



## TOGETHER FOR PROGRESS



### INDUSTRY ICONS

**Dr Sam Dufu - 3<sup>rd</sup> Board**  
 Chairman of the ARB  
 Apex Bank

17<sup>th</sup>

### MANAGERS' CONFERENCE

Held at the Volta Serene  
 Hotel, Ho

### ARB APEX BANK

Strategizes for the future

### TEAM APEX BEEFED UP

Michael Appiah, Joseph  
 Osei Asantey and Gordon  
 P. D. Dery join the team.

**Largest Network of Banks:  
 144 Banks With Over 700 Branches**

#### Articles:

- Banking Debacle: The Way Forward
- Risk Management Practices in RCBs
- How RCBs can Overcome Marketing Myopia

#### Telling Our Stories

- **Edmund Tawiah Ohipeni:** Manya Krobo RB
- **Samuel Nuamah-Dankwa:** Nwabiagya RB
- **Peter Tehova:** La Community Bank

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### TOGETHER FOR PROGRESS

The ARB Apex Bank (Apex) together with the 144 Rural and Community Banks (RCBs) constitute the largest network of banks in Ghana. The 144 RCBs serve over 5 million customers in over 700 branch locations across the country. Their clientele base has moved from predominantly rural dwellers to include corporate institutions.

## FROM THE PREVIOUS ISSUE



Loraine Twum and Ivy Britznye Osae, both of the Cocoa House Branch of the ARB Apex Bank were cast for the front cover concept of Issue # 2. The concept on the front cover of Issue # 2 portrayed the ARB Apex Bank Staff Pledge - our pledge to serve the Rural and Community Banks (RCBs) for them to serve their customers better.

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# EDITOR'S DESK

Maximus Attah



**R**ural and Community Banking begun in the country in 1976 to help fill a void created by the lack of financial intermediation in the rural areas of the country. The concept took off to a good start, after a careful study of rural and micro-business financing in India, Denmark, Philippines and other countries.

From the first bank to be established in Agona Nyakrom in the Central Region, the RCB population has grown to a total of 144 in 2018 and counting.

By their set up as unit banks, the shareholders of RCBs are members of the communities in which they operate. These unit banks were originally allowed to operate within a limited radius in their catchment areas. In fact, they were not allowed to open branches outside of the regions in which they were established.

Members of the Board of Directors were also chosen from the communities in which they operate.

The community shareholding structure ensured that the people take good care of the banks, which makes them successful community businesses. The Banks provide direct employment and ancillary jobs to members of their communities.

Again, because of the community ownership, there is always a certain bond between the banks and the towns in which they operate. This bonding is even reflected in the names borne by almost all RCBs. It gives the banks a unique identity.

Over these years, the RCBs have

therefore, successfully achieved the aims for which they were set up. For the past four decades, RCBs have also helped to grow businesses, provided a lot of social intervention projects, from building of health centres, schools, community centres, libraries, and state-of-the-art learning equipment, thereby bringing life and a semblance of modernity to our rural folks.

Some of the banks have provided so many critical interventions in the rural areas. Recently, *The Rural Banker* found out to our amazement, that it was one of the RCBs which sponsored the medical education of one of Ghana's prominent medical doctors, who presently serves as the head of one of the most important departments at the Korle-Bu Teaching Hospital. Her education would not have been possible, but for the timely intervention of that RCB, several years ago.

Of course, the operations of RCBs have not been without challenges. They have had their equal share of problems. But because of their ownership structure, no matter the challenges, depositors' funds are safe with the RCBs.

From recent interactions with *The Rural Banker*, the RCBs view the new Bank of Ghana's minimum capital requirement of GH¢1.0 million as an opportunity to do more in the rural areas.

The ARB Apex Bank has also encouraged some of them to merge to allow them to become bigger and already, some of the RCBs have completed the mergers while others are in advanced stages.

Again, the recent panic withdrawals at the banks and other non-bank financial institutions (NBFIs) have made the RCBs to sit up and design strategies to meet any liquidity challenges. They have engaged their customers to allay their fears and met most withdrawal requests by their customers.

In fact, by their structure, the RCBs are the best banks for depositors who have liquidated their investments with the other financial institutions.

The RCBs have been taking care of the "forgotten middle" in the financial ecosystem of the country. Let us do everything within our capacity to support the RCBs, because they continue to be the financial livewire of the rural economy of the country.

Some of the commercial banks have come and gone. Some savings and loans companies have come and gone. The RCBs are here to stay. Let us support them to succeed. ■



**ARB APEX BANK**  
*Together for progress*



## **TOGETHERNESS: THE ESSENCE OF THE ARB APEX BANK LOGO**

The forebears of the ARB Apex Bank and the Rural and Community Banking industry knew that great things in business are never done by one person. They are done by a group of people working together. To relay this important message to us the heirs, they built a logo consisting of three distinct elements, each to echo the theme of togetherness.

The first distinct element in the logo is the equilateral triangle, formed by a set of chains connected to each other. The chain signifies the network of Rural and Community Banks collaboratively working together.

The second distinct element is the namestyle - ARB Apex Bank. ARB was drawn from the Association of Rural Banks (ARB), the body that originally set in motion the process to form the apex body.

Our forebears then adopted the slogan “*Together for progress*” to further emphasize the theme of togetherness.

Staying together means a lot as far as our industry is concerned; together we can withstand all the hitches and take our industry beyond imaginable heights.

On the cover of this issue, therefore, we represent the result of our unity on the map of Ghana. The concept signifies the unity in strength of the ARB Apex Bank and the RCBs. Together, we have a reach across all 10 regions and almost all districts of the country. Together, we are the largest network of banks in Ghana. The ARB Apex Bank being the mother (apex) of the banks is in the centre of the map with all the 144 RCBs listed all across the map.

# FROM THE MD'S DESK

## LIVING OUR TAGLINE - "TOGETHER FOR PROGRESS"



**Kojo Mattah**  
Managing Director, ARB Apex Bank

**T**he ARB Apex Bank (Apex) together with the 144 Rural and Community Banks (RCBs) constitute the largest network of banks in Ghana. The 144 RCBs serve over 5 million customers in over 700 branch locations across the country. Their clientele base has moved from predominantly rural dwellers to include corporate institutions.

The pioneers of the Bank drew inspiration from the adage "In unity lies strength". They saw the individual RCBs as "sleeping giants" which when brought together under the umbrella of ARB Apex Bank would constitute a formidable force in the financial ecospace, hence the tagline - "Together for progress". To further drive home our togetherness, the logo of the Bank was designed with a chain linked together in a triangle. The chain signifies "togetherness" and unity of purpose. This unity of purpose and the success chalked so far is summed up in Edward Everett Hale's famous quote; "Coming together is a beginning; keeping together is progress; working together is success."

The huge network has attracted the Government and a number of donor partners who have immensely supported and modernized rural banking. Notable among these donor agencies are the World Bank, International Fund for Agricultural Development, African Development Bank, the Millennium Development Programme, Japanese International Cooperation Agency, Danish International Development Agency, Arab Bank for Africa Development etc.

In 2007, the Millennium Development Authority (MiDA) under the Ghana Rural Banks Interconnectivity and Computerisation Project supported the ARB Apex Bank to set-up a Data Centre, computerized and linked the operations of the then 121 rural banks. This unprecedented support was possible because of our togetherness.

The present system of the Apex Bank and the RCBs has made us an iconic institution, which has attracted other countries to study this system with the view of replicating same in their countries. Officials from Sierra

Leone, Liberia, Zambia and Tanzania have conducted study tours of our operations. In March 2007, the World Bank organized a study-tour for about 30 participants from different parts of the world to study Ghana's rural financial system.

The unity has also enabled the development of products which hitherto were not feasible. The flagship product, Apexlink and other products like the U-Connect, Western Union, MoneyGram and ATMs were all made possible because of our common platform.

Another key benefit of our togetherness is the ability to use our numbers and strength to negotiate on deals to the advantage of the RCBs. The basic economic principle of "economies of scale" has always worked to our advantage.

Our togetherness has also been leveraged upon to create unique platforms where all stakeholders in the rural banking fraternity meet and discuss issues of mutual interest and concern. The Annual Managers' Conference, Operations Meetings, Annual General Meetings, training programmes are examples of such platforms.

We have supported some RCBs to come out of their distressed situations with bail-out packages. Some of them have transformed to become members of the Ghana Club 100.

The ARB Apex Bank has also supported RCBs with credit facilities to build new head offices or renovate old office buildings and, therefore, enhance the image of these RCBs.

As we live our tagline, we are focused on rebranding the rural banking industry and collectively working to eliminate the "ruralness" stereotype. Our tagline "TOGETHER FOR PROGRESS" would only be relevant when all RCBs work together to realize the objectives for the establishment of the RCBs. We would continue to partner all interested stakeholders with the view to providing solutions that would bridge the gap between the urban and rural economy to reduce poverty.

"Together for progress" ■

# MANYA KROBO RURAL BANK @ 40

*The Rural Banker* (TRB) interacted with Edmund Tawiah Ohipeni (ETO), Chief Executive Officer (CEO) of Manya Krobo Rural Bank, who also doubles as one of the most experienced rural bankers in the country. *The Rural Banker* brings you some of the amazing things he did in helping the Bank chalk 40 years:

**TRB: Can you kindly tell us a few things about yourself (work history, education, family life?)**

**ETO:** I hail from Agormanya, Odumase-Krobo, in the Lower Manya Krobo Municipality in the Eastern Region. I started my elementary education at Agormanya and continued to the Pope John Secondary School and Junior Seminary, Koforidua. Having worked for so many years thereafter, I furthered my education in BSc. Accounting at the Methodist University College. I have attended a number of seminars and certificate programmes, which have broadened my knowledge base.

I was engaged by the Bank in March 1985, fresh from High school as a Clerk. My appointment was subsequently confirmed. Thereafter, I rose through the ranks from Clerk through Accountant, Branch Manager, Branch Strategic Manager (unique to Manya Krobo Rural Bank Ltd., a special position created by a former Managing Director) then to Head of Operations until I was appointed as the Chief Executive Officer by the Board of Directors. I have been in the service of the Bank for 33 years.

I am married to Mrs Faustina Dede Ohipeni and we have five children; three girls and two boys namely; Margaret, Catherine, Doris, Edwin and Daniel.

**TRB: How long have you been Chief Executive Officer?**

**ETO:** I was appointed CEO in 2010 and my position was confirmed on 3rd January, 2011. In effect, I have been the CEO of the Bank for the past seven (7) years and eight (8) months.

**TRB: Rising through the ranks and eventually assuming the role of CEO, what lessons have you learnt?**

**ETO:** It has taught me that, diligence, honesty and hard work pays. I have also learned that, provided you are ready to improve yourself and learn through experience, you would become a better person. You tend to appreciate the job and perform better.

■ ■ Diligence, honesty and hard work pays. I have also learned that, provided you are ready to improve yourself and learn through experience, you would become a better person. ■ ■

That, you need a management team that shares in your vision. In that case, you know you are all focused on a particular objective or goal.

It is always better to define one's leadership approach. With the assistance of the Board of Directors of the Bank, we designed and implemented long-term strategies. My role as a CEO gives me the unique opportunity to determine the optimal allocation of resources towards the expected direction of the Bank. On a daily basis, I spend my time on activities that are intended to ascertain the Bank's point of arrival. Among others, I schedule meaningful interaction with customers and other stakeholders, oversee all the operational units of the bank and make decisions on the best returns from the Bank's resources. My job has been to align all corporate activities with their desired outcomes by building organizational commitment to common goals. This is where staff appraisals come in handy,

because, maximum staff output is an essential element of our Bank's success.

The Bank's two awards at the Ghana Club 100 in 2015 and 2016, were an indication of how strong internal support systems help organizations to make significant strides toward both short-term and long-term plans.

**TRB: What is the key to your success in your operational areas?**

**ETO:** The Bank has technocrats on its Board who help to formulate very excellent policies, coupled with good corporate governance practices.



»»» *Cont'd on page 9*



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## Profile...

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### *Education*

A native of Agormanya, Odumase-Krobo, in the Lower Manya Krobo Municipality in the Eastern Region, he began his elementary education at Agormanya and continued to the Pope John Secondary School and Junior Seminary, Koforidua. He also obtained a BSc. (Accounting) from the Methodist University College, Ghana. He has attended a number of seminars and certificate programmes.

### *Work*

Edmund Tawiah Ohipeni was appointed Chief Executive Officer (CEO) of Manya Krobo Rural Bank in 2010. He has therefore been CEO for seven (7) years and eight (8) months.

He was employed by the Bank in March 1985, as a Clerk, straight from High school. He rose through the ranks from Clerk through Accountant, Branch Manager, Branch Strategic Manager (a role which was unique to Manya Krobo Rural Bank) then to Head of Operations, until he was appointed as the Chief Executive Officer by the Board of Directors. He has therefore been in the service of the Bank for 33 years.

### *Family Life*

He is married to Mrs Faustina Dede Ohipeni and they have five children; three girls and two boys namely; Margaret, Catherine, Doris, Edwin and Daniel.

**Edmund Tawiah Ohipeni**  
CEO, Manya Krobo Rural Bank



*Cont'd from page 6*

These policies and directives are implemented by a strong Management team. This, I can say, has been key to our success in our operational areas.

Also, our staff are adequately motivated with better working conditions and good remuneration, which brings out the best in them. We also have some of the most experienced and well educated people working for the Bank.

Another key to the success of the Bank, is the establishment of a well-structured microfinance department. The Bank also holds regular meetings with the customers at all the operational areas. We endeavour to meet our customers face-to-face and educate them on our products and services. They also offer suggestions at such meetings. By this, the customers see themselves as stakeholders in the business and part of one big family. We bring the Bank's top hierarchy to the doorsteps of our customers to interact with them. The customers get the opportunity to deal directly with the Directors and Managers. I believe this strategy is unique and its effects have so far been amazing. Our core values of listening and responsiveness, flexibility, being customer friendly and reliable are emphasized in these interactive programmes.

**TRB: Staff motivation is paramount to all the results you have been able to achieve so far. What are some of the ingredients, which have helped your Management team and the staff over the years?**

**ETO:** The Bank has quite a number of self-motivated and dedicated staff, who are committed to ensuring that they play their roles to achieve the set objectives. We have in place a reward and punishment system that creates ownership, strengthens accountability, and rewards performance. Even in the midst of challenges, the Board would do its best to give staff what is due them, whilst aligning same with the Bank's future prospects.

The Board and Management promote effective communication, appropriate information dissemination, good team work and create 'a sense of belonging' among all staff. The Bank also recognizes the need for self-improvement and that underpins the calibre of staff, in terms of their knowledge and skills. These are some of the things that keep motivating our staff to give off their best.

**TRB: What are some of the key products and services of the Bank?**

**ETO:** Some of our products are as follows:

- Microfinance
- Seasonal loans (Easter, Back-to-school, Christmas Loans, etc.)
- Loans for SMEs
- Salary loans
- Accounts (Savings, Current, Susu,

- Fixed deposits, School Child)
- Western Union Money Transfer
- ApexLink money transfer (iTrans)
- Mobile Money transfer
- Bancassurance

**TRB: Do you have any lessons for fellow CEOs and General Managers?**

**ETO:** I must admit that being a CEO today is much tougher than it was a couple of years back. The CEO of today is faced with more stringent regulatory demands and higher expectations for performance at the same time. To be effective as a CEO, it is always better to engage the Board as a strategic partner. The Board's input and evaluation of major decisions are very paramount.



**Our staff are adequately motivated with better working conditions and good remuneration, which brings out the best in them. We also have some of the most experienced and well educated people working for the Bank.**



Another key to the success of the Bank, is the establishment of a well-structured microfinance department. The Bank also holds regular meetings with the customers at all the operational areas.

