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An investigation into the determinants, problems and consequences of low savings in developing countries: a case study on Ghana

By

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DECLARATION

I hereby declare that this dissertation is the result of my own original work and that no part of it has been presented for another degree in this university or elsewhere.

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I hereby declare that the preparation and presentation of the thesis were supervised in accordance with the guidelines on supervision of thesis laid down by Ashesi University College.

Supervisor's Signature: …….

Supervisor's Name: DR. STEPHEN ARMAH

Date: ……..

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ABSTRACT

Sub-Saharan African(SSA) countries, havehistoricallyrecorded low levels of savings. These countries have also experiencedthe lowesteconomic growth rates around the world. Economists such as Solowidentified a strong positive link between savings and economic growth:Countries that save more grow fastest. Ghana, like other SSA countries isfaced with this problem: levels of savings in Ghana are low with a bulk of savers being educated and from the formal sector of the economy. However the economy of Ghana is made up of mostlyindividuals in the informal sector, which holds about 85% of the total workforce. It is therefore a major concern since most Ghanaians that fall in the informal sector of the economy have low savings habits.This study therefore sought to identify the determinants of savings for individuals in both the formal and informal sector of the economy.The study was conducted separately in Accra (with easy access to formal banking services) and Berekuso (with little access to formal banking services). The research employed mainly qualitative analysis in the form of questionnaires, interviews and a focus group of experts. The research concluded that individuals in Berekuso did not save because of extremely low monthly incomes. Individuals in Accra however claimed that even though they did save they were not motivated to save because interest on savings was quite low although.The research results imply that the government should step up efforts to reduce interest rate spread for example through the enactment of antitrust laws which foster competition. The government should also engage in pro poor policies that generate jobs for rural dwellers and raise their incomes in order to help increase savings among Ghanaians.

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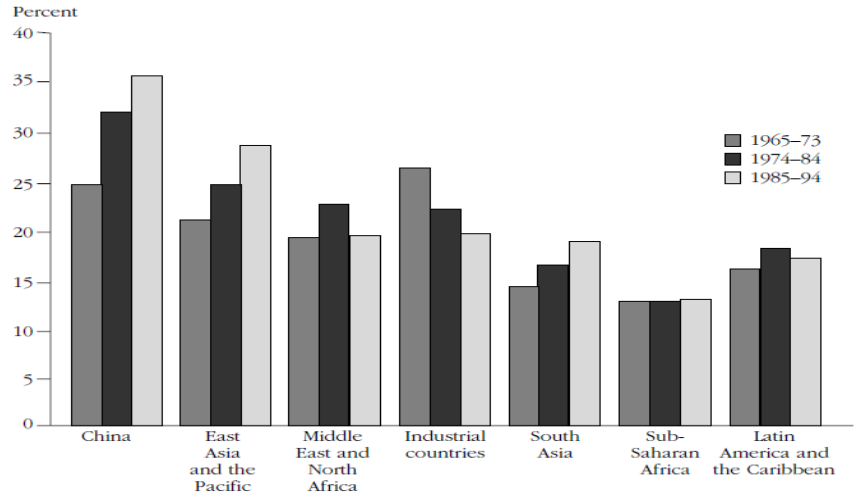
CHAPTER 1: INTRODUCTION, BACKGROUND AND RELEVANCE

1.1 INTRODUCTION

Over the past three decades, the levels of savings have fallen drastically in Sub – Saharan Africa (SSA) and Latin America, although it has doubled in East Asia and other developed countries during the same period (Nwachukwu and Odigie, 2009). This is of major concern because of the strong positive correlation between savings and economic growth. Countries that save a higher proportion of their output grow fastest (Harrod and Domar, 1956).

Fig1.1 Gross National Savings Rates by Region

Source: Loyza, Schmidt-Hebbel, & Serven



According to the Keynesian economists, savings refers to the amount of money left over when the cost of a person's expenditure is subtracted from their disposable income in a given period of time (INVESTOPEDIA, 2012). On the whole, saving rates in SSA are rather low with only a small proportion of families owning savings accounts and a smaller proportion of

these account holders being from the informal sector. According to the CUTS Center for International Trade, Economic & Environment, this trend is very worrying because the informal sector of developing countries is responsible for driving growth and employs a majority of its citizens (CUTS CITEE, 2009). For instance, in sub-Sahara Africa,the informal sector employs 78 per cent of all Non-Agricultural employment, 61 per cent of all urban employment and about 93 per cent of all New Jobs(Xaba, Horn, & Motala, 2002). These employments contribute significantly to outputs of developing countries. The World Bank estimatestates that the informal sector accounts for 40 percent of GNP of low income countries (CUTS CITEE, 2009).

1.2 LOW SAVINGS IN GHANA

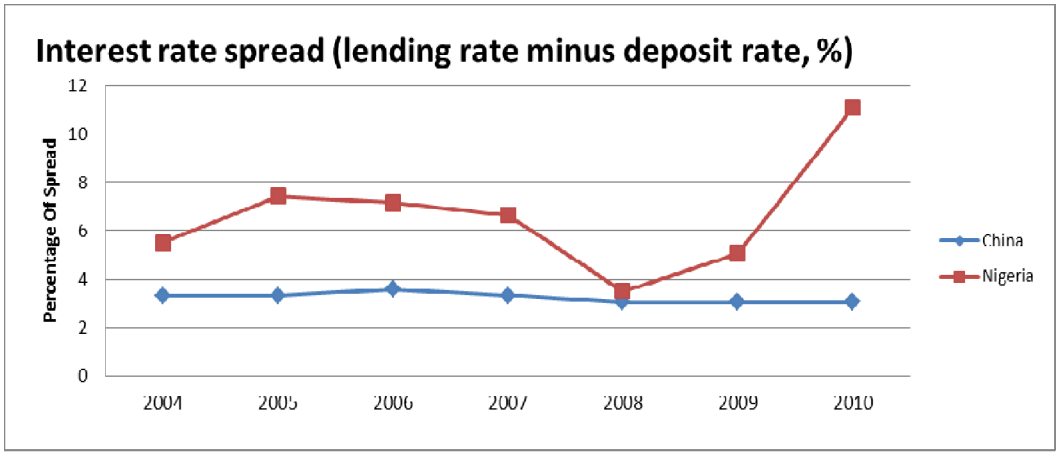
According to Dovi (2008), only about 20 per cent of African families own bank accounts. For example, in Ghana, just a third of all households own savings accounts; Two-fifth of these saving accounts are owned by urban households, and only 22 per cent of these accounts are owned by rural households or the informal sector (Ghana Statistical Service, 2008).The low rate of savings in Ghana as compared to a country like China suggests that Ghanaian financial intermediaries (e.g. banks) only hold a minute portion of the country's capital, and hence, would not be able to efficiently apportion money amongst the various sectors of the economy. Financial intermediaries such as banks are responsible for allocating money between the different economic sectors in any economy to boost commerce and create wealth(Adriana Morawski, 2007). This responsibility involves moving excess money from the surplus sectors of the economy to deficit sectors in order to enhance economic growth and development. For

example, a local Ghanaian farmer may have a large stretch of land for farming. However, due to unavailability of adequate capital he might not be able to develop the whole stretch of land. On the other hand, an investor may have excess capital and no viable project to invest in. In order for there to be a profitable relationship between these two individuals, the wealth creation nature of banks should come to play; by the investor keeping his money with the bank and the farmer applying for a loan from the bank, the need of both individuals are satisfied.The farmer gets money to develop the stretch of land and the investor finds a safe place to keep his money while getting returns on his money. In this situation, the investor has eliminated the risk involved with dealing with the farmer directly; the investor is no longer worried about default risk since he gave his money to a bank (i.e. saved his money with the bank).

How well the linking of the deficit sector to the surplus sector is being done depends on the efficiency level of a country's financial market and the degree to which its citizens save (Uremadu, 2007). Excess money collected from the surplus sector in the form of savings becomes capital for private or national developments in the form of loans sourced from banks. The current condition of Ghana's capital-starved financial sector may imply that individuals who need money for income generating investment (deficit sector) would continue to remain in need, whilst those individuals with excess capital (surplus sector) would continue to keep money to themselves. This is to a large extent influenced by the unattractive interest rates set by most banks and in particular, the wide spread between the interest rate charged on loans and the returns on savings. Savers get very little interest on their savings while borrowers

pay quite a huge amount of interest on loans. Hence, individuals in the surplus sector do not have any motivation for saving their money with banks, and individuals in the deficit sector find it almost impossible to obtain loans because of the high accompanying interest associated with these loans. However in more developed countries like China or the United States where the banking system functions almost efficiently, the spread between borrowing and lending rate is quite small.

Fig 1.2 INTEREST RATE SPREAD (LENDINGR RATE MINUS DEPOSIT RATE, %) (Source: WORLD SAVINGS DATABASE, 2012)



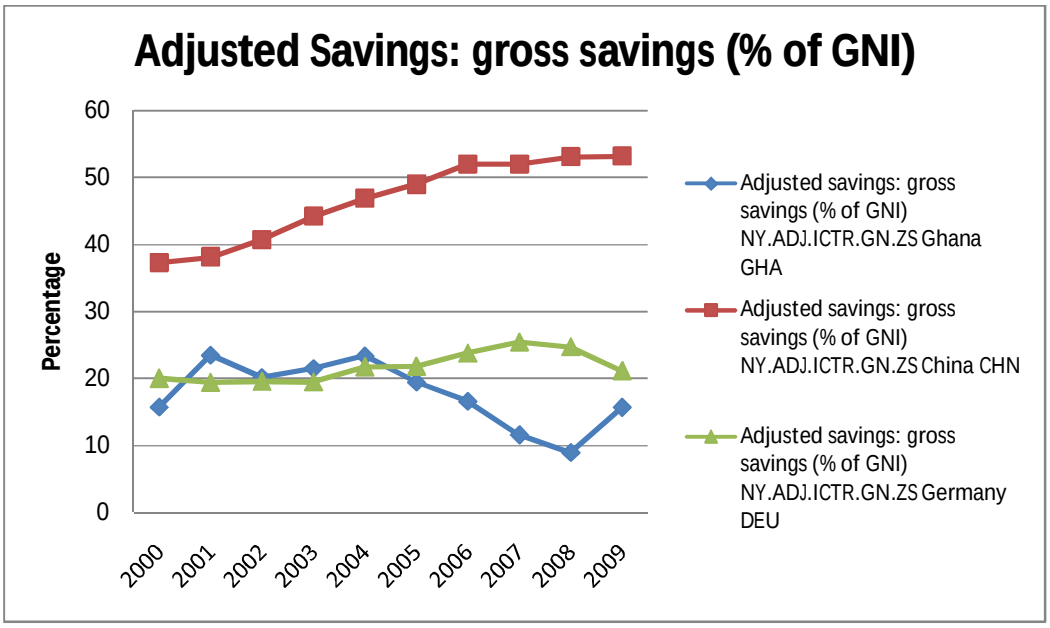
1.3 THE PROBLEM

Over the past 20 years, sub-Saharan countries have continuously recorded record lows in their levels of national savings. On the average, these countries recorded national savings below 15 per cent(Loyza, Schmidt-Hebbel, & Serven, n.d). These were the lowest between 1965 and 1994 worldwide. However, for the same period, Eastern Asian countries as well as China have continuously increased their levels of national savings. China, for instance, increased its national savings steadily from about 25 per cent in 1965 to over 35 per cent in

