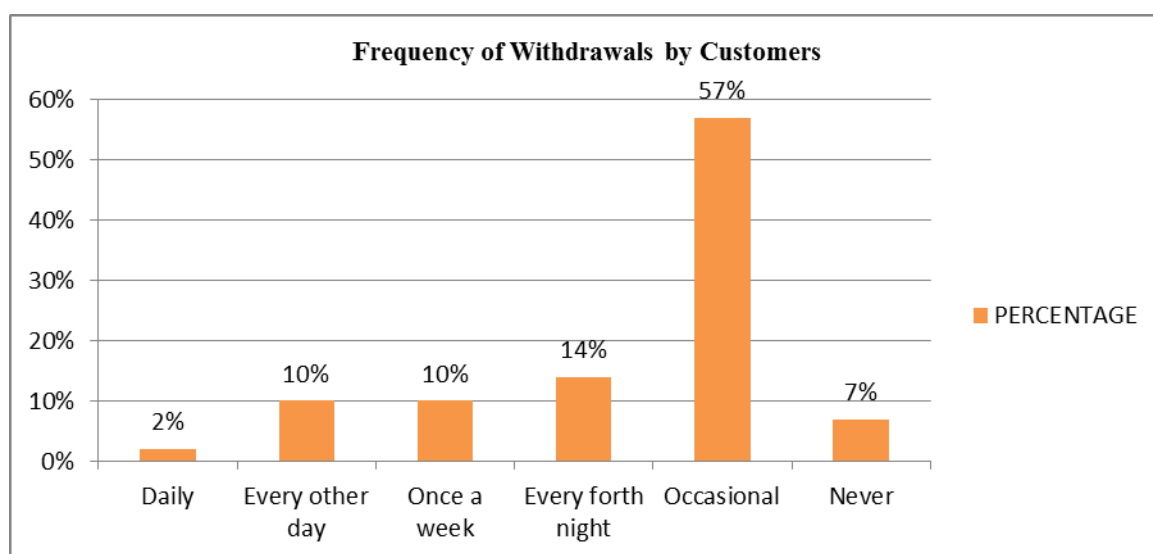
**Figure 4.4 Frequency of savings by customers**

**Source: Field Study, May, 2015.**

#### **4.3.2. Frequency of Withdrawal by Customers**

Also, the rate of withdrawals has a direct bearing on deposit mobilization levels of banks and hence all the banks are always bringing out more innovative and enticing products to customers rather than the clients withdrawing cash. Therefore, the study sort to identify the cash withdrawal rate of clients and identify the push and pull factors. It is evident

from the figure below that, 57% do their withdrawals with the bank occasionally, 14 % do withdrawals at the bank every forth night and 10% do their withdrawals with the bank every other day and once a week respectively, 2% daily and 7% never withdraw at all. This implies that, management should introduce attractive products with better interest rates that will motivate customers to keep their money with the bank rather than withdrawing them to other competitors for better offer.



**Figure 4.5 Frequency of withdrawals by customers.**

**Source: Field Study, May, 2015**

#### **4.4. Performance of Agricultural Development Bank (Adb)**

This section highlights the performance of (ADB) perceived by the customers. This section delves into issues like providing loan facility, competitive interest rates, opening new account, modern ICT facilities and deposit mobilization aggressiveness among others.

**Table 4.1: Performance of Agricultural Development Bank**

<b>Performance of ADB</b>	<b>Disagree</b>	<b>Not Sure</b>	<b>Agree</b>
Providing Loan Facility	8	28	64
Competitive Interest Rates	25	33	42
Customer Care	11	29	60
Turnaround Time	6	51	43
Opening New Account	9	34	57
Attractive Banking Products	17	36	47
Modern ICT Facilities	17	33	50
Opening of New Branches	31	38	31
Deposit Mobilization Aggressiveness	14	40	46

Source: Field Study, May, 2015.

One of the major issues to deal with the performance of ADB is related to its ability to provide loan facility to its customers. From Table 4.1, 64% of the sampled customers agree to the provision of loan facilities as a major performance of the bank, 28% were not sure whilst 8% disagree to the assertion. This implies that, the performance of the bank is largely dependent on its ability to provide loans or credit facilities to its clients.

