

faster business transactions compare to saving account. The graphical representation of this information is shown below.

Figure 6: Type of accounts that farmers normally open

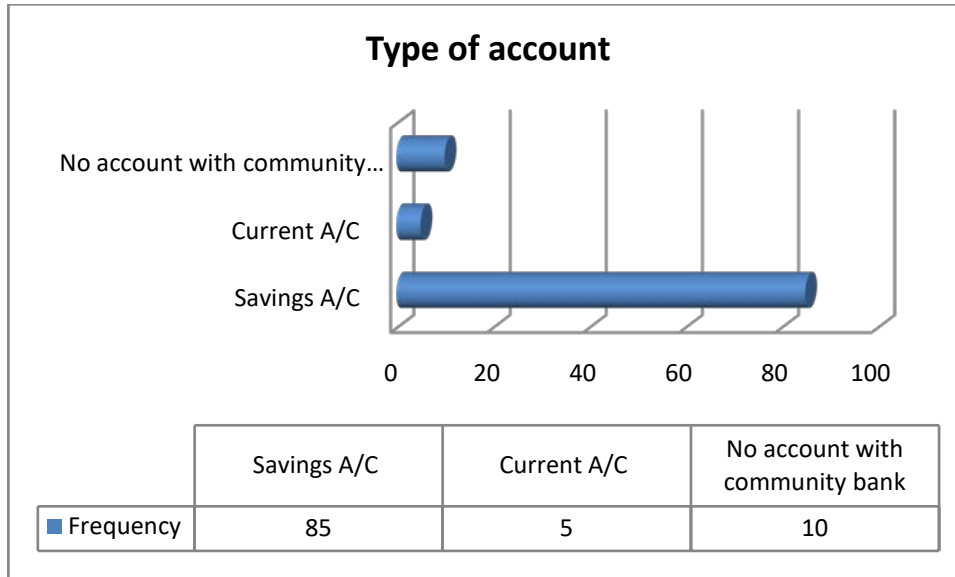


Table 9: Frequency distribution representing the question – Have you ever applied for a loan

Responses	Frequency	Percent
Yes	85	85
No	15	15
Total	100	100

Source: Field work 2018

From Table 9, 85% of the farmers have applied for a loan before. 15 % have never attempted to apply for a loan because of the fear they have for the high interest rates being charge by the banks. Those who had the courage to loan, we use the money to improve their farm in terms of land size and other farm inputs. They respondents also complained that, the banks do not even follow up to see whether loans are being used for the said purpose. They also said it takes on average one month for a farmer to process or access a loan from the community banks which appear too long to have this said loan.

Table 10: Frequency distribution representing the views of customers about the interest rates being charge by banks

Responses	Frequ ency	Percen t
Very high	94	94
On Average	6	6
low	0	0
Very low	0	0
Total	100	100

Source: Field work 2018

From Table 10, it is clear that the interest rates are too high for the small scale or peasant farmers to cope with. Among the 94 respondents which is accounting for 94% also said this high interest is preventing them from large scale farming

Table 11: Frequency distribution representing the question ‘Do interest rates scare you from borrowing from the bank

Response	Frequenc y	Percent
Yes	94	96
No	6	6
Total	100	100

Source: Field work 2018

Most of the farmers are scared from borrowing from the banks as shown in Table 10 above. As we can see from Table 9 above, almost 15 % of the farmers did not borrow from the banks just because of the demands by the banks and also the high interest rates. The graphical representation of this information is shown below