1994(Loyza, Schmidt-Hebbel, & Serven, n.d). Eastern Asia also increased their national savings from a little over 20 per cent in 1965 to slightly below 30 per cent in 1994(Loyza, Schmidt-Hebbel, & Serven, n.d). Through increasing amount of savings, countries like Japan and Germany have experienced rapid growth records (See fig 1.4). Between 1948 and 1972, output per person grew at 8.2 per cent per year in Japan and 5.7 per cent per year in Germany, in contrast to a growth rate of only 2.2 per cent per year in the United States which was saving less (Mankiw, 2007). It is therefore suggestive (though maybe not conclusive) that an increase in levels of savings is normally accompanied by high economic growth.However, since Harrod and Domarin 1956theoretically derived the positive functional relationship between savings and growth, the causation from savings to growth is not in doubt here.

Fig 1.3 Adjusted Savings: gross savings (per cent of GNI)

(Source: WORLD SAVINGS DATABASE, 2012)



So why then aren't poor under-developed sub-Saharan countries saving more? Can it be that the benefit of savings is not evident to them? Or are they just too poor to put aside part of their income as savings? The answers to these questions may not be that simple; in order to further understand this, we have to consider the individual components of national savings, and in particular, private savings.National savings is made up of two main components, private savings and public savings. Private savings refer to what is left when an individual'sconsumption is taken away from their disposable income. Public savings on the other hand,refer to the sum total of government's revenue minus all its expenses (Mankiw, 2008)

In Ghana, we notice that only a few citizens own bank accounts; the general causes of this could be attributed to a couple of reasons. These include low savings and deposit rates, poor attitudes of bankers towards small savers, numerous documentation requirements etc. In Ghana, interest paid on savings are not that significant, while annual interest rates on loans range from 27.5 per cent to about 38 per cent (August 2010) (Governor, Bank of Ghana, Nov 2010). The high lending rates by banks are a very critical issue affecting the banking industry in Ghana. This information was derived from the Governor of the Bank of Ghana at the annual dinner of the Chattered Institute of Bankers (27th November 2010). According to him, traditionally,low inflation and a low interest rate environment are expected to cause an ease on the availability of credit, and encourage economic growth. However, the contrary is seen in the Ghanaian banking industry; despite Ghana recording record low single digit inflation rates (as low as 8.6 per cent Febuary,2012 Bank of Ghana

Website), the cost of borrowing still hovers around 30 per cent, making it almost impossible for those in search of loans to access loan facilities. Nevertheless, despite high interest rates on loans, interest on savings accounts are still insignificant, with banks giving interest rates as low as 7.5% on a savings accounts of more than GHS 3000 (The Trust bank,2012).This implies that the spread between lending and borrowing rates is very wide and this discourages people from opening savings accounts. This wide spread also indicates there may be inefficiencies associated with the Ghanaian banking sector.

Fig. 1.4 Current interest rates offered by The Trust bank on savings accounts

Source: The Trust Bank Ghana website

Saving Accounts (50 -1999)	6%
Saving Accounts (2000 -3000)	6.80%
Saving Accounts (Over 3000)	7.50%

Also, it does not make much sense to save when the interest rate on individual savings account is far lower than the inflation rate recorded in the economy. In such a situation, the purchasing power of an individual's cash is decreased considerably over time. Consider an individual receiving an interest of 5 per cent per annum on his private savings

account,whilstinflation in the economy is hovering around an average of 12 per cent per year. Assuming the individual put down GH100 at the beginning of the year and did not take any of that money during the year, at the end of the year, the total value of money in the savings account would be about GH107. Now, considering the effects of inflation and discounting the money into present value terms, the GH107 would be worth GH95.53. This implies that individuals would be better off if they spent their money as and when they received it, since it is evident that money received today is worth far more than money saved for tomorrow.

Another factor that may contribute to low saving levels is the attitude of banks towards small savers. Most often, banks target large corporations and governmental bodies and do not pay much attention to small or individual savers. Hence, most banking products are not fashioned with household savers in mind (Uremadu, 2007). For example, the minimum deposit of most banks is so high that average Ghanaian citizens cannot afford to own such savings accounts. During a speech in Takoradi in 2004, the minister of finance, Mr. Yaw OsafoMarfo, urged banks to lower the minimum amount of money required to open bank accounts; he claimed that high minimum deposits requirement of most banks prevents most Ghanaians from owning bank accounts. He observed that this seriously affected low salaried workers from taking advantage of the banking industry since they could not afford to maintain bank accounts (Modern Ghana, 2004). Since 2004, banks have taken it upon themselves to reduce these minimum deposit requirements. However, the requirements are still quite high, considering that most individuals in Ghana fall within the lower income bracket. Standard Chartered Ghana, for instance, states

its minimum deposit requirement to open a savings account as GHS 100. However, interest is only paid on accounts with a minimum balance of GHS500; accounts with balances below GHS 50 are closed (Standard Chartered Ghana,2012). It can be seen that even though a moderately minimum deposit amount is required, savers do not benefit unless they have as much as GHS 500. Hence, low salaried workers who cannot hit the GHS 500 target do not bother to try and save with banks at all.

Most banks in Ghana require numerous amounts of documentation from individuals before allowing them to create an account. This makes the whole process of owning a bank account tedious and diminishes individual's interest in opening bank accounts. For example most Ghanaian banks require passport or other national identification cards, recommendation letters, wage slips and proof of address before creating an account. However in a country where employment is mostly from the informal sector and addressing systems are not well developed it is very difficult for individuals to provide such details, and hence most individuals do not endeavor to even create bank accounts (Dovi, 2008). This has gone a long way to reduce the interest of individuals in the informal sector from opening bank accounts; they rather keep their money personally. Since a majority of Ghanaians work in the informal sector banks are losing a lot potential capital from the lack of savings from the informal sector. In Ghana for example the size of the informal sector is placed at eighty five percent of the country's total work force (Budget Speech, 2011), this implies that banks would be losing a huge chunk of money from this market every year.

Low levels of house hold savings severely affects a country's national savings which serves as seed money for national development. Consider a simple scenario where a developing country wants to undertake a non-income generating development project. The two main financing options available to this country would be National Savings and Foreign debt. However, since the development is not strictly an income generating activity it would not make much sense to pre - finance this activity with debt due to the high amount of interest associated with loans. This applies to individuals within a society; an individual with a limited amount of disposable income (P) and no amount of personal savings, would find it almost impossible to undertake a high-return development project which requires an initial investment of *P* + *Beta*(where Beta is any positive integer) without going for a loan. However if this development project does not provide immediate returns which can provide enough funds to pay off its debt, then the individual would become cash trapped and in debt. An easier way for an individual to fund a non-income generating activity or an income generating activity with little immediate return but substantial long-run returns would be from personal savings.

1.4 SOURCES OF SAVINGS IN GHANA

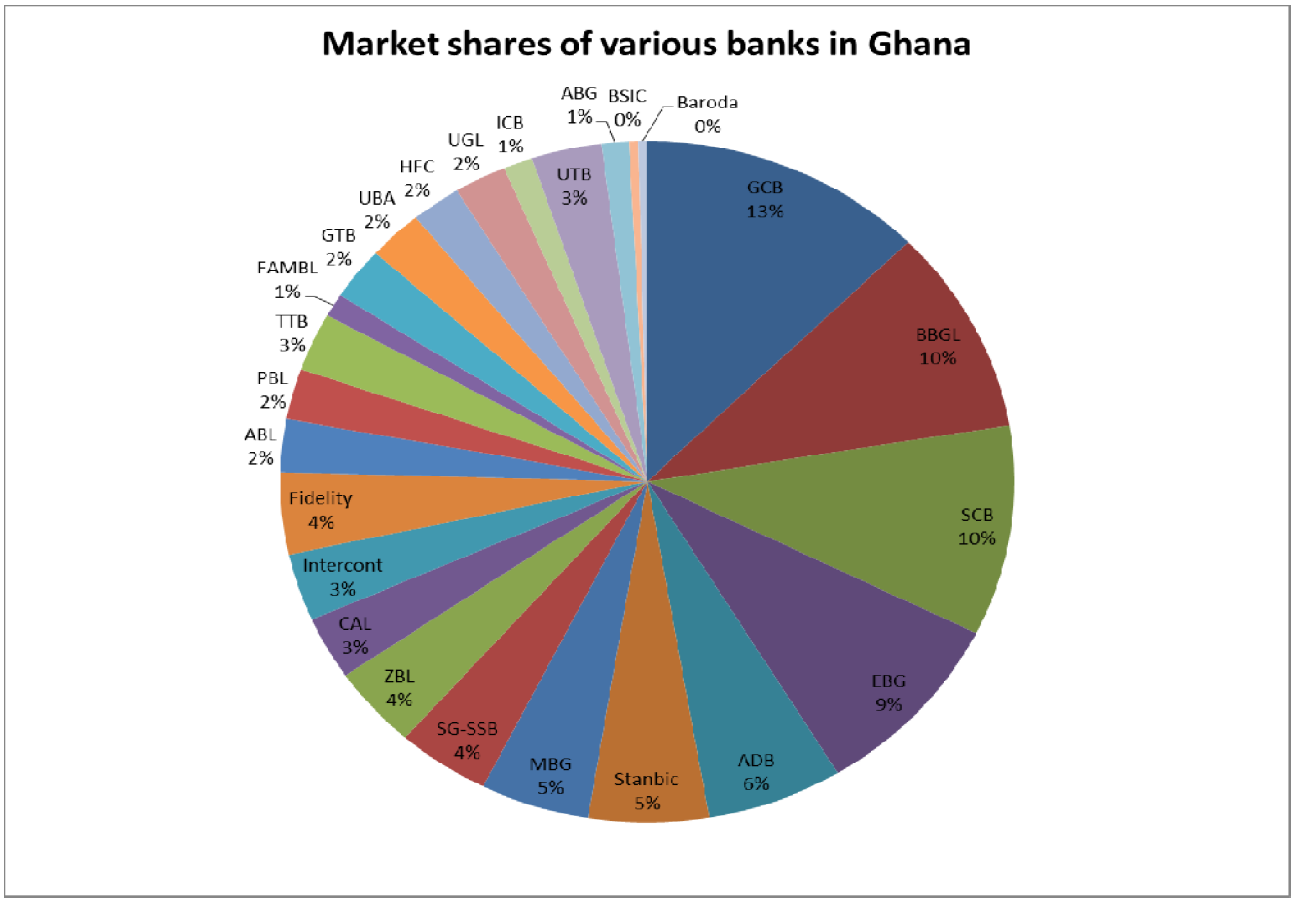
To help identify why the level of savings is low in Ghana,the main sources of savings in Ghanamust be identified. To do that,national savings must be broken down into its main components. Just like any other economy, Ghana's national savings is made up of monies from both the private and public sector. The public sector, which consists of governmental bodies, collects money from citizens in the form of tariffs and taxes. These monies are used for construction and other developmental projects. However, in