My fellow CEOs should work on their leadership skills, strategy and the ability to drive their management team toward the achievement of business objectives. Reaching a milestone such as ours (we were 40 years this year) has taken a lot of determination and strength. There is a great need to properly supervise the management team and the heads of other functional areas, to deliver excellent results, since this has a cascading effect on the output from the least person in the Bank. This is because these officers are the ones to drive the business along with you.

Every staff should be able to understand and interpret the bank's definition of success in terms of number of customers, deposit levels, profitability, liquidity and solvency

and so on. If banks are supposed to be run as commercial entities, everyone involved in the process must know what they are doing by showing good results.

It is a basic fact that if you lose the trust and confidence of your customers, it is only a matter of time and you are out of business. Until the CEO ensures that fundamental changes are made to the quality of the customer service delivery and monitor the feedback system, it would be business as usual. It requires a whole value-chain analysis to determine areas of strengths and weaknesses in order to deliver value to every customer.

Modern technology has made it possible to truncate a whole lot of

manual processes in our operations today. Customers now place a lot of premium on services that deliver convenience and save time. It is therefore important that as heads of our institutions, we leverage on the various technological developments being deployed out by the ARB Apex Bank to win the confidence of the Ghanaian public on the capabilities of rural banks. Process improvements must however not be done without the appropriate internal controls.

Lastly, the CEO must also be honest, have integrity and ensure that every effort is made to leave a good legacy for posterity. Every action and decision you take must be guided by the best interest of the Bank.



#### THE LEADERSHIP TEAM OF MANYA KROBO RURAL BANK

From left, Ebenezer Akumatey, Head of Banking Operation. Sam Ato Gordon, Head of Credit. Monica A. Padi, Head of Human Resources. Solomon G. Koomson, Head of Finance. Ernest T. Kpogli, Head of Internal Audit. Samuel T. Tetteh, Head of Legal



Benjamin Tetteh Apo,  
Chairman of the Board of Directors,  
Manya Krobo Rural Bank

## PERSPECTIVES FROM THE BOARD CHAIR OF MANYA KROBO RURAL BANK

**S**ince it was established some 40 years ago as the first Rural Bank in the Eastern Region, Manya Krobo Rural Bank has been putting up an impressive performance for the shareholders of the Bank. *The Rural Banker* (TRB) had a chat with Benjamin Tetteh Apo (BTA), Chairman of the Board of Directors, on the sidelines of the Bank's 40th Anniversary celebrations.

**TRB: How does it feel to have been operating for the past 40 years?**

**BTA:** I feel great, elated and joyful to be part of the success story of the Manya Krobo Rural Bank.

**TRB: As they say, life begins at 40 years. So what are the plans for Shareholders, Customers and Staff and the Communities in which you operate for the next 40 years?**

**BTA:** In spite of the challenges in the banking environment and the stiff competition in the country's financial sector, the bank will launch a new strategic plan, which will guide our growth and development over the next three (3) years. We will strive towards delivering good returns to our shareholders as well as ensuring the provision of the much required financial intermediation for our customers, businesses in our catchment areas and new markets which we hope to explore. The staff

will be encouraged and motivated to push this growth agenda through.

**TRB: What advice do you have for those RCBs, which are relatively younger than Manya Krobo Rural Bank?**

**BTA:** My advice to the relatively younger RCBs is that they must take Internal Control issues and regulatory reports of the mini Central Bank, the ARB Apex Bank and the Bank of Ghana seriously and deal with the issues exhaustively and timeously.

**TRB: What are some of the major corporate social responsibility (CSR) projects undertaken during your tenure as Board Chair of the Bank?**

**BTA:** Manya Krobo Rural Bank has always been at the fore-front of development of the communities within our catchment areas. A few of our CSR activities are as follows:



- a. Yearly donation to municipal and district assemblies towards the National Farmers' Day celebrations.
- b. Yearly financial support to the Manya and Yilo Traditional Councils towards their traditional festivals.
- c. Sponsorship of medical students at Kwame Nkrumah University of Science and Technology and University of Ghana Medical School who have completed the courses and are serving the nation in various capacities.
- d. Refurbishment of the Lower Manya Krobo Municipal Education Directorate and donation of a vehicle to aid their activities.
- e. Donation of hundred (100) bags of cement to Akro Senior High School, towards the completion of the school's assembly hall.
- f. Donation to Manya Krobo

Senior High School, towards the completion of the two-unit staff bungalow.

g. Financial support towards the shaping of the access road to the Bana Hill Lay Preachers Training School.

h. Donation of 150 mono-desks to the Kpong Presbyterian Junior High School.

i. Construction of cell, washroom and furniture for the proposed High Court at Odumase Krobo.

j. Support in computers, furniture and other logistics to some police posts within the bank's catchment areas.

k. Supply of medical equipment and furniture to five (5) Community-based Health Planning Services (CHPS) compounds in the Manya and Yilo Municipalities.

**TRB: Can you please give us your perspectives on the new Corporate Governance Directives?**

**BTA:** Corporate Governance Practices must be adhered to by the Rural and Community Banks as stipulated in the Banks and Specialized Deposit-Taking Institutions ACT 930 (Act 2016).

However, I believe that the implementation of the new Directives on Corporate Governance, issued by the Bank of Ghana in the strictest sense will pose challenges to many Rural and Community Banks. The Bank of Ghana may with the assistance of the mini - regulator of the rural and community Banks, ARB Apex Bank, review the timeline for the implementation of the directives. I think the timelines should be reviewed to allow the RCBs to prepare very well to enable a smooth transition from the current regime to the new window. ■

## **Manya Krobo Rural Bank: a Socially Responsible Bank**



# UNIQUE TOLOO ENTERPRISE

## Changing the Local Economy of Manya Krobo

**Blazing the trail for entrepreneurship in Manya Krobo, Unique Toloo Enterprise (UTE), a supermarket, which employs 18 people, is a key customer of Manya Krobo Rural Bank. *The Rural Banker* (TRB), visited the supermarket and brings you a short testimonial below:**

**TRB: We are from *The Rural Banker* magazine. We have come to witness the transformation your relationship with Manya Krobo Rural Bank has brought to your enterprise.**

**UTE (DD):** My name is Diana Dayibor (DD), founder and Manager of Unique Toloo Enterprise, based at Somanya in the Eastern Region.

I opened my first provisions shop at Somanya in the year 2006, based on an advice I received from a neighbour. My startup capital was about 20,000.00 (old Cedis) at the time. Prior to opening Unique Toloo Enterprise, I sold kenkey. My trade in kenkey enabled me to raise capital to start the provisions shop. Currently, I operate from shops at Somanya and Odumase-Krobo, with 18 workers. I also have five (5) warehouses where inventory is kept.

After being disappointed by many financial institutions, I opened a bank account with the Somanya Branch of Manya Krobo Rural Bank in October 2014.

I have benefited from various products and services such as the SMS alert, which allows me to track transactions, Insurance covers and flexible credit terms. A periodic visit by Officers of the Bank has also helped me gain business advice, improve my financial and cash management skills amongst others. Doing business with Manya Krobo Rural Bank has really helped me grow my business thus far. I would therefore encourage everyone especially, those in the small and medium scale (SME) business to approach Manya Krobo Rural Bank for fast and reliable banking services. ■



# **MANYA KROBO RURAL BANK'S 40<sup>TH</sup> ANNIVERSARY CELEBRATION IN PICTURES**

Manya Krobo Rural Bank, the fifth Rural Bank to be established in the country, recently celebrated its 40<sup>th</sup> Anniversary at Manya Krobo in the Eastern Region. *The Rural Banker* witnessed the colourful 40<sup>th</sup> Anniversary Celebrations and brings readers some pictures of the celebrations.





COLUMNIST



FRANCIS ENIMIL ASHUN

# RISK MANAGEMENT PRACTICES IN RURAL & COMMUNITY BANKS IN GHANA: SOME POINTS TO CONSIDER

Francis (B. Com, MA) has almost 20 years' banking experience in Credit Administration and Operations. He is a researcher in current trends in Human Resources Management and Development. He can be reached at [enimilashun@gmail.com](mailto:enimilashun@gmail.com), Cell: +233 050 636 3388, 0201255200

**E**very organization faces risks both from within the organization and outside of it.

These risks, whether identified, existing or potential, can bring an organization to its knees. By the nature of their operations, Rural and Community Banks (RCBs), face peculiar risks that other banks and deposit taking institutions do not face. RCBs are facing various kinds of disruptions. These disruptions are forcing some RCBs to re-examine their systems, processes and skills requirements to make them competitive and profitable in the long term.

## Identifying risks

Risk identification is the process of determining the risk factors that could potentially prevent the bank from achieving its targets. Risk identification is the first critical step that must be taken by the bank to expose all known and hidden risks. It involves clearly defining what the risks are and how they may affect the bank. The risk identification should include identifying the inherent risks in the products and services the banks offer, the banks' investment decisions, operational processes and policies, human resource policies, expansion and branch growth policies and Regulators' directives.

## Assessing internal and external risks

The risk assessment must include both the internal the external threats that face the bank. The internal risks are those posed by employees, the technology deployed in the bank, the bank's own operations, including processes and office layout, and physical damage to equipment especially to computers, ATM, general thefts and policies. The external threats that must engage the attention of the RCBs include, economic (interest and lending rate pricing pressures), natural disasters, such as rainstorms wreaking havoc on the bank's infrastructure, like telecommunications and other over-the-air receivers. The other external risks are, political legislations, competition from other banks and deposit taking and money lending institutions, emerging disruptive financial technologies (FINTECHS), and changes in the general economic environment, both local and international.

“ Risk identification is the process of determining the risk factors that could potentially prevent the bank from achieving its targets. ”

Organizational risks are broadly defined as the structured means of identifying, assessing and rating the risks faced by the organization within the context of its financial reporting processes, operations and compliance with laws and regulations.

It is only when these risks are clearly identified and defined that proper mitigating policies can be drawn to counter them.





**Evaluating risk**

The evaluation of risks involves identifying every risk associated with every new product, service, policy, new branch establishment, and then comparing the potential loss against the potential benefit or profit. The following can be applied to evaluate both the internal and external risks that may be identified:

- a. The first step is to identify all potential risks of loss or unplanned costs present in every policy, product or service, and new branch or department.
- b. When the potential loss has been estimated, it must be placed in probability of occurrence and weights assigned. The bigger the weight, the more likely the loss may affect the bottom-line of the bank.
- c. Assign cedi amount to the potential loss and calculate how it would affect the Budgeted Profit and Loss for the period.
- d. The final evaluation method is the decision to either continue or discontinue the product or service or the establishment of a new branch or department. This is dependent on how the new projected Profit and Loss Accounts

and projected cash flows, would look like and their impact on the long-term outlook of the bank.

**Mitigating and monitoring risk**

Once risk factors have been identified and evaluated, then it is time to take steps to eliminate, mitigate their adverse effects on the bank. Risk mitigation strategies include Risk Acceptance, Avoidance, Limitation and Transference. These should be incorporated at the planning stages and understood by all personnel and practiced where appropriate. The following mitigating factors for both internal and external factors identified must be seriously considered or encouraged in the banks, to reduce adverse effects of risks.

**Key Risk Indicators (KRI)**

These are the tools embedded in risk management processes that are used to monitor and mitigate risk and help in accurately reporting of identified risks in the banks. Key Risk Indicators enable management to identify the risk factors that can lead to losses or disruption of processes before they happen. They act as the indicators of how the risk profile of the bank is being affected by these risks. These indicators should be quantifiable or

measurable; triggers must be built into them to provide early warning signs. Further the KRIs must also provide a tool to enable comparison. This is very necessary since a false alarm could be triggered, so there should be at least a baseline for comparing what has been flagged as a potential risk. Finally, the KRI must be adequately informational. It should provide the necessary details to be understood by all key officers to enable them measure the status of the identified risks and the control measures employed to mitigate them.



**The evaluation of risks involves identifying every risk associated with every new product, service, policy, new branch establishment, and then comparing the potential loss against the potential benefit or profit.**





### Risk Metrics and Analytics

The two most common metrics used are the Value at Risk (VaR) and the Expected Tail Losses (ETL). These are very detailed analyses but can be tailored by management of RCBs to provide at least, a basic measure of the quantum of the risks faced by their banks. The VaR is a summarized, statistical measure of possible losses due to normal changes in the market. It is the loss level that should not exceed a certain confidence level for a particular period. It reflects the riskiness of possible diversification benefits of a portfolio or process.

The Expected Tail Losses was developed to take care of shortfalls identified in the VaR. The ETL metric quantifies what the loss would be. It is the loss expected during a predetermined period. I do not expect management of RCBs to manually crunch these figures to quantify the risk levels since there are softwares to quickly do these. The next most important risk metric that must engage the attention of RCBs' management are Credit Risk Metric. These are discussed below:

**Probability of Default (PD):** This describes the likelihood of a default over time. It provides an estimate of the likelihood that borrowers will be

unable to meet their debt obligations. This model is used to predict the likelihood of default by borrowers of similar characteristics over a period. The historical data of the borrower or the portfolio and nature of the investment are considered in calculating the PD.

**Loss Given Default (LGD):** It is the loss incurred in the event of default and it is equal to one minus the recovery rate at default. It measures the expected loss, net of any recoveries, expressed as a percentage and is unique to the industry or segment. That means, it is facility-specific, because such losses are generally understood to be influenced by key transaction characteristics such as the presence of collateral. LGD attempts to predict the amount of loss in a credit in the event of default. LGD assessments are assigned to individual loans.

**Exposure at Default (EAD):** Exposure at default or (EAD) is a parameter used in the calculation of the capital for the bank. It is the gross exposure under a facility upon default of a borrower. It represents the immediate loss that the RCB would suffer if the borrower fully defaults on the debt. The EAD attempts to determine the amount of exposure that will exist at the time of default and it is based on

the characteristics and purpose of the facility and the behaviour of the borrower. Each underlying exposure that the RCB has is given an EAD value and is identified within the bank's internal rating system.

### Risk reporting

Measuring the risk would be of no practical use if there are no systems of reporting the findings for remedial actions to be established. There are three basic levels in the reporting system. These are Strategic, Senior, and Support levels. The strategic or Board of Directors level of report should include reports that align with the organizational performance structures, processes and long-term mission. These should include KPIs and KRIs for evaluating the performance of senior managers. This would enable them make decisions capable of quickly identifying existing and emerging risks.

Senior management risk reporting must include reports on the strategic and financial impacts of the identified and potential risks. It must also look at the impact of the design of the processes of the RCBs and recommendations for improvement, and any adverse impact of policies being implemented.

And the support or other staff level report should include reports on efficiency of their operations, monitoring and updates on identified risks, areas of concern, probable changes, and emerging and existing threats. The report must explain the uses of the risk information and the potential consequences of the identified risks to their operations and probably the long term outlook of the RCBs.

### Conclusions

The above areas are some of the highpoints I believe, should engage the attention of RCB boards and management to enable them reduce the incidences of adverse exposure to risks. These would, if well implemented, also help them to take quicker remedial actions before certain avoidable risks hit the banks, especially in the areas of credit administration, new policy implementation and branch or other portfolio expansions. ■



Kwaku Acheampong Ababio,  
outgoing Head of Finance & Administration,  
ARB Apex Bank

# KWAKU ACHEAMPONG ABABIO BOWS OUT AFTER 14 YEARS

Interview with outgoing Head of Finance & Administration -  
Kwaku Acheampong Ababio (KAA)

**A**fter 14 years of dedicated service to the Bank, Kwaku Acheampong Ababio, Head of Finance and Administration, bowed out at the end of October 2018. *The Rural Banker* had a chat with him and brings you the full story.