Another determinant of the performance of ADB was its competitive interest rates the bank provides to the commercial market. Table 4.1 indicated that, 42% of the customers agree that competitive interest rates of the bank is a determinant of performance of the bank whilst 25% and 33% indicated disagree and were not sure respectively to the competitive interest rates been a determinant of performance of the bank.

Customer care was a factor in considering the performance of ADB. The table above indicates that, 60% of the clients agree that customer care is a major determinant of performance of the bank, 29% were not sure whilst 11% disagree that customer care is a determining factor in the performance of a bank. This implies that, if the customer care



services of the bank are improved, it will attract more clients to the bank thereby improving the performance in terms of cash or revenue mobilization.

Another performance determinant of ADB was as a result of introducing modern ICT facilities to facilitate and fast track business transactions. 50% of the customers sampled agree to the introduction of modern ICT facilities as a determining factor in the performance of the bank, 33% indicated were not sure whilst 17% of the sampled customers indicated disagree that, introduction of modern ICT facilities is a factor in the performance of the bank. This implies that, the introduction of modern ICT facilities will speed up business transactions in the bank thereby enhancing their performance.

Also, opening of new branches is a factor in the assessment of performance of the bank. 31% each of the sampled clients indicated that, they agree and disagree to the assertion that opening or establishment of new branches is a determinant in the performance of ADB whilst 38% of the remaining clients said they were not sure about the variable used in assessing the performance of the bank. This implies that, opening or establishment of new branches does not necessarily guarantee performance of the bank but the better services rendered within the few branches is indicative of the performance of Agricultural Development Bank.

#### **4.5. Challenges Facing the Delivery Performance of Agricultural Development Bank**

This section focused on the challenges facing the delivery performance of ADB. Some of the challenges discussed under this section were cumbersome loan application procedures, poor customer service, cumbersome account opening requirements, less functional modern ICT facility, high rate of inflation as well as inadequate branches.

**Table 4.2 Challenges Facing the Delivery Performance of Agricultural Development Bank**

<b>Challenges facing the Delivery Performance of ADB</b>	<b>Disagree</b>	<b>Not Sure</b>	<b>Agree</b>
Cumbersome Loan Application processes	46	17	37
Slow System Application	31	26	43
Poor Customer Service	37	34	29
long Queue and Waiting Time	29	11	60
Cumbersome Account Opening Requirement	34	29	37
Less functional modern ICT Facility	29	40	31
High Rate of Inflation	17	43	40
Inadequate Branches	25	28	47

Source: Field Study, May, 2015.

A major challenge facing the delivery performance of ADB is the cumbersome loan application process. Table 4.2 indicates that, 54% of the clients had problem with the cumbersome nature of loan application and to them that was one of the main challenges facing the delivery of performance of ADB whilst 46% of the clients did not see the nature of the loan application process as cumbersome and thus, it was not a challenge facing the delivery performance of ADB. This implies that, the nature and procedures in acquiring loans in the bank should be improved to enhance its attractiveness to clients.

Regarding poor customer service and its role in the perception of the customers as which factor is a major challenge affecting the delivery performance of ADB, 29% of the customers stressed that, they agree poor customer service is a challenge facing the delivery performance of ADB, 37% of the customers indicated that, they disagree that poor customer services is a challenge in the delivery performance of ADB whilst 34% of the clients though had some problem with one or two persons they were not sure of the

assertion. This implies that, improvement in the customer service of the bank will help curb the non-delivery performance of ADB.

Another challenge facing the delivery performance of ADB was attributable to the cumbersome account opening requirement. Table 4.2 indicates that, 37% of the clients agree that the cumbersome nature in accounts opening requirements is a challenge facing the delivery performance of ADB. Also, 34% disagree that, the nature of account opening requirement is a challenge to the performance of the bank whilst 29% were not sure of the challenge in the delivery performance of ADB. This implies that, management of the bank should review the nature of requirements and processes involved in opening accounts at the bank in order to be attractive and appealing to customers.