some cases a government may run out of cash for its investments and would therefore need to borrow. The immediate source of funds is its national savings (own savings). In times where the government has been able to meet its investment requirements, it would need to put away some of these excess monies for times of need. It therefore stores these monies with the various financial intermediaries in its country. Like the public sector, the private sector also needs to save and borrow in order to undertake their various investment projects. The private sector consisting of households and private businesses, constantly needs to make decisions concerning how much to put down and how much to spend. With private businesses, management would need to make decisions concerning financing and investment. Loans and other modes of financing may be needed in order to run the affairs of the company smoothly. Also, a decision would be made concerning savings and investment options. This would involve how much money should be put aside in the company's bank for future use and how much to use for the normal running of the business (working capital). In both the private sector and the public sector, it is the work of the financial intermediaries to apportion money between the deficit side and the surplus side. In Ghana, the main financial intermediaries include private and national banks, mortgage institutions, insurance institutions, the capital market and local savings institutions popularly known as Susu operators.

The formal sector consists of about 26 banking institutions; Ghana Commercial Bank has the highest share of assets in the Ghanaian banking industry (12.6 per cent), followed by Standard Chartered Bank (10.0 per cent). BSIC and Baroda have the lowest share of 0.4 per cent each in the

Ghanaian banking industry. Figure 1.5 below gives a full detail of the various banks in Ghana and their respective market shares as at 2010. Note however that market shares have been rounded up to the nearest whole number(see Appendix for exact figures). The informal sector on the other hand,consists of Susu operators and other traditional savings operators. This sector is regarded as an informal sector because of the lack of structure and formal regulations regulating their operations.

Figure 1.5 Source: (PWC, 2011)



1.5 SUSU SAVINGS IN GHANA

Aside the formal banking sector, Ghana also has a dominant informal savings sector popularly known as the “Susu” system. Susu is one of the

oldest methods of banking in Africa(Alabi, Alabi, & Ahiawodzi, 2007).Over the years, this savings system has served as a means of mobilizing funds for the development and sustenance of most informal businesses. Susu is considered a form of banking because of its ability to serve as a platform of trading money (Alabi, Alabi, & Ahiawodzi, 2007). This involves periodic deposit of fixed amounts of money with Susu operators, these monies are held by the operator for a pre-arranged period of time or until it is required by the saver, or lent to borrowers within the Sususavings scheme at a fee. Susu thus enables a group of savers to build up capital and to get access to small scale loan facilities.

In Ghana, Susu can be broken down into three main categories namely Susuassociations, mobile collectors and cooperatives (Alabi, Alabi, & Ahiawodzi, 2007).Susu associations can be further broken into two main methods:rotation method and accumulationmethod. With the rotation method, savers are put in a group. Savings are then collected from individual members of the group and deposited with each group member of the group in turns(Alabi, Alabi, & Ahiawodzi, 2007). The accumulation system allows individuals to make regular contributions which are accumulated and used as backup for business or insurance for special events like funerals etc(Alabi, Alabi, & Ahiawodzi, 2007). This system is very close to the savings accounts run by banks. With the Mobile collectors system operators collect savings on a daily basis, amounts are to be paid voluntarily by clients. These monies are then returned at the end of the month minus one day's amount as commission which translates to 3.33 per cent(Alabi, Alabi, & Ahiawodzi, 2007). With the

Susucooperative, credit unions and cooperatives take up the job of the operator and run the Sususcheme (Alabi, Alabi, & Ahiawodzi, 2007).

The Susu systemencourages savings in Ghana. However, activities in this informal sector are not well documented. Hence, it makes it difficult to estimate the total number of citizens using this service and estimate how much savings is made in this sector. Most of the clients of these Susu agents are usually market women who need short term loans for running their business. These Susu agents are able to provide their clients with short term loans for running their business since most of these market women do not have good credit ratings with banks or do not have all the necessary documentations required by banks before loans are granted.

1.6 RESEARCH QUESTION

Why do developing countries like Ghana save such a small portion of output even though it is evident that high levels of savings boost economic growth? In particular, what are thedeterminants of savings, what are some of the problems and consequences associated with low savings in developing countries using Ghana as a case study?

1.7 THESIS STATEMENT

This research will investigate why Ghanaians save such a small percentage of their income.

1.8 OBJECTIVE OF THE STUDY

This research seeks to understand the behaviour of developing countries towards savings using Ghana as a reference country. It also seeks to understand whysub-Saharan countries like Ghana have such low saving

habits and have experienced the lowest of savings rate in the last decade. It will consider the various variables that contribute to low savings and identify ways of remedying these problems by observing how more developed countries like China went about increasing their level of national savings.

The objectives of the study are

1. To understand why Ghanaians have such low savings
2. To determine whether Ghanaians understand what an increase in the levels of savings would do to the economy ofGhana
3. To find out through survey analysis and literature searches the various ways to stimulate savings in Ghana

1.9 HYPOTHESIS

Like Germany and Japan, an increase in savings rate would have a favorable effect on the economy of a developing country like Ghana. However, due to unfavorable banking conditions, citizens do not have much incentive to save.

CHAPTER 2

2.1 LITERATURE REVIEW

This section seeks to analyze different literature relating to saving patterns in sub-Saharan Africa, and in particular Ghana. It considers literature that identifies the relationship between savings and economic growth as well as factors that encourage savings. Most of the information gathered in this section concerns how certain countries have experienced rapid growth as a result of an increase in savings rate. This section also contains theoretical concepts surrounding savings and economic growth such as the Solow growth model.

2.2 HOW SAVING AFFECTS GROWTH (SOLOW'S (1956) MODEL)

The textbook Solow growth model explains how growth in capital stocks per unit of labor force affects the total output of a nation. For the purpose of this research we would assume (as does Solow and perhaps unrealistically) that the expansion of capital will lead to economic growth of that country as long as it has not reached its Steady State (the steady state will be defined later in this section of the literature review).

The level of Capital stock in a country depends on two main factors:investment and depreciation (Mankiw, 2007). Investment refers to the acquisition of new assets and causes an increase in capital stock(Mankiw, 2007). Depreciation on the other hand, refers to the apportionment of the cost of an asset over its useful life. This causes a decrease in the value of capital stock (Investopedia, 2012). Since the

value of depreciation is positively correlated to the value of an asset, an increase in the value of assets increases the value of depreciation.

The change in capital stock at any point in time = Investment – Depreciation (Mankiw, 2007)

However, there is an amount of capital stock known as the steady state (K^*) where the amount of investment equals the amount of depreciation. Hence, there is no reduction in the value of capital stock (Mankiw, 2007). The stable state is important for two main reasons

I) An economy in the steady state would remain in the steady state

This is because the rate of savings is equal to the rate of depreciation the equal but opposite forces of savings and depreciation cancel each other out, leaving the model in a state where there is neither a decrease or an in capital stock form depreciation or savings respectively

II) And an economy not in the steady state would always move to the steady state over time.

This is because capital stock would either increase or decrease to meet savings (i.e. in economies that stat below the steady state capital stock increases until it meets depreciation and economies that start above the steady state capital stock decreases till it is equal to savings) this always ensures that in the long run an economy is always in the steady state

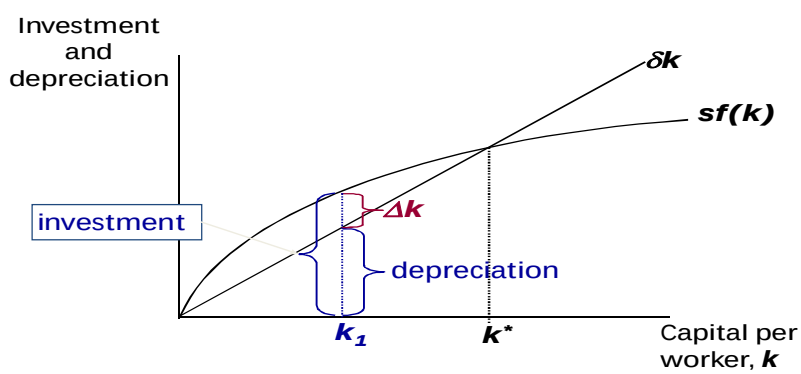
In Figure 2.1, explains how savings affect output and the relation to the steady state. It illustrates a classic savings function in the neoclassical sense (sf(k) super-imposed on a linear depreciation function (δ k), where

s is the savings rate, f(k) is the production function, k is capital per unit labor, and δ is the depreciation rate and ranges from zero to 1.

As the figure illustrates, if the economy starts at a point below the steady rate, then Capital stock per unit labor would increase till a point where depreciation is equal to investment (k^*), the steady state. Similarly, assuming the economy started well above the steady state, capital stock would decrease because depreciation would exceed investment. Capital stock would therefore decrease till it reaches the steady state.