Figure 7: Interest rates score you from borrowing from the bank

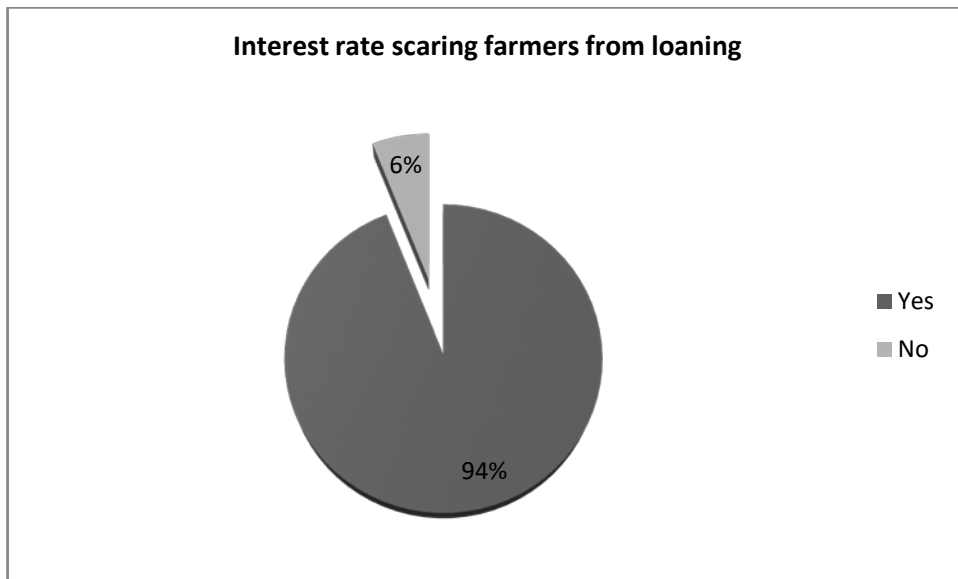


Table 12 Frequency distribution representing the question ‘Do you find it tough paying the loans back

Response	Frequency	Percent
Yes	70	82.4
No	15	17.6
Total	85	100

Source: Field work 2018

Out of the 85 respondents or farmers who said they borrowed from the bank, 70 respondents presenting 82.4% of them found it tough in paying the loans back as shown in Table 12 above. Some of the respondents accounting 17.6% said they were able to pay back the loans by selling all or some of their farming output. The bar graph is used depicts this information.

Figure 8: Finding it difficult in paying back loan

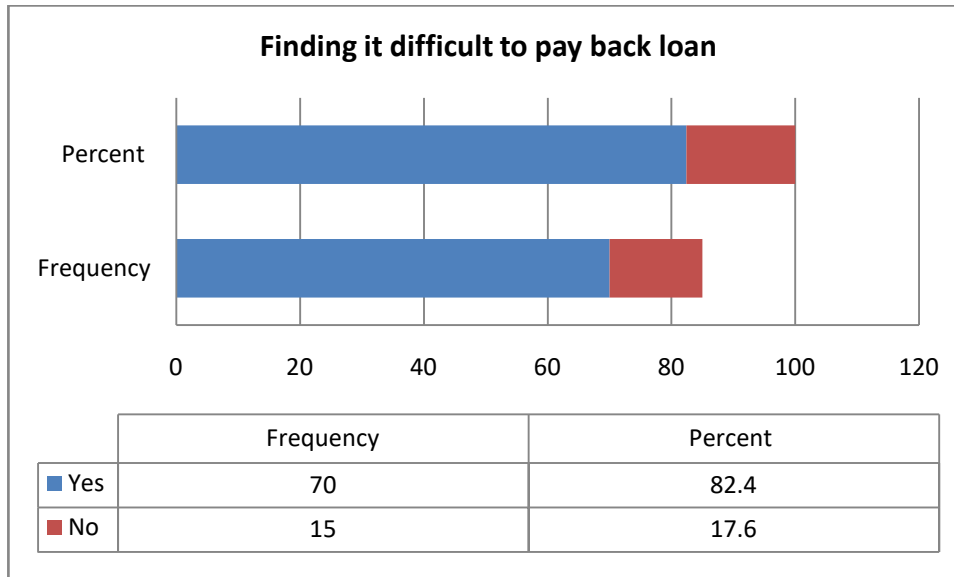


Table 13: Frequency distribution representing the question ‘Does the high interest rate affect your farming