Less functional modern ICT facility is a challenge facing the delivery performance of ADB. From the table, 40% of the customers were not sure that less functional modern ICT facility is major challenges facing the delivery performance of ADB, 31% of the clients agree that, less functional modern ICT facility is a challenge facing the delivery performance of ADB. This implies that, there should be improvement in the functional use of their modern ICT facility to help facilitate business transactions in the bank.

#### **4.6. Deposit Mobilization Challenges in Agricultural Development Bank**

This section emphasize on the challenges associated with deposit mobilization of the bank. Some of the challenges to be looked under this are, cumbersome account opening procedure and processes, service delay and duplication, high rate of interest on loan, availability of branches, minimum balance deposit and competition in the banking industry among others.

**Table 4.3: Deposit Mobilization Challenges**

<b>Deposit Mobilization Challenges</b>	<b>Disagree</b>	<b>Not Sure</b>	<b>Agree</b>
Cumbersome Loan Application Process	24	50	26
Rate of Inflation	5	45	50
Education Level	15	44	40
long Queue and Waiting Time	20	36	44
Cumbersome Account Opening procedure	29	53	18
Service Delay and Duplication	16	31	53
Functional Modern ICT Facility	22	32	46
High Rate of Interest on Loan	8	38	54
Availability of bank Branches	27	30	43
Foreign Exchange Rate	5	30	65
Minimum Balance Deposit	21	41	38
Competition in the Banking Industry	14	24	62
Meeting Customers' Demand	16	38	46

Source: Field Study, May, 2015.

Table 4.3 indicates that 26% of the respondents agree that cumbersome loan application is a major deposit mobilization challenge. This implies that, the cumbersome nature of loan application in the bank should be review in order to increase the deposit mobilization of ADB. Fifty percent of the respondents were not sure of the cumbersome loan application that is hindering the deposit mobilization of the bank whilst 24 % of the respondents disagree with this assertion. Also, the nature and procedures in acquiring loans in the bank should be improved to enhance its attractiveness to clients.

Also, 54 % of the clients agree the high rate of interest on loan is a deposit mobilization challenge. 38 % also were not sure of the high rate of interest on loans as a major challenge to deposit mobilization of ADB whilst 8 % of the clients said they disagree.

This implies that, the management of ADB should look at the high rate of interest on loan in other to increase the deposit mobilization of the bank.

Another challenge facing the deposit mobilization of ADB was attributable to the cumbersome account opening requirement and processes. Table 4.3 indicates that, 18% of the clients agree that the cumbersome nature in accounts opening requirement and processes is a challenge facing the deposit mobilization of ADB. Also, 29% disagree that, the nature of account opening requirement and processes is a challenge to the deposit mobilization of the bank whilst 53% were not sure of the challenge in the deposit mobilization of ADB. This implies that, the management of the bank should review the nature, requirements and processes involved in opening accounts at the bank in order to make it attractive and appealing to customers.

Competition in the banking industry is a challenge to deposit mobilization of ADB. Due to the competitive nature of the banking industry across Ghana, clients or customers' are attracted to banks where their services and demands are met. From the table, 62% of the sampled respondents agree that competition in the banking industry is a challenge to deposit mobilization of ADB. 24% of the respondents were not sure that competition in the banking industry is a challenge whilst 14% of the respondents disagree that competition in the industry was a challenge to deposit mobilization in the bank. This implies that, ADB should adopt measures to improving the services of the bank in other to be able to meet the competition in the banking industry.

#### **4.7. Improving Deposit Mobilization**

This section highlights on the ways of improving deposit mobilization in ADB. Pertinent issues to be looked into under this section are reduce requirement for loan application, the use of mobile phone to deposit money into account, service delay and duplication, reduce

high rate of inflation, the use of attractive products, incentives and bonanzas, improving local and international money transfers among others.