Fig. 2.1 MOVING TOWARD THE STEADY STATE

Source: (Mankiw, 2007)

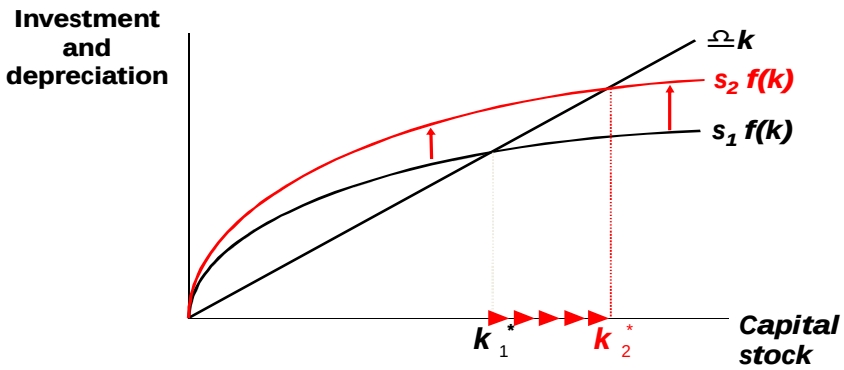


Changes in the savings rate is then incorporatedinto thesteady state module. Assuming there exists an economy at a steady state with capital stock $K_1^*$and savings of S_1,when savings increases from S_1 to S_2, the sf (k) curve shifts upwards. Immediately after,there is an exogenous increase in savings rate which leads to a rise in the investment rate. However, depreciation and capital stock remain the same. Therefore, at this stage,

investment exceeds depreciation, and capital stock would gradually rise until the economy reaches a steady state k_2^* where capital stock is higher and the level of output is higher than the old steady state. This rise in capital stock is referred to as economic growth.

Fig 2.2 EFFECTS OF AN INCREASE IN LEVELS OF SAVINGS

Source: (Mankiw, 2007)



2.3 THE MIRACLE OF JAPANESE AND GERMAN GROWTH: THE ROLE OF SAVINGS

Currently, Japan and Germany are classified as economic superpowers. However, this has not always been the case. Several decades ago the economies of both countries were in total anarchy after a heavy defeat during the Second World War. All the Capital stocks of both economies had been to a large extend been destroyed however it is during this period that both economies recorded high levels of rapid economic growth. Between 1948 and 1972 both countries recorded rapid growth in output per person; output per person grew at 8.2 and 5.7 percent per

year in Japan and Germany respectively compared to a mere 2.2 growth in output per person in the United States.

In order to fully understand this miracle, consider an economy in the steady state. If the capital stocks of these economies are destroyed during a war, output will immediately fall drastically. Now supposing the level of savings in both economies are unchanged (i.e. the portion of savings devoted to savings and investment remains unchanged), the economy of the country is likely to experience rapid economic growth. The destruction in capital stock would reduce output and depreciation. However, the maintenance of the levels of savings increases capital stock without increasing depreciation. This causes a high growth in output until a new higher steady state is reached. This scenario is not far from what occurred in the German and Japan economies between 1948 and 1972(Mankiw, 2007).

2.4 SAVINGS IN NIGERIA

In order to understand savings in Ghana, consider a research conducted on the Nigerian economy to establishthe link between savings and economic growth. Like the Ghanaian economy,the Nigerian economy also experiences low saving levels. For decades, development economists have been closely monitoring the link between savings investment and growth. According to Aghevli et al (1990), savings rate and investment in human capital are key drivers of economic growth. Hence, many economists attribute the slow rate of growth of economies to low savings. The paper, **‘**what drives private savings in Nigeria’, emphasizes the importance of savings as the major driver of growth and output. It states that savings

influences investment which in effect increases and maintains growth. In any economy, there is the need for money to maintain and improve existing or new markets and change them into self-reinforcing processes. It is therefore true that there is a need for a significant increase in investment (i.e. both private and public) to maintain and sustain growth. Continuous low amount of savings in the private sector slows down potential growth and reduce per capita consumption and income.

According to Tochukwu E. Nwachukwu and Peter Odigie (2009) in a conference paper, Nigeria just like Ghana, also experiences very low savings rate. Between 1986 and 1989, domestic savings averaged about 15.7 per cent of GDP. However, after the country experienced financial distress in the 1990s, domestic savings dropped to 6 per cent of GDP after about 10 years from 1990 (this figure still stands at 6.4%). The paper identifies that there is a very low savings culture amongst Nigerians and suggests that this culture could be changed by establishing institutions and regulatory agents who would influence the decisions of house hold firms and governments. It builds on the fact that there is the need to put in place coherent economic policies which would provide an environment that encourages savings. These institutions would include avenues that encourage wealth creation, poverty alleviation and infrastructural development.

Like Ghana, Nigeria also runs a deregulated banking system; a system free of government intervention where trade factors such as lending rates and borrowing rate are set by prevailing market conditions. However, prior to the deregulation of the banking industry, interest rates (borrowing

and lending rates) were administratively set by the Nigerian central bank on the basis of policy decisions. During this period there was a growth in the financial market, a low level of inflation and a decrease in internal debt burden on the government (Nwachukwu & Odigie, 2009). However,from 1970 to 1985, Nigeria began to experience negative real interest rates due to an increasing level of inflation. Also, important sectors in the Nigerian economy were also performing below average and this led to the deregulation of interest rate in August 1987. Banks were then allowed to set their own savings and lending rates according to prevailing market conditions. However, because of the irresponsiveness of the structure of deposit and lending rates to market fundamentals, setting of interest rates were inefficient. Interest rate spread began to widen right after the deregulation of the banking sector. Between 1990 and 1994, interest rates spread averaged about 7.9 per cent. It continued to increase through 1995 to 2002. In 2002, interest rates spread had reached as high as 24.6 percent. The experience of Nigeria shows that government intervention in the banking sector goes a long way to influence interest rates and hence stimulates growth.

2.5 GENERAL DETERMINANTS OF SAVINGS AND A FOCUS ON GHANA

Why do we save? Individuals save in order to help deal with or provide for future uncertainties. Savings, is a sacrifice of current consumption in anticipation of future consumption, it is a tool by which individuals can transfer buying power between periods(H. Chenery, n.d). We therefore see that the uncertain environment is the main factor which influences savings in an economy. An individual's choice of savings therefore

depends on the level of uncertainty they perceive and their current income. Particularly, the availability of insurance, the scope of borrowing and the role of the extended family are the major influences on an individual's wish to save(H. Chenery, n.d).

With the extended family system which is predominantly practiced in most sub-Saharan African countries (and Ghana is no exception), the family has a great influence on an individual's saving patterns. By providing for the consumption of older members, the family can totally erase the need for old people to put aside money for expenditure during their youthful days (H. Chenery, n.d). However, this would only exist in a family system where the young feel it is their responsibility to cater for older members without recompense. This would bring about the savings-through-children hypothesis proposed by Neher (1971), Willis (1980) and Nerlove et al (1985) where the elderly use their family members as a savings tool, and individuals may adjust their family size to compensate for their level of savings. Another important way the family influences savings is its ability to insure against risk. In the absence of an effective and efficient insurance market and other natural retirement schemes like social security, affluent family members serve as insurance in times of hardships, offering their help and finances to members. This wipes out individuals'beliefs of the need to put down money in anticipation of future uncertainties.

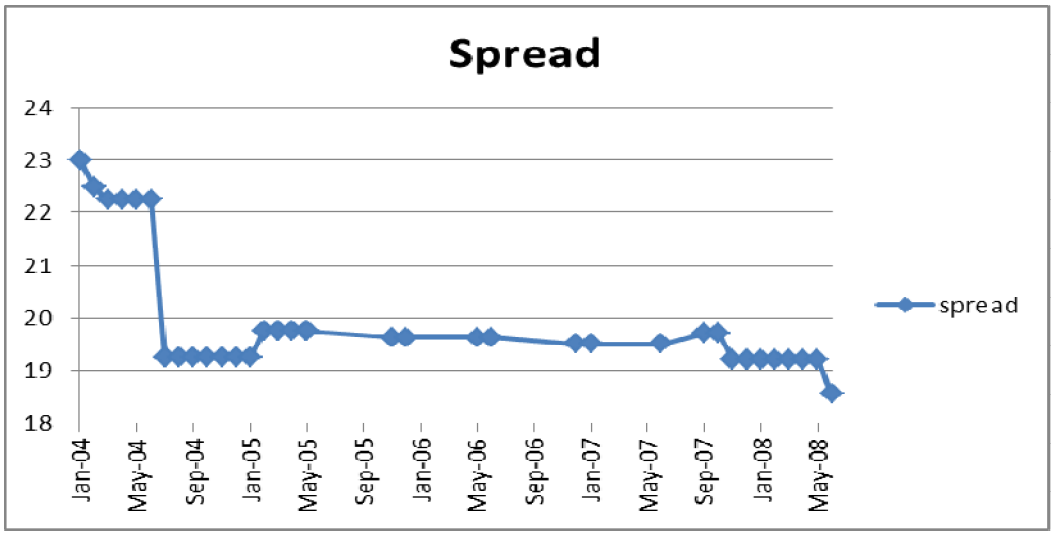
Another important pair of factors that determine the level of savings in any economy is the deposit rate and inflation rate (Uremadu, 2007).In order to efficiently increase savings in an economy, the deposit rate of

banks must be relatively high while inflation rate on the other hand should be relatively low and stabilized.This would result in a positive real interest rate which would motivate individuals to save more of their disposable income. In Ghana for example,deposit rates are relatively low while the inflation rate moves uncontrollably. It was only recently (2008) that Ghana managed to maintain a relatively constant single digit inflation rate.

Also, another important factor that affects savings is the interest rate spread.Deposit rate on one hand is very low whilst lending rate on the other hand is quite high. Savers therefore feel that they are being cheated on the interest they receive from savings.In Fig 2.3,it can be seen that the interest rate spread in Ghana is decreasing. However, it still remains over 18 per cent.

