



# FIRST +

Financial Institution  
Resilience & STrengthening

February 2023

## AKUAPEM RURAL BANK PLC

### An Energized Team Embraces New Systems and Skills to Finance More Women Entrepreneurs

A case study from FIRST+, a CapitalPlus Exchange, Bank of Ghana, Ghana Microfinance Institutions Network, and Mastercard Foundation partnership



Nestled in the green hilltops north of Ghana’s capital city Accra, the Akuapem Rural Bank PLC has been an essential part of its community for 40 years. The institution is so well respected that Bank executives proudly note the Bank of Ghana Governor and the Senior Government Minister both attended its recent 40th anniversary celebration. Over the years, the Bank has grown to six full-service branches and two smaller mobilization centers that serve a largely female client base, with a focus on micro and small businesses in the area’s rural communities.

When Akuapem Rural Bank joined the FIRST+ (Financial Institution Resilience and STrengthening) program in March 2022, Bank officials expected CapitalPlus Exchange (CapPlus) to develop a new lending technology that would enable them to increase lending to small and medium-sized businesses. They got much more than they expected: the investment in formal training combined with on-the-job coaching generated an army of re-energized and empowered front-line employees who understood for the first time how much finance, what type of finance, and when finance was needed to support their small business clients in ways that maximize their growth, prosperity, and job creation.

The Bank now is a very different place than it was a year ago. Buoyed by the enthusiasm of management and the Board of Directors, credit officers are now using the tools and processes provided by CapPlus to accelerate business growth to benefit producers, entrepreneurs, and their workers while also growing the Bank’s loan portfolio. Expanding the Bank’s products beyond group-based microfinance and collateral-based lending to larger individual, non-collateralized loans could not have come at a better time given that securities and bonds are no longer a “risk-free” investment.

#### FIRST+ (Financial Institution Resilience and STrengthening)

The FIRST+ program is catalyzing systemic change to accelerate job creation in Ghana through small business growth powered by access to finance.

Through FIRST+, CapPlus applies an ecosystem development approach to address the underlying challenges that inhibit financial institutions’ lending to small businesses, partnering with them to change mindsets, implement proven methodologies and practices, and tailor financial services for women and youth with a focus on the agricultural sector.

CapPlus employs change management principles while bringing best-in-class expertise and systems to profitably increase lending to underserved small businesses, the largest creators of jobs in Ghana.

FIRST+ is led by CapitalPlus Exchange (CapPlus) in partnership with the Mastercard Foundation, Bank of Ghana, and Ghana Microfinance Institutions Network (GHAMFIN) which offers group-based skills training on critically relevant topics to financial institutions, reinforcing the skills that CapPlus delivers in the field.





The Bank's team is enthusiastically applying enhanced skills in credit appraisals and portfolio management while using new systems that accelerate approvals of quality loans.



*FIRST+ training gave the Bank's credit team greater confidence to market to customers: (l to r) Frank Nyamalar, Obed Rockson, Manager Daniel Kwesi Mensah, and David Obeng.*

## Heightened Confidence to Increase Lending

Recognizing that high levels of non-performing loans are a common challenge after the COVID-19 pandemic, CapPlus and Akuapem Rural Bank teamed up to bolster the Bank's systems and lenders' skills for managing its loan portfolio, including providing a roadmap for management and the Board of Directors to increase lending while minimizing potential loan defaults. To reduce future non-performing loans and increase efficiencies, CapPlus developed a customized risk management tool for appraising loan applications, called the Integrated Creditworthiness Appraisal Model (iCAM), that reduces the turnaround time for loan approvals from several days to just hours.

"The CapPlus training and iCAM tool gave our credit officers the breadth of expertise they need to confidently expand lending while mitigating bad loans. They are taking what they've learned and using it," asserts Daniel Kwesi Mensah, Akuapem Rural Bank's Credit Manager. "The improvement of our credit operation is reflected in the numbers – we've seen a steady increase in our portfolio size and the quality of our risk management. When CapPlus began working with us, our loan portfolio was around 23 million Ghana Cedis; now (eight weeks later) it's in excess of 27 million Ghana Cedis."

Branch managers and their marketing teams then sharpened their customer management and outreach skills through sales and marketing training, also contributing to an increase of more than 50% in MSME loan customers during 2022.

"CapPlus taught us how to 'break the ice', giving us more professional confidence to approach customers, and it's working very well for us," explains Isaac Kankam, Senior Credit Officer.

"We learned we must educate customers on borrowing and how it can help their businesses. Most new and existing customers don't know they can access a credit facility from us, for example. There are a lot of people with productive businesses that are still unbanked, especially women, and we've learned how to best approach them."

## The Right Amount of Credit at the Right Time

Greater financial inclusion for micro and small businesses accelerates business growth and job creation while increasing their resilience to economic challenges. Now Akuapem Rural Bank applies its deeper credit analysis skills to increase its lending to individuals (in contrast to group loans) and to further strengthen its clients through financial skills coaching.