**TRB: Can you kindly tell us a few things about yourself? Personal life, education, brief work history?**

**KAA:** I started work at the erstwhile Bank for Housing and Construction (BHC) from 1983 until it was liquidated on January 17, 2000. Indeed the collapse of the BHC was a big blow to us. The day the Bank was liquidated was a day I would never forget. I remember that Welbeck Yaw Abra-Appiah, the Managing Director at the time, had only been at post for two weeks, when the Bank collapsed.

Thereafter, I worked with a non-governmental organization (NGO), for about a year and then in January 2002, I joined the UniBank (now defunct). I worked with UniBank for a little under three years and joined the ARB Apex Bank as the Accounts Manager on December 1, 2004.

In 2009, I was made the Micro Finance Manager, a position I held for only 4 ½ months. In that same year, I was transferred to Takoradi as a Branch Manager.

Even though at the time, my transfer to the Takoradi Branch was deemed as a punishment, it was during my stay there that I came face-to-face with the problems, challenges, and the realities facing the Rural and Community Banks in the Western and Central Regions. For example, if you had to journey from Takoradi to Bia Toya or Juaboso and you sit in a car for 6 ½ hours on bad roads and when you get there, the Rural Bank tells you about the difficulties in why they have not been able to send you reports on time, you would be able to understand them better.

Therefore, when I came back to Accra, I had a better understanding of their concerns and my work in the Western Region prepared me well enough to be able to work with them better.

I have worked for 34 years in the banking industry, 14 of those golden years were dedicated to serving the ARB Apex Bank and the RCBs. I have however worked for a total of 35 years.

In terms of my education, I started my education at Willesden High School in North London in 1972, came back to Ghana and completed my basic education at the Abuakwa State College at Kyebi. I am also a Chartered Accountant (CA-Gh) and I hold an EMBA (Finance Option).

I am married to Irene Elsie Ababio with whom I have three adult children; one lady and two gentlemen and we also have two grandsons.

**TRB: Any pieces of advice for your successor?**

**KAA:** My successor must show a lot of empathy and respect to the RCBs, their customers and all their stakeholders. My successor must be keen to understand the work the RCBs do. At the same time, he must be resolute and firm in all decisions. Another cardinal thing is that he must endeavour to carry staff of the Finance and Administration Department along. Involve the staff in every stage of the work of the Department. Work very closely with the staff, show them respect and encourage them at all times. Show a lot of interest in their work. That way, one can be sure of good quality reports.



**TRB: What advice do you have for the CEOs, GMs, Finance Managers and the RCB fraternity in general?**

**KAA:** The RCBs must embrace the Marketing and Business Development efforts of the ARB Apex Bank, to help bring convenience to their customers. The ARB Apex Bank wants to ensure that the negative connotation of the phrase “Rural” is erased through the provision of good quality services and that the phrase in the Rural and Community Banks exists only in name.

If the RCBs embrace what the ARB Apex Bank is doing, we can collectively improve the outreach of the RCBs throughout the country. Delivering superior services to the customers through new products and services to the customers is the surest way to grow our deposits.

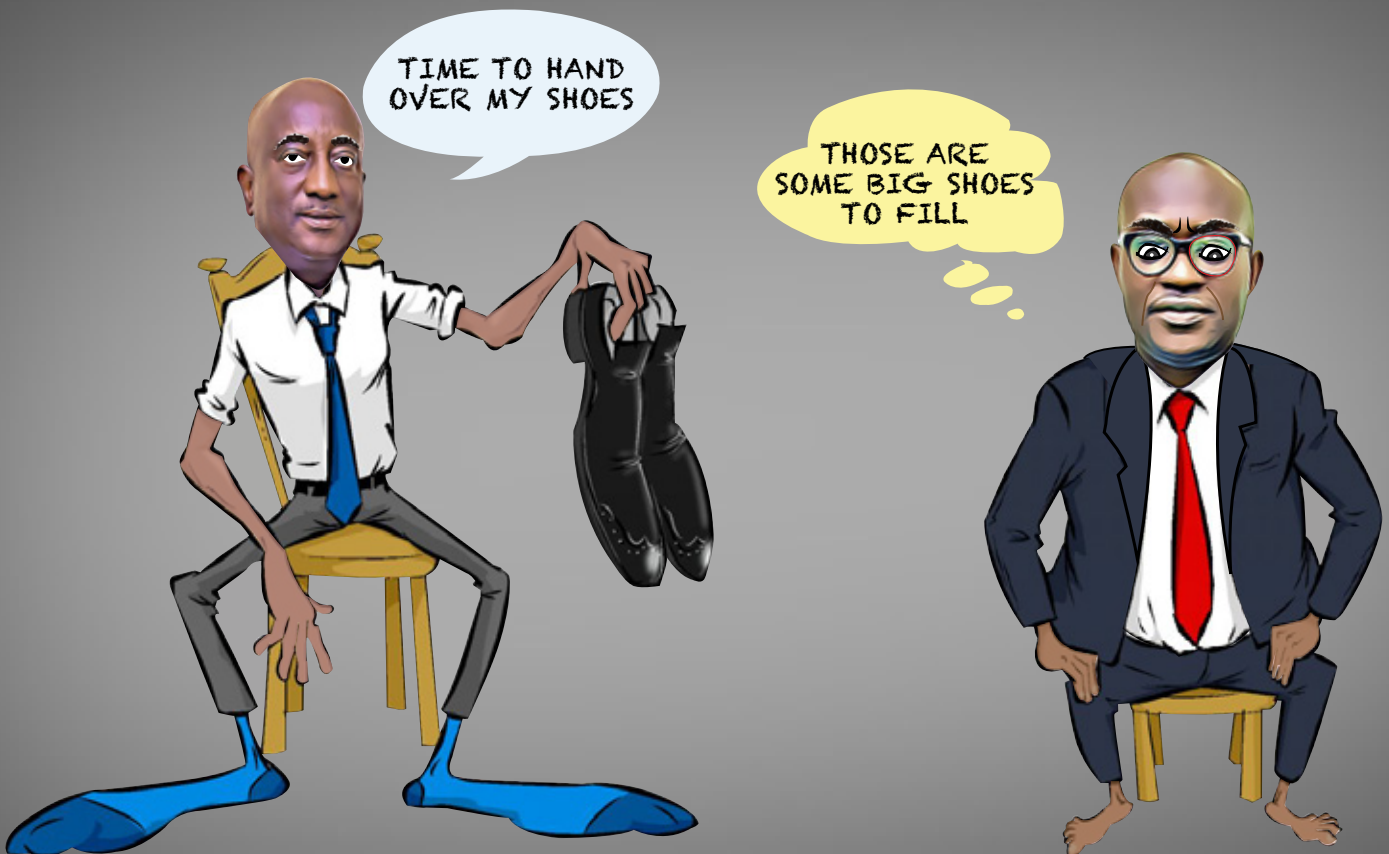
If they embrace the innovations being introduced by the ARB Apex Bank, then they can be sure that customers of RCBs can also enjoy any banking service or product that a typical universal bank offers its customers.

The RCBs must also abide by all the regulations and stay abreast with all relevant notices from the Bank of Ghana and the ARB Apex Bank.

I also wish to assure them that the ARB Apex Bank exists because of them. They should therefore support the Bank to help the RCBs grow and be able to stay afloat.

**TRB: Thank you so much for talking to *The Rural Banker* and we wish you many more healthy years on pension.**

**KAA:** Thank you very much for giving me this opportunity. ■





**Benjamin Chemel**

Incoming Head of Finance & Administration

# BENJAMIN CHEMEL TAKES OVER

Benjamin Chemel takes over as the Head, Finance and Administration, following the exit of Kwaku Acheampong Ababio who retired this October, after 14 years of dedicated service to the Bank and the Rural Banking community.

## Profile

Benjamin Chemel is a consummate Banker and Finance Professional with over 19 years of experience in the financial services industry. His experience spans Financial Control, Financial Reporting, Strategic Planning, Budgeting, Treasury Management, Procurement and Project Management.

He started his career with the Fiaseman Rural Bank Limited in August 1996, where he rose through the ranks to become the Operations Manager of the Tarkwa Branch.

Chemel joined the ARB Apex Bank in August 2004 as the Head Office Accountant. By dint of hard work, he rose through the ranks to become the Deputy Head, Finance and Strategic Planning in 2009. Before his appointment as the Head, Finance and Administration, he was the Head, Finance and Strategy Unit of the Bank.

He is a Fellow of the Association

Certified Chartered Accountants (ACCA), UK, having qualified in 2006. He is also a professional member of the Chartered Institute of Bankers, Ghana (ACIB). He holds a Master of Business Administration (MBA) in Finance from the Ghana Institute of Management and Public Administration (GIMPA) and a Bachelor of Science in Applied Accounting from the Oxford Brookes University, UK.

## Expectations for the Role

The basic responsibility of the department is to ensure good financial controls, timely reporting and adherence to all regulatory and statutory requirements contingent upon the Bank. As the new Head of Finance and Administration, my main focus would be to maintain the above and more, by ensuring that we are not met with penalties. My primary responsibility, therefore, would be to ensure that we obey the laws of the country, improve upon the reporting standards in the Bank as well as bring transparency to our processes.

In respect of Human Resources and Administration, I would ensure that there is organizational peace, harmony and safety in the Bank, while also providing timeously, all the tools necessary for optimal output of the staff.

Although the above seem basic, I believe that looking at the bigger picture must not preclude us from ensuring that the basic tools needed for organizational survival and progress are provided.

I shall also work hard to improve upon the income streams of the Bank, because interest rates are coming down and we are struggling to generate enough revenues to meet our expenditure. We shall therefore team up with other members of Management to make suggestions on how to improve the revenue streams of the Bank, while at the same time, finding very ingenious ways of containing our costs, which seem to have peaked at a certain level. ■

# TEAM APEX BEEFED UP

As part of the processes to reposition the ARB Apex Bank to become more responsive to the changing needs in the banking environment and be able to serve the Rural and Community Banks (RCBs) better, ARB Apex Bank has appointed three senior executives. All the appointments became effective September 3, 2018.



*MICHAEL APPIAH*

Michael is the new  
Head of Operations

*JOSEPH OSEI  
ASANTEY*

Joseph is the new  
Head of Risk and  
Credit

*GORDON P. D. DERY*

Gordon is the new  
Head of Business  
Development,  
Marketing & Research







# GORDON P. D. DERY

## Head, Business Development, Marketing and Research

Gordon Dery will be responsible for deepening the Apex Bank's relationship with the Rural & Community Banks (RCBs) and initiating business collaboration between Government, Development Agencies and Apex Bank/RCBs.

He brings to ARB Apex Bank a rich working experience spanning more than 20 years in both local and international companies. Until he joined ARB Apex Bank, Dery was an Associate Executive Director for Wealth Management at FirstBanC Financial Services. He also served as Head of Marketing and was later promoted to Director, Business Development. At FirstBanC, he helped to build a strong Marketing Department, which brought in significant funds, thereby helping the company to win several awards. He also led the expansion of the Investment Bank to several regions of the country.

Before joining FirstBanC, he worked with Eximguaranty Company Ghana as Head of Marketing, Research and Product Development, where he spearheaded the company's business development efforts and marketing strategy, which led to expanding its business to the Western and Northern parts of the country.

Dery has also worked with Fidelity Bank as a Relationship Manager, where he managed a portfolio of corporate clients. Before Fidelity Bank, he was a lecturer at the Regent University College of Science and Technology. He has also taught at the Ghana Institute of Management and Public Administration (GIMPA) as an Adjunct Lecturer.

He holds an MBA in Strategic Marketing from the University of Hull in the United Kingdom and a Post-graduate Diploma in Marketing (CIM, UK). He also holds a Bachelor of Arts Degree in Economics and a Diploma in Education from the University of Cape Coast.

Dery is a full member of the Chartered Institute of Marketing, Ghana (CIMG), where he also serves on the Project Committee. He is a full member of the Global Marketing Network and is fully licensed by the Ghana Stock Exchange (GSE) as an Investment Banker.

### **Vision for ARB Apex Bank and RCBs**

My vision is to position ARB Apex Bank and the Rural & Community Banks (RCBs) as a strategic development partner for all financial intermediation strategies to the rural communities.

I anticipate some challenges to achieving this vision such as; Resistance to some changes to new ways of doing business and the turbulence in the financial sector, which has created mistrust for banks and Non-Bank Financial Institutions.

The strategy is to hold stakeholder engagements at various levels; build a strong and positive image of Apex/RCBs, provide specific solutions to the RCBs and undertake strategic marketing drives to position RCBs as the ultimate bank for the rural folks and to drive business to them.

It is my anticipation that a new craze of Rural Banking is about to be unleashed and I am excited that Apex and the RCBs will be the champions of this new era.





# MICHAEL APPIAH

## Head, Operations

In his new role, Michael Appiah would be responsible for Information and Communication Technology (ICT), E-Banking, Information Security, Banking Operations, Customer Service Centre and Service Quality.

Appiah is the first and only (EPI) Certified Data Centre Expert (CDCE), Certified Data Centre Specialist (CDCS) and Certified Data Centre Professional (CDCP) in Ghana. He has more than 17 years of consulting experience in ICT, Retail and Rural Banking. His core competencies include, Core Banking Implementation, Support, Data Centre Design, Implementation, Operations and Retirement, IT Systems Requirement Development, Wide Area Network (WAN) Management, Business Process Re-engineering, E-Banking, IT Strategy Development, IT Systems Quality Assurance and Project Management.

Prior to joining ARB Apex Bank, he was the Managing Partner of FMS Technology Group, an IT Consulting Company with special focus on the financial sector and Data Centre consulting. He has also worked with ARB Apex Bank as the head of the Data Centre, where he led the Rural Banks' Computerisation and Interconnectivity Project, under Compact One of the Millennium Challenge Account, which saw the computerisation of more than 130 RCBs. Michael held other roles in the Bank such as a Deputy Head of ICT Department, Head of Customer Care Unit which he established it. He was very instrumental in the computerisation component of the Rural Financial Services Project (RFSP), sponsored by the World Bank.

Michael in his private life is a servant of God and a Presbyterian. He is an Evangelist, a Preacher and a leader of the Satellite Retreat and Prayer Centre at Satellite Kutunse.

Appiah holds a Master's Degree in Information Technology from the Open University of Malaysia and a Bachelor of Science Degree in Computer Science and Statistics from the University of Ghana, Legon. He is a member of the ISACA International and the Ghana Chapter.

### Vision for ARB Apex Bank and RCBs

On the assumption of his new role, he promised to help restructure and clear the huge ICT deficit in the rural banking industry through an aggressive digital transformation drive. To achieve this objective, the ARB Apex Bank and the Rural Banking fraternity shall onboard Agency and Mobile Banking services, improve Cyber and Information Security weakness in compliance with Central Bank Directives, improve customer service as well as expanding the existing ATM network with value added products and services. This will help expand the Rural Banks' footprints to retain, attract and become a dominant force in the financial sector for the inclusive banking agenda.



# JOSEPH OSEI ASANTEY

## Head, Risk & Credit

Joseph Osei Asantey has more than 18 years of experience in Risk Management within the Financial, Banking and more specifically, the SME Financing Sector.

He initially worked with the National Board for Small Scale Industries (NBSSI) under the Ministry of Trade and Industry, across Five (5) Regional Capitals, namely, Takoradi, Cape Coast, Ho, Koforidua and Accra.

Asantey later joined the Credit Risk Team of Amalgamated Bank Ghana Limited (now Bank of Africa Ghana Limited) and gradually rose to the level of Acting Head of Credit Risk, before leaving to Standard Chartered Bank Ghana Limited.

