ABSTRACT

The purpose of this research was to determine barriers and enablers that influence banks in the extension of their services to rural areas in Lesotho. The initiatives taken by the Lesotho government and the Central Bank of Lesotho in motivating rural banking in Lesotho were investigated and all existing banks in Lesotho were taken into account to determine the reasons for their reluctance to extend to rural areas.

This research comprise one case study of a Rural Savings and Credit Group (RSCG) scheme which was initiated by the Lesotho government and established by the Central Bank of Lesotho to encourage extension of banking services to Lesotho rural areas. The key stakeholders investigated in this case were the Central bank, government ministries (Trade and Industry, Agriculture, and Finance), banks, NGOs, and the rural communities.

Findings from the research uncovered that, banking services can make a contribution to the well-being of the rural communities in areas of both development and sustainability. It also revealed that success can only be achieved if all stakeholders can be fully committed in their roles towards the extension of banking services to rural areas in Lesotho.