

**CONTRIBUTION OF COMMERCIAL BANKS  
TO THE ECONOMIC DEVELOPMENT  
OF MOGADISHU,  
SOMALIA**

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A Research Thesis  
Presented to the Collage  
of Higher Degrees and Research  
Kampala International University  
Kampala, Uganda

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In Partial Fulfillment of the Requirements for the award  
Of Degree Master of arts in Development Studies

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## DECLARATION A

I, here by to declare that this thesis my original work and has not been presented for Degree of any other academic award in any university or institution of learning"

Signature:  Date: 13<sup>th</sup> / 03 / 2012

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## DECLARATION B

"I confirm that the work reported in this thesis was carried out by the candidate under my/our supervision".

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Date: 16<sup>th</sup> March / 2012

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**APPROVAL SHEET**

This thesis entitled "Contribution of commercial banks to the economic development of Mogadishu, Somalia". Prepared and submitted by Ibrahim Mohamed Abdullahi in partial fulfillment of requirement for the degree of Master of Arts in Development Studies, has been examined and approved by the panel on oral examination with a grade of \_\_\_\_\_

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## **DEDICATION**

I dedicate my work in this thesis to my beloved parents my father Mohamed Abdullahi and my late mother Ambiyu Abdulrahman, my uncle Yusuf Abdullahi and also my beloved brothers and sisters specially Layla Mohamed and Hamdi Mohamed and my cousin Amiin Yusuf for their encouragement and support during my academic career.

## **ACKNOWLEDGEMENT**

First praise is due to Allah who made me this book possible to be completed. Secondly I would like to acknowledge a number of people whose financial and moral support greatly contributed this piece of work.

Thirdly, I would like to convey thankfulness to my supervisor Dr. KAFERO KIGUNDU, from whom I received precious advice, comments, criticism and suggestion since starting of this research. Also I appreciate to my lecturers who provided me with the knowledge that I have used in compiling this thesis.

In this regard, I convey my heartfelt appreciation to my parents who encouraged me to complete this research special my father Mohamed Abdullahi and bothe my sisters Layla Mohamed and Hamdi Mohamed also I place my sincere thank all my brothers and sisters, likewise all my colleagues who gave me their crucial suggestion and their thoughts whom helped me for this successful completion.

In addition, many thanks to my colleagues of Kampala International University such as: Mohamoud Abdullahi, Abdulhamid Abubakar, Abdulmajid Abdullahi, Husien isse and Kamal Mohamed. Also I appreciate to the all institution and individuals who provided me with the data which resulted in the success of this research. Furthermore, I would like to appreciate all my respondents those who allowed me to get the information I needed in my research.

My appreciation is therefore extended to all whose contributions constantly supported me to prepare this thesis.

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## **LIST OF APPREVIATION AND ACRONUMS**

IRA:	Individual Retirement Accounts
ATM:	Automated teller Machines
EFT:	Electronic Funds Transfer
CVI:	Content of validity index
IMF:	International Monetary Fund
SPSS:	statistical package for social science

## **ABSTRACT**

The study aimed at the contribution of commercial banks to the economic development of Mogadishu, Somalia. The objectives of the study were to assess the contribution of commercial banks to the economic development, to identify the challenges faced by contribution of commercial banks to the economic development of Mogadishu and to propose better ways to overcome these barriers faced by commercial banks to the economic development

The researcher used the sample size of 100 respondents including, administrators, employees and beneficiaries of these commercial banks. The study was conducted through descriptive research design and used questionnaire as the main tool for collecting data.

The findings of the study shows that commercial banks contribute on the economic development by facilitating highly speed of money transfers, building economic structures by providing small scale microfinance institutions in Mogadishu and they help the community by providing the savings making them available to entrepreneurs.

Based on the findings, the researcher recommended that commercial banks must devote to operate effective in their community, and also to extend network agents through all the villages and towns in the country. to participate the social responsibility operations by providing fund which could help them to create their own business, lastly the commercial banks must create microfinance institutions in order to enhance small loans to their customers that would like to invest their small and medium sized business (e.g. Farmers and entrepreneurs).

## **CHAPTER ONE**

### **THE PROBLEM AND ITS SCOPE**

#### **Background of the Study**

In Somalia commercial banks dates back many decades. In the 1960s a significant number of Somalis migrated to central and eastern parts of southern Africa, drawn by employment opportunities in the transportation industry. In particular, the construction of the Tanzania-Zambia railway line attracted many semi-skilled and unskilled laborers.

In the 1970s and 1980s the oil boom in the Middle East and political oppression at home increased migration to the Gulf States, North America and western European countries with migrants in search of employment and a better quality of life. During this period the most common means of remittance was the 'Franco Valuate' system. Under these system Somali laborers working in the Gulf States purchased high value consumer goods and shipped them back to their families or simply transferred a portion of their earnings via Somali traders. In the first case the traders then took the proceeds of the sale of the goods and paid the laborers' relatives in local currency. But Franco Valuate was an inefficient and time-consuming process. King, A. (2003).

In the 1990s the collapse of the Somali state and the economy coupled with the ongoing civil wars further increased migration to the western countries and many other parts of the world. It is estimated that over 750,000 Somalis currently reside and work in North America, Europe, Australia, New Zealand and the Gulf States.

Many migrants support their families by remitting part of their earnings through commercial banks operating in more than 40 countries. What started as a way for an émigré to send cash back to their extended families has in many cases blossomed into full-blown financial operations.

The commercial companies are the sole international financial institutions operating in Somalia. They are a lifeline for many Somali families, a conduit for hard currency entering and leaving the country, as well as an instrument for trade and commerce both in Somalia and abroad. Regardless of the formation of a strong central government and/or banking system in Somalia,

There are many reasons why commercial banks become more booming than other institutions;

- Commercial banks have the trust and confidence of their customers;
- Commercial banks have an extensive network of agents that service almost all the towns and villages in Somalia; as well as discussed the role of the banks in the economy see "by Abdirahman, (2000).

Somali emigrants and workers abroad have always been a historical part of the country's economy since a large number of Somali nationals have emigrated to other countries in search of better education, trading or employment opportunities. The bulk of the migration started in late 1960's when thousand of truck drivers and youngsters emigrated to the central, eastern and south eastern countries of Africa ; they were attracted by the gainful employment opportunities offered to them by several Somali

transport companies who had a constant fleet of trucks operating in those countries. King, A. (2003).

Another large scale migration resulted from the oil boom in the Arab Gulf States during the early 1970s. From 1982 to early 1988, due to the political instability, the regime at the time placed restrictions, threats, harassment's and even killings to the people in general and particularly in the northern and north-eastern parts of the country that resulted in factional and clan political armed conflicts among the people and the government. Thousands of the affected fled to various countries such as Gulf States, Western Europe, North America and to some African countries such as Kenya, Ethiopia, Djibouti and Uganda.