**Table 4.4 Deposit Mobilization**

<b>Improving Deposit Mobilization</b>	<b>Disagree</b>	<b>Not Sure</b>	<b>Agree</b>
Reduce Requirement For Loan Application	21	26	53
The Use Of Mobile Banking	15	21	64
Reduce Queue And Waiting Time	17	15	68
Reduce Account Opening Procedure And Processes	19	16	65
Availability And Functional Modern ICT Facility	10	20	70
Reduce High Rate Of Service Charges	3	15	82
Increase Number Of Branches	16	10	74
Less Foreign Exchange Rate	10	42	48
Less Minimum Balance Deposit	13	32	55
The Use Of Attractive Products, Incentives And Bonanzas	3	13	84
Easy Personal Identification Format	17	24	59
Promoting Door To Door Deposit Collection	5	28	67
Improve Local And International Money Transfers	6	18	76

Source: Field Study, May, 2015.

Reducing the improvement for loan application is a major way of improving the deposit mobilization aspect of the bank. Table 4.4 indicates that, 53% of the clients agree that, reduce requirement for loan application is a major step to improving deposit mobilization of ADB, 26% of clients said they were not sure of how this variable will improve their deposit mobilization whilst 21% of the clients indicated they disagree to this assertion. This implies that, the management of ADB should reduce the loan application requirement to make clients interested in assessing loan facility from the bank thereby improving its deposit mobilization.

The use of mobile phone to deposit money in accounts is a very critical factor to improving deposit mobilization of ADB. As rational beings, customers will be interested in sitting at their respective places and using their mobile phones to deposit money into their various accounts. Table 4.4 highlights that, 64% of the customers agree that, the use of mobile phone to deposit money will significantly improve the bank's deposit mobilization. Also, 21% of the customers indicated they were not sure of how the use of mobile phone to deposit money into account will improve their revenue or deposit mobilization whilst 15% of the customers indicated they disagree. This implies that, the use of mobile phones to deposit money into accounts when implemented by ADB will significantly contribute to its revenue or deposit mobilization.

Also, another way by which ADB can improve its deposit mobilization is to reduce the high rates of charges on their products and services. The high rates on their services deter customer to transact business with ADB but will prefer banks with low rates of service charges. The table gathered indicates that, 82% of the sampled clients agree that, reduction of high rates on products and services will attract more clients thereby improving the cash or revenue mobilization base of the bank.

Another factor to improving deposit or revenue mobilization of ADB is the use of attractive products, incentives and bonanzas. Customers as a rational and economic as they will be interested to attractive products as well as incentives and bonanzas. The table clearly depicts that, majority of the sampled respondents, that is, 84% agree that the introduction of attractive products and incorporating bonanzas and incentives is a crucial factor in improving the mobilization base of the bank. This implies that, attractive products and incentives be introduced to boost confidence level of customers, thereby improving deposit mobilization.

Improving on local and international money transfers is a source of improving the deposit mobilization of ADB. From the table, majority of the sampled respondents (76%) stressed that, they agree to the need to improve both local and international money transfers in ADB in order to raise more money, thereby improving the revenue or deposit mobilization. 18% of the sampled respondents indicated they were not sure on how the improvement on both local and international money transfers will translate into improving ADB`s deposit mobilization whilst 6% also disagree to that assertion.

#### **4.8. Summary**

This chapter analyzed, shows assessing performance of ADB, challenges facing the delivery performance of ADB, improving deposit mobilization and challenges associated with deposit mobilization of the bank. This justification has been possible by trying to correlate the findings from the research with the literature review in the earlier part of the research on using these measures in investigation into deposit mobilization challenges in the banking sector. This chapter therefore serves as the springboard and impetus for the next chapter which will examine the major findings of the study and make recommendations accordingly.



## **CHAPTER FIVE**

### **MAJOR FINDINGS, RECOMMENDATIONS AND CONCLUSION**

#### **5.1. Introduction**

In the previous chapter, a presentation and analysis of the surveyed data were made. Attention were paid to the background of the sampled respondents or customers, perceived performance of ADB, challenges facing the delivery performance of the bank, deposit mobilization challenges as well as its improvement among others all from the view point of the customers. This chapter thus recaps the principal findings from the data analyzed. This section also contains recommendations which are in consonance with the findings captured in addition to the conclusion of the work.

