banks are to render complimentary services and not to supplant the existing commercial banks.

Okafor (1992) spoke on theories of grassroots development such as "top down" or "trickle down" development strategy (TDS), industrial complexes development spread to the grassroots through factor supply or service supply linkages. Rather than uplifting rural and urban poor, TDS exacerbates the rural-urban drift and in the 1990s could grow to greater negative dimensions if not curbed. Alternative grassroots development strategy (GDS) or "bottom-up" emphasises integrated community (particularly rural development) as building block for national development. He also spoke of "Lemons Principle" (Akerlof 1970) which postulates that **trust and first-hand knowledge** of parties would be the primary determinant of business relationship.

Comparing the People's Bank of Nigeria and Community Banks, he submits that the People's Bank of Nigeria has a greater reach because of the higher capital/asset base and a wider national network structure of operation. On the other hand, the Community Banks provide more relevant institutional framework for grassroots financial intermediation as a result of its being location specific and ability to design its operations to suit particular financing needs and circumstances of its catchment area. Ultimately, he predicts a commanding height for the Community Banking system in grassroots financial sector in Nigerian economy.

Sokenu (1992) in a paper presented at the International Conference on Alternative Credit Programmes, organised by the People's Bank of Nigeria, deposed that the bank was established to accommodate the "excluded sector" into the country's mainstream economy. Drawing heavily from the Grameen Bank idea of Professor Muhammed Yunus of Bangladesh, the PBN embraced the hypothesis that "if the poor are provided with credit, they can generate production and self-employment without external assistance". Thus, eight States - Anambra, Benue, Cross River, Lagos, Niger, Oyo and Sokoto States participated in the pilot project of the PBN starting with Ajegunle branch on 3 October, 1989. The PBN is mainly funded by the Federal Government with little assistance from interested members of the public. In 30 months, the PBN has achieved the following: Established 204 branches, 508 satellite centres and 31 mobile banks; Estimated 1,900,000 beneficiaries; Cumulative disbursement to loanees is ₦246 million; Savings mobilised ₦488 million (June 1992) at an average rate of N790.00 per customer; Repayments amounts to ₦115 million of ₦124 million expected (92% of cumulative expected repayment).

Special products of the bank include Peoples' Emergency Deposit Scheme (PEDS), Peoples' Bus (Transport Operators), Loans Scheme, Assisting target clientele in dire circumstances (Area Boys), Savings Deposits Accounts, Agricultural Credit Loans and Small-Scale Group Enterprise Loans. The bank is however experiencing funding, personnel, high cost of administering credits and communication problems. Even then, PBN has metamorphosed to high brow fully commercialised bank and only a careful articulation of goals and proper focusing may make it continue to be for the downtrodden.

The Directorate of Food Roads and Rural Infrastructures (DFRRI) (1989) had among its mandates the promotion of productive activities of the rural economic actors. While it was able to provide infrastructures such as roads and boreholes, develop improved machineries and seedlings, it could not do much in boosting the economy of the small farm holders as a result of the lack of credit which the commercial banks could not provide for them. For more than three years, officials of the Directorate were having meetings with the commercial banks trying to see how they could waive some of their stringent conditions hinging on collateral. In the end, it was apparent that the banks would not give loans with conditions less than those laid down in their policies. Thus began the Directorate's search for a viable alternative. Having done so much ground work on the institutionalisation of the Community Development Association at the rural level, a memo on a credit system based on it was presented to the President on Community Banking system. The logic of the memo is that credit provisioning at the grassroots level is feasible based on the well respected community structures particularly its power of sanctions.

Ezebuiro (1988) in a commissioned feasibility study, recommended among other things, that the community banks in pursuance of its effort to develop the local area, should act as project supervisor for such agencies as DFRRI, World Bank, UNESCO, EEC, NIDB, NDE and MAMSER in terms of their grassroots infrastructural and social services. The report is of the view that this will ensure that such projects are well executed. Also, these organisations were proposed to have token equity share in the banks. The report proposed a pilot scheme to involve about 10 communities nationwide for a period of six months. An equity based on one million naira was proposed for the take-off of each of the banks.