Finally, with the collapse of the Somali state in early 1991 and the subsequent civil war, hundreds of thousands of Somali nationals fled the country. In line with Somali culture, the relationship between people is based on deep kinship ties, clan networks and the extended family system. In the urban areas, the ties are broadened and include neighbors and friends at schools and workplaces. The networks perform many socio-economic functions and have a great impact on family and household businesses.

Families with low incomes rely on commercial banks, relatives or friends living abroad. Therefore if a member of the family succeeds in emigrating he/she has the duty of providing assistance to members of the extended family or close friends who are living in Somalia. Adams, R. (2005)

## **Statement of the problem**

Somalia's banking system has clearly been heavily impacted by the political chaos that has enveloped the country's recent history. There are presently an extraordinarily small numbers of banks active in Somalia, Mubarak and Jamil (1997).

Despite the existence of number of commercial banks in Somalia, the economic development is not achieved in recent years. The researcher will investigate the challenges that faced commercial banks in Somalia to involve in the process of economic development and the better way that commercial banks can involve in the economic development of Mogadishu, Somalia.

## **Purpose of the Study**

The main purpose of the study was to determine the contribution of commercial banks to the Economic development of Mogadishu, Somalia.. So the researcher wants to investigate their contribution to economic situation that they are in.

## **Research Objectives**

The research objectives were:

- (i) To assess the Contribution of commercial banks to the economic development of Mogadishu, Somalia.
- (ii) To identify the challenges faced on Contribution of commercial banks to the Economic development in Mogadishu, Somalia.

- (iii) To propose better ways to overcome those barriers in commercial banks in Mogadishu.

### **Research Questions**

The following research questions were prepared to guide the study:

- (i) What are the contributions of Somali commercial banks to the Economic development of Mogadishu, Somalia?
- (ii) What are challenges faced on Contribution of commercial banks to the Economic development of Mogadishu, Somalia?
- (iii) What are some of the solutions to overcome barriers of contribution of commercial banks of Mogadishu?

### **Scope of the Study**

#### **Geographically:**

The study was conducted in the capital city of Mogadishu, Somalia. The study will concentrate on the contribution of Somali commercial banks to the Economic development of Mogadishu. s

#### **Content Scope:**

The study intended to examine the contribution of Somali commercial banks to the Economic development of Mogadishu, Somalia. The researcher also identifies the quality service delivery in Commercial Banks and their contribution to economic development in Mogadishu, Somalia and how they can participate to the economic development.

This study was conducted in Commercial Banks in Somalia especially in Mogadishu Area, through selected central and local Branches in Mogadishu.

**Time Scope:**

The study was conducted from 2008 to 2011, because of the majority of economically activities of revolution of commercial banks in Mogadishu were started after 20<sup>th</sup> century and mostly common activities in Mogadishu were developed in Commercial Banks which are the largest Banks in contributing and accelerating commercial and remittance activities in Mogadishu, Somali.

**Significance of the Study**

The findings and recommendations of the study will be useful in several specific areas including Commercial banks in Somali, Government, Ministry of Finance, stockholder and everyone concentrate to establish commercial banks. At the same time this research helpful all sectors willing to do further research.

## **Operational definitions of key terms**

A **commercial bank** (or **business bank**) is a type of financial institution and intermediary. It is a bank that provides transactional, savings, and money market accounts and that accepts time deposits.

**Economic development** is the increase in the standard of living in a nation's population with sustained growth from a simple, low-income economy to a modern, high-income economy. Also, if the local quality of life could be improved, economic development would be enhanced.

## CHAPTER TWO

### REVIEW OF RELATED LITERATURE

#### Concepts, ideas, opinions from authors/experts

The name *bank* derives from the Italian word *banco* "desk/bench", used during the Renaissance by Florentine bankers, who used to make their transactions above a desk covered by a green tablecloth. However, traces of banking activity can be found even in ancient times.

In fact, the word traces its origins back to the Ancient Roman Empire, where moneylenders would set up their stalls in the middle of enclosed courtyards called *macella* on a long bench called a *bancu*, from which the words *banco* and *bank* are derived. As a moneychanger, the merchant at the *bancu* did not so much invest money as merely convert the foreign currency into the only legal tender in Rome- that of the Imperial Mint.

According to Walter L. (1998), a bank is a person or corporation which holds itself out to receive from the public, deposits payable on demand by cheque." Horace White has defined a bank, "as a manufacture of credit and a machine for facilitating exchange."

According to Prof. Kinley, "A bank is an establishment which makes to individuals such advances of money as may be required and safely made, and to which individuals entrust money when not required by them for use."

## **Theoretical Framework**

Commercial banks are considered not merely as dealers in money but also the leaders in economic development. They are not only the store houses of the country's wealth but also the reservoirs of resources necessary for economic development. They play an important role in the economic development of a country. A well-developed banking system is essential for the economic development of a country. Johnson, B., and S. Sedaca.(2004).

In case of under developed countries like Somalia, the commercial banks are considered to be the backbone of the economy. Commercial banks can contribute to a country's economic development in the following ways:

According to Walter L. (1998), Capital formation is the most important determinant of economic development. The basic problem of a developing economy is slow rate of capital formation. Banks promote capital formation. They encourage the habit of saving among people. They mobilize idle resources for production purposes. Economic development depends upon the diversion of economic resources from consumption to capital formation. Banks help in this direction by encouraging saving and mobilizing them for productive uses.

## **COMMERCIAL BANKS AND ECONOMIC DEVELOPMENT**

### **Provision of Finance and Credit:**

Commercial banks are a very important source of finance and credit for industry and trade. Credit is a pillar of development. Credit lubricates all commerce and trade. Banks become the nerve centre of all commerce and trade. Banks are instruments for developing internal as well as external trade.

### **Monetization of Economy:**

An underdeveloped economy is characterized by the existence of a large non-monetized sector. The existence of this non-monetized sector is a hindrance in the economic development of the country. The banks, by opening branches in rural and backward areas can promote the process of monetization (conversion of debt into money) in the economy.

### **Innovations:**

Innovations are an essential prerequisite for economic development. These innovations are mostly financed by bank credit in the developed countries. But in underdeveloped countries, entrepreneurs hesitate to invest in new ventures and undertake innovations largely due to lack of funds. Facilities of bank loans enable the entrepreneurs to step up their investment on innovational activities, adopt new methods of production and increase productive capacity of the economy. Walter L. (1998)

## Implementation of Monetary Policy

Economic development needs an appropriate monetary policy. But a well-developed banking is a necessary pre-condition for the effective implementation of the monetary policy. Control and regulation of credit by the monetary authority is not possible without the active co-operation of the banking system in the country.

### Encouragement to Right Type of Industries:

Banks generally provide financial resources to the right type of industries to secure the necessary material, machines and other inputs. In this way they influence the nature and volume of industrial production.

