CATHOLIC UNIVERSITY COLLEGE OF GHANA

TOPIC: ASSESSMENT OF CHOICE OF SAVING CULTURE AND BANKING METHODS AMONG RURAL HOUSEHOLDS IN THE SUNYANI MUNICIPALITY

GBEBLEWU UNITY KING

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TOPIC: ASSESSMENT OF CHOICE OF SAVING CULTURE AND BANKING METHODS AMONG RURAL HOUSEHOLDS IN THE SUNYANI MUNICIPALITY

BY

GBEBLEWU UNITY KING

Dissertation submitted to the Faculty of Economics and Business Administration, Catholic University College of Ghana, in partial fulfilment of the requirements for the award of Master of Business Administration degree in Finance

JULY 2020

DECLARATION

Candidate's Declaration

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

Candidate's Signature:…...……………………….Date:………………………

Name: Gbeblewu Unity King

Supervisor's Declaration

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

Supervisor's Signature: …………………………..Date: ………………………

Name: Williams Awuma

ABSTRACT

The study sought to assess the choice of saving culture and banking methods among rural households in the Sunyani Municipality. The specific objectives of the study include to investigate the perceived factors that affect the choice of alternative banking methods by rural households in Sunyani; to examine major factors that influence household savings; to identify the constraints facing rural households in their choice of banking methods; and to determine the relationship between socio-economic characteristics and the choice of banking methods of rural households. The study adopted descriptive survey approach and quantitative approach in resolving the research questions. The population of the study included rural households in the Sunyani Municipality, which was heterogeneous in nature. However, a sample size of 270 was arrived at using the Z-score since the population was unknown. Simple random sampling technique was used to select respondents after cluster sampling was used to group the rural household areas into zones, northern and southern zone. A structured questionnaire was used in collecting data which was analysed using mean scores, cross tabulations, percentages and frequencies. The study disclosed that unorganized /informal rural households banking methods is the most preferred banking methods by the rural households. It was also discovered that organized/formal rural banking methods are far away from rural households. The study recommends that due to the high patronage of unconventional banking institutions by rural households, the regulatory bodies should ensure strict regulatory of activities of informal financial institutions so that they do not bolt away with the funds of their patrons.

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DEDICATION

I dedicate this work to the almighty God for his protection. To my family, friends and all who supported me throughout this programme.

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LIST OF ACRONYMS

ATM - Automated Teller Machine

ADB - Agricultural Development Bank

ARB - Association of Rural Banks

GLSS - Ghana Living Standards Survey

LCH - Life Cycle Hypothesis

GSS - Ghana Statistical Service

NHIS - National Health Insurance Scheme

JHS - Junior High School

SHS - Senior High School

SSS - Senior Secondary School

CHAPTER ONE

INTRODUCTION

Ghana's economy is described as an agrarian economy. It is also noted that, the population of Ghana is largely rural as about two-third of the total population live in rural areas (Andah, 2003). This large rural population is mostly engaged in small-scale agriculture, including fishing and petty trading. The importance of the rural economy again cannot be over emphasized when one considers the effect it has on the formal sector of the economy. This is because the rural areas serve as support to the urban community by providing food and in most cases the raw material needed by the industries. In spite of all these, the rural sector in the past did not receive the attention it deserved to propel it on the path of growth and development.

Background to the Study

The rural banking sector plays an important role in private sector development and poverty reduction in the rural areas (Anim, 2001). It is the sector that serves as the primary vehicle for extending reliable financial services and products to the rural areas with the ultimate aim of improving the financial access of the rural population in order to equip them to take advantage of economic opportunities to improve on their livelihoods and further lead to rural economic development. The pre-independence era had seen banking facilities limited to major urban centres. Governments after independence put in place measures to improve micro-finance delivery in the rural areas, especially to support agricultural and other economic activities such as petty trading. Foreign banks such as Standard Chartered Bank and Barclays Bank were set up primarily to promote import and export trade of the country. According to Rural

Finance Inspection Report (1997), the few branches of these commercial banks that were opened in the rural areas aimed at mobilizing funds and did very little lending to these rural communities. This discrimination against rural dwellers is because the bank considered lending to the country's agricultural sector as both risky and expensive. This discrimination against rural dwellers in terms of denying them credit created a vacuum which was filled by the village money lenders who charge very high interest and therefore making the already poor farmers, fishermen and petty traders poorer. In order to help themselves, these farmers, fishermen and petty traders formed small groups and stated susu groups. Later on, the Agricultural Development Bank (ADB) was established in 1965 with the aim of helping solve some of the problems the rural dweller face in seeking for funds for their micro-businesses. The Agricultural Development Bank (ADB) evolved from the Rural Credit Department of the Bank of Ghana with the mandate to concentrate primarily on the extension of credit facilities to the agricultural the country. This mandate of ADB faced a number of problems and, therefore, could not give the rural folks the needed financial support. This is partly explained by lack of collateral security because the bank was unwilling to take cattle, sheep or crops as collateral security for loans. It also suffered a lot of non-payment of loans/ credits granted; sometimes due to crop failure (GoG, 2003-2007).

Through the Association of Rural Banks (ARB) Apex Bank, the rural banks served as a mean of channelling on-lending micro-finance credits from government and donor agencies to the rural communities to facilitate community development. The rural banking system is therefore expected to help improve the quality of life of the rural dwellers by meeting the challenges of rural development through the mobilization of rural savings and provision of credit to rural communities (Steel & Andah, 2003). The core mandate of the rural bank is to administer credit on the basis of community trust rather than placing emphasis on collateral security. Unlike the commercial banks that depend on the central bank for funds, rural banks depend largely on mobilized deposits to provide the heir services.

United Nations (2004) reported that the world population is currently estimated to be over 6 billion of which about 52 percent resides in rural areas. Rural areas are blessed with abundant mineral resources most of which are yet to be exploited (Agbonoga, 1998). At the beginning of this millennium, poverty was estimated to affect 1.5 billion people in the world (UNDP, 2008). Africa's share of this global poverty is monumental as over 400 million Africans which are about 50% of the continent's populations are living below one dollar a day poverty line. The term bank and banking do not lend themselves to precise definition as reaction is that a great variety of financial institutions participate in fulfilling one or more of the operation generally regarded as banking functions. Rural households are characterized with various methods of banking. This involves process of saving their money and lending for improvement of their standard of living and general wellbeing. The roles of banks either formal or informal cannot be over emphasized in that they perform intermediate functions between savers and those in need of credits (Smiths, 2002).