Fig 2.3 Interest rate spread (borrowing rate – lending rate)

Source: (Bank Of Ghana, 2005)



CHAPTER 3

3.1 METHODOLOGY

This research was designed to investigate the link between savings and economic growth for the particular case of Ghana using qualitative techniques. Qualitative research design tries to explore ideas, understand phenomenon and answer questions (Sportscience, 2008).This research explored why individuals save and tried to identify trends in for example the savings pattern of different gender groups in the population. Unlike most research done around this topic, this research would not employ quantitative methods in sorting and analyzing data and information mainly because most models used by most researchers require a vast amount of specific data which is not at the disposal of this research.

In general, the research identified the various determinants of savings in Ghana and then sought to find out why Ghana has such a low savings rate. The Research answered the following:

1. Why do Ghanaians save?
2. What can be done to stimulate savings in Ghana?

The various participants of this research were from three main groups:

(A) GROUP I (Individuals in Accra) (B) GROUP II (Focus group)

(C)GROUP III (Individuals in the informal sector Berekuso)

Group I (surveys)

This group consisted of Ghanaian citizens; it included individuals from the educational industry, health sector, trading sector etc. The main purpose of this sample was to get the view of Ghanaians on savings issues.

Group II (focus group)

The research also targeted a few professionals who had in-depth or expert knowledge in savings and economic development. This was to call on their professional knowledge in issues concerning economic policies regarding savings. The professionals included individuals with expert knowledge in banking as well as individuals who understood Ghana's financial market.

Group III (informal sector)

This group consisted solely of individuals in the informal sector; they were made up mostly of individuals who lived in the Berekuso area. The main purpose of this group was to give an independent view of what individuals in the informal sector of the economy thought about savings.

3.2 RESEARCH DESIGN

In order to save money and time, respondents were only taken from the Greater Accra region and the Eastern region. Greater Accra, being the central business district of Ghana, has a uniform mixture of individuals from the formal and informal sector. Hence, the sample population chosen from Greater Accra expressed the views of people from the formal as well as the informal sector.

The Eastern region was a good place for studying the informal sector because most individuals found in this area were petty traders, cleaners, taxi drivers and mostly pineapple farmers. Also, the level of education in this area was quite low.This made it an ideal site for finding individuals in the informal sector.

3.2.1 Sampling Technique

The research was divided into three main parts. The first part (research on Group I) was used as a random sampling technique to acquire data from a given group of respondents in the Greater Accra Region. The second part (research Group II) was used as a purposive sampling technique to identify various individuals who had in-depth knowledge about policies involving savings, finance and economic growth. The third part (Group III) was used as a purposive sampling technique to identify various individuals of the Berekuso area (the informal sector).

(GROUP I)

Random sampling: A random sampling technique is a sampling technique where individual variables are chosen in such a way that every individual in the sample population has an equal chance of being chosen.In interviewing Group I, a random sampling technique was used because of its ability to give individuals in the population an equal probability of being selected. During the survey process, individuals in Makola, Adabraka, the 37 Military area and Ashesi University were randomly presented with questionnaires. These sites were chosen mainly because they contain a rich concentration of individuals from diverse economic backgrounds. Interviews were carried out during the day from 8:00am to 4:00pm.

During the interview in Accra, 37 Military area and Adabraka questionnaires were randomly handed to citizens in no particular order. In Makola, questionnaires were taken to Shops around the Makola shopping mall and at 37 Military area, questionnaires were handed to doctors and health assistants as well as individuals around the 37 Military traffic light. InAdabraka, questionnaires were handed to teachers in the YWCA training college.Some data was also collected from individuals who walked around the Adabraka cathedral and the Tigo office.

(GROUP II)

A purposive sampling technique was used for sampling experts for data collection. A purposive sampling technique is a deliberate non random sampling technique used to obtain data by selecting a particular group of respondents (Wadsworth, 2005). A one on one interview was used to obtain information from these experts. This method is suitable for interviewing experts because of the allowance it gives the interviewer to follow the line of thoughts as well as the opportunity to engage the respondent in a conversation (Office of the Auditor General of Canada, 2012).

(GROUP III)

Like Group II, a purposive sampling technique was used to obtain data from this group. Information from this group mainly reflected the views of individuals in the informal sector. Data collection took place during the day; individuals in the BerekusuTownship were randomly approached with questionnaires. Since most of the respondents were not highly educated,

the questionnaires were read in the respondent's prefer language while the interviewer filled the questionnaires.

3.3 STUDY POPULATION

(GROUP I)

The study population was made up fully of Ghanaian citizens. The research was based mainly around Makola, Adabraka, areas around the 37 Military hospital and Ashesi University. These sites were chosen because they contain a uniform section of the average Ghanaian. Samples of 51 respondents were randomly interviewed using questionnaires.

(GROUP II)

Various individuals with different specialties were identified using a purposive sampling technique. These individuals were selected because of their professional knowledge on matters concerning savings and economics. Interviews with these professionals lasted for at most 30 minutes.

Experts who were considered for this study include

- Mr. Ebenezer Simpson: Investment Lecturer Ashesi University
- Mr. Peter Ofori : Association of Rural Banks

(GROUP III)

Individuals in this group were made up mainly of people in the Berekuso area in the Eastern region of Ghana. Individuals in this group were solely from the informal sector.

3.4 STUDY AREA

(GROUP I)

Data was collected from Accra Central (Makola), Adabraka, the 37 Militaryvicinity and the Ashesi University College. In Accra Central, the main point of study was the Makola Area. Makola was the ideal site for data collection because it is densely populated by individuals in the informal and formal sector. In Adabraka data was collected from the area around the Adabraka cathedral, the Tigo office and the Adabraka poly clinic. Data was also collected from areas around the 37 Militaryhospital.The 37 hospital was also one of the main venues for collecting data in this area. Here, information was required from the doctors and nurses. Also, students of Ashesi University were randomly presented with questionnaires. This is mainly because the research sought to capture the views of the youth.

(GROUP III)

Data was collected from individuals in the Berekuso area of the Eastern region. Individuals in the Berekuso region are mostly engaged in small scale farming and petty trading. There are no well-established companies in this area hence most individuals are involved in taxi driving, farming, cleaning and petty trading.

3.5 SOURCES OF DATA

Data obtained for this research was mainly primary data; information was received directly from respondents first hand. The research questionnaire was the main tool used in collecting this primary data. This tool was chosen because of how easy it is to construct. Also, filing questionnaires does not require a lot of time. Hence, respondents were more willing to fill questionnaires than other more time consuming data collection tools.

3.6 DATA ANALYSIS

Respondents were asked to provide qualitative as well as quantitative data. Some qualitative data required included individual motivation for choosing to bank with a particular bank, what influenced their need to save e.t.cQuantitative data required included information on for example, the amount of interest individuals received on their private savings accounts or what amount of interest they paid on loans they borrowed. Simple charts and graphs were used for the interpretation of both types of data. Qualitative data was also coded and fed into SPSS, a data analysis tool, in order to make interpretation easy. Excel spread sheets were also used for analyzing quantitative data.

3.7 Limitations

The main limitations of this research include;

(i) The inaccessibility of certain key individuals and policy makers at the Bank of Ghana who would have provided this research with valuable information on savings policies and the Ghanaian banking system.

(ii) Even though an observation was made from the sample, time and adequate financing was a major limitation which prevented the observation of a larger sample of respondents. With a longer period of time and a larger budget, a larger sample could have been observed and more specific observations could have been reached.

(iii) Samples were only drawn from the Greater Accra Region and the Eastern region. Hence, the views expressed from this research - even though it covers the views of individuals from the formal and informal sector of Ghana - may be limited to certain behavioral patterns in these regions.

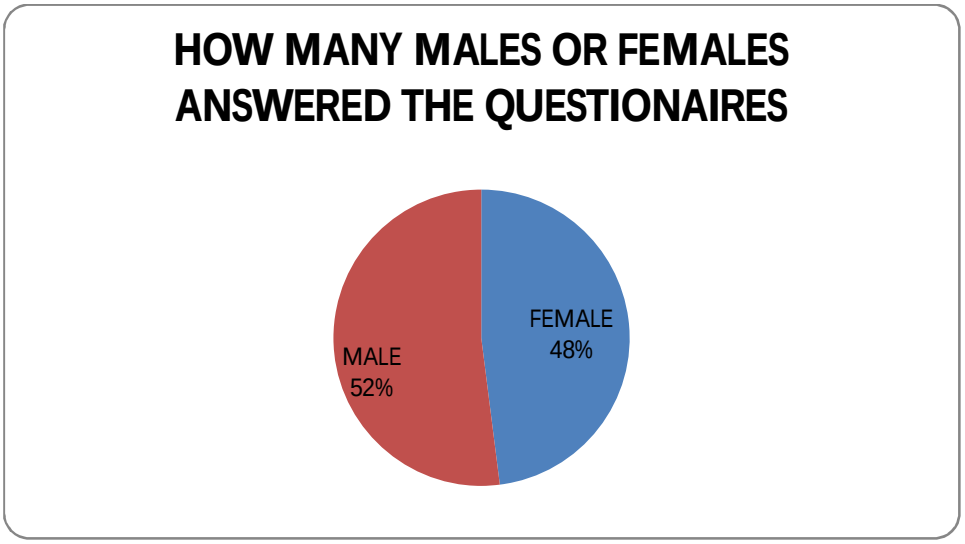
CHAPTER 4

4.1 ANALYSIS OF DATA

This chapter is dedicated to interpreting the various data that was collected during the research process; data was examined with reference to the theoretical framework talked about in chapters one and two. Data obtained during the research, helped in answering the question,"what would cause Ghanaians to save more or develop a favorable attitude towards personal savings?"The chapter first looks at data from a mixture of individuals from the formal and informal sector. It then analyzes information from the focus groups and the informal sector of Ghana's economy. This chapter also looks at the result from the research and how the findings fit into existing theories on savings and economic growth.

Analysis of questionnaires on a mixture of individuals from the formal and informal sector of Ghana's economy (GROUP I)

Fig 4.1 Gender distribution of study population



Demography: During the research, a total number of 52 individuals were interviewed using a random sampling method. The study sample consisted of 24 females and 26 males. This represented 46.2 per cent and 50 per cent respectively of the total study population (see figure 4.1). 2 individuals however, failed to state their gender. The main relevance of this question was to find out whether there was any correlation between savings attitude and gender. From the research, 100 per cent of the females who were interviewed answered 'Yes' to the question that sought to find out whether they saved. 92 per cent of the interviewed men answered 'Yes' and about 7.6 per cent answered 'No' to this question.The data collected indicated that more women than men save (see table 4.2).