In Standard Chartered Bank Ghana Limited, Asantey, joined the Credit Risk Team, as a Senior Manager, played different Credit Risk and Operational Risk Roles, and was later made a member of the Africa Retail Risk Policy Team in Standard Chartered Bank.

After 11 eleven years of distinguished performance at Standard Chartered Bank, Asantey moved on and joined a newly formed local bank- Premium Bank as the Chief Risk Officer and successfully set up the Risk Governance Structure of Premium Bank.

He holds an MSc in Economics and an EMBA in Banking and Finance. He is a Chartered Economic Policy Analyst (CEPA)-(USA), a Chartered Financial Economist (CFE) - (USA), a Certified Risk Analyst (CRA), a Certified Operational Risk Manager (CORM), Fellow of the Global Academy of Finance and Management (FGAFM) - (USA), and also a Fellow of the Association of Certified Chartered Economists (FCCE) - (USA-Global).

### Vision for ARB Apex Bank and RCBs

To build a strong and robust Risk Governance Structure within ARB Apex Bank and all its member Rural and Community Banks. The Risk and Governance Structure drive, includes but not limited to the following:

1. Identification of Risk Activities/ Factors/ Issues in APEX Bank and the Rural Banks.
2. Drive the execution of Risk Control Self-Assessment Checks
3. Drive the full Usage of Risk Register
4. Drive the full Usage of Risk Incident Reporting
5. Institute and Drive the Usage of Risk Dashboard ( For tracking and Resolution of all Risk Items in APEX and RCBs)

Some of the challenges anticipated are:

1. Resistance to the Acceptance of New Risk Processes/ Procedures
2. Staff Strength to support the drive/ execution.■





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Akosua Konadu

Host



GUEST

**KOJO MATTAH**

Managing Director of ARB Apex Bank

## QUOTES FROM KOJO MATTAH'S INTERVIEW ON HARDTRUTH WITH NANA AKOSUA KONADU

Kojo Mattah, MD of ARB Apex Bank, granted an interview to Nana Akosua Konadu of Joy News TV.

The HardTruth is a current affairs programme which shows on JoyNews channel and DSTV channel 421 every Wednesday at 9pm.

The episode with Kojo Mattah can be watched online at (<https://www.youtube.com/watch?v=IVtaUWnLyxs>). Here are some memorable quotes from the interview:

- President Akufo Addo is doing his best. Our expectations are very high.
- One of my visions is to take “rural” out of Rural Banks.
- For us to say you are strong, your efficiency does not depend on your size. It is the way you are managing your portfolio and your profitability.
- If the government is able to have a handle on the cedi’s depreciation, inflation and provide sustainable jobs, then they have my blessing in everything.
- I want to leave ARB Apex Bank better than I came to meet it.
- I have not received any approach from Groupe Nduom regarding the promise to assist rural and community banks meet the capital requirement.
- I don’t have any report on the Bank of Ghana investigations into the allegations of mismanagement levelled against my predecessor.
- Community and rural banks are here to stay, despite challenges.

## INSIDE STORY

# NWABIAGYA RB's SUCCESS STORY

**Nwabiagya Rural Bank is one of the strongest Rural Banks in the Ashanti Region. *The Rural Banker* (TRB), had an interesting interaction with Samuel Nuamah-Dankwa (SND), Chief Executive Officer (CEO) of the Bank and brings you excerpts below:**

**TRB: Can you kindly tell us a few things about yourself (work history, education, family life)?**

**SND:** My name is Samuel Nuamah-Dankwa. I had my Ordinary Level Education at Juaben Senior High School, and had my Advanced Level education at Kumasi Academy. I continued to the University of Education, Winneba, where I read BSc (Accounting). After my first degree and my National Service, I joined Nwabiagya Rural Bank in April 1992 as an Accountant. While there, I did my Master's in Business Administration (Accounting) at the Kwame Nkrumah University of Science and Technology (Kumasi).

Alongside however, I was pursuing my professional accountancy course as a private candidate. I am a Chartered Accountant and a member of the Institute of Chartered Accountant Ghana (CA-Gh).

I am married to Patricia Nuamah-Dankwa (Mrs) and we are blessed with five (5) children, namely; Obaapa, Adwubi, Adom, Nyhira, and Aseda.

**TRB: How long have you been CEO of the Bank?**

**SND:** I became CEO of Nwabiagya Rural Bank in May 2001, after the then Substantive General Manager of the Bank moved to the Bank of Ghana.

**TRB: What are some of the key lessons you have learnt since becoming CEO of the Bank?**

**SND:** Some of the lessons learned as a CEO for the past years came to me through the establishment of various departments of the Bank, assigning staff roles and helping the staff to follow the vision of the Bank. I believe that as CEO, you should aim to be the best in whatever you set yourself to do. Furthermore, I have learned how to 'manage' my relationship with the Board and the Communities in which we operate, if we are to succeed.

**TRB: What is the key to success in your operational areas?**

**SND:** Nwabiagya Rural Bank has



**Nwabiagya Rural Bank has positioned itself to be setting new standards in the RCB industry. This we, strive to achieve by making sure that our processes become the benchmark for other banks to emulate. I believe that as CEO, you should aim to be the best in whatever you set yourself to do.**



positioned itself to be setting new standards in the RCB industry. This we, strive to achieve by making sure that our processes become the benchmark for other banks to emulate.

We also give a lot back to the communities in which we operate. We do these through staff development programmes and the establishment of a Senior High School in our catchment area. Some of these programmes have been key to the overall success of our Bank.

**TRB: Staff motivation is paramount to all the results you have been able to achieve so far. What are some of the ingredients, which have helped your management team and the staff over the years?**

**SND:** Nwabiagya Rural Bank encourages the staff to improve themselves academically. Currently, the minimum qualification in the Bank is a first degree. There are also quite a number of our employees with Master's degrees and other professional qualifications. Therefore, the staff turnover at Nwabiagya Rural Bank is very low. We also continue to seek various ways to motivate staff to deliver the quality service we have set out to deliver. That way, we keep the benchmark continuously high.





Samuel Nuamah-Dankwa  
CEO, Nwabiagya Rural Bank

## Profile...

### *Education*

A Chartered Accountant (CA-Gh), he holds an MBA (Accounting) from the Kwame Nkrumah University of Science and Technology and a BSc (Accounting) from the University of Education, Winneba. He had his Ordinary Level Education at the Juaben Senior High School and did his Advanced Level Education at the Kumasi Academy.

### *Work*

Samuel Nuamah-Dankwa has been Chief Executive Officer (CEO) of Nwabiagya Rural Bank since May 2001. He however joined the Bank as an Accountant in 1992.

### *Family Life*

He is married to Patricia and they are blessed with five children, namely; Obaapa, Adwubi, Adom, Nhyira, and Aseda.

■ ■ Apart from the traditional savings and deposit products, we have rolled out Digital Products such as Nwabiagya Mobile App, which allows customers with mobile phones to transact banking services in the comfort of their palms and on the automated teller machines (ATMs). ■ ■

**TRB: What are some of the key products and services of your Bank?**

**SND:** Apart from the traditional savings and deposit products, we have rolled out Digital Products such as Nwabiagya Mobile App, which allows customers with mobile phones to transact banking services in the comfort of their palms and on the automated teller machines (ATMs). We are also planning to implement

Agency Banking, and Point of Sale (PoS) devices to make banking more convenient and accessible to our customers and the general public.

**TRB: Do you have any lessons for fellow General Managers and Chief Executive Officers?**

**SND:** My message to my colleague CEOs is that we should see ourselves as good stewards who will take good care of what is entrusted into our care

with obedience, selflessness, integrity and honesty.

We should also think about liquidity more than profitability in all our decisions.

Thank you and God bless you for the opportunity.

**TRB: Thank you too so much for talking to *The Rural Banker*** ■



Samuel Nuamah-Dankwa (left), Chief Executive Officer and Nana Owusu Sarfo Anwona II, Board Chariman of Nwabiagya Rural Bank.



Samuel Nuamah-Dankwa (left), Nana Owusu Sarfo Anwona II (Centre) and Maximus Attah of *The Rural Banker*





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TELLING OUR STORIES

# AN INSIGHT ON RURAL BANKING BY DR SAM DUFU

**3<sup>RD</sup> BOARD CHAIR OF THE ARB APEX BANK**

Dr Sam Dufu was the 3<sup>rd</sup> Board Chairman of the ARB Apex Bank. He was very instrumental in the establishment and growth of the ARB Apex Bank and the Rural and Community Banks (RCBs) in the country. He made time to give readers of *The Rural Banker* a revealing insight into the marvelous work he did.

---

## **Beginning of Rural Banking in Ghana**

One Saturday morning in 1975, I had gone to visit my brother-in-law, Mr Kweku Abiw Dougan, who had just returned from a trip to the Philippines. He was a senior official at the Bank of Ghana. He had been given the responsibility of establishing Rural Banks in the country by the then Governor of the Bank of Ghana, Dr Amon Nikoi. He explained that the model being considered in Ghana was a bank to be owned and operated by the people in the community. He asked if I would be interested in helping him to establish the first one at my hometown Agona Nyakrom. I accepted the offer and gave him my commitment that I would not let him down.

We made several visits to the Chief and people of Agona Nyakrom, to explain the concept of rural banking and its benefits to them. I had to put together a seven-member promotion team who would later become the members of the Board of Directors. My uncle, Nana Odiako Bonsu II, offered his newly built house as the premises of the Bank.

On July 9, 1976, the first rural bank was therefore born at Agona Nyakrom. I was elected the chairman of the Board of Directors. One of the first projects the Bank undertook, was to redeem all cocoa farms, which had been pledged to money lenders, and return them to their bona fide owners. With the experience gained in establishing the first rural bank, Mr Dougan recruited other 'disciples' to help him open the next several rural banks in the country. I remained the Chairman of the Nyakrom Rural Bank for 30 years, till 2006, nurturing it to grow from strength to strength.

## **Association of Rural Banks (ARB)**

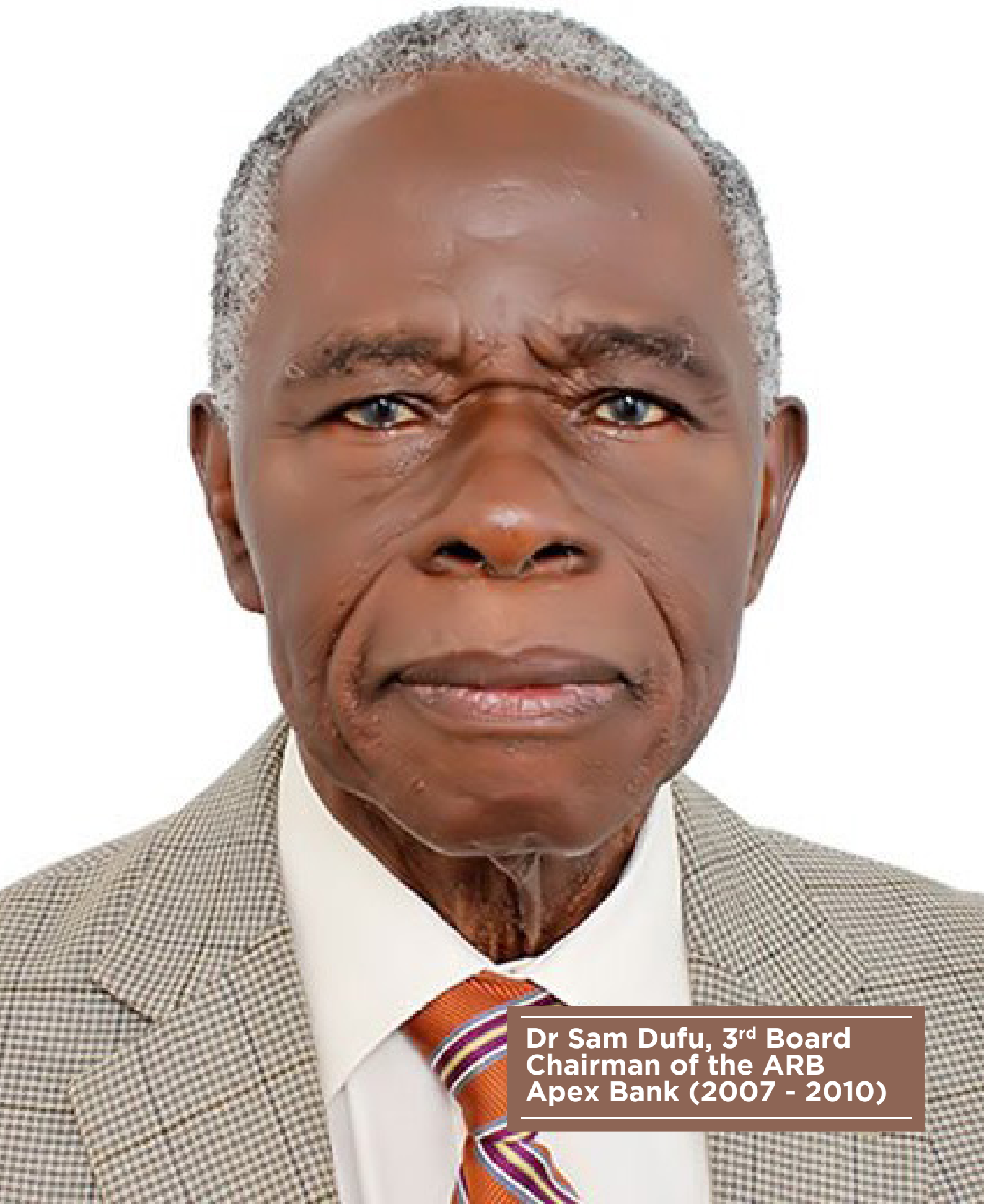
In five years after the establishment of the Nyakrom Rural Bank, 31 Rural Banks had been opened. In 1981, the 31 Rural Banks came together to form the Rural Bankers' Association, which was later renamed Association of Rural Banks. It was registered under the Companies Code 1063 (Act 179) as a company limited by guarantee. I was elected the first President of the Association. Among the first officers of the Association were Dr Mrs Gloria Nikoi of Akuapem Rural Bank, Vice

President, Mr Mike Ezan of Essiama Rural Bank, Treasurer, Mr A. G. T. Ofori of Manya Krobo Rural Bank, Secretary, and Mr Kofi Bronya of the Institute of Bankers. This dynamic team was responsible for the cohesion and stability of the rural banking movement in the early stages. I recall the singular contribution made by Mr Ezan and Kofi Bronya in developing training modules for the Directors and facilitating the training workshops around the country. I need to mention that both Mr Ezan and Mr Bronya were professional bankers. Later, Mr J.B. Yirerong of Nandom Rural Bank, joined the team as Secretary when Mr Ofori left the team due to illhealth. A Constitution was adopted at the Annual General Meeting held on June 8, 1985.

The Association of Rural Banks, supported by the Bank of Ghana, pursued a wide-ranging programme of training for Directors and all levels of rural bank staff – managers, accountants, project officers, cashiers and other staff in virtually all areas of banking. The Association's efforts to offer training programmes were strengthened by the intervention of the Rural Financial Sector Adjustment

»» Cont'd on page 35

**INDUSTRY ICON**



**Dr Sam Dufu, 3<sup>rd</sup> Board  
Chairman of the ARB  
Apex Bank (2007 - 2010)**



## POLL VOTING: WHEN ONE-SHARE-ONE-VOTE PREVAILS OVER ONE-HAND-ONE-VOTE

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## ■ In 1994, the Central Bank decided to offload the specie movement and cheque clearing services to the Commercial Banks, which had become the competitors of rural banks. ■

*Cont'd from page 32*

Programme (RUFINSAP) between 1991 and 1994. Also, under the RUFINSAP, the rural banks were restructured and classified into distressed, mediocre and satisfactory categories. The essence was to enable the Association and the Bank of Ghana to institute appropriate supervisory mechanisms and training programmes for the banks. The Association was assisted under the RUFINSAP to engage consultants from the Philippines, to prepare training modules for all areas of rural banking operations.