President Babangida (1990) at the inauguration of the community banking system challenged the Community Bank Implementation Committee (CBIC) to reverse the trend which has continued to marginalise the small producers in the rural areas as a result of the dearth of credit for grassroots development, self-reliance and economic reconstruction in Nigeria. In his speech at the commissioning of the Alheri Community Bank, the first of its kind, the President underscored the uniqueness of the Community Banking system:

The money with which you are opening the bank is your own. The building and the facilities are your own. The staff are your own and you will pay them. The Board of Directors was constituted by you and they are answerable only to this community. Your bank is not a branch of another bank. So, in every sense of the word, it is your own bank. You are the masters of your community. You now have a tool for the financial emancipation of your community.

The evolving community banks has benefitted from wide ranging views on the system n people and organisations across the world. Some suggestions in other experiments ve been implemented, some do not fit into the customised community banking system Nigeria while others are so far sighted and deeply involving that the CB operators may e day get there too.

CHAPTER FIVE

COMMUNITY BANKING SYSTEM: AN ASSESSMENT

Community banking has succeeded in one year,
against the more than 10 years
of enforcement given to commercial
banks to establish in rural areas.

- Esan Ogunleye (1992)

The community banking system in two years of operation has made tremendous impact on the nation's financial system. It has become a household name and brightened up the rural economy as the dynamic and innovative credit delivery system. What they so much needed has now been put in place.

In evaluating the establishment of community banks so far, some areas would be examined closely such that a picture of its achievements, problems and prospects in such areas as the spread by state, location - rural, and urban; gross earnings, overheads, total assets, loans and advances, deposits, cash and short term funds and shareholders funds. Also, there is the **CAMEL** system of evaluation which emphasises the following: C - capital adequacy, A - assets quality, M - management efficiency, E - earnings capacity and L - liquidity. In this particular instance, these five criteria would form the bedrock of the analysis but as the exercise is geared towards a wholistic evaluation of the entire CB system, it would not be the only measurement that would be employed. Other general areas of assessment would be the level of spread, outreach, self-sustainability and subsidy dependency.

Spread of Community Banks

The response to the community banking system varies from one environment to the other. In the eastern zone where the affinity for town unionism, age grades and entrepreneurship are highly developed, the CB idea caught on quite fast and the area has 125 CBs by December 1992 spanning seven States. Anambra had 37, Imo 34, Abia 25, Akwa Ibom 13,

The Lagos zone, by far the fastest growing in CB establishment had the unique advantage of urbanization, active commercial centre, high liquidity, technical know-how and locational advantage coupled with the highly mobile clientele and stake holders had 180 CBs established by December. Lagos led with 43, Ondo 33, Edo 20, Oyo 18, Delta 17, Osun 15, Kogi 8 and Kwara 7.

Conversely, the Kaduna and Bauchi zones had 55 and 50 CBs respectively. This is due to the restrictive business environment that gives the few middle class more opportunities, scattered and expansive settlement system, social structures and individualistic business orientation which does not encourage early adoption of the innovative community banking system. Nonetheless, the figures show increasing participation and interest when compared to the first quarter of the year when there were only 16 CBs in the two zones. Kaduna by December has 15, Kano 12, Katsina and Kebbi 8 each, Niger 6, Sokoto 5, Jigawa 1 and Abuja 0. In Bauchi zone, Benue 15, Plateau 10, Adamawa, Bauchi and Taraba 7 each, Yobe 3 and Borno 1.

Table 1 shows this distribution with the additional information of their locations - urban or rural. Altogether, there are 253 CBs in the rural areas while 149 are in the urban areas. Lagos characteristically has 39 of the 43 CBs in the State in the city. Increasingly, emphasis would be shifted to locating the banks in the rural areas where they are needed most.