#### **5.2. Key Findings**

In the light of the preceding analysis, the research objectives that formed the basis for this study were revisited. The major findings thus, were summarized under the following research objectives.

##### **5.2.1. To ascertain the deposit mobilization levels of Agricultural Development Bank**

Ideally, some parameters used in ascertaining the deposit mobilization levels of ADB over the five year period were providing loan facility, competitive interest rates, improved customer services, attractive banking products, modern ICT facilities, opening of new branches, deposit mobilization aggressiveness among others.

From the data gathered, it was found that cumbersome loan application procedure, poor customer care service, cumbersome account opening requirement and processes, less

functional modern ICT facility, high rate of inflation as well as inadequate branches were a major hindrance to deposit mobilization levels of ADB.

#### **5.2.2. To identify and examine the cause and effect factors of deposit mobilization situation**

The survey identified that the cumbersome account opening requirement and processes was a major casual factor of mobilization of ADB. Virtually, the account opening process was cumbersome in the sense that, those who show interest to have an account with the bank are required to provide 2 (two) passport size photograph, valid identity card (ID), utility bill as well as letter from the landlord or landlady before the account is opened, while some competitors are taking only ID's and snapping photographs for free to open new accounts. Therefore, it is not attractive enough for interested customers who want to bank with ADB. This has contributed strongly in customers' preference towards other financial institutions.

The cumbersome loan application process of ADB was a casual factor to cash mobilization situation of the bank. There is no overdraft facility for personal or individual customer's account unless it is a corporate or business account and all loans are centralized. It takes more than 2 (two) weeks for a loan to be granted while some banks are granting loans within 24 hours. Customers complain on the need for the management of ADB to review the processes a customer has to go through in order to secure or access a loan facility which will subsequently improve the situation of ADB. Also, should adopt the style of the new banks that chase customers daily at where ever they are to collect their deposits.

From the data gathered, competition in the banking industry was also a factor of cash mobilization of the bank. As rationale beings, customers' are attracted to banks where

their services and demands are met satisfactorily. Agricultural Development Bank should adopt measures to improve their services to meet competition in the industry thereby attracting customers` to the bank which in effect raises the cash mobilization.

### **5.2.3. Impact of Deposit Mobilization Challenges within the Operations**

The survey identified that, the use of mobile phones to deposit money in account is an impact of deposit mobilization challenges within the operations of ADB. Customers` will be interested in sitting in their comfort zones and use their mobile phones to deposit money into their respective accounts. This when implemented will significantly contribute to improved deposit mobilization of ADB.

Reduce requirement for loan application is another possible solution to the functional contribution of ADB to economic growth through domestic deposit mobilization. The management of the bank should review the loan application requirements to make facility accessible by the customers`.

From the data gathered, it was found that a way of improving deposit mobilization of ADB through domestic was the introduction of attractive products, incentives and bonanzas to its customers`. Customers as rational and economic beings are attracted and interested to attractive products, good customer services, competitive interest rates as well as incentives and bonanzas. Steps should be put in place to introduce attractive products to boost the confidence of customers to bank with ADB and also attract potential customers thereby improving deposit mobilization of the bank.

### **5.3. Recommendations**

To investigate into deposit mobilization challenges in the banking sector, the following have been put forth to help improve the deposit mobilization challenges of Agricultural Development Bank.

### **5.3.1. Provision of Attractive Products, Incentives and Bonanzas That Attract Customers**

It is recommended that, management should introduce attractive products, incentives and bonanzas. Customers of the bank and potential customers will be attracted to transact business with the bank if there are tendency to get or win something after banking with ADB. The management can put in place measures to introduce attractive products such as winning electrical appliances, mobile phones among others after reaching a transaction threshold with the bank.

Also, customers qualify to enter into bonanzas after saving an amount with the bank for which the customers can win a house, a vehicle among others. This in long way will attract customers to bank and it will subsequently boost the confidence level of its customers in order to transact more businesses with ADB thereby improving its deposit mobilization base.