### Development of Agriculture:

Underdeveloped economies are primarily agricultural economies. Majority of the population in these economies live in rural areas. Therefore, economic development in these economies requires the development of agriculture and small scale industries in rural areas. So far banks in underdeveloped countries have been paying more attention to trade and commerce and have almost neglected agriculture and industry. Banks must provide loans to agriculture for development and modernization of agriculture.

### Regional Development:

Banks can also play an important role in achieving balanced development in different regions of the country. They transfer surplus capital from the developed regions to the less developed regions, where it is scarce and most needed. This reallocation of funds between regions will promote economic development in underdeveloped areas of the country.

### Promote Industrial Development:

Industrial development needs finance. In some countries, commercial banks encouraged industrial development by granting long-term loans also. Loan or credit is a pillar to development. In underdeveloped countries like Somalia, commercial banks are granting short-term and medium-term loans to industries.

They are also underwriting the issue of shares and debentures by industrial concerns. This helps industrial concerns to secure adequate capital for their establishment, expansion and modernization. Commercial banks are also helping manufacturers to secure machinery and equipment from foreign countries under installment system by guaranteeing deferred payments. Thus, banks promote or encourage industrial development.

### Promote Commercial Virtues:

The businessmen are more afraid of a banker than a preacher. The businessmen should have certain business qualities like industry, forethought, honesty and punctuality. These qualities are called "commercial virtues" which are essential for rapid economic progress. The banker is in a better position to promote commercial virtues. Banks are called "public conservators of commercial virtues."

### Fulfillment of Socio-economic Objectives:

In recent years, commercial banks, particularly in developing countries, have been called upon to help achieve certain socio-economic objectives laid down by the state. For example, nationalised bank in Somalia have framed special innovative schemes of credit to help small agriculturists, self-employed persons and retailers through loans and advances at concessional rates of interest. Banking is thus used to achieve the national policy objectives of reducing inequalities of income and wealth, removal of poverty and elimination of unemployment in the country.

Thus, banks in a developing country have to play a dynamic role. Economic development places heavy demand on the resources and ingenuity of the banking system. It has to respond to the multifarious economic needs of a developing country. Traditional views and methods may have to be discarded. "An Institution, such as the banking system, which touches and should touch the lives of millions, has necessarily to be inspired by a larger social purpose and has to subserve national priorities and objectives." A well-developed banking system provides a firm and durable foundation for the economic development of the country.

## **Service of Commercial Banks**

### **Pension Services**

International Monetary Fund. (2005), Most bankers help customers establish saving plans for retirement. Individual Retirement Accounts (IRAs) are pension funds that wage earners and their spouses can set up to supplement other retirement funds. Banks serve as financial intermediaries by receiving funds and investing them as directed by customers. They also provide customers with information on investment vehicles available for IRAs (for example, deposit account, mutual funds, stock and so forth).

### Trust Services

Many commercial banks offer trust service which include the management of the trust left "in the bank's trust" in return for a fee, the trust department will perform such tasks as making your monthly bill payments and managing your investment portfolio, trust-department also manage the estates of deceased persons.

### International Services

There are three major international services offered by commercial banks that include:

- Currency exchange.
- Letters of credit
- Bankers' acceptances.

A banker's acceptance requires payments by a particular date. Letters of credit are payable only after certain conditions are met.

#### Financial Advice and Brokerage Services

Many banks, both large and small help their customers manage their money. Depending on the customer situation, the bank may recommend different investment opportunities the recommended mix might be including mutual fund stock and bonds. Many banks also serve as securities intermediaries using their own stockbrokers to buy and sell securities and their own facilities to hold them. Banks advertisements often stress the role of banks as financial advisers.

#### Automated teller Machines (ATM)

Electronic Automated Teller Machines (ATMs) allow customers to withdraw money and make deposit 24 hours a day, 7 days a week. They also allow transfers of funds between accounts and provide information on account status. Some banks offer cards that can be used in affiliated nationwide systems.

#### Electronic Funds Transfer (EFT)

Automatic tellers Machines (ATMs) are the most popular form of Electronic Funds Transfer. These systems transfer many kinds of financial information via electronic impulses over wire, cable, or microwave. In addition to ATM and EFT systems include automatic payroll deposit, bill payment and automatic funds transfer such system can help a

businessperson close an important business deals by transferring money from one place to another place.

The relevancy and advantages of commercial banks to the growth and development of our economies can be summarized as follows:

- Growth and development of trade and industries commercial banks provide loans for expansion of trade and establishment of new industries.
- Increase in capital accumulation. Capital accumulation means an increase in capital goods due to credit facilities provided by the commercial banks more and more capital goods are produced.
- Saving or Investment habits; these commercial banks induce the individuals to save by offering a reasonable interest on the saving deposit.
- Increase in the rates of economic growth; they advance loans for industrial and agricultural purposes. In this way the industries and agricultural production increase in growth.

### **Agency Services**

A commercial bank provides a range of investment service. Customers can arrange for dividends to be sent to their bank and paid directly into their bank accounts, or for the bank to detach coupons from bearer bonds and present them for payment and to act upon announcements in the Press of drawn bonds, coupons payable, etc. orders for the purchase or sale of stock exchange securities are executed

through the banks' brokers who will also give their opinions on securities or lists of securities.

Similarly, banks will make applications on behalf of their customers for allotments arising from new capital issues, pay calls as they fall due and ultimately obtain share certificates or other documents of title. On certain agreed terms the banks will allow their names to appear on approved prospectuses or other documents as bankers for the issue of new capital; they will receive applications and carry out other instructions.

A commercial bank undertakes the payment of subscription, premier, rent, etc. on behalf of its customers. Similarly, it collects cheques, bills of exchange, promissory notes, etc. on behalf of its customers. It also acts as a correspondent or representative of its customers, other banks and financial corporations.

Agency services are those services which are rendered by commercial banks as agents of their customers. These include:

- Collection and payment of cheques and bills on behalf of the customers;
- Collection of dividends, interest and rent, etc. on behalf of customers, if so instructed by them;
- Purchase and sale of shares and securities on behalf of customers;
- Payment of rent, interest, insurance premium, subscriptions etc. on behalf of customers, if so instructed;
- Acting as a trustee or executor;
- Acting as agents or correspondents on behalf of customers for other banks and financial institutions at home and abroad.
- Remittance of funds on behalf of their customers.

- Act as income tax consultants and they prepare and finalize the income tax returns of their clients.
- Procedure tickets and passports for their customers.

### **General Utility Services**

These services are those in which the bank's position is not that of an agent for his customer. They include the issue of credit instruments like letters of credit and travelers' cheques; the acceptance of bills of exchange; the safe custody of valuables and documents; the transaction of foreign exchange business; acting as a referee as to the respectability and financial standing of customers; providing specialized advisory service to customers; etc.