Table 1

STATE DISTRIBUTION OF LICENCED COMMUNITY BANKS AS AT 31 DECEMBER, 1992

S/No.	STATE	NO. OF BANKS	URBAN	RURAL
1.	ABIA	25	11	14
2.	ABUJA (FCT)	-	-	-
3.	ADAMAWA	07	03	04
4.	ANAMBRA	37	06	31
5.	AKWA IBOM	13	02	11
6.	BAUCHI	07	02	05
7.	BENUE	15	03	12
8.	BORNO	01	01	-
9.	CROSS RIVER	03	03	-
10.	DELTA	17	04	13
11.	EDO	12	04	08
12.	ENUGU	07	05	02
13.	IMO	34	04	30
14.	JIGAWA	01	01	-
15.	KADUNA	15	07	08
16.	KANO	12	08	04
17.	KATSINA	08	01	07
18.	KEBBI	08	03	05
19.	KWARA	07	03	04
20.	KOGI	08	01	07
21.	LAGOS	43	39	04
22.	NIGER	06	03	03
23.	OSUN	15	04	11
24.	ONDO	33	06	27
25.	OYO	18	10	08
26.	OGUN	19	05	14
27.	PLATEAU	10	05	05
28.	RIVERS	06	02	04
29.	SOKOTO	05	01	04
30.	TARABA	07	02	05
31.	YOBE	03	-	03
	TOTAL	402	149	253

Table II

NATIONAL BOARD FOR COMMUNITY BANKS
THE PRESIDENCY, ABUJA
ANALYSIS OF COMMUNITY BANK RETURNS UP TO THE MONTH OF DECEMBER, 1992

STATE	Gross earn-ing N'000	Over Heads N'000	Loans & Advan. N'000	Cash & Short Term Funds N'000	Total Assets N'000	Share-holders' Funds N'000	Share Capital N'000	Cur-rent Depos-its N'000	Savings Deposits N'000	Time De-posits N'000	Total Depos-sits N'000	No of CBS Provisi-nally Licence	No. of CBS Opera-tional	No of CBS Report-ing
BAUCHI														
ADAMAWA	391	473	471	1,670	3,731	2,821	6,000	853	495	94	1,442	7	6	3
BAUCHI	2,831	2,041	14,751	11,880	34,626	7,379	10,500	3,626	1,526	16,181	21,330	7	6	5
BENUE	1,684	2,549	4,214	5,411	12,455	5,823	5,100	3,573	4,704	688	5,965	15	14	11
BORNO	50	113	391	1,340	2,025	554	250	1,145	223	100	1,468	1	1	1
PLATEAU	153	2,122	386	4,184	7,482	3,233	13,500	2,252	1,651	270	41,673	10	10	9
TARABA	1,406	1,967	791	9,549	13,861	3,715	10,250	5,030	2,134	2,057	9,251	7	5	5
YOBE	15	14	165	5,067	2,177	811	1,500	595	125		723	3	3	3
SUB-TOAL 1	**6,535**	**9,279**	**21,169**	**39,101**	**76,357**	**24,336**	**47,100**	**17,071**	**10,861**	**19,420**	**10,861**	**50**	**45**	**37**
ENUGU														
ABIA	3,847	3,823	9,162	13,717	38,469	12,935	11,394	7,736	17,753	3,324	28,813	25	24	20
AKW IBOM	1,477	1,804	1,165	22,698	29,987	6,480	5,000	12,179	4,880	5,380	22,439	13	10	8
ANAMBRA	10,597	12,896	10,950	7,534	112,199	25,828	25,250	23,666	43,333	5,563	72,562	37	35	29
CROSS RIVER	1,198	1,370	1,970	9,476	14,125	2,000	3,248	4,538	2,598	3,538	10,384	3	3	3
ENUGU	382	1,191	1,178	6,839	12,265	5,002	5,000	1,575	2,548	74	4,197	7	7	7
IMO	6,358	6,840	9,260	45,339	73,774	17,253	25,000	16,390	29,340	4,434	50,254	34	33	29
RIVERS	339	415	3,302	4,362	8,684	811	750	1,707	2,215	3,814	7,736	6	6	6
SUB-TOTAL 2	**24,198**	**28,339**	**36,987**	**177,774**	**2,895,053**	**70,832**	**74,394**	**66,501**	**10,2757**	**27,127**	**196,385**	**125**	**118**	**98**
KADUNA														
JIGAWA	6	43	-	245	445	250	250	148	47	-	195	1	1	1
KADUNA	9,931	7,023	11,883	34,863	58,722	6,891	5,800	15,120	8,542	16,615	40,277	15	12	12
KANO	410	822	346	10,460	18,960	9,133	9,950	6,485	1,077	242	7,803	12	11	10
KATSINA	139	471	520	7,226	5,680	3,203	3,250	1,588	320	506	2,414	8	8	8
KOGI	1,012	1,661	4,205	9,929	19,078	4,830	5,250	3,583	4,976	1,191	9,750	8	8	8
NIGER	566	764	1,194	17,654	22,832	3,320	7,000	1,059	937	6,989	8,985	6	6	6
SUB-TOTAL 3	**12,152**	**10,191**	**18,803**	**82,099**	**128,564**	**30,023**	**34,400**	**29,144**	**16,370**	**25,860**	**71,374**	**63**	**57**	**52**
LAGOS														
DELTA	6,580	5,161	6,680	19,170	57,042	9,226	8,000	11,311	20,323	8,120	39,754	17	17	14
EDO	1,593	1,813	2,419	8,616	21,399	6,284	9,000	6,581	7,502	426	14,509	12	12	10
KWARA	3,168	2,916	1,747	23,357	33,783	7,783	3,800	9,965	6,531	5,466	21,962	7	7	7
LAGOS	32,162	35,199	41,814	68,570	204,308	32,674	24,750	36,410	79,446	28,556	14,412	43	43	43
OGUN	3,498	4,095	3,045	19,856	32,625	9,876	7,250	2,773	12,056	4,574	19,403	20	20	17
ONDO	8,796	9,219	14,889	40,010	77,048	21,201	14,400	16,678	25,444	5,119	47,241	33	33	32
OSUN	2,541	2,531	4,069	16,572	30,970	6,475	8,000	5,608	13,318	3,237	22,163	14	14	14
OYO	6,357	5,019	3,517	24,607	44,060	10,337	8,750	8,928	18,125	3,681	30,734	18	18	18
SUB-TOTAL 4	**64,695**	**65,953**	**78,180**	**219,758**	**501,233**	**103,856**	**83,950**	**98,254**	**182,745**	**59,179**	**340,178**	**164**	**164**	**151**
GRAND TOTAL	**107,581**	**113,762**	**155,139**	**518,732**	**995,657**	**229,047**	**239,844**	**210,970**	**312,733**	**131,586**	**655,289**	**402**	**384**	**358**