Bank of Ghana was then providing inspection services, clearing rural bank cheques, and providing specie movement for the rural banks. In 1994, the Central Bank decided to offload the specie movement and cheque clearing services to the Commercial Banks, which had become the competitors of rural banks. The Association immediately set out to find a solution to what it perceived was a threat to the survival of rural banks. Contacts were made with the Government of Ghana and other international organizations like DANIDA, IFAD, GIZ, and the World Bank, for assistance.

The consultants from the Philippines Messrs. SGV & Co. were commissioned in 1996, to study the situation of the rural banks and recommend solutions. The report by the consultants on the study recommended that an apex institution should be set up for the rural banks to provide technical, managerial and financial support to the rural banks.

To consolidate and improve upon the recommendations in the SGV & Co.'s report, and present it in a form that could be implemented, the ARB, with funding from the Bank of Ghana and the Government, commissioned Messrs J. S. Addo Consultants in April 1998, to prepare a feasibility report and business plan for the establishment of an Apex Bank for the rural banks. The final report submitted in December 1998, concluded that the Apex Bank should be established. There was jubilation within the national secretariat of the Association of

Rural Banks (ARB). The next task was to get the commitment of all the rural banks, their directors and shareholders to wholeheartedly support the establishment of the Apex Bank. Before proceeding with the establishment of the ARB Apex Bank, the following are some other successes chalked under my chairmanship:

### Other Achievements of the ARB

The ARB successfully negotiated a mechanism with the Industrial and Commercial Workers Union (ICU) of the Trades Union Congress (TUC) to regularly negotiate salaries and other conditions of service on behalf of all rural banks, to ensure industrial peace within the rural banking system.

- a. The ARB successfully negotiated a 10-year tax holiday for rural banks.
- b. The ARB in those days successfully negotiated the reduction of the corporate tax for rural banks from 35% to 8%.
- c. Under the ARB/DANIDA project, the ARB acquired computers and training kits for the Regional Chapters of the

Association as well as the National Secretariat.

### ARB Apex Bank

The Messrs J. S. Addo report stated the mission of the ARB Apex Bank Ltd as follows: "to provide certain banking and non-banking support services to the rural banks, with the aim of improving their operational efficiency and customer service". At that stage, the Apex Bank concept had gained the attention of major international development partners.

The ARB in collaboration with the Bank of Ghana (BoG), African Development Bank (AfDB), and International Fund for Agricultural Development (IFAD), initiated the setting up of the ARB Apex Bank. The Apex Bank would also function as a mini-central bank for rural banks. An interim Board of Directors known as the Transition Apex Steering Committee (TASC) was constituted on 22 September, 1998, and tasked with the responsibility of establishing the Apex Bank. The membership of the TASC was as follows:

1. Dr Kwabena Duffuor, Governor of BoG (Chairman)
2. Mr Emmanuel Asiedu-Mante, Deputy Governor (BoG), >>>



**TASC (Transition Apex Steering Committee) Sensitization Workshop**  
Key members of TASC from the ARB Apex Bank at a sensitization workshop - 1999



ARB Apex Bank Directors on a visit BASIX India to study microfinance methodology in 2007

3. Dr Sam Dufu, President of ARB
4. Dr Mrs Gloria Nikoi, Vice President of ARB
5. Mr Jacob B. Yirerong, Secretary of ARB
6. Dr Kwaku Ayimedu, Ministry of Finance
7. Mr Stephen Ameyaw, (BoG)
8. Mr Samuel Donkor, Retired Banker
9. Mr Emmanuel Kwapong (Acting Managing Director)

Later, when Dr Duffuor left the BoG, Mr Asiedu-Mante assumed the Chairmanship of the TASC.

### Incorporation of ARB Apex Bank

The ARB Apex Bank was incorporated on January 5, 2000. The shareholders were all the Rural and Community Banks and the Association of Rural

Banks (ARB). The Bank began operations in July 2002. At the first Annual General Meeting (AGM) of the ARB Apex Bank in 2003, a new Board was elected to replace the TASC. The Board was made up of representatives of the Regional Chapters of the Association (ARB), one representative each of the Association of Rural Banks, the Bank of Ghana and the Ministry of Finance. I stepped down as the President of the ARB, at that AGM, having served as President of the ARB for 22 years. My two team members from the ARB, Dr Mrs Gloria Nikoi, Mr J.B. Yirerong and I were all elected Directors of the ARB Apex Bank to represent our various Regional Chapters of the ARB. Dr Mrs Gloria Nikoi was subsequently elected the Chairman of ARB Apex Bank. I continued to serve as Director of the ARB Apex Bank for four more years before becoming the Chairman of the ARB Apex Bank in 2007. I served as Chairman for three years till 2010,

when I finally retired from active service in Rural Banking.

### Achievements and Challenges of the ARB Apex Bank (2007 – 2010)

During my tenure as Chairman of the ARB Apex Bank (2007 to 2010), the Bank implemented the following programmes:

- a. The Bank benefited from the Millennium Challenge Corporation Compact for the computerization of RCBs' operations and the establishment of Wide Area Network (WAN), to connect all RCBs to the ARB Apex Bank.
- b. The Bank successfully negotiated with Western Union, to introduce inward money transfer through the Bank and the RCBs.
- c. The Apex Bank's Domestic Money Transfer, the ApexLink, and the less successful Efié ne Efié (Home Cash) Products were introduced.

Attempts were also made to resolve the following challenges:

- a. The Bank had to review its earlier policy to rescue all distressed RCBs, when the rescue of Dumping Rural Bank in 2004 and Tano Rural Bank in 2006 led to heavy losses for the ARB Apex Bank. Therefore, in 2008, when Atobiase Area Rural Bank had liquidity challenges, the Apex Bank could not commit funds to assist rescue it. Rather, the Apex Bank decided to use the analysis of the prudential returns by the Efficiency Monitoring Unit, to take pre-emptive steps when the RCB got an unsatisfactory rating, by sending in an inspection team.
- b. The Apex Bank grappled with re-capitalization issues of the Bank, and sent a memorandum to the Government to assist in recapitalizing the Bank with the shortfall in its capital structure.
- c. The Apex Bank could not set up the Inspectorate Department of the Bank due to lack of funding and appealed to the Government to assist with the required funding.

### Tribute to Pioneers

I would like to pay tribute to the team from the secretariat of the Association of Rural Banks, who worked tirelessly alongside me to push the agenda for the establishment of an Apex Bank for the Rural Banks. These were, Dr Mrs





Visit to Women Microfinance Group in India 2007

Gloria Nikoi Vice President, Mr J.B. Yirerong Secretary, Mr Obeng, Treasurer, Mr Afrifa Gyasi, Legal Officer, Mr Blay, Mr Eric Osei-Bonsu Director, and his dedicated staff.

**Conclusion**

My experiences in Rural Banking over the past 34 years have taught me that, any good project would endure and thrive when given the required commitment and nurturing. I salute my fellow rural bankers who served alongside me for the 34 years as well as others who are still serving the cause of rural banking and rural development in the country. I have immense satisfaction, knowing that from the humble beginnings in 1976, there are presently 142 Licensed Rural and Community Banks in the country, each with an average of about 5 Agencies or branches, making it the largest network of banks (more than 700 branches) in the country, providing banking services in most remote areas of the country, and that there is a mini central bank, the ARB Apex Bank, providing banking and non-banking support services for them.

“My experiences in Rural Banking over the past 34 years have taught me that, any good project would endure and thrive when given the required commitment and nurturing.”



**TASC Sensitization Workshop**  
From left to right: Dr. Samuel Dufu, Dr Mrs Gloria Nikoi & Jacob Yirerong

# KWAEBIBIREM RB

## Donates Vehicle to Health Centre

**A**s part of the Bank's corporate social responsibility (CSR) strategy, the Kwaebibirem Rural Bank, in the Eastern Region, has presented a pick-up truck valued at GH¢50,000.00 (Fifty Thousand Ghana Cedis) to aid mobility and service delivery at the Asuom Health Centre.

Making the presentation at Asuom in the Eastern Region, which also headquarters the Kwaebibirem Rural Bank, Mr Kingsley Carlos Ahenkorah, Chairman of the Board of Directors and Member of Parliament (MP) for Tema West Constituency, said the Bank decided to donate the pick-up truck to the Health Centre as a stop gap measure, as it currently lacked an ambulance.

Mr Ahenkorah said it was his belief that, "the Medical Officer, Nurses and the entire staff at the Centre, would become mobile in the performance of their duties". He charged staff of the Centre to ensure that the truck was used solely for official duties.

He revealed that the Bank had also made a cash donation of GH¢700.00 (Seven Hundred Ghana Cedis), which was realized from the Christmas Corals Service to the Centre.

Mr Ahenkorah added that, "in about a month's time, the Kindergarten School Block at Asuom, which was totally destroyed by the rains and was currently under construction and sponsored by the Bank shall be ready for occupation".

He assured members of the community to continue to support Kwaebibirem Rural Bank, assuring them that "your money is secure with

Kwaebibirem Rural Bank".

He invited existing shareholders whose shareholdings were below 1,000 ordinary shares to buy more shares, adding that the Board of Directors was working very hard to ensure that the Bank met the new minimum capital requirement of GH¢1.0 million before the December 2018 deadline set by the Regulators.

On his part, Mr Michael Agyeibi Agyekum, General Manager of the Bank, revealed that the Bank was strongly committed to CSR in its catchment areas and has therefore been supporting the Ghana Police stationed at Asuom, Kade, and Boadua with 10 gallons of fuel, every month.

Mr Agyekum noted that the Bank also

supports the Ghana National Fire Service at Kade with 10 gallons of fuel every month, to aid their operations. Kwaebibirem Rural Bank, which is headquartered at Asuom, was founded in 1983. It currently has six other branches located at Kwae Estates, Boadua, Kade, Pramkese, Asamkese, and Oda■



Mr Carlos Kingsley Ahenkorah, Board Chairman (in dark cloth arrowed) presenting the pick-up while Mr Agyekum, General Manager looks on.





# 17<sup>th</sup> ANNUAL MANAGERS' CONFERENCE HELD IN HO

**T**he 17<sup>th</sup> Annual National Managers' Conference of the Rural and Community Banks (RCBs) and the ARB Apex Bank, was held in Ho, capital of the Volta Region from October 3 to 7, 2018.

The conference, which was on the theme: "Rendering Service with Passion – a Panacea for Competitive Advantage", brought together more than 100 Chief Executive Officers (CEOs) and General Managers of RCBs and the ARB Apex Bank.

Speaking at the conference, Togbe Kotoku XI, Paramount Chief of Kpenoe Traditional Area, who represented Togbe Afede XIV, Agbogbomefia of the Asogli Traditional Area, special guest for the programme, said, the conference theme indicated to him that the ARB Apex Bank and "the RCBs were being proactive, by instituting various measures to clean house before the Bank of Ghana (BoG) begins to focus its attention on the

RCBs".

Togbe Kotoku XI, revealed that the CEOs and GMs were automatic members of the boards of their various banks and therefore, should offer the best technical advice to their boards. He said, "you are technical advisors to the boards and your decisions if carefully weighed, can go a long way to improve the governance systems at the banks".

He advised the Managers to endeavour to put the interests of their banks ahead of personal and individual benefits.

He praised the ARB Apex Bank for introducing a common core banking platform for the benefit of the RCBs and urged the Managers and their Directors to collaborate with the ARB Apex Bank, "to ensure that the core banking platform is properly exploited to the advantage of member banks".

## **Volta Region Chapter of the Association of Rural Banks (ARB)**

Mr Nero Davor, President the Volta Region Chapter of the ARB in his welcome address, advised Managers and Boards of RCBs to ensure that their investment decisions are not influenced by interest rates alone.

He also advised them to avoid related party and connected persons' transactions, to help safeguard the investments of shareholders.

Mr Davor noted that, the current new Minimum Capital Requirement of GH¢1.0 million should be adequate for the operations of the RCBs and urged the BoG not to raise the capital above the new requirement.

"I wish and pray that the Bank of Ghana is not thinking of new capital levels for the RCBs. I believe [the] Bank of Ghana would listen", he said.



## ARRIVAL



## OPENING CEREMONY



# PRESENTATIONS

## Special Topics Treated

Some of the special topics treated at this year's conference included: "Work-Life Psycho-Emotional Wellness Clinic for Performance Excellence and Productivity", "Personal Branding in the Corporate Place", as well as Syndicate Group Discussions, where various groups looked at how to enhance the competitiveness and attractiveness of the RCBs.



# OPEN FORUM



## SYNDICATE GROUP DISCUSSIONS

There were five syndicate group discussions, each of which considered one topic.

**Syndicate Group One** discussed the topic: “Sustaining Competitive Advantage in Rural Financing through new Business Development”, and resolved that, “the ARB Apex Bank should create the necessary platform for Agency Banking so as to bring banking services to the doorsteps of customers”.

**Syndicate Group Two** discussed the topic: “Forging Closer Collaboration in the midst of Diversity”, and resolved that, “in spite of our geographical and cultural differences, RCBs must collaborate in our key mandate of providing financial inclusion for the mutual benefits of our clients”.

**Syndicate Group Three** discussed the topic: “A well Trained and Motivated Staff: useful tool for Efficiency in Customer Service Delivery” and resolved that, “a well-trained and motivated staff will help to attract more customers, retain the existing ones and increase productivity”.

**Syndicate Group Four** discussed the topic: “Leveraging on Technology for Excellent Service Delivery: the Role of RCBs”, and resolved that, “there is the need for RCBs to support the ARB Apex Bank, to enforce the operational procedures on e-products to reduce fraud, as well as invest in cyber security”.

**Syndicate Group Five** discussed the topic: “Mergers and Acquisitions with the RCBs: the Way Forward”, and resolved that, “in view of the crisis in the banking sector, RCBs should consider mergers and acquisitions, to capitalize on their synergies to become stronger”.



# SYNDICATE GROUP DISCUSSION



## DRIVERS' TRAINING

A training programme was organized for the over 80 drivers of the Managers who attended the conference. The training looked at topics such as, Driver-Boss Relationship, Defensive Driving, Road Traffic Regulation, Road Signs and Road Markings, amongst others.

Reuben Adjetey, Transport Officer of the ARB Apex Bank who facilitated the training programme, indicated that, the intention of the three-day training programme, was to help imbue contemporary driving techniques in the drivers.

Participants expressed appreciation to the organisers of the training and requested that similar programmes should be organized for drivers in the regions to help enhance the skills of all drivers in the RCB community.