General utility services are those services which are rendered by commercial banks not only to the customers but also to the general public. These are available to the public on payment of a fee or charge. They include:

- Issuing letters of credit and travellers' cheques;
- Underwriting of shares, debentures, etc.;
- Safe-keeping of valuables in safe deposit locker;
- Underwriting loans floated by government and public bodies.
- Supplying trade information and statistical data useful to customers;
- Acting as a referee regarding the financial status of customers;
- Undertaking foreign exchange business.
- Providing the facility of withdrawing cash anytime through ATM.
- Providing educational loans, scholarships, book bank facility, arranging or sponsoring for exhibitions to students.

- Providing consultancy services regarding shares, taxation etc to the companies.
- Lending advice as a merchant banker to the businessmen and industrialists about their new projects, issue of shares and capital structure etc.

### **Role of Commercial Bank**

Commercial banks engage in the following activities:

- Processing of payments by way of telegraphic transfer, EFTPOS, internet banking, or other means.
- Issuing bank drafts and bank cheques.
- Accepting money on term deposit.
- Lending money by overdraft, installment loan, or other means.
- Providing documentary and standby letter of credit, guarantees, performance bonds, securities underwriting commitments and other forms of off balance sheet exposures.
- Safekeeping of documents and other items in safe deposit boxes.

### **General Structure and Methods of Commercial Banking**

As soon as the process of building a strong legal and regulatory framework and central bank allows, the priority of the Government should be attracting sound and credible commercial banks. It is essential that public awareness is raised on the licensing and prudential requirements in order to attract desirable private investors.

Soon after the reform process commences, financial regulators need to take stock of the existing state owned financial institutions and quickly

make a decision on which institutions or branches of institutions will be liquidated or disposed off.

The assets of banks earmarked for liquidation need to be accounted for and systems put in place for their transparent disposal. However, it is unlikely that there will be immediate interest in purchasing such assets. Best corporate governance practice recommends that the commercial banking operations should be separated from the central banking functions (supervision and regulatory oversight) of the central bank.

This should be considered as part of restructuring the central bank. The commercial banking assets can be liquidated privatized or temporarily, can be corporatized into a separate viable state-owned financial institution. State participation in the commercial banking sector should only be seriously considered if:

- Appropriate changes are made at the board and management levels with qualified and experienced personnel;
- The organization and corporate governance structures are well structured;
- The operating systems, management tools, responsibilities, and scope of authority at all levels of management and staff are well-defined; and Recapitalization is effected only after a full diligence, and financial, management and operational unites have been performed on the bank being restructured.

Until the commercial activities are separated from the central banking functions, the Government should focus on strengthening corporate governance structures through a variety of options including: guidelines for the appointment and dismissal of managers and board members, new organizational structures, revised credit policy and controls, new procedures for credit-risk evaluation, and enhanced asset/liability and treasury-management techniques. Dermine, J. (2000).

### **Impact of Commercial banks to the community**

Commercial banks are also called banks of "discount and deposit," and this term fairly summarizes their essential functions. They receive deposits of cash, checks and drafts, and make loans to the business public by discounting or purchasing commercial paper. To these functions may be added a third that of providing a medium of exchange through the issue of circulating notes.

Not all commercial banks issue notes - none are issued by state banks - and usually the medium of exchange supplied by banks in this way is of lesser importance than that afforded by means of their deposits. In the early days of banking, people used bank notes in their business transactions much more than deposit currency in the form of checks and drafts, and the note-issuing function therefore was very important. Banks were commonly referred to as "banks of issue," and scores of them were organized for the purpose of lending money in the form of bank notes, but since about 1850, when deposit currency began to be more widely used, the note-issuing function of banks has been of subordinate importance.

Commercial banks serve the community in various other ways. In common with savings banks and other types of financial institutions, they provide a safe place for the keeping of money. Many state and national banks accept "time deposits," that is, deposits which are to be left in the bank for a stated time drawing a fixed rate of interest. These may be in the form of ordinary book deposits or they may be represented by certificates of deposit. More and more, banks are engaging in the safe deposit business, renting vaults to their customers for the safekeeping of money, jewels, deeds, wills, mortgages, bonds and other forms of valuable personal property. Large city banks have gone extensively into buying and selling foreign exchange and issuing letters of credit to facilitate the settlement of foreign obligations. Abdirahiman. A. M. (2000).

### **Challenges faced by commercial banks**

Despite the government and private sector programs to aid economic development, success has been more difficult to achieve and less predictable than policymakers and business leaders had envisioned. Government funding of programs has become more difficult to obtain and available only in smaller amounts.

Identifying and obtaining assistance from the right combination mix of public programs and private sector initiatives has become increasingly challenging as the array of programs has grown. Few new projects can be put together using the resources from only a single program. Communities working in isolation face increasingly daunting challenges in obtaining a critical mass of resources and development momentum to achieve sustainable economic development. Focarelli D. and F. Panetta (2003).

Commercial banks and other concerned parties, it has become apparent that commercial banks have made progress in complying with host country rules and regulations. However more is required to meet international standards of organization and management. These challenges include the need to:

- Improve transparency and accountability;
- Improve compliance with host country laws, rules and
- Implementing pro-active plans to identify suspicious transactions and money laundering schemes;
- Design management structures to deal with crises;
- Develop risk management programs;
- Conduct regular and periodic audited annual reports.

Lack of attention to these issues in commercial banks operations contributes to the creation of a climate of suspicion and uncertainty. There has been a lot of discussion about the need of formation a commercial bank(s) in Somalia. The history of the Somali banking system is one riddled with government interference, mismanagement, and corruption. Prior to the civil war, Somalia had a government controlled financial sector that was composed of:

- The Central Bank of Somalia (CBS)
- Somali Savings and Commercial Bank (SSCB)
- Commercial Bank of Somalia (CBS)
- Somali Development Bank (SDB)
- Somali Insurance Company (SICOS)

By 1990 all these institutions were bankrupt due to corruption and mismanagement. The need to re-establish an internationally recognized bank is critical to the advancement of the well being of the Somali population and the reconstruction of the Somali economy. Banks provide services that are not currently provided by the commercial banks companies such as retail banking, corporate banking, and loans for commercial and social development. In addition, they can provide competitive services to Somalis who are remitting funds to Somalia. Ismail, I.A. (2000).

However, Somalia does not have the legal framework, technical expertise, security, or strong central bank needed to regulate the establishment of any commercial banks. A careful, methodical process should be initiated in order to deal with some of these fundamental institutional, legal and human resource deficiencies.

### **The Way Forward**

Commercial banks play an important role in alleviating poverty, maintaining household incomes, and expanding trade. The funds exchanged through commercial banks have a multiplier effect on the macro-economy. Therefore the way that this business is conducted must change in order to support the future development of Somalia.