Performance of Community Banks by State and Zone

An overall assessment of the community banks nationwide is attempted in Table II. It shows a state by state summation of Community Bank performances in respect of their gross earnings, overheads, loans and advances, cash and short term funds, total assets, shareholders funds, share capital, total deposits - current deposits, savings deposits and time deposits. The table has been sectionalised to reflect the Community Banks in each zone with a sub-total at the end of each and a grand total at the end. The table exhibits very interesting details about the performances of the banks as the number of operating CBs in a state does not necessarily correspond with their total assets and even deposits. For example Bauchi State has only 5 CBs with ₦34,626,000.00 million total assets and ₦21,330.00 million total deposits whereas Benue State with 11 CBs had only ₦12,455,000.00 million as total assets and ₦5,965,000.00 million total deposits.

The total assets by zone shows the following: Bauchi ₦76,357,000.00; Enugu ₦289,503,000.00, Kaduna ₦128,564,000.00 and Lagos ₦501,233,000.00 indicating the great potentials of the Community Bank system.

The table will however show in greater detail how healthy the Community Banking System is and the extent to which they have been able to mobilise otherwise idle funds within their various communities. How much funds that are newly brought into the financial system as a result of the Community Banking innovation cannot be established in this table alone but would be a useful subject for further research as the system grows. Suffice to say that considerable movement of funds from existing commercial banks could account for some of the large deposits that are being mobilised and circulated through loans within the catchment area of the community banks.