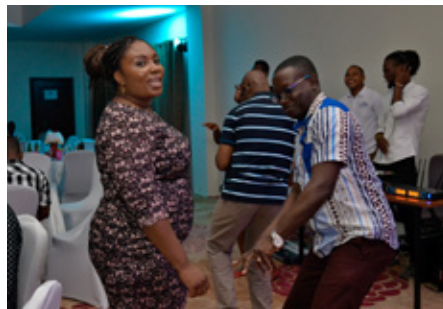


# LUNCH/DINNER SHOTS



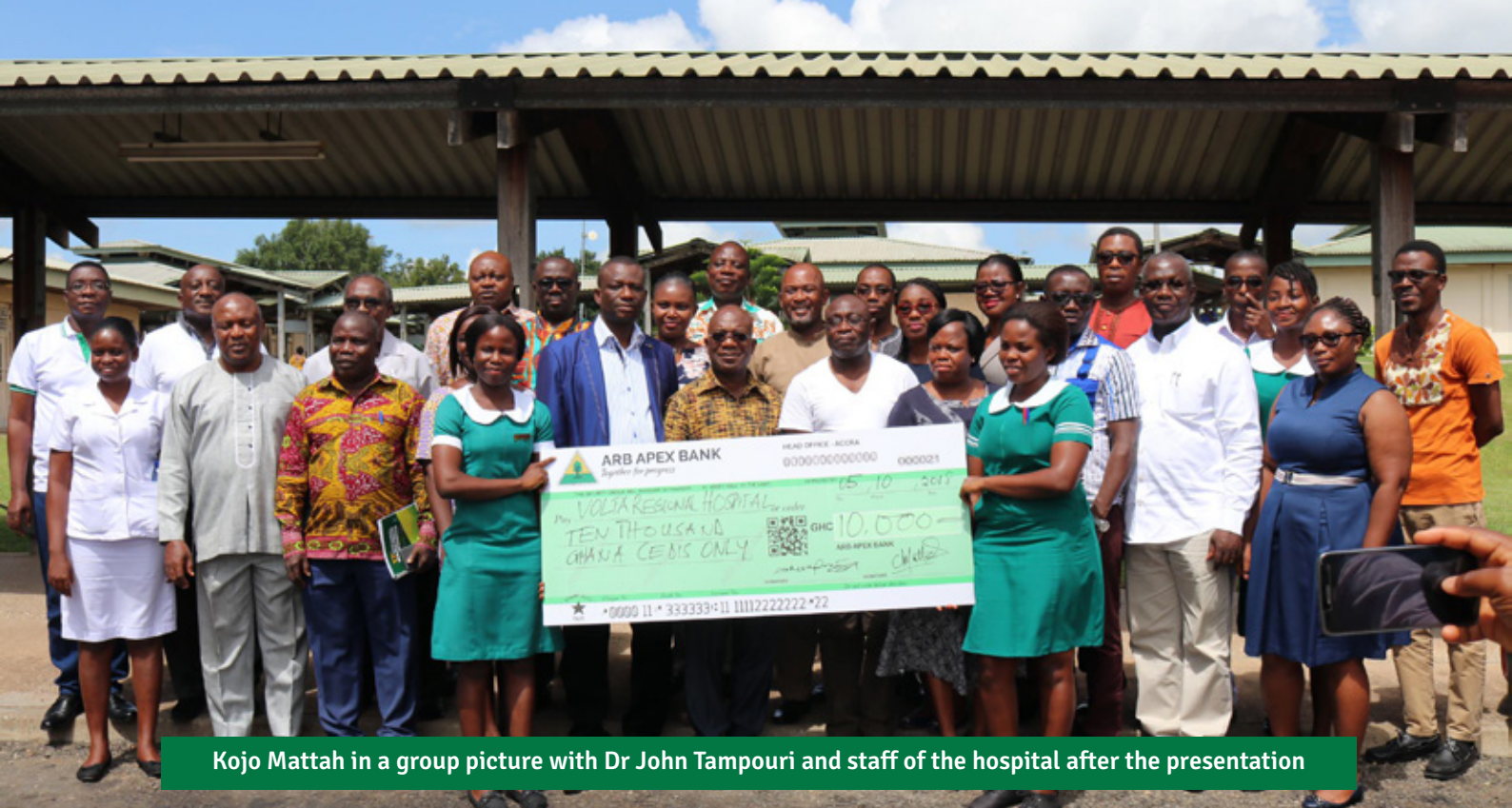


# DINNER DANCE



# OTHER SCENES





Kojo Mattah in a group picture with Dr John Tampouri and staff of the hospital after the presentation

# ARB Apex Bank Supports Volta Regional Hospital

The ARB Apex Bank has donated an amount of GHC10,000 to the Volta Regional Hospital in Ho. Making the presentation to Dr John Tampouri, Medical Director of the Hospital, Kojo Mattah, Managing Director of the ARB Apex Bank said, they decided to support the Hospital because of the wonderful work they have been doing.

Mattah said, several lives have been saved through the tireless efforts of the Hospital and urged other institutions to come to their aid.

He said the presentation was part of the activities to climax the 17th Annual National Managers' Conference of the ARB Apex Bank and the Rural and Community Banks.

Dr John Tampouri who received the cheque on behalf of the hospital, expressed his heartfelt gratitude to the ARB Apex Bank, noting that, "this donation would go a long way to support our operations".

He said the Hospital has been receiving patients from all over the country as well as from neighbouring countries such as Togo, Benin and sometimes from Nigeria.

He indicated that the facility was waiting for the final accreditation processes to become a Teaching Hospital.



Kojo Mattah 2nd from right presenting the cheque to Dr John Tampouri



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COLUMNIST



Joseph Akossey

# HOW RCBs CAN OVERCOME MARKETING MYOPIA IN A DYNAMIC BANKING ENVIRONMENT

The writer is the Head of Proven Trusted Solutions. He can be reached at [jakossey@yahoo.com](mailto:jakossey@yahoo.com)

**M**arketing myopia is a serious disease that can affect any financial institution regardless of its position. Marketing myopia is dangerous, to the extent that it can lead to the demise of an organization. Giant organizations have lost their dominant positions as a result of falling prey to marketing myopia. A case in point was Nokia, which used to be a market leader in the Cell Phone market. It lost its dominant position to Samsung and Apple.

Another example of an organization,

Marketing myopia is the short-sighted, narrow-minded and inward looking approach to marketing, which focuses on the needs of an organization instead of defining the organization and its products and services in terms of customer needs and wants.

which fell prey to marketing myopia and lost its market leadership was Kodak. Kodak focused much effort on film camera and did not adapt and react to the changing needs of customers in a digital age. It lost its market share when competitors such as Sony, introduced digital cameras. Some organizations have been in

existence for decades, but have failed to grow because they have fallen victim to the problem of marketing myopia. This could happen to a rural bank. In this article, we will consider how a rural bank, can fall prey to marketing myopia and how they can avoid it. Before I begin with the main issue, let us explore what is meant by marketing myopia.

Marketing myopia is the short-sighted, narrow-minded and inward-looking approach to marketing, which focuses on the needs of an organization instead of defining the

organization and its products and services in terms of customer needs and wants. The concept was first developed by Theodore Levitt in the Harvard business review.

**Ways a company can fall prey to marketing myopia**

There are several ways in which an organization such as a rural bank, can fall prey to marketing myopia. A few are discussed below:

## 1. Product oriented instead of customer oriented

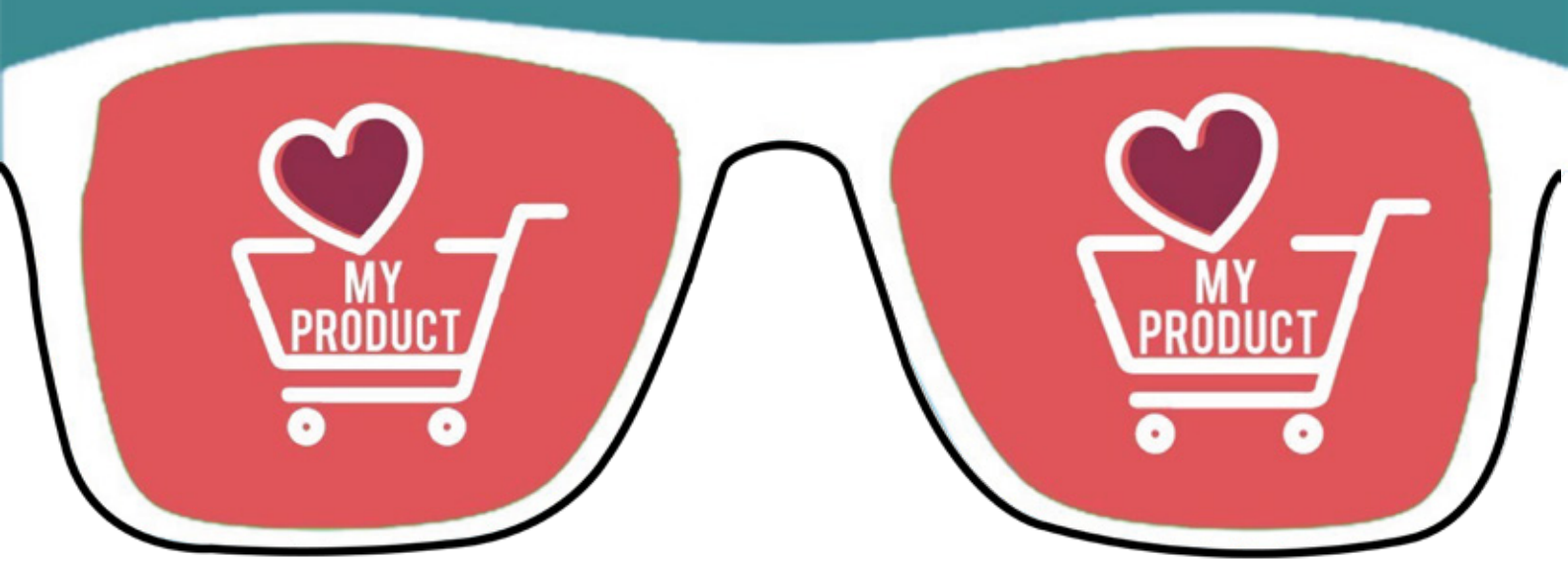
When the main focus of a rural bank is on how to sell its products, such as deposit and loan products, so as to generate more income and profit, without paying attention to how to satisfy customer needs and wants, then the problem of marketing myopia will set in.

## 2. Failure to adapt to changes in technology

Banking has got to a stage of digital transformation. This has led to digital channels such as automated teller machines (ATMs), mobile and internet banking, among others. Digital disruption has changed the way banking services are delivered to customers. Digital banking offers bank customers convenience, speed, comfort and many more. Technology will continue to change the face of banking.

Organizations which have been affected by marketing myopia are

# MARKETING MYOPIA



slow to adapt to technological transformation.

### 3. Focusing on short term gains

Organizations which are suffering from marketing myopia usually concentrate so much effort on short term gains instead of long term gains. They adopt aggressive cost control strategies, while ignoring investments in programmes and strategies that will yield long term gains. Some RCBs tend to focus on short term strategies that will result in short term impressive profit maximization to satisfy the shareholders and board without investing in brand building programmes, technology infrastructure, among others, which are likely to result in a sustained improvement in performance.

### 4. Defining business narrowly

Any organization such as a rural bank, which defines its business narrowly, instead of looking at it from a wider perspective, will fall victim to marketing myopia. Rural banks are facing competition from other financial service providers, such as, life insurance companies, mobile telecommunication companies, which offer mobile money, among others. In view of this, it will be a mistake for rural banks not to pay

special attention to such competitors. Currently, some life insurance companies are even offering micro insurance. This product is in direct competition to the 'susu' products being offered by rural banks. Some insurance companies also sell funeral policies, which are in direct competition with funeral loans, which form the product portfolio of the RCBs.

### 5. Perceiving marketing as selling


When organisations perceive marketing as selling, then they are falling prey to marketing myopia. Marketing is different from selling. Selling is just a component of marketing. Some organizations in Ghana, including some rural banks, think marketing is selling. Therefore, they are preoccupied with selling of products, without paying attention to marketing issues such as relationship marketing, marketing research, brand building and many others.

### Recommended strategies for overcoming marketing myopia


To overcome the problem of marketing myopia, RCBs could consider the following strategies:

### 1. Be customer centric

To overcome marketing myopia, RCBs should be customer centric. This means that they should focus on satisfying the needs and wants of customers. In other words, they should put customers at the centre of everything they do. Customers' needs and wants should be taken into account when designing the marketing mix. RCBs should place a premium on delivering superior value to customers. They should also avoid being inward-looking. Rather, they should seek to understand the customers by using marketing research to help provide the best solutions to customers.



**When organisations perceive marketing as selling, then they are falling prey to marketing myopia.**





It is worth mentioning that when customers' needs and wants are satisfied, the result is fantastic. It will result in customer retention, positive referrals, repeat business, improved profitability, among others. RCBs should therefore incorporate a customer-centric culture into their business strategies. They should not pay a lip service to customer centricism.

## 2. Embrace Technology

Disruptive Technology is gaining momentum in the banking space. Traditional banking is changing and giving way to digitization. Digital channels such as Mobile banking, ATM platform, Internet banking, among others, offer convenience, speed, comfort and flexibility to bank customers.

To overcome marketing myopia, RCBs should embrace technological transformation by offering technology driven products to deliver efficient, convenient and speedy banking services. Indeed, technological transformation is changing the face of banking and RCBs, which fail to adapt, will remain irrelevant and also shrink.

RCBs must therefore adapt to the digital age or die. It will be short-

sighted and narrow-minded for a rural bank to have the mind-set that technological disruption in this digital age will not impact on its activities. As mentioned earlier, Nokia lost its leadership to Apple and Samsung, due to its failure to adapt to new technology. RCBs should take a vital lesson from that. The pace of technological change is faster and RCBs should not sleep. Rather, they should wake up and keep up with the pace of technological change.

## 3. Define business in a broader sense

As already mentioned, defining a business in a narrow sense can lead to marketing myopia and can have adverse effects on RCBs. Instead of rural banks defining their businesses as banking, which is a bit narrow, they should define their businesses as providing financial services. This is vitally important, because rural banks are competing with other financial institutions such as life insurance companies, savings and loans companies, cooperative credit unions, among others, which offer similar products and services to the same customer base.

## 4. Invest in strategies that will yield long-term gains

To overcome marketing myopia, the

boards and management of rural banks should invest and implement strategies and programmes that will yield long term gains rather than focusing on short-term impressive profits. To do this, management of rural banks should invest in building strong brands. Strong brands are a unique resource that confer a distinct competitive advantage. Therefore, rural banks should not view investment in brand building activities such as brand activation, customer satisfaction, improvement in service quality and other relationship marketing programmes as unnecessary costs that have adverse effects on profit.

Management of rural banks should invest in training of their staff, because competent staff can serve as a unique resource and core competence that can offer competitive advantage. In fact, it is better to sacrifice short-term impressive profits for sustained long-term profits, which are the results of investing in brand building and quality human capital. According to Professor Philip Kotler, it is important to do what is strategically right than what is immediately profitable. For directors of rural banks to overcome marketing myopia, they should resist the temptation of putting undue pressure on management to make abnormal profits in the short-term, since it can compel them to pursue cost cutting measures, which might sometimes compromise service quality. It may also influence them to engage in reckless lending as well as investing with unreliable investment companies, which offer unrealistic returns on investment.

## Conclusion

So far, the article has considered how rural banks can fall victim to marketing myopia and also proffered strategies to overcome it. The directors and management of rural banks should undertake internal analysis of their activities with a view to ensuring that any trace of marketing myopia is eliminated since marketing myopia can be deadly. ■

## INAUGURATION OF

# AKUMADAN RB (New Kid on the Block)

**A**kumadan Rural Bank, the latest addition to the RCB family has been inaugurated at a colourful ceremony at Akumadan in the officso North District of the Ashanti REgion.

The inauguration had Amakomhene, Nana Adu Mensah Asare, who represented His Majesty Otumfuo Osei Tutu II as Special Guest of Honor with Hon Ken Ofori-Atta (Finance Minister) giving the key note address. Among other dignitaries who graced the occasion were Hon Simon Osei-Mensah (Ashanti Regional Minister), Hon Ntim Augustine Collins (MP Offinso North Constituency), Mr. Kojo Mattah (MD ARB Apex Bank), Hon Osei Assibey Antwi (Metropolitan Chief Executive-KMA), Hon David Kwasi Asare (DCE Offinso North

performance. He tasked the Board to observe strictly, all corporate governance practices.