### **Working hand in hand with government**

It is in the best interests of the commercial banks and the concerned government entities to work together to provide both a design and framework for a more transparent and accountable financial sector in Somalia. As a result commercial banks will be able to conduct their business in a safer environment and the international community will be able to monitor any suspect activity. By meeting the standards of the host countries where they are based commercial banks will be able to conduct their business operations without disruption.

### **Transparency, Accountability and 'Knowing Your Customer'**

According to Laeven, L., and Valencia, F. (2008), it is the responsibility of commercial banks to ensure that their operations comply with applicable laws and regulations. This demands that they establish systems and procedures to monitor their operations and practice acceptable business standards. Transparency, accountability and 'knowing your customer' are not only fundamental to sound management practices but are effective against financing terrorism and money-laundering schemes.

For these purposes transparency is defined as the flow of timely, useful and reliable information. Transparency is important because it enables openness, information sharing and access of information for the public and authorities, in turn improving accountability. In addition it reduces the scope for money laundering and financing terrorism.

Accountability is defined as responsibility for the results of the discharge of official duties including duties delegated to a subordinate unit

or individual. It is the property that ensures that the actions of an individual or institution may be traced uniquely to that individual or institution. Therefore making commercial banks company leadership more accountable is crucial. 'Knowing your customer' is the process of positively identifying the customers that are conducting business with an organization.

### **Related Studies**

Commercial Banks are financial institution, which were originally formed to serve businesses but now provide a large number of financial services to both business customers and individual (Shekhar K.C. 1994). These services include making business loans, offer checking accounts, and serving account and rent safe-deposit boxes. They offer loans to clients and also advise on how to allocate and effectively utilize them to multiply. Therefore, just like Shekhar 1994, different authors have also defined commercial banks in regards to their functions and roles in the development and growth of our economies as follows.

According to Pride, Huhge and Kooper, 2005, a commercial bank is a profit-making organization that accepts deposits, makes loans and provides related services to its customers like other businesses the bank's primary goal is to meet the needs of its clients while profit making. It accepts money in the form of deposits, for which it pay interest. Once money is deposited in a bank, the bank lends it to qualified individuals and businesses that pay interest for the use of borrowed money. If the bank is successful, its income is greater than its expenses and it will show a profit.

Commercial banks are institutions that borrow from other institutions in order to lend to deficit units or people. It borrows from savers and lends to those acquiring tangible assets.( Garry Smith, 1991) commercial banks as dealers in credits or borrowers fund like other businesses they seek to maximize profits. They earn profits through paying lower interest to lenders, charging commissions on services they render such as salary deposits, ATM services, money transfer, and bank drafts among others. They are institutions that carryout business in a country by accepting deposits for making profits through lending money. DeSipio, L. (2000).

The major functions of commercial banks to the economic development and growth of the country is analyzed in the subsequent text:

- To accept deposits and keep them safely. These deposits later on earn interests to the depositor, hence capital accumulations.
- To advance credit facilities to the public in terms of loans.
- Provide foreign exchange to business persons who are engaged in international trade by converting foreign currency into local currency.
- They facilities international trade by selling travelers checks.
- To keep valuable documents and articles in safe custody on behalf of clients for example, land titles, wills, jewelries, and degree certificates.
- It facilitates credit transfer payments, by shifting money from one account of a client to pay another.

- They advise clients on how to manage their businesses in profit ventures.
- Commercial banks can invest say in farms, building and so on, which in turn employ many people and participate in the implementation of government policy such as Rural Farmers Scheme.



This conceptual frame work tell us how these Variable interrelated to each other and can be affected while the IV mostly talks the major sectors which mostly contributions of commercial banks, and the components of contribution commercial banks are job creation, increasing economic growth, increasing agricultural production and industries in local country and competition of markets at the same time reduction of poverty while households get small loans in commercial banks.

On the other hand the DV talks on the major sectors which are Economic Development, trade and commercial activities, quality life and development.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **Introduction**

Methodology is the means, techniques and frames of reference by which researchers use and carry out an inquiry the procedure and justification of the research design, the study population, sample size and sampling procedures, the instruments used in the data collection and analysis are also explained in details.

#### **Research Design**

The researcher used descriptive research design to identify contribution of Somali commercial banks to the economic development of Mogadishu, Somalia. Also used qualitative and quantities methods. Observe and stress on getting the story behind a participant's experience.

#### **Research Population**

The study was conducted in Mogadishu and primarily focused on two Commercial Banks in Mogadishu, especially Dahabshil bank and Olympic bank. Hence the target population of this study consisted of 140 respondents and the sample size of this study was 100 respondents.

### ***Sample size***

The sample size of this study covered about respondents which are derived from 140 respondents that were the target population. The data has been collected from the selected sample of 100 respondents.

20 out of 100 were administrations of the commercial banks, 55 out of 100 were employees of commercial banks and 25 out of 100 were beneficiaries.

**Table 1: Selected Sample Size**

<b>Categories</b>	<b>Population</b>	<b>Sample</b>
Administrators	36	20
Employees	67	55
Beneficiaries	37	25
<b>Total</b>	<b>140</b>	<b>100</b>

Source: primary data for researcher

### ***Sample Procedure***

The study has employed both stratified random sampling method and purposive sampling technique. Purposive sampling targets particular respondents, while stratified sampling involves the stratifying of the population into sub-group and choosing random samples from each group, in this case different levels of the population such as, Administrations, employees and beneficiaries from these commercial banks. In stratified sampling, the total number of population was divided into sub-group and chosen random samples from each group.

The method of sampling is chosen because it makes the study convenient since it's hard to go to everywhere commercial bank in Mogadishu.

### **Research instruments**

The researcher used mainly primary data and secondary data. Primary data was collected through the following methods; Questionnaires.

Questionnaire were referred to the collection of items which the respondents were required to fill in the questions which asked by the researcher. Questionnaire included close end questions and open ended questions that aimed to get all necessary data from respondents. (Amin, 2005).

### ***Validity and Reliability of the Instrument***

Reliability refers to the ability of the instrument to produce consistent or same results. It is the degree to which measures are free from error so that they give same results when repeat measurements are made under constant conditions.

While the validity means the ability to produce findings that are in agreement with conceptual or theoretical values. It refers to the success of the scale in measuring which is meant to be measured (Ram, 2009).

To ensure that data is reliable and valid, a standard test was done. The results are shown in appendix III. The reliability test involves a "test and retest" exercise. This means the instrument was subjected to a representative sample.

## **Data Gathering Procedures**

The researcher was collected the data by using qualitative and quantitative methods from the sample population of respondents who are mostly representative to commercial banks from local and international Money transfer in Mogadishu, Somalia through questionnaire.

## **Data analysis**

This study applied both qualitative and quantities method of the data analysis. As qualitative method, the size of the finding was conducted to appropriate and easy for readers. Data was analyzed using SPSS in any of the objectives.