However, one of these policies is the Central Bank of Ghana (Bank of Ghana) rural Banking policies of 1977 and this was to bring banking services to rural household whose main economic activities are Agriculture. Bank is a commercial institution that takes deposits from and loan to individuals and organizations. All banks are concerned mainly with making and receiving payments on behalf of their customers, accepting deposits and making loans to private individual companies, public organizations and governments. Banks also provide money transmission and other monetary intermediation services to their customers (Okoye & Opkpala, 2008). According to Oke (2000), banks dominant position in mobilizing saving gives them a lead role in allocating credit and this centrality has made banks magnet for government control.

Statement of the Problem

Rural households are generally characterized by poverty. This has over the year affected their agricultural and other livelihood activities. The major factor that has contributed to rural household's poverty is inadequate financial capital to carry out their livelihood activities. Before the inception of conventional financial institutions, rural households were involved in saving, borrowing and lending activities. This indigenous banking system needs to be identified and the rate at which rural households still make use of them needs to be determined. Also, their involvement in conventional banking system need to be studied and the factors that influence which type of banking system employed by rural households are also important in the study.

Rural dwellers had been considered as poor, non-bankable and unbankable. They are deprived of the basic financial services due to the lack of saving and collaterals to offer in order to access these services, most specifically in the formal banking sector. Consequently, they had to depend on other mediums of financing their businesses. According to Boateng (2009), due to the large gab created by the commercial banks in providing small loans for the economic activities of the poor in rural areas, the rural banks are therefore entrusted to fill the gaps and provide financial and other business support to the poor in society. The survival of the rural banks depends largely on the saving culture of the rural folks. In other words, the rural banks and the rural folks are interdependent to a large extent. The need to finance the businesses of this group of people has resulted in the emergence of all kinds of financial and nongovernmental organisations all geared towards providing funds for those who cannot afford in order to support their businesses. The concept and role of rural banking are well known for social upliftment as well as for the development of rural areas (Fiakpe, 2008). It also serves as a means of empowering the poor in society financially in order to support their small scale businesses. It also serves as a means to support the general socio-economic growth of countries.

However, a wide range of unavoidable obstacles and other barriers limit the roles of rural banking in reducing poverty in less developed countries around the world. This research is centred on how rural banking has affected the saving culture in rural areas in Ghana. Also, their involvement in conventional banking system needs to be studied as well as the factors that influence which type of banking system employed by rural households.

Globally, it is known that banks do not make loans available to the poor because they do not have what is required to be granted a loan or to be provided with the bank services. The lack of financial power is a major contributing factor to most of these problems which normally stems from poverty. In addition, poverty causes people to suffer many consequences including lack of access to good health care system, education, and nutrition. Hence, the presence of microfinance enables the poor to have access to funds though they are risky clients who may not be able to repay their debts. Thus, microfinance gives people new opportunities by helping them to get and secure finances to make them responsible for their own future. It also broadens the horizons and plays both economic and social roles by improving the living conditions of the people with such improvements bringing developments in the lives of their clients (Hiderink & Kok, 2009). It may therefore be said that, microfinance may increase the supply of services to poor, thereby improving the efficiency and outreach while lowering costs as it becomes more widely accepted and moves into mainstream. This study therefore seeks to assess the saving culture and banking methods among rural households in the Sunyani Municipality.

Objectives of the Study

The general objective of the study is to assess the choice of saving culture and banking methods among rural households in the Sunyani Municipality. The specific objectives are:

1. To investigate the preferred choice of alternative banking method among rural households.
2. To examine major factors that influence household savings by rural households.
3. To identify the constraints facing rural households in their choice of banking methods.
4. To determine the relationship between socio-economic characteristics and the choice of banking methods by the rural households.

Research Objectives

The study will be guided by the following research questions:

1. What is the preferred choice of alternative banking method among rural households?
2. What are the major factors that influence household savings by rural household?
3. What are the constraints facing rural households in their choice of banking methods?
4. What is the relationship between rural households and their choice of banking methods?

Significance of the Study

There is no gainsaying in the fact that rural finance serves as the cornerstone of rural economy development in that there could not be smooth sailing of economy activities without the continuous flow of money and credit. This shows that the relevance of banks and financial systems in the economy development of any nations cannot be overemphasized. The abundance of resources within the country resides in this rural and most of the time unexploited or underutilized as a result of vicious cycle of poverty that have bed ridden the economic activities of the rural areas. This, at the long run resulted in low Agricultural productivities as well as unproductive nature of rural enterprise in the rural areas. This in turn has greatly affected their livelihood and means of living. This recalled the importance of the study, hence the necessity for this study.

The study is for an academic purpose but can also provide an empirical source of data for the rural banking sector to plan reforms in order to improve on their services. The study findings are addition to the already existing knowledge especially in the field of rural banking. The results of the study will help future researchers especially those who will be researching in similar area of rural banking and its influence on the saving culture of rural dwellers as they will use it as literature review.

Delimitation

The study is carried out in the Sunyani Municipality in the Bono Region. The content of the study is limited to rural banking and the savings culture of rural dwellers in the area in Sunyani which include Atronie, Watchman, Nkrankrom among others. Majority of residents in these areas are farmers. There are also formal business establishments in the area.

The respondents of the study are the rural households in the Municipality. Due to the large number of rural dwellers in the study area and duration of the study, all the villages in the study area were not covered due to factors like money, materials and facilities needed for the study as well as man power for collection of data hence communities such as Atronie, Nkrankrom, Watchman among others were used for the study.

Limitation

The study is a quantitative one and although findings of quantitative research can be generalizable - given a large sample size - it does not answer the "why." A major limitation in quantitative research is that the study may not get specific details as could have been achieved in qualitative method. Perhaps an approach that considered the mixed research method could have been more appropriate.

Access to information was also limitation due to some difficulties encountered in retrieving data from some of the rural dwellers. During the study, high level of illiteracy of the rural dwellers was a major problem encountered and questionnaire had to be interpreted to them. This makes data collection activities tedious and time consuming.

Definition of Terms

The main terms considered in the study a defined as follows:

Rural household; According to the Population and Housing Census (2010), a household was defined as a person or a group of persons, who lived together in the same house or compound and shared the same house-keeping arrangements. In general, a household consisted of a man, his wife, children and some other relatives or a house help who may be living with them. However, it is important to remember that members of a household are not necessarily related (by blood or marriage) because non-relatives (e.g. house helps) may form part of a household. The rural households are complex (social, economic, spiritual) living systems, integrated into a specific environment, the rural environment. A household is a production workshop, based on the work of a family group, aiming at meeting its own consumption needs.

Banking; Banking can be defined as the business activity of accepting and safeguarding money owned by other individuals and entities, and then lending out this money in order to earn a profit. However, with the passage of time, the activities covered by banking business have widened and now various other services are also offered by banks. The banking services these days include issuance of debit and credit cards, providing safe custody of valuable items, lockers, Automated Teller Machines (ATM) services and online transfer of funds across the country / world.