Responses	Frequency	Percent
Yes	100	100.0
No	0	0.0
Total	100	100

Source: Field work 2018

From Table 13, all (100%) the farmers were affected by the high interest rates being charged by the banks. Some were not able to borrow; others had to sell some of their farming assets in order to pay back the loans they have borrowed from the banks. This has really collapsed a lot of infant farms in the study area. The pictorial view of this information is shown

Figure 9: High interest rates affect your farming

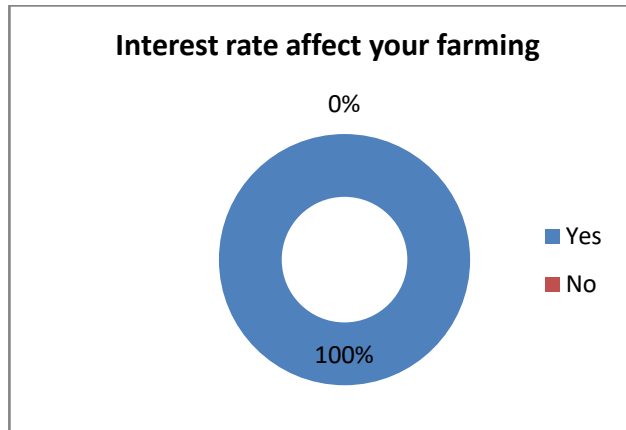


Table 14 Frequency distribution representing the minimum interest rate charged by banks per loan

Interest Rates	Frequency	Percent
21-25%	100	100
26-30%	0	0
Total	100	100

Source: Field work 2018

From Table 15, it is obvious that the minimum interest rate charged by community banks or financial institutions ranges between 21-25% which is very high for the infant farmers to cope with. This is because, 100% of the workers interviewed selected 21-25% as high interest rate. Therefore, if this is even this is minimum interest rates for community banks, it is still clarion call from respondents that the bank interest rates are too high.

Table 15 Frequency distribution representing the question ‘Do your customers complain about the interest rates

Complain	Frequency	Percentage
Yes	98	98
No	2	2
Total	100	100

Source: Field work 2018

From Table 15, all workers of the community banks confirmed that, almost all their customers always complain about their interest rates or bank charges. This information is presented graphically in below.

Figure 10: Customers complain about the interest rates

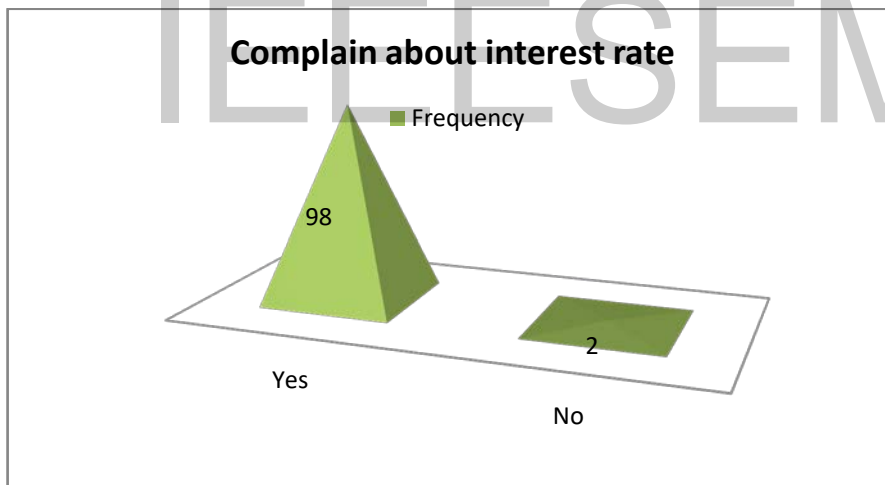


Table 16 Interest Rates and Demand for Loan

Year	Interest Rate	Demand for Loan
2002	30%	80
2003	30%	81

2004	30%	70
2005	30%	60
2006	30%	60
2007	30%	71
2008	30%	87
2009	30%	51
2010	30%	78
2011	25%	86
2012	25%	98
2013	25%	99
2014	25%	100
2015	25%	120
2016	25%	0
2017	25%	140