Table 4.2 Cross tabulation of Gender against whether the individual saves or not

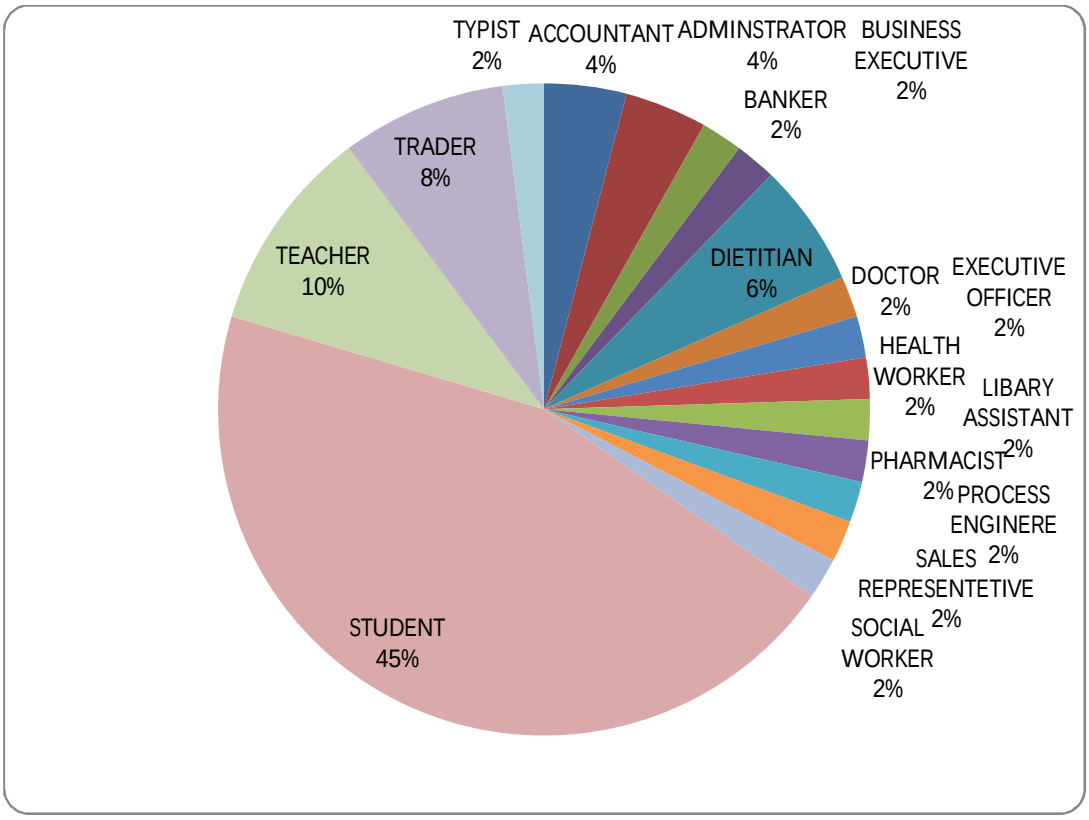
		DO YOU SAVE?	
		YES	NO
GENDER	FEMALE	24	0
	MALE	24	2
Total		48	2

Occupation of Population

The study of the occupation of the population sought to identify whether a particular savings pattern existed with individuals who had a particular occupation. The population consisted of individuals from various walks of life; it consisted of individuals working in the accounting sector, bankers, health care, social workers, students, teachers, traders and doctors (See

figure 4.3). However, a major portion of the study population was made up of students followed by teachers, dietitians and traders. From the research, there was no identifiable pattern between occupations and whether individuals saved or not. This was mainly because aside students who occupied a large part of the study population, individuals in the other occupational sectors were about 3 or 4 per occupational sector. Data was therefore not adequate in establishing a pattern or claim

Fig 4.3 Occupations of study population

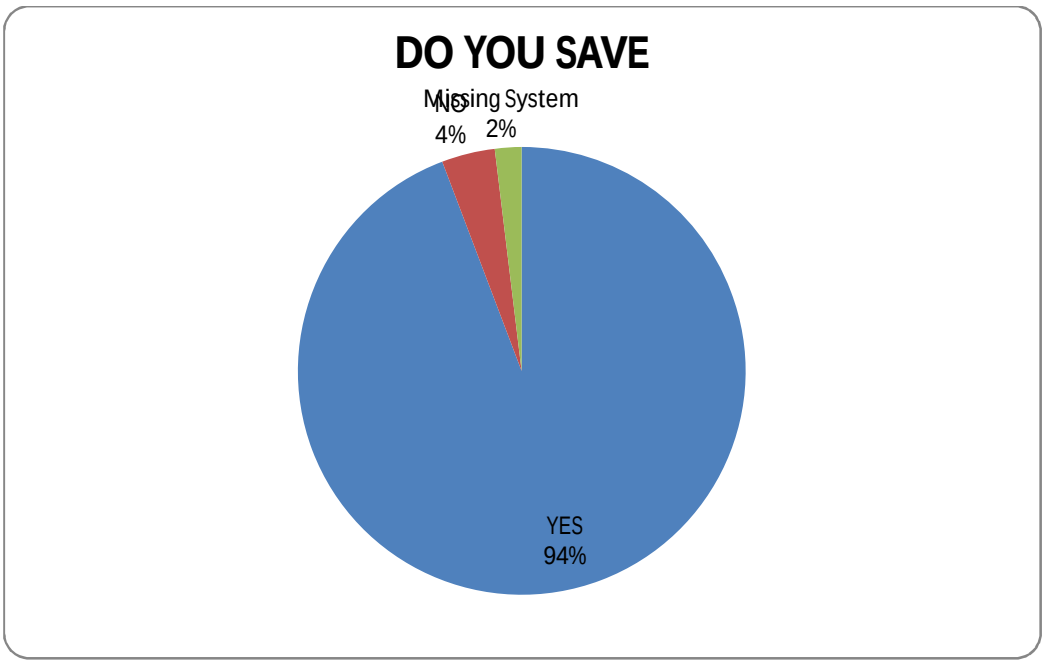


Reasons for saving and choice of savings medium

From the collected data, individuals gave conclusive response on question relating to whether they saved, and why they used a particular savings medium (i.e. the Susu account or the private savings account).

However,one respondent did not give any response relating to whether he or she owned a private savings account or a Susu savings account. From the analysis of the data 94 per cent of the respondents answered 'Yes' to the question on whether they saved, and 4 per cent of the respondents answered 'No' to this question. However, 4 respondents gave no answer to this question

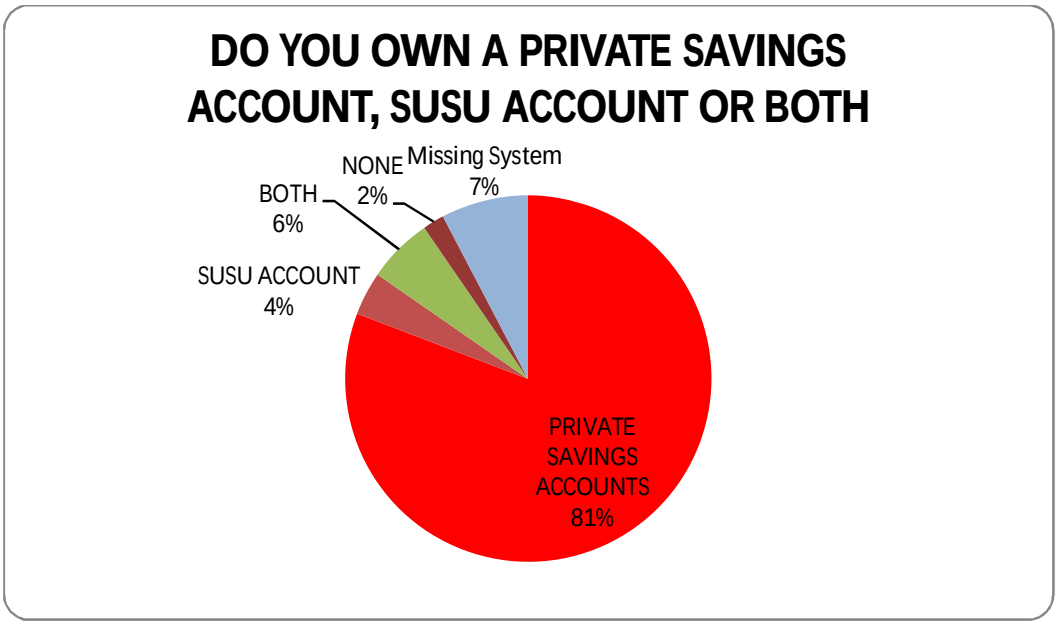
Fig 4.4 Portion of respondents that save



81 per cent of the respondents claimed they used a private savings accounts in saving their money, 4 per cent claimed they use a Susu agent in their savings practice, 6 per cent claimed they use both mediums for saving purposes and 2 per cent of the total population claimed they do not use either mediums for savings. Answers to this question revealed that contrary to the observations in the literature review section (i.e. 'very few Ghanaians save'), on the average, a lot of Ghanaians do save. However,this view is considered as the view of individuals in the formal

sector since most respondents were schooled and engaged in white collar jobs.

Fig 4.5 Portion of respondents that own savings accounts, Susu accounts or both



The reasons they gave for their choice of medium included:

(a) Private savings account

- Most individuals claimed the banks provided a safe way of saving money

- Private savings account made transactions easier, especially in cases where the bank has a lot of branches in Ghana or around the world

(b) Susu account

- It gives easy access to small loan facilities

- Convenience, as Susu agents come door to door to collect monies.

Also contrary to the initial research assertions about a lot of Ghanaians not owning savings accounts, it can be observed that 81 percent of the population from this research own private savings accounts. This could be attributed to the fact that even though a random sampling technique was used, most of the individuals interviewed were in the formal sector of Ghana. However, some individuals also noted that even though they owned bank accounts they hardly used these accounts for active savings.

How do individuals rate the level of interest on savings?

Six respondents out of the 52 interviewed respondents did not give any information relating to how they would rank the level of interest received on savings from their banks. 48 per cent, representing a majority of respondents, claimed that the level of interest on savings they received was quite low. 17 per cent of the total sample felt that the level of savings was moderate and 16 per cent claimed that the level of interest received on savings was high. 10 respondents however, did not provide any answers relating to how they would rate the level of interest they received on savings. This data recorded show that on the average most Ghanaians are not satisfied with the current level of interest they receive on savings accounts.This finding is in agreementwith the initial observations in the literature review chapter. Low interest on savings is therefore a major factor in determining whether an individual would save or not.