Saving Culture; by definition, a savings culture is the act of developing a habit of saving. To build a savings culture one needs to first understand that saving is not done because one has enough money but because you are willing to forego your current wants for a greater calling or future goals.

Organization of the Study

The structure of the dissertation was divided into five (5) interdependent chapters, in the following outline: Chapter 1, titled “General Introduction to the Research” presents the background to the research and states the problem warranting research efforts. The research questions, research objectives, and scope are all contained in this chapter. Chapter 2; the literature review provides and extends coverage on earlier works.

Again, the review explores the relations between these aspects of literature and attempt to link them. Chapter 3; the research methodology describes the systematic approach to the research and situate it within its appropriate context. Detailed discussions are provided on the data collection analytical tools that were employed.

Chapter 4 presents the empirical analysis of data and discussions from the field survey that answers all the research objectives and questions. Chapter 5 which is labelled “Summary, Conclusions and Recommendations” wraps up the entire research endeavour by reviewing the main contributions of the research to knowledge. Policy recommendations and limitations of the study is outlined.

CHAPTER TWO

LITERATURE REVIEW

Introduction

This section of the study reviews literature related to the study. It reviews theories related to the topic, review related concepts and findings of similar studies conducted on the topic.

Theoretical Review

Many disciplines and scholars have tried to explain savings behaviour from different perspectives and thoughts. For instance, whiles economists explain savings from income and age perspective (Modigliani & Ando, 1957), sociologists see class and social stratification as the primary influence of savings (Sorensen, 2000). Also social workers have outlined access, incentives, expectation, and facilitation as the factors that influence savings (Beverly & Sherraden, 1999). Behavioural economists and economic psychologists, on the other hand, see self-control, motives and other individual characteristics as the factors that influence savings (Katona, 1975). This section tried to explain some of these theories as they form the basis underlying the study.

Life Cycle Theory

One of the most important economic theories regarding saving is the life cycle hypothesis proposed by Modigliani and Brumberg (1954). The essential idea of the life-cycle hypothesis is that individuals (or households) try to keep their expenditures constant over the life-cycle. At times, in life, when income is lower than expected average life-cycle earnings, money would be borrowed; when income is higher than expected, the surplus would be saved. By doing this, consumption is smoothed at a certain (own standard of living) level.

According to the life cycle hypothesis, old people should spend more than they do and young people should borrow (Ottoo, 2009). Saving behaviour is most often described as a function of income and consumption.

Wagner et al., (2005) explained that even though the life cycle hypothesis (LCH) assumes that consumption and savings patterns represent an individual's age or stage within the life cycle, with a majority of saving occurring in the middle years but recent LCH models suggest significant heterogeneity within and across age cohorts. To them, low-income households do not exhibit savings behaviour predicted in original LCH models. According to the theory of life cycle (Ando & Modigliani, 1963), the financial behaviour differs for the youth and the elderly, as compared to the mature. A still important part of the young people who did not reach employment age yet diminish the savings rate, since their parents allot a big part of their incomes to supporting their children. In the same direction, the increase in the average life span imposes the increase of the saving rate during the active life with the view to maintaining the level of consumption (living standard) during the active life. Thus, the increase in the weight of the elderly in a population is equivalent to diminishing the population savings, since this segment is dissaving or is saving at a very reduced pace. The purpose of the elderly segment is very important from the point of view of its financial behaviour, this being a category that dissaves, thus consumes from the savings accumulated during the active life (Artus, 2002).

From the psychological point of view in their behavioural life-cycle hypothesis, Thaler and Shefrin (1981) consider psychological factors such as mental accounting and self-control. According to this model, people do not treat all of their wealth in the same way, but spend differently depending on whether the money is seen as current income, current assets or future assets. Regarding self-control, Thaler and Shefrin (1981) claim that people often adopt rules that restrict opportunities to spend. These rules can be imposed from the outside, or self-imposed.

Friedman Theory of Permanent Income

Friedman's (1957) permanent income hypothesis is an extension of the life cycle hypothesis. It is also based on the perception of one's present and future income. When income is higher than the permanent income somebody considers to be his or her comfortable (and realistic) level of income, money is saved for a period in life where income might be below this personal permanent income level. According to Friedman, people also save because of a bequest motive, the motivation for saving to leave an inheritance (Ottoo, 2009).

According to Schenk (1988), the central idea of the permanent-income hypothesis, proposed by Milton Friedman in 1957, is simple: people base consumption on what they consider to be their normal income. In doing this, they attempt to maintain a fairly constant standard of living even though their incomes may vary considerably from month to month or from year to year. As a result, increases and decreases in income that people see as temporary have little effect on their consumption spending. Thus, consumption depends on what people expect to earn over a considerable period of time. As in the life-cycle hypothesis, people smooth out fluctuations in income so that they save during periods of unusually high income and disserve during periods of unusually low income.

Schenk (1988) believes that both the permanent-income and life-cycle hypotheses loosen the relationship between consumption and income so that an exogenous change in investment may not have a constant multiplier effect. This is more clearly seen in the permanent-income hypothesis, which suggests that people will try to decide whether or not a change of income is temporary. If they decide that it is, it has a small effect on their spending. Only when they become convinced that it is permanent will consumption change by a sizable amount.

In analysing the differences between the two theories, Schenk (1988) noted that the life-cycle hypothesis introduced assets into the consumption function, and thereby give a role to the stock market. A rise in stock prices increases wealth and thus should increase consumption while a fall should reduce consumption. Hence, financial markets matter for consumption as well as for investment. The permanent-income hypothesis on the other hand introduces lags into the consumption function. An increase in income should not immediately increase consumption spending by very much, but with time it should have a greater and greater effect. Behaviour that introduces a lag into the relationship between income and consumption will generate the sort of momentum that business-cycle theories saw. A change in spending changes income, but people only slowly adjust to it. As they do, their extra spending changes income further. An initial increase in spending tends to have effects that take a long time to completely unfold.

The existence of lags also makes government attempts to control the economy more difficult. A change of policy does not have its full effect immediately, but only gradually. By the time it has its full effect, the problem that it was designed to attack may have disappeared. Finally, though the life-cycle and permanent-income hypotheses have greatly increased our understanding of consumption behaviour even though data from the economy does not always fit theory as well as it should, which means they do not provide a complete explanation for consumption behaviour (Schenk, 1988).

Shortfall of the Life Cycle and Permanent Income Theory

Niculescu-Aron and Mihăescu (2012) in their analysis of these two theories identified the following shortfalls: One of the shortcomings is the fact that these studies either focus on a single country or a group of countries without comparing the developed with the developing ones. This leads to the conclusion that the samples used are inappropriate for highlighting differences between countries at different development stages.