Source: Field work 2018

From table 16, it is seen that the highest interest rate is 30% from 2002 to 2010 while the lowest is 25% in 2011. In addition, it is obvious that the interest rate remained stagnant from 2002 to 2010 and decreased in 2011. Also, despite the interest rate remained constant, the demand for loan decreases. The most astonishing thing is that, the reduction in the interest rate in the year, 2011, led the high demand for loan rather increasing significantly with a total hart in 2016 as a result of the Ebola outbreak. The Excel software has been used to represent graphically. It can be concluded that the correlation coefficient between bank charges and demand for loan from the community banks are strongly positive. That is 'a decrease in interest rate resulted to an increase in the demand for loan'. The rural financial institutions or banks also play some other vital roles in the country. They serve as advisory, safe custody, mortgage financing, intermediary for lending and borrowing, intermediary in international trade, network for business, investment advisory, brokerage, etc for individuals or companies. They also said they do businesses with all sectors of the economy that have viable business proposals. They complained that, lack of data and information (Records of operations of business), management succession plan and individual's or customers' data base are their major problems. They suggested that, the nation or

government should help in creating a natural data base on citizens or inhabitants. Also, additional credit unions should be set up and there should be more co-operations between or among all the financial institutions in the country. In addition, the prime rate charged by the central bank should be minimized and companies should also be trained how to do business with the financial institutions.

SUMMARY, CONCLUSION AND RECOMMENDATION

Generally the main objective of the study was to assess the impacts of community banks on small scale farming. The study had specific objectives, which included finding out the importance of community banks on small scale farmers, finding out the impact(s) of community banks on the small scale farmers. Find out whether community banks do help all categories of small scale farmers in the study area and an attempt to offer suggestions and recommendations based on the findings of the research. The study found that there is high interest rate attached to loans. Also this community banks have helped in reducing poverty by playing an important role in enabling the poor to save and access credits.

SUMMARY OF FINDINGS OF THE STUDY

This study examined the impact of community banking on small scale farmers in Kailahun District. It was found out that all the farmers do save their monies at the financial institutions. In addition, the major type of account they do open is a Savings Account while that of currently account is on a small scale. Majority of the farmers applied for loan and few percent of the respondents don't even attempt to apply for a loan because of the fear of the high interest rates. Some of the requirements needed to borrow money are a viable business proposal or a business plan, guarantors and collateral securities. The reason why the banks do ask for these items is to protect the interest of the bank and propel customers' commitment to payment of the loan.

In addition, the interest rates are too high for the small or peasant farmers to cope with This is because, those who borrowed money from the bank, found it difficult to pay the loans back. This resulted in the sale of assets and the collapse of most of these farms. The banks also provide services including: advisory, safe custody, mortgage financing, and intermediary for lending and

borrowing, network for businesses, investment advisory. On the other hand major difficulties facing the banks are:

- Lack of data and information (Records of operations of business)
- Management succession plan and
- Individual's or customers' data base are their major problems.

CONCLUSION OF THE STUDY

The findings of this study show that, the higher the interest rate, the lower the demand for loans. In addition, high interest rates cripple farming businesses. That is, higher interest rates tends to have an adverse effect on the development or growth of farming or businesses in the study area since they depend very much on availability and accessibility to funds at reasonable or favourable rates.

RECOMMENDATIONS OF THE STUDY

Based on the findings of the research, the following suggestions or recommendations are made:

- ✓ Government should help in creating a natural database on citizens or inhabitants as this helps in collating, accessing and calculating. These processes aid better planning for the near future.
- ✓ Additional credit unions should be set up in the localities as this helps improve the community famers in increasing on their savings and farm size.
- ✓ There should be more co-operations between the financial institutions and farmers.
- ✓ In addition, The Prime Rate charged by the central bank should be minimized to allow the other financial institutions to also reduce their interest rates.
- ✓ Farmers should be educated on how to establish, manage, sustain and expand their farms.

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