<b>Mean Range</b>	<b>Description</b>	<b>Means</b>
3.21-4.00	Very good	You agree without doubt
2.51-3.20	Good	You agree with doubt
1.76-2.50	Fair	You disagree with doubt
1.00-1.75	Poor	You disagree without doubt

## **Ethical Considerations**

The data which the researcher collected from the respondent was kept as confidential and was used for the purpose of academic requirement. The respondents were informed the content of the research and its aims because the researchers whose subjects are people or animals must consider the conduct of their study and give attention to the ethical issues associated with carrying out the research.

Some of the key ethical issues that were given due attention in this study was privacy of respondents, voluntary nature of participation and the right to withdraw partially or completely from the process, consent and possible deception of participants, maintenance of the conditionality of data provided by individuals or identifiable respondents and their anonymity.

### **Limitations of the Study**

During the research, the researcher expected number of problems including the following:

- The respondents may not give you the questioner on time.
- Respondents would not answer the questionnaire properly or correctly because of fear
- Lack of literature documents to these sectors in Somali area.

## **CHAPTER FOUR**

### **PRESENTATION, ANALYSIS AND INTERPRETATION OF DATA**

#### **Introduction**

This chapter presents findings and indicated how data collected was presented, interpreted, and analyzed. The findings of this chapter are consistent with research questions.

Fortunately, 100s questionnaires were distributed and the questionnaires given the respondents returned. In order to analysis the data percentages and frequency distribution tables used.

**Table 2: Profile of the respondents**

<b>Age</b>		
	Frequency	Percent
20-30	33	33
31-40	30	30
41-50	25	25
51>above	12	12
Total	100	100
<b>Gender</b>		
	Frequency	Percent
male	67	67
female	33	33
Total	100	100
<b>Marital status</b>		
	Frequency	Percent
Single	25	25
Married	57	57
Divorced	12	12
Widow	6	6
Total	100	100
<b>Educational level</b>		
	Frequency	Percent
Secondary	10	10
Diploma	26	26
Bachelor	39	39
Master	25	25
Total	100	100

### **Age of respondents**

Results in table 2, shows age of respondents. A total of 100 respondents of (33%) were between 20-30 years old, (30%) were between 31-40 years old, (25%) were between 41-50 years old, (12%) were above than 51 years old. So results stated that the majority of the respondents were the in the age of between, (31-40).

### **Gender**

According to above table 2, 67% of the respondents were male, while 33% of the respondents were female. This figure shows that the majority of the respondents were male.

### **Marital status**

Regarding the above table 2, 25% were single, 57% were married, 12% were divorced, and 6% were widowed. So, this result indicated that the married respondents got the highest percentage of the total respondents.

### **Education level**

According to the above table 2, 10% were secondary level, 26% were diploma holders, 39% were bachelor level, and 25% were master degree level. So, the majority of the respondents had bachelor certificates.

**Table 3: the contribution of commercial banks to the Economic development.**

	<b>Mean</b>	<b>Std. Deviation</b>	<b>Interpretation</b>
Commercial Banks contributes on the economic development and facilities highly speed of money transfer.	3.71	1.183	Very Good
Commercial bank makes rebuilding of economic structure and pays small scale microfinance.	2.37	1.186	Good
Commercial banks help to mobilize the savings of the community and make them available to the entrepreneurs.	2.30	1.176	Good
Commercial bank Collects and pays of checks and bills on behalf of their customers	3.54	1.167	Very Good
<b>Mean Index</b>	<b>3.06</b>	<b>1.178</b>	<b>Good</b>

From the viewpoint of table 3 indicates that of the respondents agreed that Commercial Banks contribute on the economic development and facilitate highly speed of money transfer in the country as their mean shows 3.71 which is under very good condition. The implication from this result is the majority of the respondents agreed. So this indicates that commercial banks contribute on the economic development and smooth the progress of highly speed of money transfer.

The above table 3, shows that the majority of the respondents agreed that the Commercial bank makes rebuilding of economic structure and pays small scale microfinance. So this indicates that most of the respondents agreed that commercial banks make reconstruction of economic structure and pays small scale microfinance.

From table 3, shows the majority of the respondents agreed Commercial banks help to mobilize the savings of the community and make them available to the entrepreneurs. Therefore the result above shows that commercial banks help and organize the savings of the community and make them accessible to the entrepreneurs. This always important for the entrepreneurs and make them easy to get an investment for their business.

From the above table 3, shows that majority of the respondents agreed that commercial banks pays bills on behalf of their customers, in the same time they also accepts or collects checks by their customers.

**Table 4: challenges faced on commercial banks to the Economic development**

	<b>Mean</b>	<b>Std. Deviation</b>	<b>Interpretation</b>
High illiteracy rate, among the masses implying that the people have got little knowledge about the banking procedures	2.36	1.177	Good
Mismanagement of banks by the top officials in form of corruption and fund embezzlements among others includes shareholders getting loans without securities.	2.27	1.145	Good
Poor infrastructures that are characterized by poor and remote communications systems in the countryside, which affected mobility of clients and banking operators.	2.39	1.188	Good
In case of transactions of foreign currency, Commercial banks have more problems which restrict and makes more controllable than other financial institutions.	2.34	1.130	Good
<b>Mean Index</b>	<b>2.34</b>	<b>1.16</b>	<b>Good</b>

The above table 4 indicates that the majority of the respondents agreed High illiteracy rate, among the masses implying that the people have got little knowledge about the banking procedures.

From table 4, the majority of the respondents agreed, Mismanagement of banks by the top officials in form of corruption and fund embezzlements among others including shareholders getting loans without securities. So the proposition from this result is that there is a poor management of commercial banks in shape of corruption and fund embezzlements surrounded by others including stakeholders receiving loans without securities.

The above table 4, shows that there is poor infrastructure in the country. So this indicates that there are poor and inaccessible communication systems in the country side that affected the services of commercial banks to mobilize their customers and banking operations. This also reduces their operation to involve the economic development of the country, so they must extend their network agents to the whole country.

The above table 4, shows that the majority of the respondents agreed, The suggestion of this result shows that the commercial banks have transaction of foreign currency that makes more controllable than other financial institutions.

**Table 5: To propose better ways to overcome those barriers faced on commercial banks.**

	<b>Mean</b>	<b>Std. Deviation</b>	<b>interpretation</b>
Commercial Banks must give up opportunity to trust and confidence of their customers and make poices that promote their well-being.	2.14	1.015	Good
Commercial banks must operate more efficient and effectiveness and must promote financial services institutions;	2.07	.902	Good
Commercial Banks must have an extensive network of agents that service in all the towns and villages in Somalia; as well as all major cities and towns in other countries populated by Somali Diaspora;	2.17	1.025	Good
Commercial Banks must influence and make highly contribution to formal financial participation to their customers such like insurance, MFIs, etc.	2.04	.931	Good
<b>Mean index</b>	<b>2.105</b>	<b>3.873</b>	<b>Very Good</b>

From the table 5, shows that majority of the respondents agreed Commercial Banks must give up opportunity to trust and confidence of their customers and make policies that promote their well-being, So this indicates that commercial banks must generate some trust within their customers, this will help to encourage their well being.