Otumfuo again touched on the recent happenings in the banking sector. He indicated that the Bank of Ghana has instituted a number of measures to clean up the sector and to make it more resilient. Some of the challenges that the Central Bank has identified and is dealing with include; regulatory breaches, liquidity and insolvency challenges, poor corporate governance and weak risk management practices, among others. Otumfuo therefore admonished the Board and management of all rural banks to be mindful of these challenges and operate within the confines of regulatory directives so as to stay in business.



District), Mr Kusi Boafo (CEO-Public Sector Reform), Nana Wiafe Akenten III (Offinsohene), Nana Akumoah Boateng (Akumadanhene).

In a speech read on His behalf, Otumfuo said, "Many banks suffer liquidity challenges mainly because of non-performing loans (NPL's) and poor corporate governance practices resulting in gross inefficiencies and thereby affecting general operational

### BOARD MEMBERS

1. Nana Boafor Konadu Yaidom
2. Mr. Thomas Kusi Boafo
3. Professor Joseph Magnus Frimpong
4. Rev. Victor Kusi Boateng
5. Mr. Isaac K. D. Baidoo
6. Hon. Osei Assibey Antwi

### HEAD OFFICE

Box 41 Akumadan -Ashanti | Tel: 051584413/0501584414 Email:info@akumadanruralbank.com

Website: [www.akumadanruralbank.com](http://www.akumadanruralbank.com)

## Products & Services

### Deposit Products

- I. Current Account
- II. Hybrid Current Account
- III. Salaried Account
- IV. Savings Account
- V. Susu Account
- VI. Fixed Deposit

### LOAN PRODUCTS

- I. Commercial Loan
- II. Salaried Worker's Loan
- III. Personal Loan
- IV. Susu Loan
- V. Funeral Loan
- VI. Overdraft
- VII. Asset Finance
- VIII. Christmas and Easter
- IX. Bonanza Loan
- X. Church Development Loan
- XI. Micro Finance Group Loan
- XII. Farmer's Loan

### SERVICES

- I. Western Union
- II. Ria
- III. Ezwich
- IV. Apex Link
- V. Unity Link
- VI. MTN Mobile Money
- VII. Vodafone Cash
- VIII. Airtel/ Tigo Cash





# Pictures from the colourful opening of Akumadan Rural Bank



# THE CITY CHALLENGE: LA COMMUNITY BANK SHOWS THE WAY

Situated at the heartland of La in Accra, La Community Bank, is one of the major players in a cosmopolitan business city of Accra. In this Issue, *The Rural Banker* (TRB), features Q&As with Peter Tehova (PT), General Manager of the Bank.

**TRB: Can you kindly tell us a few things about yourself (work history, education and family life)?**

**PT:** I started my banking career as a Clerk with Barclays Bank of Ghana Limited in November 1981, at the Hohoe Branch of the Bank. I was transferred to the Makola Branch, Accra in 1984, where I was later promoted in 1989 and transferred to the Akim Oda Branch as a Senior Staff (Officer). I was transferred to the Tema Main Branch in 1996 and later promoted in 1997 and transferred

in April 2010, to pursue other interests outside of banking, having worked at Barclays Bank of Ghana Limited for 28 years.

In 2010, I joined a new Oil Marketing Company as General Manager for about two (2) years after which I decided to rejoin the Banking industry, which I believe, is my first love. I joined Energy Commercial Bank in 2013; worked as the Branch Manager in Takoradi and later moved to the Accra Trade Fair Branch as the founding Branch Manager in 2014,

**Our employees are key in the development and execution of all Management Strategies. They have done quite well, though there is always room for improvement.**

to the Kumasi Prempeh II Street (KPST) Branch as the Assistant to the Corporate Manager.

After six (6) years at the KPST Branch, I was again promoted in 2003 and transferred to the Bank's Head Office in Accra, as a Corporate Relationship Manager – responsible for a portfolio of Corporate Customer Accounts spread over Accra, Ho and Koforidua.

After barely three (3) years in Accra, I was transferred to Takoradi in 2006 as the Regional Corporate Manager, responsible for Corporate Businesses in the Western and Central Regions of Ghana. After a period of four (4) years at the Takoradi High Street Branch of Barclays Bank, I voluntarily resigned

before moving on to become the General Manager of La Community Bank Limited, in April 2015.

In terms of education, I am a Chartered Banker and an Associate of the Chartered Institute of Bankers, Ghana. I also hold a Master of Business Administration Degree – Finance Option, from the University of Leicester in the United Kingdom.

I am happily married to Henrietta and we are blessed with two (2) children; Delali and Selasi who live with us in Accra.

**TRB: How long have you been General Manager of La Community Bank Limited?**

## Profile...

### *Education*

Peter Tehova is a Chartered Banker (ACIB), he also holds an MBA (Finance), from the University of Leicester, United Kingdom.

### *Work*

He has a combined working experience of 31 years in various aspects of banking, gathered across reputable banks such as, La Community Bank, Barclays Bank Ghana Limited, and Energy Commercial Bank Ghana Limited. Having begun his banking career as a Clerk at Barclays in 1981.

### *Family Life*

He is happily married to Henrietta and they are blessed with two children.



LA COMMUNITY BANK LTD



Peter Tehova  
CEO, La Community Bank

**PT:** I have worked for La Community Bank Limited, as General Manager for the past three and a half (3 ½) years (I joined the Bank in April 2015).

**TRB: La Community Bank Limited is located in the heart of the city, where the competition is very stiff. How have you managed to survive so far?**

**PT:** Well, I think the competition is at various levels of the industry. As a Community Bank, we are in a unique market within the city, the La Community and its immediate environs, where there are different classes of customers with varying needs. We have tried to segment the market and identified our type of customers who believe in us and trust us enough to maintain their accounts with us. We, therefore, seek to maintain their loyalty and satisfy them with good Customer Service and good Relationship Management. Again, in spite of the stiff competition, we have managed to make prudent investments, which ensure that the business continues to be profitable for the Shareholders of the Bank.

**TRB: How do you think you are going to cope with the competing demands of customers going into the future?**

**PT:** For the future, we intend to get closer to our customers to understand their needs in order to provide relevant banking products and innovative services for their consumption. To do this, we are happy to be in full control of our own Core Banking Software, which will ensure that we can easily and conveniently develop and introduce technology-based products and services to maintain and satisfy our customers, at our own pace and speed.

**TRB: How well are the Staff coming along with the strategies of Management?**

**PT:** Our employees are key in the development and execution of all Management Strategies. With the necessary briefing, communication and understanding of the Bank's strategic objectives, the Staff are willing and able to play their roles in supporting Management to deliver the Bank's objectives. This, they have done quite well, though there is always room for improvement.



Peter Tehova  
General Manager, La Community Bank

**TRB: Your Board of Directors are very experienced and accomplished personalities. How has it been, working with them?**

**PT:** It has been very challenging, but interesting working with the best Board I can imagine. Challenging because, you need to always be on top of the issues as they expect a very high standard of performance. It is also interesting because it has been a great learning experience because of the diverse knowledge that they bring to bear on the business in the Board Room. It is because of the diverse experience of the Board that the Bank continues to put up impressive results.

**TRB: What are some of the major products and services of the Bank?**

**PT:** The Bank offers the following products and services, amongst others:  
Current Account, Savings Account, Fixed Deposit Account, Government



**We intend to get closer to our customers to understand their needs in order to provide relevant banking products and innovative services for their consumption.**





## The Management Team of La Community Bank

From left, Mark Ewusi - Acting Manager, Human Resources, Peter Vanderpuje - Deputy General Manager, Peter Tehova - General Manager and Prince Annobil - Finance Manager.

of Ghana Treasury Bills, Loans and Overdrafts, E-zwich, Payment Orders, Standing Order Services, ApexLink Money Transfer, Western Union Money Transfer, Mobile Money Services and ECG Bill Payment Services. We are also involved in Susu Loans and Group Lending to various identifiable groups and associations.

**TRB: Do you have any lessons for fellow Managers working in very competitive environments on how to survive?**

**PT:** Yes, I do. To be able to survive in any competitive market or environment, Managers need to “know their customers” and package appropriate products and services to meet their needs. There is also

the need for market research and competitor analysis in order to develop the right market penetration strategies to win and retain customers for repeat businesses.

It is also critical to watch regularly, the operating expenses against budget, to ensure that projected incomes are achieved before the related expenses are incurred.

Finally, Managers and employees must be challenged and motivated to drive performance through suitable performance management tools, to ensure that productivity is high and commensurate with Staff costs and other operating expenses. ■

**To be able to survive in any competitive market or environment, Managers need to know their customers and package appropriate products and services to meet their needs. There is also the need for market research and competitor analysis in order to develop the right market penetration strategies to win and retain customers for repeat businesses.**



B.A. Gogo (BAG)  
Board Chairman, La Community Bank

***The Rural Banker (TRB) also interacted with B.A. Gogo (BAG), Chairman of the Board of Directors. Below are excerpts of our interaction:***

**TRB: How long have you been Board Chair of your Bank?**

**BAG:** I assumed the Board Chair of La Community Bank on 1st January, 2015.

**TRB: What legacy do you hope to leave with the Bank?**


**BAG:** When I retire from the Board, I hope to leave behind a strong, sound, solvent, liquid and very profitable Bank; a Bank which is a market leader not only in size and profitability, but also in professionalism, customer service and the use of technology in providing cutting edge and innovative products to its customers.

**TRB: What are some of the key Corporate Social Responsibility (CSR) Projects your Bank has invested in over the past few years?**

**BAG:** La Community Bank takes its Corporate Social Responsibility (CSR) very seriously. The Bank was established by the Town Development

Association. Therefore, one of our key objectives has always been to help the community. Over the years, we have used a substantial portion of our profits to assist the community in diverse ways. Some of our recent projects are: the provision of a bore hole to a Senior High School (SHS) in our locality; the provision of pipe borne water to some residents; and assisting another SHS with the provision of ICT learning facilities in the school. Every year during our traditional festival, we sponsor an inter-schools' Quiz Competition with a trophy and other prizes from the Bank. We have also recently assisted a school to replace the roofing on some school buildings, which had been blown away by a rainstorm.

In addition, the Bank has a well-established Scholarship Scheme, which has been assisting students in our community on a yearly basis. We have so far granted scholarships to 163 students, 45 of whom are continuing students in secondary and tertiary institutions in the

  
**When I retire from the Board, I hope to leave behind a strong, sound, solvent, liquid and very profitable Bank; a Bank which is a market leader not only in size and profitability.**



country. Many of the beneficiaries have graduated and have become top professionals who are giving back, not only to the community but to the whole country. Furthermore, the Bank is a yearly contributor to national causes such as the Ghana Heart Foundation and Ghana National Trust Fund.

Our next planned projects of topmost priority to us are to provide funding to facilitate the operation of a community clinic and the construction of a community Library.

**TRB: Having met the new minimum capital requirement of GH¢1.0 million, what advice do you have for Shareholders and Directors of sister Rural and Community Banks (RCBs) which are yet to meet the new minimum capital requirement?**

**BAG:** At La Community Bank, we have always believed that a strong capital base is an essential prerequisite for efficient and robust banking operations. We have therefore always had more than the required capital. Our current capital, for example, is more than twice the minimum requirement.

By way of advice to Shareholders and Directors and of RCBs who have this challenge, I will suggest a two-pronged approach. Our Elders say that "A good product sells itself".

Firstly, the challenged RCBs should make their Banks very profitable, thereby making them attractive for their shares to be bought. Secondly, they should intensify their marketing efforts and if possible, engage professionals to handle it. Sometimes we think of the cost of such campaigns, and decide to do it ourselves, but the amateurish approach may end up with poor results.

The Directors themselves should be seen to be buying significant shares in their Banks. This demonstrates to the community that they believe in the Bank's future – in essence, to use an old cliché – "they are putting their money where their mouth is". The public will then take a cue from that and buy heavily as well.

**TRB: What is your perspective on the new Bank of Ghana (BoG's) Corporate Governance Directives and how do you think it would help the financial sector, including the Rural and Community Banks (RCBs)?**

**BAG:** Generally, I am of the view that it is a step in the right direction. Some of the recent Bank failures have been partly attributed corporate governance failings. Considering the financial cost to the country resulting from Banks going under, every necessary step must be taken to forestall future bank failures in the

country.

Having said that, I think the Central Bank should take a good look at the implementation of the corporate governance directives, especially those relating to the Transitional Provisions. Care must be taken to avoid precipitous departures from Bank Boards, which will be disruptive and create new problems, even as it attempts to solve the old ones. The Transitional Provisions have already been amended once, which seems to indicate that the first version was not well-thought through.

Regarding the effect on RCBs, I believe extra care must be taken to take account of their peculiar circumstances. The paucity of technically qualified Board members at many RCBs alone should give cause for reflection. The second draft of the Transitional Provisions appears to acknowledge the need to ease Banks gradually into the new Corporate Governance regime. However, at some RCBs, there is the need to make the transition even more gradual, to afford such banks adequate time to scout for the required talent, skills and experience, in the process of replacing retiring Directors. I believe BoG's intention is to make the RCB Boards stronger, not weaker! We should therefore guard against measures that will be counter-productive. ■

■ ■ I think the Central Bank should take a good look at the implementation of the corporate governance directives, especially those relating to the Transitional Provisions. ■ ■