Do you think banks could give better interest rates on savings?

As to whether banks could give higher savings rate or not, 11 respondents gave no response whilst 67 per cent (a majority) felt that banks had the ability to give higher levels of interest on savings. The other 12 per cent felt that banks could not give a higher interest rate on savings.

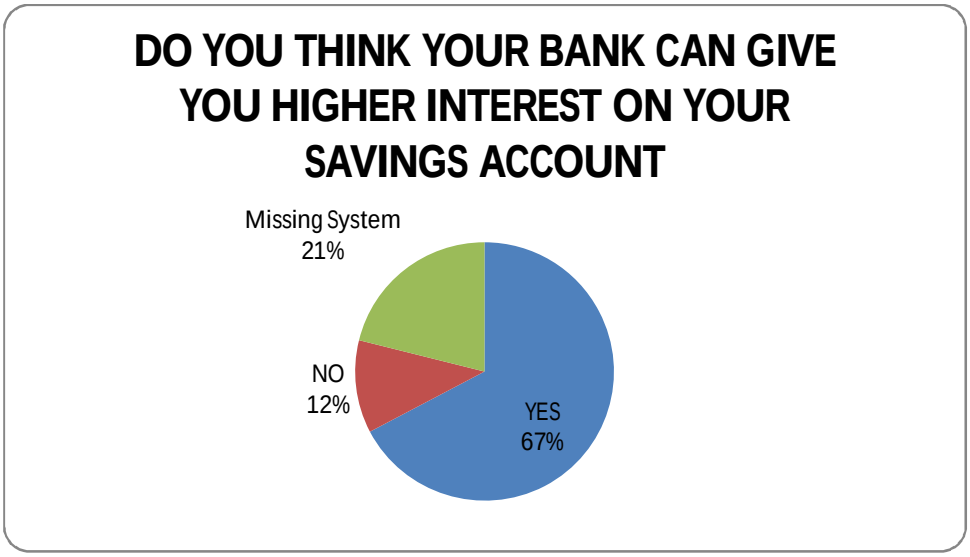
Most of the respondents who answered yes to the question on whether they thought it was possible for banks to give them higher interest on savings account felt that:

- The banks earned more on various financial transactions and interest on loans for example so it was only fair that they paid out higher interest on savings
- Others felt that now that there was more economic stability in Ghana, it should be reflected in banks lending and savings rate
- Others also felt that the bank had just decided to give out such low interest on savings in order to maximize their own profitability.

The few who answered 'No' to this question felt that:

- Operation cost of Banks was very high hence interest rate on savings would always be low.
- Others also felt that banks in general had set these low savings rate celibately hence there was no increasing of these savings rate unless managers of banks decide to raise these rates.

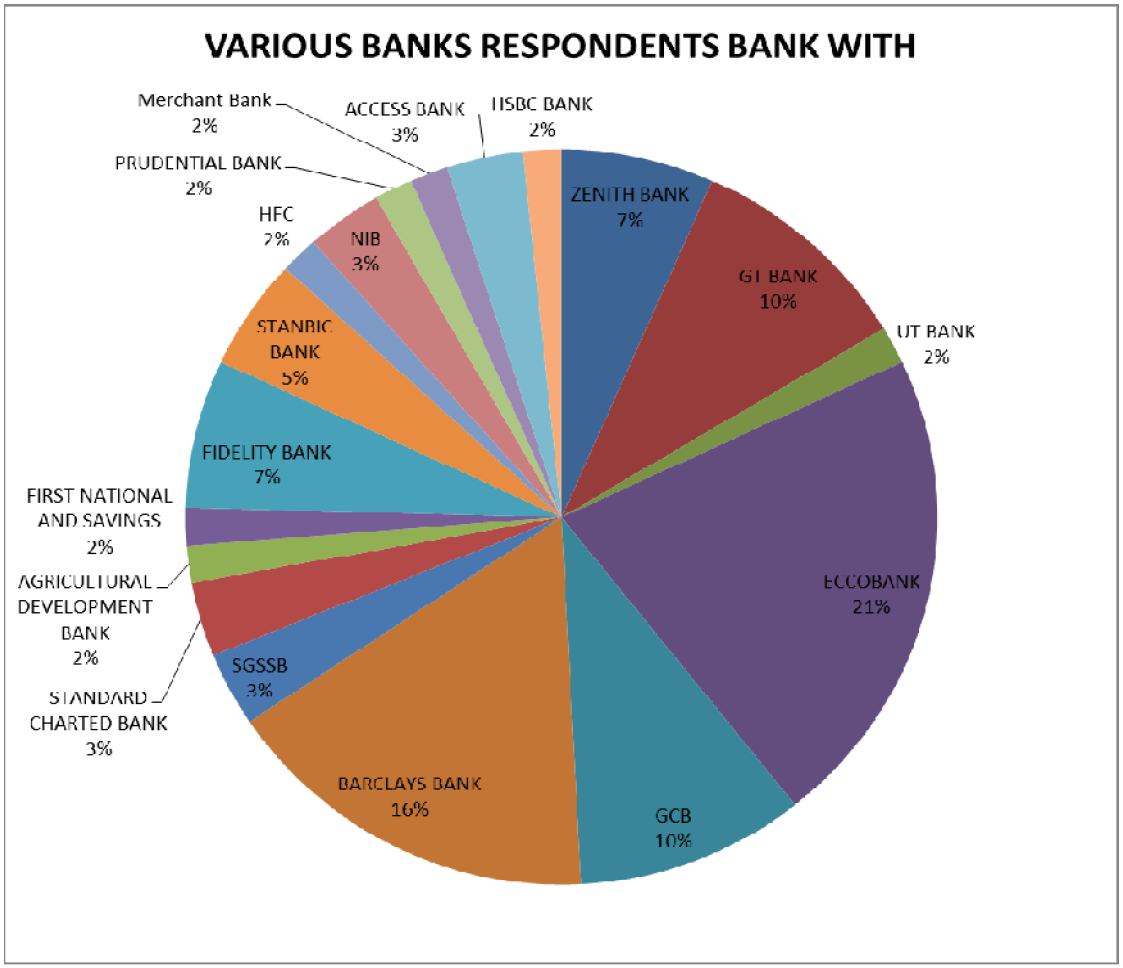
Fig 4.7 Respondents views on whether banks could offer better interest on savings



Which bank do you bank with and what drives the reason of the choice of a particular bank?

Respondents gave several reasons to why they chose a particular bank over other banks; these include proximity of bank to respondent, the level of customer relationship exhibited by the bank, international affiliation, low bank charges and a large number of bank branches. However, the most popular reason for choosing a particular bank was based on the proximity of the bank to the respondent and the ability of the bank to have branches in several locations.

Fig 4.8 VRIOUS BANKS RESPONDENTS BANK WITH



4.2 FACE TO FACE INTERVIEW (GROUP II)

During these interviews, most of the respondents noted that banks were like any other business; they existed to increase the wealth of their share holders. Wealth or profitability of banks could be achieved by charging a higher price for the services they offer; hence this resulted in banks setting high interest rates on loans that they offer. The setting of interest rates for example depends on several factors.For example, the level of interest rate set by a bank may depend on its perception of default risk. Default risk refers to the risk that borrowers would not pay back the loans

they have borrowed.Banks normally measure this risk in the market and set interest rates based on this information; the higher the default risk the more likely it is that the bank may set higher interest rates on loans. Another issue with the Ghanaian banking sector was the fact that the interest rate that banks offered on loans for example was far higher than the Ghanaian Central Bank's prime rate and therefore the average Ghanaian did not benefit from the low loan rates at which the central bank lent to banks.

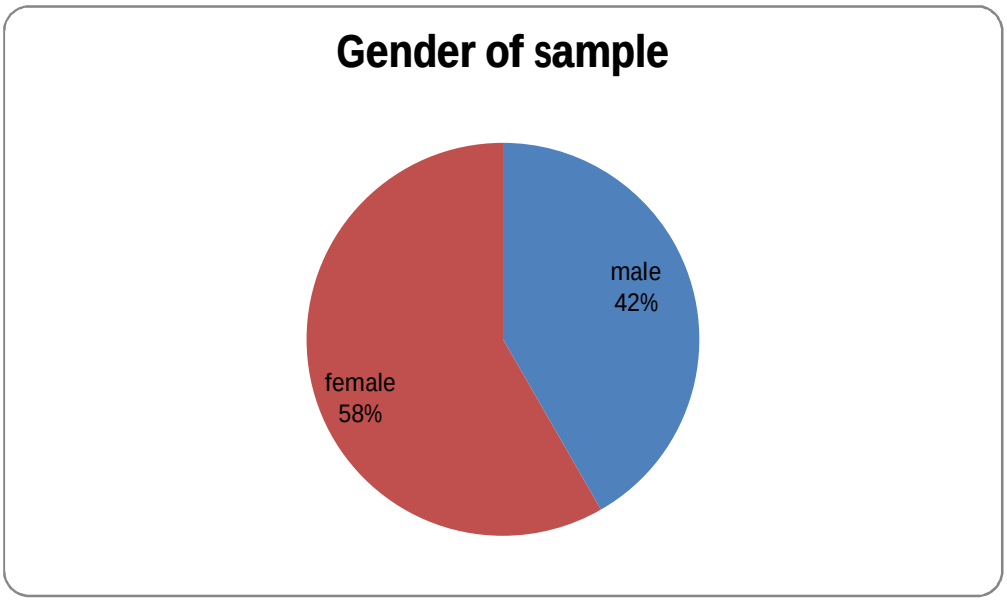
Information collected during this research indicated that some entities were benefiting from lower rates; these entities were large corporations and businesses who could borrow large amounts of money at a time. These corporations were more credit worthy and had lower default risks hence lower interest was charged on the loans they acquired. However, one of the professionals pointed out that it didn't make operational sense for banks to charge high interest rates on individual loans with the excuse that these high rates were to compensate for default risk.In fact, if banks did better, quality background checks on individuals who applied for bank loans, default risk in itself would be considerably reduced. He sighted that the high wage rate of most bankers which constituted a large proportion of operation cost would rather be a main reason why bankers would like to charge higher rate on loans, lower rates on savings in order to increase revenue and justify these high rates.