From above table 5, the respondents agreed, Commercial banks must operate more efficient and effectiveness and must promote financial services institutions. The findings suggest that commercial banks work more efficiency and effectiveness so that they supply on the economic development of their society and lead in better ways.

In the above table 5, of the respondents agreed, Commercial Banks must have an extensive network of agents that service in all the towns and villages in Somalia; as well as all major cities and towns in other countries populated by Somali Diaspora. This indicates the respondents agreed that commercial banks must have an widespread network of agents that service all the towns and villages in Somalia.

From above table 5, shows Commercial Banks must influence and make highly contribution to formal financial participation to their customers such as like insurance, MFIs, etc.

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS**

#### **Introduction**

This chapter clearly presents the summary of the findings, recommendations and conclusions by the researcher and is based on the objectives of the study such as: Assessing the Contribution of commercial banks to the economic development of Mogadishu, Somalia. To identify the challenges faced on commercial banks to the economic development of Mogadishu, Somalia. To propose better ways to overcome those barriers faced on Somali commercial banks on the economic development in Mogadishu, Somalia. Lastly, the researcher will bring recommendation about further research for this study.

#### **Summary of findings**

Based on the findings the commercial banks contributes on the economic development and facilitate highly speed of money transfer, also including making business loans, offer checking accounts, and serving account and rent safe-deposit boxes. Most of the respondents agreed that Commercial banks face many challenges like people got little knowledge about how banks operate, In case of transactions of foreign currency, Commercial banks have also more problems which restrict and makes more controllable than other financial institutions.

The first objective of the study was to assess the contribution of Somali commercial banks on the economic development in Mogadishu. The data analysis and interpretation revealed that contribution of commercial banks on the economic development of Mogadishu.

From the findings of the data most of the respondents agreed that commercial banks contribute to the economic development by providing funds and paying to loans to invest microfinance institutions in order to enhance the economic situation in Mogadishu. The analysis also shows that the commercial banks take part rebuilding of economic These commercial banks also help their customers to mobilize their saving and ensure to make them available whenever they needed to community to start their own business, which is help full to survive their daily lives.

The second objective of the study was the challenges faced by commercial banks on the economic development in Mogadishu. The findings of above analysis shows that commercial banks faces many challenges in contribution on the economic development, one of these challenges is the high illiteracy most of the people which resulted that the majority of them got little knowledge about banking structures and procedures.

The other issue which faced by commercial banks is mismanagement of commercial banks which resulted not to improve much on the economic development, corruption of top officials including stakeholders which leads to disaster the existing of commercial banks which also effects the progress intended to participate these commercial banks on the economic development.

Apart from these, the most dangerous challenges faced by commercial banks is the security, because the safety always on their hands, so there is a high risk which the community doesn't give any courage to save their money with these commercial banks.

The findings of the study also shows that poor infrastructures that characterized by poor and remote communications system in the country side, because these effects the mobility of services of their clients and banking operations.

## **CONCLUSIONS**

The study focused the contribution of commercial banks on the economic development of Mogadishu Somalia. Conclusions were made through examining objectives of the study.

The first objective of the study was Contribution of commercial banks to the economic development of Mogadishu, Somalia. The findings shows that the commercial banks contribute economic development by making services like, business loans, offering checking accounts and rent safe deposits boxes.

The commercial banks also provide foreign exchange to business persons who are engaged in international trade by converting foreign currency into local currency. It facilitates credit transfer payments, by shifting money from one account of a client to pay another. They also advise their clients on how to manage their businesses in profit ventures.

The second objective of the study was challenges faced by commercial banks on the economic development; these include mismanagement by the top officials in terms of corruption and fund embezzlement, in order to achieve a success full economic development, the top managers must avoid any corruption which can result not to achieve the goals of economic development.

## **RECOMENDATIONS**

Based on the research findings the following recommendations have been drawn:

- **Efficiency and effectiveness:** commercial banks must devote time to function effective and efficiency in their work to the community development, and improve the financial services and institutions in the country.
- **Extending Network of Agents:** Extensive network of agents must be adopted by the commercial banks in all towns and villages of Somalia, as well as all major cities in other countries populated by Somali Diaspora; this would give the society the chance to obtain benefit from the commercial banks services.
- **Social Responsibility:** To participate the social responsibility operations by providing fund, sanitation, shelter and feeding the Internal Displaced People (IDPs) in Somalia, this would help them develop good brand image with in the society and as well as marketing strategy for their services in Mogadishu, Somalia.

- **Create Microfinance Insurance Institutions:** Commercial Banks in the country should create microfinance in order to enhance small loans for customers that would like to invest their small and medium sized businesses (e.g. Farmers and Entrepreneurs) this would present a way forward to overcome the poverty spread in the country and increase socioeconomic development in the country.

### **Suggestions for Further Research**

- Commercial banks and reduction of poverty in Somalia.
- Commercial banks and socio-economic development in Mogadishu, Somalia.
- Commercial banks and monetary systems in Mogadishu Somalia.

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## APPENDIX I: INTRODUCTIO LETTER



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### OFFICE OF THE ASSOCIATE DEAN SOCIAL SCIENCES SCHOOL OF POSTGRADUATE STUDIES AND RESEARCH (SPGSR)

July 15,2011

Dear Sir/Madam,

**RE: REQUEST FOR IBRAHIM MOHAMED ABDULLAHI MDS/43062/92/DF  
TO CONDUCT RESEARCH IN YOUR ORGANIZATION**

The above mentioned is a bonafide student of Kampala International University pursuing a Master of Arts in Development studies and he is currently conducting a field research of which the title is " THE CONTRIBUTION OF COMMERCIAL BANKS TO THE ECONOMIC DEVELOPMENT OF MOGADISHU, SOMALIA ".As part of his research work; his has to collect relevant information through questionnaires, interviews and other relevant reading materials.

Your organization has been identified as a valuable source of information pertaining to his thesis the purpose of this letter is to request you to avail him with the pertinent information he may need.

Any information shared with him will be used for academic purposes only. Rest assured the data you provide shall be treated with utmost confidentiality.

Any assistance rendered to him will be highly appreciated.

Yours truly,

**Dr. ROSEANN MWANIKI  
SOCIAL SCIENCE (SPGSR)**

*"Exploring the Heights"*

**APPENDIX II**  
**INSTRUMENTS**

Date:

Dear Respondent,

I am IBRAHIM MOHAMED ABDULLAHI, a student at Kampala International University, studying a Master of Arts in Development Studies. I am investigating the "Contribution of commercial banks to the economic development of Mogadishu, Somalia".

This study has been prepared for academic purpose only. You have selected to provide reliable information according to your knowledge and these questionnaires are only for academic reasons.