### **5.3.2. Measures to Improve the Services provided by Agricultural Development Bank (ADB) to its Customers.**

The management of ADB should review the services provided by the bank to its customers. Among the services provided by ADB which needs critical look and considerations are the cumbersome loan applications, cumbersome account opening requirement and processes, minimum balance deposit among others. They should also include mobile banking, though the use of mobile phones to make bank transactions as well as bringing banking at the door steps of their customers through susu collectors. The management of adb should critically review the aforementioned services to make the bank attractive and appealing to its customers and hence increment in the deposit mobilization base of the bank.

### **5.3.3. Regular Training Programmes for Agricultural Development Bank (ADB)**

#### **Staff.**

It is also recommended that, the management of adb should organize regular training programmes for staff in areas like good customer care, deposit mobilization aggressiveness, meeting customers` demands, knowing your products among others. This would sharpen the knowledge and skills of the staff so as to improve on the customer care service, meeting customers` demand and deposit mobilization aggressiveness of the staff. It is also believed through training programmes, staff would be able to conduct effective and efficient analysis of the work to their customers. Management should ensure that staff provides up to date services to its customers. Management can achieve this by engaging experts or consultants in the aforementioned areas to provide quality training to its staff under the respective area Offices on regular basis, under the strict supervision of Area Managers. It is essential to mention that management can ensure the successful implementation of this suggestion by showing commitment in terms of providing the needed resources for these training programmes and also developing appropriate rules and policies as well as rewards and punishments to guide the conduct of employees.

### **5.3.4. Focusing on Local and International Money Transfer**

Also, attention should be turned to improving on local and international money transfers by the management of adb. Money transfers both domestic and foreign are a major contributing factor to improving the deposit mobilization of the bank. Money transfer has wide reach and is available in many market across the globe hence when its potential is enhanced, it would improve deposit mobilization of the bank.

### **5.3.5. Expanding Sales and Marketing Outlets**

Expanding sales and marketing outlets by targeting more people within the informal sector, trade unions and groups to sell the banking products to them, opening of new

branches at vantage locations and also, the bank should soften bureaucracies involved in giving out credit facility to customers`.

#### **5.4. Conclusion**

The research project was aimed at investigating into deposit mobilization challenges in the banking sector. The research found evidences of Cumbersome Loan Application, Poor Customer Service, Cumbersome Account Opening Requirement and Processes, Less functional modern ICT Facility among others.

The outcomes of such challenges are the inability of the bank to mobilize enough funds for their operations and also to support the development of the economy of Ghana. It is therefore necessary that pragmatic measures are adopted to regulate the efficiency and effectiveness of ADB in increasing the deposit mobilization of the bank.

It is this vein; the research has provided various recommendations to the deposit mobilization challenges of the bank. Such strategies when implemented will improve or enhance the effectiveness of the bank in terms of its deposit mobilization whilst making it more attractive to domestic investments. However, these strategies would only yield the desired results if there is commitment on the part of the Management implementing them.

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## Appendices: Questionnaires

### KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY KNUST SCHOOL OF BUSINESS (Department -Accounting)

#### Questionnaire

##### Target Respondent: Staff, Existing and Potential Customers

I am MBA student of the above institution and conducting a study *challenges of Deposit Mobilization a Agricultural Development Bank*. I'm respectfully urging some minutes of your time to respond to the questions on this questionnaire. This questionnaire is strictly for academic purposes and any information provided will thus be treated with qualified confidentiality.

Thank you.

#### INTRODUCTION: RESPONDENT'S PROFILE

Please indicate your preference by ticking (✓) against your preferred option where appropriate.