Another drawback is the fact that national aggregate data was used, which implies the assumption that the most important part of savings comes from the private savings account. Thus, the inconsistencies between countries appear due to the fact that the computation method is different and also the use of aggregate data in such analyses is relevant only if private and public savings are substitutable but they are actually not. They acknowledged that although there is consensus regarding the importance of the explanatory variables such as income and wealth for estimating household savings, other more controversial factors like demographics, inflation and rates of return need to be included in the analysis in order to be able to better and more accurately highlight differences between saving behaviour of households for different countries. However, later investigations found that older people save or at least do not spend as much of their savings as predicted by the LCH (Deaton, 1992).

Keynes Absolute Income Hypothesis

Keynes (1936) introduced the notion of marginal propensity to save (Keynes, Absolute Income Hypothesis). The theory examines the relationship between income and consumption, and asserts that the consumption level of a household depends on its absolute level (current level) of income. As income rises, the theory asserts, consumption will also rise but not necessarily at the same rate. The idea is that saving is only possible, if someone has more than enough to meet the basic needs. This means that someone can only save what is left over once essentials have been paid for (Ottoo, 2009).

Relative Income Hypothesis

It was developed by James Duesenberry and it states that individual's attitude to consumption and saving is dictated more by his income in relation to others than by abstract standard of living. So an individual is less concerned with absolute level of consumption than by relative levels. The percentage of income consumed by an individual depends on his percentile position within the income distribution. Secondly it hypothesises that the present consumption is not influenced merely by present levels of absolute and relative income, but also by levels of consumption attained in previous period. It is difficult for a family to reduce a level of consumption once attained. The aggregate ratio of consumption to income is assumed to depend on the level of present income relative to past peak income (Dusenberry, 1949).

Katona's Theory of Savings

Ottoo (2009) noted that Katona's theory of saving is based on the assumption that saving/consumption is dependent on the ability to save/ consume and the willingness to save/ consume. The theory stressed the importance of income but thought of the absolute income hypothesis as being too simplistic. Simply having money left over after expenditures on necessities does not mean that this money has been saved or will be saved. To predict saving, the willingness to save needs to be considered as well. In other words, those who are able to save still need to choose to do so, that is, they have to make a decision that requires some degree of willpower. Consumer expectations and consumer sentiment will impact on saving decisions as well as pessimism and optimism with regard to a general and one's personal evaluation of the economic situation. While people save for different reasons, Katona assumes that someone's personal evaluation of the economic situation will influence contractual as well as discretionary saving decisions".

The Concept of Banking

According to the bills of exchange act of 1882 in United Kingdom, banks were been described to include a body of persons whether incorporated or not who carried on the business of banking. Also, the 1969 Banking Act and the banking (amendment) Decree 3 of 1990 defined Banking business as the business of receiving money from outside sources as deposits irrespective of the payment of interest, and the granting of money loans and acceptance of credit or the purchase of bill and cheque. Also, the purchase and sales of securities for the account of others or the incurring of the obligation to acquire claims in respect of loans prior to their maturity or the assumption of guarantees and other warranties for others or the effecting of transfer and clearings, and such other transactions as the commissioner may on the recommendation of the central bank, by other published in the federal Gazette designate as banking business (Oloyede, 2006). They are also known as those institutions that keep deposits and render payment mechanism as well as offering advisory services to their customers. They create money in the economy and thereby assist in the effectiveness of monetary policy.

Rural Household Banking System

Rural households are characterized with various system of banking. This involves process of saving their money, sourcing for funds and lending money to boost their production as well as improving their standard of living and general well-being. This banking system is known as rural financial intermediaries, which are generally classified into two major institutions. Iganiga and Asemota (2008) describe them as formal rural financial institutions (FRFIs) and informal rural financial institutions (IRFIs). This description is necessary in view of the scope of the study as well as explaining the observed relationship between these institutions.

The Dimensions of the Rural Financial Market in Ghana

The rural environment in Ghana as in many African countries is characterized by lack of basic amenities and infrastructural facilities. Primary production in the form of agriculture and fishing dominate the rural economy. Farm operations and fishing expeditions are carried out with the help of simple tools, local varieties of crops and primitive fishing equipment. The people continue to produce at the subsistence level. The introduction of improved and/or modern scientific inputs is yet to make the expected impact in the rural communities. Trade and commerce have long history in the rural economy and have contributed immensely to the monetization process that co-exists with the subsistence form of living. A small proportion of the total capital outlay on farm operations and home consumption continue to be in the form of cash. With the increase in the use of fishing gear, outboard motors and varieties of fishing nets the demand for capital outlay in the fishing industry has become higher than before.

Nevertheless, the general economic environment finds itself in what has been described as the "Little Opportunities Circle" (Alagidede, Baah-Boateng, and Nketia-Amponsah, 2013). In this situation, virtually all opportunities for savings and capital accumulation are absolutely low, reflecting in low production. This makes the issue of financial intermediation a crucial factor even more with the financial sector liberalization policies. There exist two categories of people in the financial market environment. Those who possess more than they can or are willing to consume, called the surplus unit, then the section of the market that requires more funds than they possess for investment called the deficit unit This means that financial institutions must structure their assets and liabilities to meet the requirements of the ultimate borrowers and lenders in the market environment. But they must also fulfil the task of bringing into equilibrium the different interests of not only two but four groups: the surplus units, the deficit units, owners of the financial institutions (banks), and the Banks' regulator (in Ghana the Bank of Ghana). By implication, therefore, a high return to the surplus unit would mean a higher cost to the financial institution.

The informal credit system even in rural Ghana is also well developed and meets the critical needs of the people for production and consumption and satisfies urgent social obligations such as defraying cost of the sick and funeral celebrations (Hananu, Abdul-Hanan, and Zakaria, 2015). Sources of the informal credit are relatives, friends, traders and/or private money lenders and landlords. Relatives, that is to say close family relations, and friends do not normally charge interest. But depending on their claims to the sources of the money being lent out some may do so. In any case, interests charged by relatives and friends are, however, exceptions to the rule.

With regard to the landlord, as (Hananu et al., 2015) have also indicated that a loan can be interest-bearing or have an inbuilt transaction costs like offering free labour. Money-lenders charge high interest rates ranging between 50% and 100% depending on the period which was agreed upon with the borrower. Evidence of activities of money lenders in Ghana are captured in both past and present surveys (Alagidede et al., 2013; Hananu et al., 2015; Yadav & Sharma, 2015). These studies have not only emphasized the harsh and sometimes the in-human lending conditions of the money-lenders, but they also underline the economic significance of the convenience, ease and timeliness with which money-lenders grant credit. The informal credit system in a nutshell, therefore, plays an important complementary role to the formal system in the rural financial market.