**LA COMMUNITY BANK LTD.**

*Be Part of Our*

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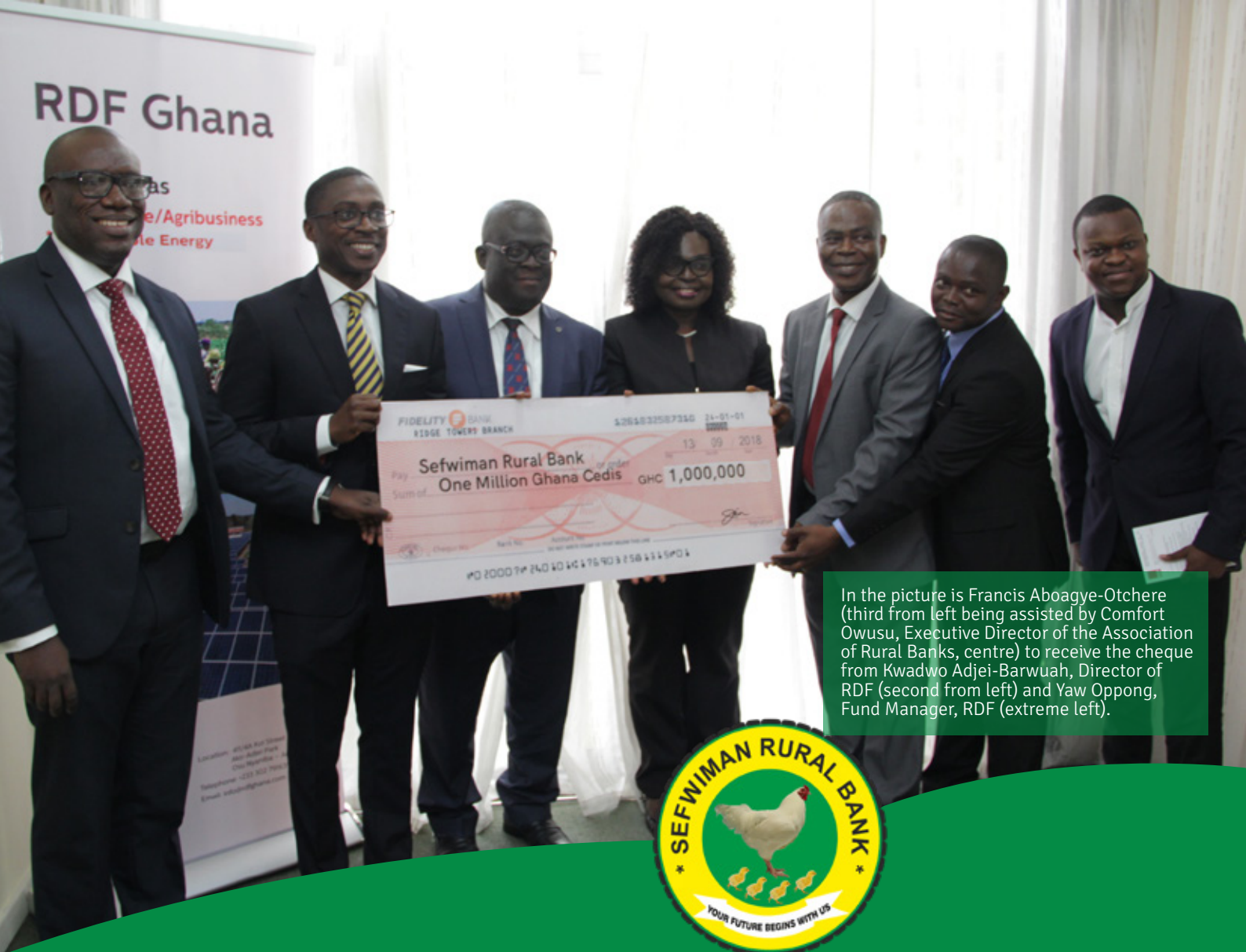
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- Loans and Advances
- E-Zwich
- Issue of payment order
- Standing Order Services
- Safe Custody Items
- Apex Link Domestic Transfers
- Western Union Money Transfers
- Efie ne Fie
- Payment of Electricity Company of Ghana Bills.
- Financial support for Small / Medium Scale Enterprises.
- Support for Cottage Industries and all income generating activities towards the reduction of poverty.
- Innovative Lending Schemes through groups, Associations.
- Women and Development Projects for poverty reduction, and other social and Development funds for vulnerable groups.
- No time wasting Current/ Savings Account Services.
- Loans to Workers to:  
Purchase Domestic Appliances  
Pay for School fees, medical bills  
Undertake house renovations,  
Purchase furniture etc.

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In the picture is Francis Aboagye-Otchere (third from left being assisted by Comfort Owusu, Executive Director of the Association of Rural Banks, centre) to receive the cheque from Kwadwo Adjei-Baruwah, Director of RDF (second from left) and Yaw Opong, Fund Manager, RDF (extreme left).

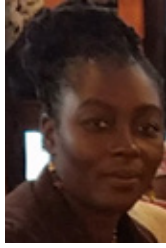


Sefwiman Rural Bank was the first recipient of a GH¢1.0 million disbursement at the launch of the Rural Development Fund (RDF). At a short presentation ceremony at Osu in Accra, Yaw Opong, Fund Manager of RDF stated that Sefwiman Rural Bank was selected as first beneficiaries of the green solutions Fund because their operations and corporate governance structures stood out from all the applications received during the first window.

Francis Aboagye-Otchere, Board Chairman of the Bank thanked the Directors and Management of RDF for selecting Sefwiman Rural Bank and promised them that the funds would be applied judiciously.



SEFWIMAN Rural Bank



Adjoa Boateng

# BANKING DEBACLE: THE WAY FORWARD

The writer is a Corporate Governance Consultant.  
She can be reached at [adjoahboateng@gmail.com](mailto:adjoahboateng@gmail.com)

## The Turbulence

Yet again another spate of a banking debacle. Following the recent fiasco regarding some banks in our country, it can only be stated that unfortunate situations like these can be good if only they are made good. They can be made good when in the financial turbulence, it is realised that serious changes must be implemented and enforced in our corporate governance laws and practices. This is not the first time there has been a banking crisis in Ghana. In 2000, the Bank for Housing and Construction suffered a similar fate. One would wonder whether lessons were not learned. To

restitution of all the misappropriated bailout funds and others must follow. The assets of all who are culpable must be retrieved, to defray all the liabilities incurred and the corporate veil where appropriate, must be lifted and prosecution effected where necessary. In doing this, we will start the process of instilling trust into the system and sanitise the industry.

## Flaws in the Application of the Agency Theory

The principals, owners of a company, otherwise known as shareholders appoint or delegate agents known as directors, to ensure the company is run well on their behalf – the basic

shareholder's objectives, which is wealth maximisation. In these instances, we realise that some of the shareholders were also directors and were looking out for large salaries, board fees as well as maximising personal wealth. The focus then shifts to self rather than the well-being of the company.

What we are faced with is that the agency theory principle has been violated whereby in some cases, the shareholders and the directors were one and the same. There must be a clear separation between shareholders and directors for better governance of accountability, responsibility and trust.

One way to address this situation is that directors and shareholders should look at a more sustainable way of achieving their desired outcomes. Focus should shift from the bottom to the triple line. Bottom line has a singular focus on profits, whilst triple line places emphasis on Profit – the earning power of the company; People – the most valued resources and Planet – the community in which it operates (that is, 3Ps). Having such a broader view invariably instils an integrated thinking approach into the decisions and processes of the company. This helps those at the helm of affairs to develop a more effective way in achieving sustainable wealth for the institution by driving stakeholders' wealth up and not

■ ■ The principals, owners of a company, otherwise known as shareholders appoint or delegate agents known as directors, to ensure the company is run well on their behalf – the basic elements of the Agency Theory. ■ ■

succeed in the future, we must learn from our past mistakes. This goes without saying that the investigations must continue regarding all shareholders, directors, key management of all banks involved, the auditors as well as the Central Bank as there must have been lapses in its supervisory role. Depending on the outcome of these investigations,

elements of the Agency Theory. The board of directors then have a fiduciary responsibility to the shareholders of the company usually described through company law as 'operating in the best interests of the shareholders'. The board's objectives, such as a desire for high salary or fees, large bonus and status for a director will differ from the





only that of shareholders' which has a short-term effect and usually dovetails into complex governance challenges resulting in financial irregularities.

The lesson here is that the direct application of the agency theory focuses more on stakeholders rather than shareholders. Long lasting benefits come with the increase in wealth of other stakeholders!

### **Accountability, Responsibility and Transparency**

The Banks and Specialised Deposit-Taking Institutions Act 2016 (Act 930) Section 120, provides that, "where misconduct through illegal or fraudulent activities by significant shareholders, directors and key management has been proven, the Bank of Ghana is to initiate civil action to claim damages and restitution. The aim is to ensure that all ill-gained wealth is recovered; be it immovable assets, or liquid assets, to reduce the financial exposure created by this very act".

According to a report by Boulders Advisors Limited, various instances of supervisory weaknesses, regulatory breaches, corporate governance failures, insider dealings, and

accounting/financial improprieties, among others, have been cited as reasons that contributed to the collapse of these banks. The question is, where do we go from here? I would suggest that an appropriate body conducts a thorough investigation into the issue with the following included in the outcome:

- 1) Any weakness in the entire operations i.e. regulatory, supervisory and compliance identified, should be analysed with effective interrogatory tools such as the 5 Whys model (uses counter-measures rather than solutions to prevent the problem from arising again) to ensure that the cause and effect of each lapse is explored in detail. The aim here is to strengthen the processes and prevent such disasters from happening or not at this scale in future. The Bank of Ghana, must without fail, do an internal assessment to unearth any rot or collusion to ascertain whether the lapses were flouted for personal gain or there were genuine weaknesses in the regulations.

- 2) Any person found culpable of perpetuating any form of crime

should be brought to book without fear or favour and the Court must lift or pierce the corporate veil where necessary. When a company is formed, the company assumes a corporate legal entity of its own. Therefore, the owners of the company and the company are not one and the same. As such, there is a 'veil' that separates the company from its owners. There are however, situations such as fraud, misuse and abuse that may cause a court to lift the veil, making the shareholders and the company one and the same person where the individuals will not be allowed to take shelter



**Any person found culpable of perpetuating any form of crime should be brought to book without fear or favour and the Court must lift or pierce the corporate veil where necessary.**





behind the corporate veil. There are provisions made in the Banks and Specialised Deposit-Taking Institutions Act 2016 (Act 930) in Sections 152 to 154. The goal here is to create a deterrence for people to engage in this despicable act.

Following the 1980s and early 1990s savings and loans crisis in the US, more than a thousand bankers were convicted by the Justice Department and jailed. One key tool that was used was criminal referrals from regulators to government prosecutors. This helped sanitise the system until 2008 when the US was hit with another financial crisis mainly due to deregulation of the financial sector.

During the US financial crisis of 2008, the Attorney General, Andrew Cuomo, led the most aggressive investigation of American International Group (AIG) and other financial institutions in the country with mixed success. In late 2010, Mr. Cuomo sued the accounting firm Ernst & Young, accusing it of helping its client Lehman Brothers “engage in massive accounting fraud.” His office also investigated the bonuses that were paid out by giant banks just after the bailout, and he considered bringing a case to try to

claw back some of that money. But ultimately, he chose to publicly shame the companies by releasing their bonus amounts.

The lesson here is that a much tougher supervisory and regulatory framework, coupled with a credible whistle blower mechanism would help address some of the challenges we are currently grappling with. In this regard it is instructive that section 57 of Act 930 imposes duties on a director to report in writing to the BoG of any event likely to have adverse impact on a bank, the intention of which must be known to the board prior to writing to the BoG.

It is also refreshing to note that BoG has issued a Corporate Governance Directive that prescribes rules regarding how banks should be governed in line with section 56 of Act 930. Some of the key highlights of the Directive are; term limits for Chief Executive Officers (CEOs) and Directors, specific reports, which shall be regularly made to the Board on non-performing loans, related party transactions, constitution and roles of board sub-committees and management committees. The BoG has also issued a ‘Fit and Proper

Directive’ for shareholders, directors, and key management staff. These directives must be strictly enforced to secure the much-needed sanity in the banks and SDIs.

### Self-Worth and not Net-Worth

The Regulator should provide a proper oversight role. In my view, Act 930 has enough principles laid out, but its enforcement must be paramount. An effective whistle-blower system as part of management information systems in the banks should also be established and promoted to provide the necessary checks and balances to ensure effective and efficient running of these financial institutions. There must also be strong internal control policies addressing various risk exposures.

The rules must be enforced without fear or favour. Regardless of an individual’s wealth or societal standing, as a nation, we should be brave enough to speak truth to power, separate personalities from corporate responsibilities and do away with “pluralistic ignorance”. Scrutiny must be applied by the supervisory body to the directors and managers, to ensure that there is a clear separation such that the Agency Theory is applied effectively. It is also daunting to begin to imagine what hidden skeletal rots await us in the microfinance sector. Nevertheless, we must go there sooner than later.

Finally, in appointing directors, crucial elements in the individual should be sought – a person who can help the company attain its objectives and focus on stakeholder’s wealth (the application of the ‘Fit and Proper Directive’). Warren Buffet put it succinctly when he said, “In looking for people to hire, look for three qualities: integrity, intelligence and energy. If they do not have the first one, the other two will kill you”. In the final analysis, reputational gain is worth far more than monetary gain, in other words, what matters is self-worth and not net-worth. ■



The Management Team of ARB Apex Bank

# ARB APEX BANK STRATEGIZES FOR THE FUTURE

**A**RB Apex Bank has held a retreat, to prepare a three-year strategic plan. The Three-year strategic plan, would replace the current one, which expires at the end of 2018.

The four-day strategic planning workshop was held at the Ensign College of Public Health at Kpong in the Eastern Region from Thursday, September 20 to Sunday, September 23, 2018.

The retreat brought together heads-of-department, heads of strategic business units and team leads as well as branch managers from all the 10 regions of the country.

Input for the strategy was also solicited from General Managers and CEOs of the Rural and Community Banks at the recently held 17th Annual National Managers' Conference in Ho.

The following are some of the outputs of the strategic session:

### Vision

To be the most preferred service provider to the RCBs.

### Mission

To provide banking and non-banking services to the satisfaction of the RCBs and other stakeholders.

### Core Values

- S** - Speed
- E** - Efficiency
- R** - Respect
- V** - Versatility
- I** - Integrity
- C** - Commitment
- E** - Effectiveness

### Corporate Culture

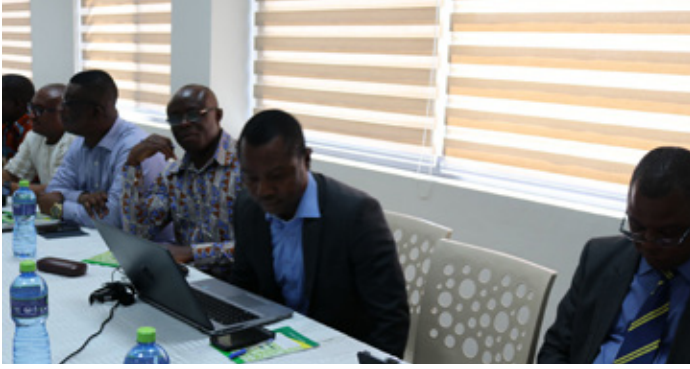
- S** - Smartwork
- T** - Teamwork
- E** - Empathy
- P** - Professionalism

### Strategic Goals

1. Developing people and competencies
2. Raise Additional Capital
3. Deliver customer-centric products and services through digital transformation in a secured environment
4. Grow revenue streams by not less than 20% annually whilst keeping CIR at not more than 80%
5. Position ARB Apex Bank and RCBs as the largest, most organised bank branch network
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7. Strengthen Risk Management activities of ARB Apex Bank and the RCBs













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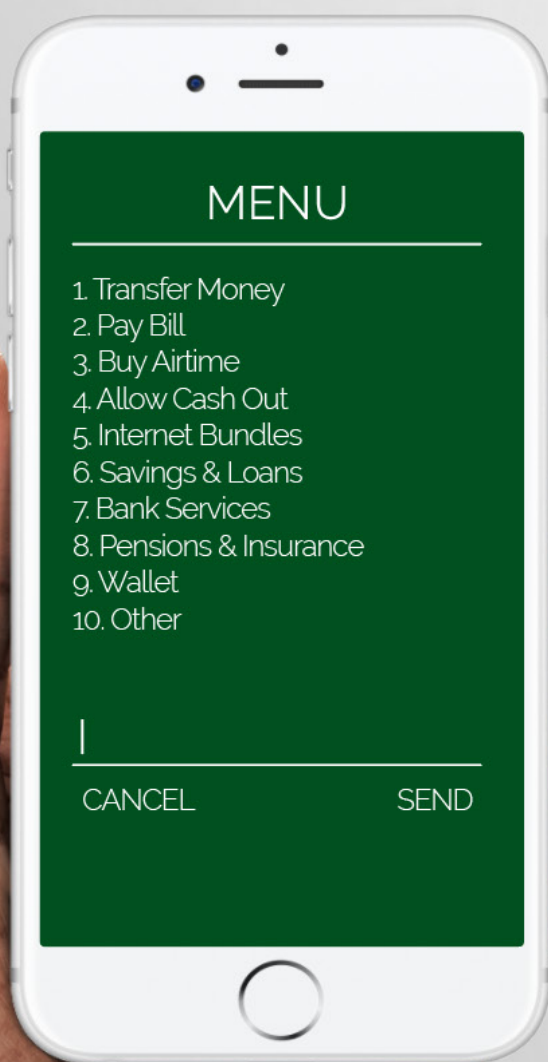
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