##### 1. Gender

☐ Male ☐ Female

##### 2. Age (in years)

☐ 18-25 ☐ 26-35 ☐ 36-45 ☐ 46-55 ☐ 56 and above

##### 3. Educational level

☐ None ☐ SHS ☐ HND ☐ Graduate ☐ Post Graduate

##### 4. Which of the following do you belong?

Staff ☐ Customer ☐ None ☐

##### 5. If you are a customer, how long have you been doing business with the bank?

☐ 1 ☐ 1-3 ☐ 4-6 ☐ 7-8 ☐ 10 and above

##### 6. If you are a staff of ADB, how many years have you been with the bank?

☐ 1 ☐ 1-3 ☐ 4-6 ☐ 7-8 ☐ 10 and above

##### 7. Do you operate account(s) with any financial institution apart from ADB?

(a) Yes ☐ (b) NO ☐

##### 8. Are you aware that having account(s) is a basic requirement for accessing credit and other product from the bank? (a) Yes ☐ (b) NO ☐

9. How frequent do you operate/put money in your account(s)? (a) Daily [ ] (b) Every other day [ ] (c) Once a week [ ] (d) Every fortnight [ ] (e) Occasionally [ ] (f) Never [ ]
10. How often do you withdraw from your bank account(s)? (a) Daily [ ] (b) Every other day [ ] (c) Once a week [ ] (d) Every fortnight [ ] (e) Occasionally [ ] (f) Never [ ]
11. Do you have a loan with ADB or any other bank (a) Yes [ ] (b) NO [ ]
12. Do you have any fixed time deposits (such as Treasury bill and fixed deposits) with ADB or any other bank? (a) Yes [ ] (b) NO [ ]

### **SECTION A: PERFORMANCE OF AGRICULTURAL DEVELOPMENT BANK**

13. Using a scale of 1-5, where, 1=strongly disagree, 2= disagree, 3= Not sure, 4= agree, and 5= strongly agree; indicate your level of agreement with regards to the performance of Agricultural Development Bank:

	1	2	3	4	5
Providing Loan facilities					
Competitive interest rates					
Customer Care					
Turnaround time					
Opening new account					
Attractive banking products					
Availability and functional modern ICT facilities					
Opening of new branches					
Cash mobilization aggressiveness					

### **SECTION B1: CHALLENGES FACING THE DELIVERY PERFORMANCE OF AGRICULTURAL DEVELOPMENT BANK**

14. Using a scale of 1-5, 1=strongly disagree, 2= disagree, 3= Not sure, 4= agree, and 5= strongly agree. Do you agree with regards to challenges facing delivery performance of Agricultural Development Bank?

	1	2	3	4	5
Cumbersome requirements for loan application					
Slow systems applications					
Poor Customer Service					
Long Queue and waiting time					
Cumbersome account opening requirements and processes					
Less Availability and functional modern ICT facilities					
High Rate of Interest on loans					
Inadequate branches					

**SECTION B2: CASH MOBILIZATION CHALLENGES**

15. Using a scale of 1-5, where 1=strongly disagree, 2= disagree, 3= Not sure, 4= agree, and 5= strongly agree; what is the level of relationship with regards to deposit mobilization?

	1	2	3	4	5
Cumbersome requirements for loan application					
Rate of Inflation					
Educational level					
Long Queue and waiting time					
Cumbersome account opening procedure and process					
Service delay and duplication					
Availability and functional modern ICT facilities					
High Rate of Interest on loan					
Availability of branches					
Foreign exchange Rate					
Minimum balance deposit					
Competition in the banking industry					
Meeting Customers' demands					

**SECTION C: IMPROVING DEPOSIT MOBILIZATION**

16. Using a scale of 1-5, where 1=strongly disagree, 2= disagree, 3= Not sure, 4= agree, and 5= strongly agree; which of the following will increase deposit mobilization?

	1	2	3	4	5
Reduce requirements for loan application					
The use of mobile phone to deposit money into an account					
Educational level					
Reduce Queuing and waiting time					
Reducing account opening procedure and process					
Service delay and duplication					
Availability and functional modern ICT facilities i.e. ATMs					
Reducing high Rate of Interest on loan					
Increase number of branches					
Less foreign exchange Rate					
Less minimum balance deposit					
The use of attractive products, incentives and bonanzas					
Easy personal Identification format					
Promoting door to door deposit collection.					
Improve local and International money transfers					
Staff aggressiveness					