Questionnaires on the informal sector (GROUP III)

A total number of 30 individuals were interviewed during the study of individuals in the Berekuso area. Views of these individuals constituted the views of the informal sector on savings.

Gender,occupation and level of education

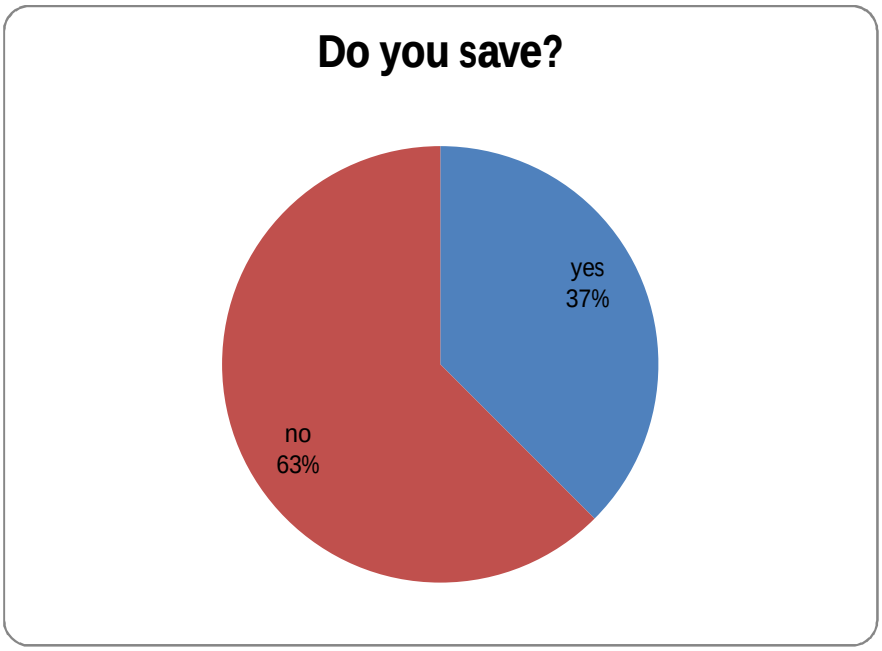
Fig 4.9 Gender distribution of study population



Out of the 30 respondents intervied, 58 per cent of the respondents were females whilst 42 per cent of the population were males. The highest level of education achieved by individuals within sample was Technical school.However, the least level of education an individual in the sample had achieved was primary 6 education. Most of the respondents were petty traders and cleaners.However, there were a few Taxi drivers and traders.

Do you save?

Fig 4.10 Proportion of respondents that save or not



From the data analysis, it was found out that unlike the research carried out in the Greater Accra region, most respondents (63 per cent) did not engage in any form of savings. A difference in the pattern of savings between people in the Eastern Region (Berekuso) and people in the Greater Accra region of Ghana can therefore be established. People in Accra, who are more educated, are likely to have a more favorable attitude towards savings than people in Berekuso who have little or no formal education. Therefore a positive relationship between savings and level of education exists.

Reasons why respondents did not save

The major reason respondents gave for not saving was the fact that the monthly income they earned was quite low. Most respondents claimed that income they received were not enough to cater for even their daily expenses. Hence, at the end of the month they did not even have enough money to set aside for the purpose of saving. Some claimed that an increase in salaries would greatly cause them to save.

CHAPTER 5

5.1 CONCLUSION

Inferring from the survey results, Ghanaians are not motivated to save more mainly because banks don't provide enough incentive to save. Interest on savings, which is clearly one of the issues that bothers almost every saver, is quite low. This is a major concern to people who already own savings accounts as well as people who are thinking of opening savings accounts. The banking sector is hence not efficiently apportioning money between the surplus sector and the deficit sector of the economy, since it can be seen that the deficit sector of the economy cannot afford to secure loans. If interest rates on loans far exceed returns on investment, then clearly, it can be seen that individuals are better off not securing loans since they would not be able to generate enough revenues to pay off these loans.

Also, the surplus sector which has enough freed up capital ends up keeping their monies to themselves or investing in other securities such as the Government of Ghana Treasure bills or even shares. The problem with this is that, individual entrepreneurs or citizens would then no longer have access to these monies. Growth in business in the private sector would therefore be stunted

5.2 RECOMMENDATIONS

PENSION REFORMS

Individuals could be required mandatorily to save up a certain proportion of their income before reaching retirement. For example, in Singapore, the central provident fund requires individuals to save up to 25 per cent of their salaries before reaching retirement. This policy has a long term effect of positively increasing national savings. Such a policy, if implemented in Ghana, would force low salaried workers to save up more than they would initially like to save. Research also shows that countries with this sort of mandatory retirement programs achieve higher private saving rates (Loyza, Schmidt-Hebbel, & Serven, n.d).

FIXED INTEREST RATE SPREAD

Another important way of increasing the rate of private savings would be to set interest rates that give the average citizen a reason to save. This can be achieved by the National Central Bank regulating the way interest rates are set by banks, and introducing fixed interest rate spread margins. These margins would determine what savings rate to set or what the interest on loans should be given savings rate or interest on loans. For example, if the central bank proposes a + or - 5 per cent interest rate spread, it would mean that if savings rate for example is 15 Per cent the most amount of interest required on loans would be 20 per cent and the least amount would be 10 per cent.

CUTTING TAXES ON INTEREST AND DIVIDEND INCOMES

A country can alsomotivate its citizens to spend more money on savings if it manipulates its taxation system in such a way that individuals who earn income from savings accounts or other income generating investment pay low taxes. This would cause individuals in their bid to undertake tax avoidance measure to commit more income into savings.

APPENDIX

Appendix 1 - Definition of Terms

- **SSA:** Sub Saharan Africa
- **Disposable Income:** This refers to the amount of money left for savings or spending after an individual has paid their income tax:
- **Financial intermediaries:** These are firms which represent the link between Lenders and borrowers in the financial market
- **Purchasing power:** This is a measure of how much goods and services a unit of a currency is worth.
- **National savings:** This is the sum total of a countries private and public savings, it consists of individual savings and government savings.
- **Gross Domestic Product:** This is a statistic that measures the total value of goods and services produced within a country within a particular period (GDP).
- **Gross National Product:** This statistic measures the total value of goods and services produced within a given country as well as income earned by citizens in foreign countries (GNP).
- **Interest rate spread:** This is the difference between interest rate on savings and interest rate on loans
- **Informal Sector:** It is the part of the economy that is not taxed
- **Savings rate:** this refers to the amount of individuals in a society who own savings accounts

Appendix 2

Ashesi University College
Questionnaire No.

This questionnaire is intended to help the researcher to learn more about savings in Ghana. All information will be kept confidential and used solely for academic purposes. Thank you for your participation.

Sector of Trade (Formal / Informal) ……

Gender ……

1. Do you make bank transactions?

   Yes ☐ No ☐

2. Do you save?

   Yes ☐ No ☐

3. Do you own a private savings account or you save with a Susu agent?

   Private Savings Account ☐ Susu Agent ☐ Both ☐ None ☐

4. Please name the bank or Susu agent you save with

   ……

Please go to section B if you own a bank account or section C if you own a Susu account

SECTION B

5. How much interest does your bank give you on your savings

   ……

6. How much interest does your bank charge on loans

   ……

7. In your opinion, how would you rate this level of interest rate on savings

   Low ☐ Moderate ☐ High ☐

8. Do you think banks can give you higher interest rates on your savings?

   Yes ☐ No ☐

9. Give reasons for your above answer

   ……

   ……

10. If banks charge you lower rates on your loans do you think you will borrow more, expand your business and save more

    Yes ☐ No ☐

11. Explain the reason for your above answer

    ……

    ……

12. How often do you make deposits into your savings accounts

Once a month ☐ Twice a month ☐ Three times a month ☐ Daily ☐ Other ☐

13. Why do you save with your particular bank

    ……

    ……

SECTION C

14. What is the name of the Susu group you save with?

    ……

15. How often do you make deposits to your Susu accounts?

    Once a month ☐ Twice a month ☐ Three times a month ☐

16. Does your Susu group allow you a loan service

    ☐ ☐

Yes No

17. How much are you charged on your Susu loans

……

18. How much are you charged on your Susu account per month?

……

Section D QUESTIONS FOR FACE TO FACE INTERVIEW

Profession ……

Gender ……

1. Do you think Banks can charge lower interest on loans?

2. Explain

3. If **yes** why do the banks not charge lower rates to attract customers from the competition?

4. Do you think banks can give higher interest on savings?

5. If yes why don't the banks give higher interest rates to attract customers from the competition?

6. Do you think banks collude to charge high interest rates?

7. Explain

8. The bank of Ghana has been reducing the rates by which it lends to banks but the bank does not pass this on to consumers. Why?

9. Explain.....

10. How does high burrowing rates and low interest rate affect your savings behaviour?

11. How does this affect Ghana's development?

Section E QUESTIONS FOR INDIVIDUALS OF THE BEREKUSO TOWN

What is your current occupation?

Please state your gender

Please state the highest level of education achieved

Do you save?

Why do you or don't you save?

Do you trust the various banks in Ghana?

If you save please name the bank you save with

If you save how long have you been saving?

Appendix 3

Ghana Banking Survey 2011: Sustaining growth: challenges and opportunities jointly presented by PricewaterhouseCoopers (PwC) and the Ghana Association of Bankers (GAB).

Bank	Share of the Industry
GCB	12.60 per cent
BBGL	9.80 per cent
SCB	10.00 per cent
EBG	9.00 per cent
ADB	6.00 per cent
Stanbic	5.30 per cent
MBG	4.80 per cent
SG-SSB	4.10 per cent
ZBL	3.90 per cent
CAL	3.00 per cent
Intercont	3.20 per cent
Fidelity	3.90 per cent
ABL	2.50 per cent
PBL	2.40 per cent
TTB	2.80 per cent
FAMBL	1.10 per cent
GTB	2.50 per cent
UBA	2.40 per cent
HFC	2.20 per cent
UGL	2.30 per cent
ICB	1.30 per cent
UTB	3.10 per cent
ABG	1.20 per cent
BSIC	0.40 per cent
Baroda	0.40 per cent

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