The zonal sub-totals for total deposits of Bauchi, ₦47,352,000.00; Enugu, ₦196,385,000.00, Kaduna, ₦71,374,000.00 and Lagos, ₦340,178,000.00 are clear indications of this aggressive funds mobilisation. The total funds generated by sales of shares is ₦239,844.00 million while the banks have a total reserve of shareholders funds to the tune of ₦229,047,000.00. Some Community Banks have excelled and distinguished themselves among the lot in certain areas such as mobilisation of funds, assets building, loans and advances and general development of their catchment areas.

Gross Earnings and Overheads of Community Banks

The information assembled on the Community Banks as at the end of 1992 revealed that the cumulative gross earnings was about ₦8.8 million in the first quarter, ₦20.1 million and ₦52.2 million at the end of the the second and third quarters respectively. In December that is, end of fourth quarter, the cumulative gross earning stood at ₦107.5 million. The earnings of the banks are steadily rising as shown by these figures and it can only mean that the community banks are in no doubt as to the need for them to develop the local economy with an eye for reasonable profit to be built more from loans and advances rather than placement of funds. On the other hand, the overheads though high are not alarming. The reason for the high overheads in March (₦9.2 million), September (₦56.7 million) and December (₦113.7 million) as against the gross earnings within the same period is as a result of the usually high preliminary expenses in infrastructures, equipments and personnel that may not begin to perform immediately owing to the relative period required to commence operations. Nonetheless, the cumulative overheads for June was ₦17.6 million which was less than the earnings for the quarter. (See Tables III and IV). So far the major part of the gross earnings generated by the community banks are from the deployment of the community banks funds to earn interest at higher rates than those it pays to depositors of the funds. However, the general picture is impressive more so when these performances are measured against the size of the share capital of the community banks used to develop revenue generation products.

TABLE III

MONTHLY GROSS EARNINGS OF COMMUNITY BANKS IN 1992

MONTHS	NON-CUMULATIVE MONTHLY GROSS EARNINGS N'000	CUMULATIVE MONTHLY GROSS EARNINGS N'000	GROWTH RATE %
JANUARY	4,944	4,944	-
FEBRUARY	1,117	6,061	23
MARCH	2,762	8,823	45
APRIL	2,635	45,811	30
MAY	2,244	13,702	20
JUNE	6,418	20,120	47
JULY	10,236	30,356	51
AUGUST	13,244	43,600	44
SEPTEMBER	8,664	52,264	20
OCTOBER	18,787	71,051	36
NOVEMBER	12,887	83,938	18
DECEMBER	23,643	107,581	28

TABLE IV

MONTHLY OVERHEADS GROWTH OF COMMUNITY BANKS IN 1992

MONTHS	NON-CUMULATIVE MONTHLY OVER-HEADS N'000	CUMULATIVE OVERHEADS N'000	GROWTH RATE %
JANUARY	5,261	5,261	-
FEBRUARY	2,762	8,023	52
MARCH	1,260	9,283	14
APRIL	5,349	14,632	58
MAY	689	15,321	5
JUNE	2,318	17,639	15
JULY	16,191	33,830	92
AUGUST	12,951	46,781	38
SEPTEMBER	10,003	56,764	21
OCTOBER	16,393	73,177	28.9
NOVEMBER	15,387	88,564	21
DECEMBER	25,198	113,762	28

Cash and Short Term Funds and the Liquidity Position of the Community Banks

Table VI presents the picture of cash holdings and availability of short terms funds in the banks (i.e. the liquidity position of the Community Banks). On the aggregate basis, the funds rose from ₦58.024 million in January 1992 to ₦581.732 million in December 1992. The impressive monthly growth of cash and short term funds in 1992 makes it possible for the community banks to meet current liabilities and avoid being classified as distressed financial institutions.

The deposits mobilized by the community banks must be effectively managed in order to reconcile the interest of the shareholders and the depositors. To do this would require that liquidity are adequately maintained in the banks. If the liquid asset of a bank is inadequate, the bank's management could be driven to sell securities at deeply discounted prices which will involve significant loss or borrow at exorbitant interest rates to handle emergency needs.