For small holder credit in the rural financial market, the Rural Banks (RBs) and the Agricultural Development Bank (ADB) have been observed to be most important. The ADB (a development bank) grants various credits and has a high recovery rate. However, compared to the RBs the ADB does not have operational offices in the rural communities where the small holder and the poor reside and operate their businesses. Contact to customers in such areas is provided through mobile services. The rural financial market can thus be described as heterogeneous providing different forms of financial interventions. The efficiency of such interventions will have to consider the low level of social differentiation and stratification resulting from few existing economic opportunities in the rural areas.

Poverty and Rural Households Savings

World Bank (2018) reported that three out of every four poor people in developing countries live in rural areas. It was further estimated that over 70% of Africa population resides in rural settings which are poverty stricken. Poverty defies objective definition because of its multi-dimensional nature. It has no geographical boundaries; it is present in the north, south, west and east. World Bank (2018) defined poverty as the inability to attain a minimum standard of living. According to German governments description, poverty is a condition in which poor people those who are unable to live a live which defined poverty as not having enough to eat, a high rate of infant mortality, a low life expectancy, low educational opportunity, poor water, inadequate health care, unfit housing and a lack of active participation in the decision making process (Okudzeto et al., 2015). Mumin, Razak and Domanban (2013) describe rural households as families, settled and dwells in rural areas which have overtime continue to function in a predominantly conservative style. They are those households living in places with fewer than 25,000 residents or what has been called open countryside.

In Ghana, poverty level of rural households has been described as pathetic. Despite the plentiful resources and oil wealth, poverty is wide spread beyond measure. To worsen the whole situation, rural poverty tends to be evenly distributed across the country rather than concentrated in specific geographical areas. Over 70% populations of rural households are classified as poor while 35% of them are living in absolute poverty. Poor population possesses the capacity to implement income generating activities, but the main limitation to their initiative is the lack of access to capital to boost their productivity. Moreover, the gap between the rich and the poor masses are getting wider every day, the rich people are getting richer while the poor households are getting poorer. This in turn affected greatly the savings attitude of the rural households. Rural households savings are not encouraging in that greater percentage of their income are expended on food which are now becoming too expensive to purchase in rural market. According to Okudzeto, Mariki, Senu and Lal (2015) most rural households are crumbling under the weight of poverty. While some households are able to remain intact many others disintegrate as Men, unable to adapt to their failure to earn adequate incomes under harsh economy circumstances, have difficulty accepting that women are becoming the main bread winners that necessitates a redistribution of income within the households. This menace of poverty has greatly affected the savings rate of rural households as well as their general well-being.

Formal Rural Financial Institutions (IFRIs)

Formal rural financial institutions (IFRIs) in Ghana are financial institutions under the supervisory of the Apex bank (CBN). They are highly organized and their activities are regulated by Apex bank. This institution includes conventional banks, microfinance banks and Agricultural Development Bank (ADB). Okudzeto et al., (2015) reports that these institutions are concerned with the accumulation of the temporary idle money of the general public for the purpose of advancing it to others for ex banking and credit. Conventional Banks refers to commercial and merchants banks each with regulatory frameworks to guide its operation. They are known as formal financial institutions and they performs various functions ranging from acceptance of deposit from the public and corporate bodies, granting of credit and operation of the payment and settlement mechanisms (Oke, 2002). They are characterized with low interest in mobilizing rural savings and small scale deposit. They have complex administrative procedures which are beyond simple and straight forward to the understanding of rural households.

Microfinance banks (MFBs) Microfinance banks were established in Ghana in 2005 for the purpose of providing economically active poor and low income earners financial services, to help them engage in income generating activities or expand their business. They are mainly set up to proffer solutions to problems of rural finance accessibility which characterized the rural areas of Ghana. Over the years, rural finance accessibility has been recognized as a major constraint to rural enterprise. Most rural borrowers and enterprises rely on very limited resources of the owners themselves and the assistance of relations and friends for their financing while some economically active rural people patronize the money lenders who are the traditional credit institutions. MFBs major target is to provide a means to solve this problems by giving them opportunity to hold a savings account, to borrow money for the expansion of their enterprise, to transfer money from one part of the country to another as well as enjoying micro leasing, microfinance and advisory services. Agricultural Development Banks (ADB) the ADB was established in 1973. It was restructured, recapitalized and merged with the family economic advanced programme (FEAP) and people's Bank in 2003 in order to improve access to credit by farmers and rural dwellers. The Bank participated in Agriculture and rural developments by making provision for affordable credit facilities to less privileged segments of Ghana society who cannot readily access the services of convectional banks, acceptance of savings deposits from customers and payment of the same with accrued interest as when due, provision for self-employment in the rural areas thereby reducing rural urban migrations, inculcation of banking habits at the grassroots of Ghana society as well as fostering an accelerated growth and development of the agricultural and rural economy.

Informal Rural Financial Institutions (IRFIs)

The concept of informal rural financial institutions describes those financial activities often unrecorded but takes place outside official financial institutions and consequently unregulated. They are as old as various communities and popularly describes as indigenous financial systems. They are also described as informal rural households banking systems. Their activities cover all various transactions that take place beyond the scope of formal banking regulatory body in the country (Aryeetey, 1998). Moghaddas et al., (2008) saw them as financial institutions that are not directly amenable to control by key monetary and financial policy instruments. They are created by individual or organization with no legal status. The lack of formal banking facilities underpins the development of rural areas to a very large extent. This has serious implications for a country like Ghana where the economy is largely characterized by Micro and Scale Enterprises (MSEs). The frustrations of accessing credit facilities from formal systems compel the poor and informal business enterprises to resort to different non-banking and informal arrangements to access funds for their operations. The informal financial systems commonly assist rural households particularly, market traders, house wives and artisans to accumulate funds through daily or weekly deposits that are returned at the end of a specified period minus a small fee (World Bank, 2018). Some informal financial institutions that operate outside the scope of banking laws and regulation in Ghana are explained as follows:

Rotational Savings and Credit Associations

Rotational Savings and Credit Associations (RoSCAs) has been locally initiated and entirely self-managed by its members. It is formed by members who agree to make regular contributions to a fund that is given in whole or in parts to each contributor in rotation (Aryeetey, 1996 cited in Pang, 2008). The membership may range from 2 to 30 and the money contributed to a pool by members as savings/credits is the same (Oluyombo, 2012). Thus, RoSCAs is a financial scheme where members pool money by making periodic payments into a fund which they then rotate among themselves as a lump sum payment (Yusuf, Gafar & Ijaiya, 2009). It is also a financial and non-financial scheme where members contribute money, material or labour into a common pool and the pool is handed over to a member in a rotational manner.