The information that you provide will be treated with utmost confidentiality. I kindly request you to answer the questions fully and honestly.

Your assistance will be highly appreciated

IBRAHIM MOHAMED ABDULLAHI

MDS/43062/92/DF

**Section A: Profile of the respondent**

Direction: Please tick in the box provided as your response.

**1. Age:**

20-30	<input type="checkbox"/>	41-50	<input type="checkbox"/>
31-40	<input type="checkbox"/>	51 and above	<input type="checkbox"/>

**2. Gender:**

Male	<input type="checkbox"/>	Female	<input type="checkbox"/>
------	--------------------------	--------	--------------------------

**3. Marital Status :**

Single	<input type="checkbox"/>	Married	<input type="checkbox"/>
Divorced	<input type="checkbox"/>	widow	<input type="checkbox"/>

**4. Educational Background :**

Secondary	<input type="checkbox"/>	Diploma	<input type="checkbox"/>
Bachelor	<input type="checkbox"/>	Master	<input type="checkbox"/>

**INSTRUCTIONS:** please respond to statement below and use the respond mode below to answer the following questions by including:

- 1=strongly agree,
- 2=Agree,
- 3= neutral,
- 4= Disagree,
- 5= strongly disagree

**Section B:**

**To assess the contribution of commercial banks in the Economic development in Mogadishu, Somalia.**

S/N	Scale	1	2	3	4	5
1	Commercial Bank contributes on the economic development and facilities highly speed of money transfer.					
2	Commercial bank makes rebuilding of economic structure and pays small scale microfinance.					
3	Commercial banks help to mobilize the savings of the community and make them available to the entrepreneurs.					
4	Commercial bank Collects and pays of cheques and bills on behalf of the customers					

**SECTION C:**

**To identify the challenges faced on commercial banks in the Economic development in Mogadishu, Somalia. And how they are affected those challenges.**

<b>S/N</b>	<b>Scale</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>1</b>	The high illiteracy rate among the masses, implying that, people have got little knowledge about the banking procedures.					
<b>2</b>	Mismanagement of banks by the top officials in form of corruption and fund embezzlements among others includes shareholders getting loans without securities.					
<b>3</b>	Poor infrastructures that are characterized by poor and remote communications systems in the countryside, which affected mobility of clients and banking operators.					
<b>4</b>	In case of transactions of foreign currency, Commercial banks have more problems which restrict and makes more controllable than other financial institutions.					

**SECTION D:**

**To propose better ways to overcome those barriers faced on commercial banks in Mogadishu.**

<b>S/N</b>	<b>Scale</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>1</b>	Commercial Banks must give up opportunity to trust and confidence of their customers and make policies that promote their well-being.					
<b>2</b>	Commercial banks must operate more efficient and effectiveness and must promote financial services institutions;					
<b>3</b>	Commercial Banks must have an extensive network of agents that service must be almost all the towns and villages in Somalia; as well as all major cities and towns in other countries populated by Somali Diaspora;					
<b>4</b>	Commercial Banks must influence and make highly contribution to formal financial participation to their customers such like insurance, MFIs, etc.					

### APPENDIX III:

#### CALCULATION OF CONTENT OF VALIDITY INDEX

$$\text{CVI} = \frac{\text{Number of all relevant questions}}{\text{The total number of items}}$$

##### Section A

$$\text{CVI} = \frac{4}{4} = 1$$

##### Section B

$$\text{CVI} = \frac{3}{4} = 0.75$$

##### Section C

$$\text{CVI} = \frac{4}{4} = 1$$

Therefore, average of content validity index is

$$\text{CVI} = \frac{2.75}{3} = 0.92$$

## CURRICULUM VITA

### PERSONAL DATA:

Full name: **IBRAHIM MOHAMED ABDULLAHI**

Nationality: SOMALI (born in Mogadishu)

Marital status: SINGLE

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### PROFILE

I am a team builder and a team player, with the ability to work well with others to accomplish a common goal. I am flexible enough to handle multiple tasks simultaneously, I am always willing to learn and able to handle changing priorities as they come. My interaction at different levels of management has enhanced my interpersonal and communication skills. I hold a Master degree in development Studies, a Bachelor of Sciences in Accounting and other certificates in monitoring and evaluation of a projects and Project Planning and management.

### EDUCATION

**JAN 2010\_ NOV 2011: KAMPALA INTERNATIONAL UNIVERSITY KAMPALA, UGANDA**

**Master in Development Studies;**

**AUG 2004 –JAN 2007: SOMALI INSTITUTE OF MANAGEMENT AND ADMINISTRATION DEVELOPMENT, MOGADISHU, SOMALIA**

**Bachelor of Accounting;**

**SEP2001\_AUG 2005: USAMA BIN ZAYD SECONDARY SCHOOL MOGADISHU, SOMALIA**

**Secondary school certificate;**

Successfully completed secondary school and received Secondary school certificate.

## **PROFESSIONAL EXPERIENCE**

### **JAN 2006- JAN 2007: TEACHER AT AI-HIDAYA PRIMARY AND SECONDARY SCHOOL**

- More than One year of teaching English and Arabic at AL-HIDAYA primary and secondary school, during this I contributed the school's important decision-making conferences and contributed to reaching its goals.

### **FEB 2007- OCT 2009: ACCOUNTANT for QABAS FOUNDATION (RELIEF ORGANISATION)**

#### **Duties/Responsibilities**

- Daily booking of all transactions and reconciliation of cash balances/ bank balances
- Monthly reporting to the Finance Officer providing fully reconciled reports.
- Detailing income, expenditure and cash/ bank reconciliations.
- Daily Maintenance and reconciliation of petty cash.
- Ensure that all expenses are properly authorized before payment
- Ensure that all payments are prepared in time and in accordance with all financial guidelines
- Reconciliation of advances on a monthly basis giving justification for pending advances
- Maintain Financial filing system in accordance with guidelines
- Provides Documentation required by Auditor and or Donors.
- Maintain a schedule for payment of utilities and contractual agreements
- Ensure all vouchers i.e. petty cash, payments and advances are scanned and CDs sent to DRC on a monthly basis.

## **SKILLS**

**Team Building:** Leadership, Decision-making, Influencing, Compromising.

**Strategic Planning Skills:** Project Scoping, Goal-Setting, and Execution

**Interpersonal Communication Skills:** Presentation, Public Speaking, Listening and Writing

**Technical Skills:** Web-enabled Research and Sourcing Analysis

**Financial Skills:** Principles of Accounting and Financial Management.

**Relationship Management Skills:** Ethics, Facilitation, Conflict Resolution, and Creative Problem solving.

## LANGUAGES

<b>Somali</b>	<b>Mother Tongue</b>
<b>English</b>	<b>Fluent</b>
<b>Arabic</b>	<b>Fluent</b>

## References:

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