The adequacy of a bank's liquidity is often measured by the ratio of loans and advances to total deposits (or to total assets). In a nut shell a bank is over lent if its loans and advances/depositors (or loans/total assets) is so high that the volume of deposits or funds left over to be held in liquid assets fall below the level required to maintain liquidity ratio which is presently 30%.

TABLE V

RATIO OF LOANS AND ADVANCES TO DEPOSITS AND TOTAL ASSETS IN COMMUNITY BANKS IN 1992

MONTHS	LOANS AND ADVANCES N'000	TOTAL DEPOSIT N'000	RATIO OF LOANS & ADVANCES TO DEPOSIT %	TOTAL ASSETS N'000	RATIO OF LOAN/ADV. TO TOTAL ASSETS %
JANUARY	25,619	90,485	28	140,365	18.3
FEBRUARY	31,973	124,086	26	195,200	16.4
MARCH	30,545	137,275	22	204,398	15
APRIL	50,863	188,361	27	317,468	16
MAY	55,132	228,815	24	331,455	16.6
JUNE	55,834	258,537	22	398,004	14
JULY	73,135	299,986	24	443,871	16.5
AUGUST	85,446	350,118	24	528,236	16.2
SEPTEMBER	117,735	406,183	29	615,986	19
OCTOBER	132,443	490,901	27	720,641	18.4
NOVEMBER	165,089	586,403	28	860,339	19.2
DECEMBER	155,139	655,289	24	995,657	15.6

TABLE VI

LIQUIDITY POSITIONS OF THE COMMUNITY BANKS DURING THE YEAR 1992

MONTHS	CASH & SHORT TERM FUND IN N'000	TOTAL DEPOSITS N'000	RATIO OF LIQUID ASSET TO TOTAL DEPOSITS %
JANUARY	58,024	90,485	64
FEBRUARY	80,882	1,240,086	65
MARCH	99,979	137,275	73
APRIL	108,466	188,361	58
MAY	128,925	228,815	56
JUNE	106,138	258,547	41
JULY	207,555	299,986	69
AUGUST	219,329	350,118	63
SEPTEMBER	272,920	406,183	67
OCTOBER	316,735	490,901	65
NOVEMBER	429,092	586,403	72
DECEMBER	518,732	655,289	79.2

Average liquidity ratio for 1992 = 64.43%

Table V shows the ratio of loans and advances to total deposits and total assets for 1992. It reveals that the ratio of loans and advances to deposits for the reporting community banks from January to December ranged between 22-29 per cent. The implication is that the funds in the community banks are efficiently managed and there was no danger of illiquidity in the community banking system. The loans to deposits ratio were far below the stipulated minimum of 70% throughout the year 1992. Table VI shows the monthly liquidity ratios in the system throughout the year. The table reveals that Community Banks maintained average liquidity ratios far above the stipulated minimum of 30%. Also Community Banking system had an average ratio of liquid asset to total deposits of 64.43% throughout 1992.

Deposit Mobilized

The performance of community banks in deposits mobilization and the amount of loans and advances disbursed has been very impressive. In order to mobilize the idle funds in the various communities and inculcate savings habit among the populace, all the community banks have developed several kinds of strategies and products to bring their services nearer to the people.

As at December 31st 1992, the 338 community banks evaluated have been able to bring in ₦655.29 million into the banking system. All components of total deposit liabilities of community banks rose in all months of 1992 from the previous month levels.

TABLE VII

TOTAL DEPOSIT LIABILITIES OF COMMUNITY BANKS IN 1992

END OF MONTH IN 1992	SAVINGS DEPOSITS N'000	TIME AND OTHER DEPOSITS N'000	DEMAND DEPOSIT N'000	TOTAL DEPOSIT N'000	GROWTH RATE OF TOTAL DEPOSIT %
JANUARY	41,544	17,482	31,459	90,485	
FEBRUARY	63,040	23,276	38,770	124,086	37.13
MARCH	66,590	26,965	43,720	137,275	10.63
APRIL	92,331	38,290	57,740	188,361	37.2
MAY	108,388	54,341	66,086	228,815	21.5
JUNE	118,352	57,255	82,940	258,547	11.5
JULY	146,139	70,481	83,366	299,986	16
AUGUST	180,130	80,519	89,469	350,118	16.7
SEPTEMBER	202,945	88,984	114,254	406,183	16
OCTOBER	237,046	116,875	136,980	490,901	20.9
NOVEMBER	284,045	134,055	168,303	586,403	19.5
DECEMBER	312,733	131,586	210,970	655,289	11.75

Average growth rate of 18% per month.