"CapPlus gave us insight into assessing business risk by examining receivables, financial statements, cash flow, and other aspects of a business to understand how much we can safely lend to them. The training enables us to help our customers not only through increased lending, but we are now educating them to understand their own needs," notes Mr. Daniel Kwesi Mensah.

"We underfinanced customers before, but through this training we've learned how to grow our customers with the right size loan. We also better understand seasonality and sensitivity analysis, so that we issue the right loan amounts at the right time, ensuring their ability to repay."

## Empowered Women Strengthen Communities

When women-owned businesses have access to the right amount of finance at the right time, they unlock opportunities to thrive and generate much-needed jobs in their communities. Women business owners also achieve greater agency and respect. "As a rural bank, it's important that we impact our community so we all benefit together," asserts Mr. Kwesi Mensah. "When we financially empower women entrepreneurs, their profit positively affects the





**The Bank has really helped my business. They told me that with the regular nature of my savings with them, I qualified for a business loan. The loans play a vital role in helping sustain my business through the seasonal sales fluctuations of the agricultural cycle.” – Lydia Awatey, Sosei Agro-Chemicals**



entire community. They expand their businesses, and they’re able to take care of their families.”

Juliana Awuku is a proud farmer who grows pineapples and processes palm oil in the lush mountaintops. She has leveraged loans to grow her business to employ 15 people, including five youth and eight women, and to build a two-bedroom house for her and her young son – a significant achievement. “Akuapem Rural Bank was my preferred option when I decided to take a loan. I liked their customer service. But I had my fears about owing a bank. I discussed my business plans with one of the Bank’s employees, and he encouraged me to put my fears aside and take the first step,” Juliana recalls.

“When it comes to loan repayment, women tend to be more credible than men. In our microfinance portfolio, there’s a 99.9% repayment rate for women,” Mr. Daniel Kwesi Mensah says approvingly. “We’re pleased that the risk management training from CapPlus enabled our Bank to design new, larger loan products that don’t require collateral to meet the needs of women entrepreneurs, greatly increasing the number of small businesses we’re able to lend to. In just one month after the training, we gained a fourfold increase in our microfinance loans for market women, and we project that our newly launched small loan product will nearly triple in sales by the end of 2022.”

## Banking the Agricultural Value Chain

More than half of Ghanaians work in the agricultural sector. But until CapPlus analyzed Akuapem Rural Bank’s loan portfolio, Bank executives didn’t think agricultural-related clients were a significant portion of their business, despite serving rural communities. “We thought it made up about 20%, but our coaches helped us realize that 70% of our loans were related to the agricultural value chain,” notes Mr. Daniel Kwesi Mensah. Women with microfinance loans, about 7,000 Bank clients, trade mostly in the agricultural value chain, so the Bank is looking at restructuring its loan classification to reflect this new insight. Now the Bank is devoting greater attention to expanding its agricultural lending.

“We did not have a technical appreciation for how to deal with risk in the agricultural class of finance, and we were cautious, especially with crops. But with insight from CapPlus, we now understand it’s not that risky because there are interventions available to mitigate the risks. Now we’re looking at how we can best extend lending to those businesses,” Mr. Daniel Kwesi Mensah offers.

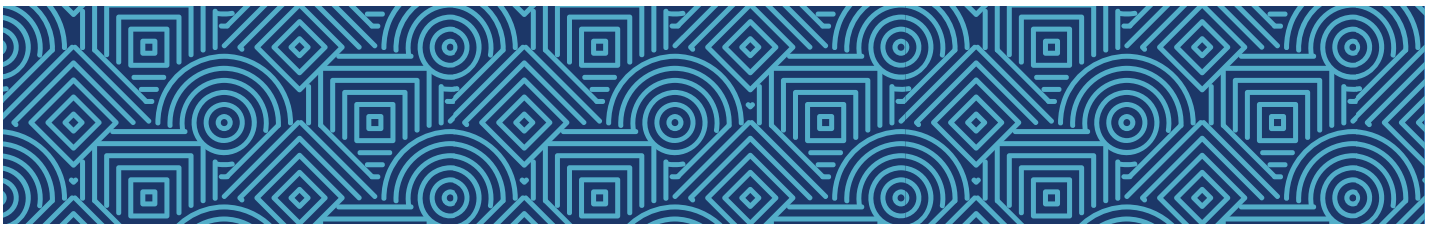


Akuapem Rural Bank Branch Manager Andrew Afum-Ansah (r) and loan officer Isaac Kankam (l) visit with client Juliana Awuku in her pineapple field financed through the Bank.





*"We are using the capacity building assistance from FIRST+ to help our customers sustain their businesses and make sure they survive and retain jobs for the community," says Daniel Kwesi Mensah, Akuapem Rural Bank's Credit Manager, seen here in front of the Bank headquarters in Mamfe.*



## AKUPEM RURAL BANK 2022 IMPACT



**22,862**  
MSME LOAN  
CUSTOMERS



**29,267**  
TOTAL JOBS



**10,051**  
JOBS HELD BY  
YOUTH



**6,307**  
JOBS HELD BY  
FEMALE YOUTH



**24,242**  
JOBS HELD BY  
WOMEN