In this RoSCAs, where three members contribute money into a common pool, the first member to pack the money is taken 100% credits. The second or middle member is taken 50% of his savings and 50% credits. The third or last member is indirectly taken 100% of his savings in rotational manner. If the period of rotation is long, the default level by members is high. Thus, it is ideal that the last member of the scheme (ROSCAs) to receive or pack the money to be the person to start the next round of rotation in receiving the money contributed to the common pool. This applies to situations where members contribute material or labour in a rotational basis. The RoSCAs is classified into financial and non-financial associations. Financial-RoSCAs is a situation where members contribute money into a common pool and the pool is handed over to a member as savings/credits. This kind of RoSCAs is common with individuals, employees and traders. But non-financial- RoSCAs is a situation whereby members jointly contribute material or labour in assisting a member in rotational way. Non-financial-RoSCAs is widespread among small farmers and petty traders who jointly contribute material and labour in a rotation.

Daily contribution Collectors

Daily contribution collectors referred to as mobile collectors or daily savings enterprises is one of the modern unorganized financial scheme existing in semi-urban and urban areas. Daily Contribution Scheme is a financial service where by the mobile collectors come round with a record book on daily or weekly basis to collect money from savers at home or business premises. The savings collected are returned at the end of the month (30 days) or as agreed after deduction of the initial savings or deposit as commission translating to 3.33 percent (Ahiawadzi, Alabi & Alabi, 2007). In this type of scheme, the savers may range from 20 to 250 and the savers or clients may be unknown to each other. But the mobile collector knows every client or customer and where to locate them on market days, weekly or daily basis. And the money collected from savers are in turn deposited in a bank savings account or invested in businesses for the benefits of funds custodians.

Mobile collectors who are the funds custodians started the initiative approximately 50 years ago (1940s) due to weaknesses of RoSCAs (Mumin et al., 2013). This financial scheme appears prominent among the family members of informal financial sector. The problems with the scheme include lack of regulations, cost of operation, arbitrary charges on savings and unsecured savings (Oloyede, 2008). That is the reason the operators do abscond with savers' money when they are in financial mess. However, the scheme has the following advantages. First, the transactions can be agreed upon in less than a minute. Second, the transactions require no form filling. Third, the transactions take place in the customers' home grounds or business premises on day's convenience to them with a collector who is known and trusted. Fourth, its operations do not require the client or saver to be able to read and write. Fifth, the savings pooled by the mobile collector may be loaned to a client for investment.

The mode operation is simple as it requires the collector (banker) to design a card backed up with a big note book. The note book carries the name of depositors or savers, its address and the name of the collector (if possible, his or her passport photograph). The card and notebook also carry the name of ward, village, local government area and even the passport photograph of the depositor. It also contains 31 or 8 separate boxes relating to the days of the month or markets (Iganiga and Asemota, 2008).

According to Iganiga and Asemota (2008), the operation of the system involves the following process. First, the designed card is handed over by the collector to the client or saver. Second, the client and the collector agree on amount and days of deposit or savings. Such days may be on market days and could be on weekly or daily basis. Second, at the end of the month (or as agreed upon), the collector would return the amount contributed less a service charge. Third, the collector and client would then endorse the portions provided for collectors signature together with the amount paid to the client. All details of the transaction would be entered on the card and notebook with dates. The notebook acts as a backup in the event of missing card.

Cooperative Societies

Cooperative society is an association of people with similar interest who agree to contribute money to a common pool and extend credit facilities to members in need depending on each individual cash contribution from their income. Olaleye (2004) cited in Ezekiel (2014) defines cooperative society as a business voluntarily owned and controlled by its members and operated for them and by them on a non-profit or cost basis. Akerele, Aihonsu, Ambali and Oshisanya (2014) define cooperative societies as non-bank financial institutions owned and controlled by members, and its activities are mostly democratic. Each member, regardless of account size in a cooperative society, may run for a board and cast a vote in elections. This type of cooperative society is referred to as Savings and Credits Cooperative Societies (SACCOs) or Cooperative Thrift and Credit Society (CT&CS). The cooperative union has members between 25 and 1000 people who may be low income earners and seeking to improve their lives through self-employment activities (Oluyombo, 2012). Examples of this type of cooperative societies are Farmers'' Cooperative Society, Traders, Cooperative Society, Artisans, Cooperative Society and Civil Servants Cooperative Society.

The principal activity of members in a cooperative society is to make saving from their daily, monthly or yearly income. The amount of money saved determines the volume of credit request by members in a cooperative society. Credit may be pledged against collateral securities like valuable assets. One interesting thing in the cooperative society credit is that it may be interest free or very low interest rate in relation to bank interest rates on loans and advances. The cooperative society has advantage of providing financial assistance to individuals to improve their standard of living and households who are operating small businesses to improve their operational efficiency and growth in terms of number employees and annual sales turnover. However, the credit requests depend on amount of money accumulated as savings by a member. Also, the executive members may mismanage the funds entrusted on them. Again, credit requests by members during festivities may not go round because of inadequate funds. Furthermore, credit requests sometimes are not first come-first serve basis because of favouritism and sentiment.

Money Lenders

Moneylenders are individuals who have sufficient capital or funds and specialize in lending money to individuals in need at relatively high interest rate. There two types of money lenders namely, part time or seasonal money lenders and professional money lenders. The seasonal money lenders are mostly found in rural areas and specialize in lending money to farmers during planting period and collect the money back during harvest period in the form of farm products at cheap prices. The sources of their capital are personal savings and profit coming from the sales of farm products received from previous debtors. But professional money lenders are individuals who specialize in money lending and coming together to form money lending union. Money lenders in Ghana, in most cases, are traders, farmers and timber merchants with surplus funds to lend. Their main sources of capital are personal savings and loans from banks or credit institutions. They are common in semi-urban areas where people are in serious financial needs and civil servants because of delay in receiving salaries and constant strike.

Some money lenders specialized in buying durable items such as motorcycles and vehicles which they lend out on “balance and carry” basis. The lenders usually multiply by 2 the cost price of an item and the borrower to pay 2 times the amount of the item. Loans granted by these lenders are mostly small-sized, quick maturing, rapidly accessible, self-proliferating, profusely spread and flexibly rescheduled. They often restrict their loans to sub-annual duration, mostly in the range of 1-3 months (Iganiga & Asemota, 2008). The money lenders in most cases have a greater knowledge of the market than the borrowers. This knowledge makes the money lenders to often take advantage over borrowers who in most cases are more pre-occupied in other activities. The advantages of this scheme are that it makes people who are not qualify to obtain loan under formal banking system to easily access credit and it ensures that loans are granted within the shortest possible time than in the formal banking system. The disadvantages are that loans are usually given to the wrong calibre of people who may use such funds to the detriment of economic development; interest rates are normally high between 50 to 100 percent and the use of illegal methods to recover funds from defaulters. Such illegal methods include beating, physical abuse and seizure of the property of the borrower (Oloyede, 2008).