TABLE VIII

ANALYSIS OF COMMUNITY BANKS DEPOSIT LIABILITIES BY TYPE DURING THE QUARTERS OF 1992 (N MILLION)

Type of Deposit	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
	Amount	%	Amount	%	Amount	%	Amount	%
Demand Deposit	43.72	31.85	82.94	32.1	114.25	28.13	210.97	32.2
Savings	66.59	48.5	118.35	45.8	202.95	49.97	312.73	47.72
Time and other Deposit	26.97	19.65	57.23	22.1	88.98	21.9	131.59	20.08
TOTAL	137.28	100	258.52	100	406.18	100	655.29	100

Table VII shows the level of deposits and their movements in each month of the year. Of particular relevance however, is the components of the total deposits. Savings and the Time deposits (which are more important) form 68.15%, 67.9%, 71.8% and 67.8% of the total deposits at the end of the first, second, third and fourth quarters respectively (Table VIII). Also in majority of the banks, the deposits have been from large number of small savings (which is healthier for the community banking system) rather than from small number of large savings. This guarantees the stability of the deposits. The reasons for the impressive growth in the total deposit liabilities of the Community Banks are; aggressive drive for deposits; increase in number of Community Banks; establishment of Community Banks in the areas where there are no banks before and the fact that the community banking system is inculcating banking habits into the people in the rural and sub-urban areas.

Table VIII also shows the typology of deposits mobilized by the community banks. The table reveals that short-term deposits constituted 80.25% in first quarter and 77.9% in the second quarter, 78.1% in third quarter and 79.92% in the fourth quarter of the year.

Credit Facility Disbursed

Almost all the banks have commenced giving loans and advances to their customers. The figures for most of the banks are high and show appreciable increase from month to month. During the year 1992, there was a phenomenal growth in loans and advances (Table IX). Loans and advances rose from ₦29.63 million in January to ₦155.39 million in December, an increase of about 400%. The continued increase in the loans and advances portfolio of most of the community banks is quite impressive. The great increase in credit facility during the year is a testimony of the promise community banking system holds for the national economy and in particular the rural economy of Nigeria. Besides, reciprocity is a strategic devise in small savers schemes such that the people from whom funds are mobilised have the opportunity of taking loans.

The sectoral allocation of loans and advances has also been on the increase.

TABLE IX

SECTORAL ALLOCATION OF LOANS AND ADVANCES

	As at 30th Oct. '92	%	As at 30th Nov. '92	%	As at 31st Dec. '92	%
	₦'000		₦'000		₦'000	
Agric. & Forestry	11,769	12.88	14,538	11.15	29,502	19.02
Mining & Quarry	2,254	2.47	2,263	1.74	3,677	2.37
Manufacturing & Food Processing	6,173	6.76	7,311	5.61	7,743	4.99
Manufacturing (Others)	9,408	10.3	7,821	6	12,245	7.88
Real Estate and Construction	10,268	11.24	15,237	11.69	14,687	9.47
Commerce	30,023	32.86	48,275	37.03	49,002	31.6
Transport and Communication	6,560	7.18	11,411	8.75	13,769	8.88
Others	14,904	16.31	23,501	18.03	24,494	15.79
TOTAL	91,359	100	130,358	100	155,139	100

Table IX shows credit allocation to different sectors of the economy during the fourth quarter of 1992.

The Commerce sector got the highest allocation of ₦30.02 million in October, it rose to ₦48.3 million in November and increased to ₦49.022 in December 1992 out of a total sum of ₦155.139 million. The dominance of commerce in the table may be as a result of the risk aversion tendency of the community banks as they are not willing to expose