The mode of operation of money lending scheme include the following processes. First, the borrower approaches the lender in his home or office and the terms of the credit are discussed. Second, the borrower is given the amount of money requested upon collection of a collateral security by the lender. Collateral securities accepted for the loan by lender include landed property documents, electronics, certificates, cheque books and a guarantor. Third, interests are paid on the amount borrowed by debtor. Interests are usually fixed and varied from one lender to. Fourth, at the beginning and the end of the transaction, agreement forms may be signed by the parties to contract including the guarantors (Iganiga & Asemota, 2008).

Determinants of Household Savings

Households, saving behaviour is largely influenced by several variables like the perception of saving of those who save, their ability, willingness, objectives or motivations for saving and the opportunity to save. This deliberate decision on the part of the households to save in order to meet future needs depends on a number of factors. The factors normally considered as the determinants of saving include all the factors that affect the ability to save, the will to save and the opportunity to save.

Income

One of the basic determinants of savings which almost all the studies in the area of savings have tried to study is income. Different studies using different methods have been conducted in different parts of the world and all have found a positive relationship between income and savings. Based on the findings, some scholars have propounded certain theories.

The Keynesian Savings function and the Friedman Permanent Income postulate a positive relationship between savings and income. Friedman Permanent Income hypothesis distinguishes between permanent and transitory components of income in which case households tend to consume the permanent income while the transitory income is channelled into savings with a marginal propensity to save from this income approaching unity (Quartey &

Blankson, 2008). Studies conducted by other scholars have also found similar results. For instance, Mumin et al. (2013) examined the saving behaviour in nine Asian developing countries plus Turkey since the early 1960s. Using a times-series data, the results show trends and differences in saving across countries and within countries over time. However, in the midst of all the differences in savings rate and savings behaviour, the results from all the countries confirmed that increase in income have a positive effect on household savings.

Evidence from Sub-Saharan Africa and other developing countries, albeit mostly from middle- to upper-income households, suggests that income positively influences saving and in ways consistent with Keynesian Savings function and the Friedman Permanent Income. In Kenya, household income was found to be a statistically significant predictor of savings among rural farmers, entrepreneurs, and teachers (Kibet et al., 2009). A similar result was found in Uganda where higher permanent and transitory incomes significantly increased the level of net deposits among households that reported owning bank deposit accounts (Okudzeto et al., 2015). The findings in Uganda do not differ from what Khoi, Gan, Nartea and Cohen, (2013) also found in India even though both used different approaches. They found a positive relationship between income and savings in India just as Abdelkhalek et al., (2009) found in their microeconomic analysis of household savings in Morocco. In the far region of Pakistan, the analysis of the savings behaviour of different groups by ur Rehman et al (2011) also found similar results and in the Philippines, Bersales and Mapa (2006) also found a positive relationship between income and savings. These findings suggest that households save a larger share of their income when that income is higher and this has been proven to be positive in all the regions across the world.

Khoi et al., (2013) noted in their analysis of the determinants of private savings in the process of economic development in India from 1954 , 1998 that real interest rate return on bank deposit had a statistically significant positive effect on Indian's savings behaviour. The income growth variable was found to be an important determinant of the private savings rate. The Keynesian "absolute income hypothesis"was found to hold for savings behaviour in India. Similarly, the empirical estimations from Yadav and Sharma (2015) analysis of the determinants of household savings rate in Australia using an error correction model showed that the savings rate was positively influenced by income growth in both the short and long run.

In the same way, Saqib, Kuwornu, Panezia and Ali (2018) in their work stated that rich people save more than poor people not only in absolute but also in percentage amounts. The very poor are unable to save at all. Instead they dissave, thus spend more every year than they earn, with the difference being covered by debt financing. Thus income is a prime determinant of savings. Thus, all the studies above, there is a positive relationship between income and savings and even though these scholars used different strategies and methods, their findings were similar.

Interest rate, Inflation rate and Government Policies

In a static approach, increasing taxation, if direct, reduces available income to household and if indirect, lowers the purchasing power of existing personal incomes. One way or the other, savings potential and propensity are negatively affected, since the consumption propensity is generally highly rigid with respect to income and African countries average personal income is growing very slowly and in some cases is nearly stable. In this case a faster increase in taxation would not only prevent household savings but it might also cause negative personal savings if some income-earners were induced to disinvest accumulated wealth in order to counterbalance the reduction in income (actual or in purchasing power) allocated to current consumption expenditure (Mottura, 1972).

Mottura (1972) believes that the sum to be gained by interest rate, even if it is high, normally has little economic significance to savers, who deposit or invest amounts in a small average volume. Therefore the saving behaviour is not merely motivated by the interest rate and savers do not seem to be particularly interest-sensitive. Rather the formulation and accumulation of savings at the household level appears to be strongly motivated by the following factors: the need for insurance, the need for credit, the feeling of social obligation, and the planning of future expenditure (consumption and investment). Again, this is indirectly proved by the performance of indigenous associations (both the savings and mutual-aid kind) and by the behaviour of adherents. In such an environment, it becomes understandable that the interest rate cannot provide a sufficient motivation to save or to deposit savings into a bank. In fact, by saving with an indigenous association (or even a credit union) the household obtains security, credit and social standing inside the local community. It is important to note that, according to the logic of indigenous associations, personal savings tend to assume an obligatory character after the individual has joined the association, and that savings become, in a sense, a form of participation. Therefore the formulation of an ideal incentive program for household savings should start from such basic considerations and should seek to make full use of existing savings motivations in view of developing the savings potential of the household sector

Borsch-Supan (1992) found that in Germany savings reduce among households below retirement age. Among the elderly however, the tighter safety net might actually increase net savings since the generous retirement income might not only prevent the German elderly from depleting their assets but even provide income levels sufficiently large to induce savings in old age (Borsch-Supan, 1992).

Demographic Characteristics

The demographic characteristics of households determine their savings culture. Some of which are discussed subsequently:

Gender

Quartey and Blankson (2008) in the analysis of the GLSS 4 data observed the following. First the number of people who did not have savings account was more than those who had. Only 12.1% of the total sample held savings account and out of this proportion, females held more savings account than males (53.5% against 46.5%). It was observed that comparing this figure to that of 1991/2, the proportion of males with savings account declined. It was also noted that of the total people who held savings accounts, majority of them were sons and daughters of household head followed by household heads themselves and then the spouses of household heads and the least was the grandchildren of household heads.

Denizer et al. (2000) in the analysis of the household savings in the Transition using data from Bulgaria, Hungary, and Poland noted that households headed by women exhibit significantly higher savings rates than that of men in these three countries. Dupas and Robinson (2013) worked in collaboration with the Bumala village bank in Kenya to randomly provide small business owners with access to savings accounts. Four to six months after account opening; women in the treatment group had 45 percent higher daily investment in their businesses than women in the comparison group. Thus women have the capacity to save but were faced with a number of barriers

Embrey and Fox (1997) noted that combination of lower earnings, lower savings, longer life spans, and higher risk aversion pose greater challenge for financial educators and policy makers. Schmidt and Sevak (2006) also reasoned along this path by observing that the lower earnings and savings of women in the US had made them financially dependent on men for financial security. For these reasons in 2003, 28.0% of single female-headed households were living in poverty, as compared with 13.5% of single male-headed households. Researchers have suggested several possible reasons for a gender gap in wealth. Some observe that women typically have lower lifetime earnings than men, creating lower total wealth. Also women have historically completed fewer years of education than men, which affects earnings (World Bank, 2018). Women and men also differ in their attachment to the labour force, which could lead to the observed differences in financial behaviours between men and women (Sierminska, Frick, & Grabka, 2008). Any difference in wealth may partly result from lower female labour force participation (Warren, Rowlingson, & Whyley, 2001), where women tend to have part-time work arrangements, more diversified work histories due to child bearing and child rearing, and more frequent job changes.

On the other hand, some researchers have concluded that no gender difference in savings and investment behaviour exists. For example, Zhong and Xiao (1995) found no gender difference in the dollar holdings of stocks. DeVaney and Su (1997) concluded that the determinants of retirement planning knowledge were similar for men and women, and Masters and Meier (1988) found no difference in the risk taking propensity of male and female entrepreneurs.

Age

It was also observed that household members who are less than 18 years held greater proportion of the savings account including Susu. Even though the members below held a large proportion of savings account, those aged 60 years and above had the highest mean savings balance followed by those who are less than 18 years. This result contradicts the Life Cycle Hypothesis (LCH) which predicts that working population accumulate savings whiles the young and the old consume past savings (Quartey & Blankson, 2008).

Similarly, Chakrabarty et al (2008) in their analysis of the saving performance of Australia found results consistent to that of Quartey and Blankson (2008). The coefficients on age dummies suggest that households save more as heads become older. For example, the saving rates for households with heads aged 41-50, 51-60, and aged 61 or above were higher than those with heads aged 30 or below. One may argue that households with retired heads have different saving habits than those with non-retired ones but their findings showed that whether the head of the household is retired or not does not appear to affect savings. This evidence runs contrary to the lifecycle theory of consumption. Lifecycle theory predicts that households should start dissaving as they age. Chakrabarty et al (2008) also believed that savings of the households with heads over the age of 61 could be higher due to generous tax benefits of superannuation contributions. Another possible explanation behind this behaviour could be the increase in average life expectancy in Australia. Athanasios (1998) in his examination of the relationship between age cohort and personal savings in the United States using data from the Consumer Expenditure Surveys (CEX) from 1980 to 1991 found that age-savings profile is humped-shaped with the peak of savings occurring around age 57.

Kelly and Williamson (1968) regressed per capita household saving against per capita household income for five household age groups in Indonesia. They found that the age of the head of the household is an important determinant of household savings in rural households and that the average and marginal saving rates rose with the share of agricultural income. However, Shultz (2005) who analysed the demographic determinants of savings in Asia found no significant relationship between savings and age composition.

Education

It was also observed that in 1991/2, higher levels of education (tertiary) significantly increased the probability of savings but this could not hold for 1998/9. Thus “the probability of savings increases as one attains tertiary education but the marginal effect was not significant”. Schooling may enable people to appreciate the finer things in life or to be more efficient in making consumption decisions (Solomon, 1975). Generally it has been argued that one purpose of education is to instil an analytical ability in students. “Returns to saving will be high when the saver can estimate and analyse the effects of current and future prices of goods, current and expected returns to various financial assets, the investment alternatives available, and current and future conditions of other aspects of the economy. It is possible that people with the same income can purchase equally good investment data and advice. However, it would seem that an educated person can do whatever the less analytical person can do and more, (Solomon, 1975).

Fisher (1965) has provided a list of personal characteristics that would seemingly influence time preferences and hence savings: foresight, self-control, a habit of thrift, concern over the uncertainty of life, concern for heirs, and concern for fashion and fads. The argument has generally been that these characteristics are influenced by education. Watts (1958) has pointed out that "high education may imply lower consumption, quite apart from the income correlation, if better educated people are more farsighted and therefore have stronger retirement motives.

Place of Residence

In the area of accommodation, it was observed that the probability of savings was also dependent on the type of household accommodation. Households living in rented or rent-free accommodation are likely to have more savings than those living in their own houses. Quartey and Blankson (2008) observed that in Ghana, those living in rented accommodation are more likely to have financial savings perhaps to pay for rent advance (deposit) or to put up their own houses than those living in their own houses. Those living in their own houses might have used their savings to put up houses - a form of savings. Contrary to expectation, household size was also found to significantly increase the probability of household savings. Thus, the larger the household size the more savings the household has.

Household Size

It has been argued that the higher the household size, the higher the consumption pattern and all things being equal, the lower the excess money left for consumption. Elfindri (1990) conducted a study to examine the demographic impact of family size on household savings in some part of central Sumatra in Indonesia. Using data from the 1987 Indonesian census, the results from the regression analysis show that the size of the household and the number of children at school going age negatively affect household savings. In contrast to the findings of Elfindri, Browning and Lusardi (1996) who analysed micro theories and data on household savings found that household size can have a positive effect on savings according to economies of scale. However, the composition of the family, rather than the size of the family per se, has a greater impact on savings. A young family member does not have the same effect on household savings as an elderly family member or an adult.

The difference in the findings of Elfindri (1990) and Browning and Lusardi (1996) stems from the fact that Elfindri looked at household size in general whiles Browning and Lusardi extended their study to include composition. Thus, by composition, a household with many of its members working while have a positive effect on savings whiles a household with many of its members being dependents will have a negative effect on savings. But taking the household size as a whole, there is likely to be a negative relationship with savings.

Locality

Curley and Grinstein-Weiss (2003) in their comparative analysis of rural and urban saving performance in of Individual Development Accounts noted a variation between monthly net deposits between residents in these localities. Those in the urban areas had higher savings than those in the rural areas even though when other factors were controlled for, the difference was not statistically significant. Certain explanations were offered for these variations. First and foremost, a positive correlation was found to exist between average savings and financial education. Those who get access to financial education save more than those who do not and the urban areas are more privileged in this area than rural areas

Also, access to financial institutions has been argued to influence savings. Savings among the "banked" people tend to be higher than the "unbanked" demonstrating that existing relationships with financial institutions may encourage higher saving amounts. The Federal Reserve Board's 1995 Survey of Consumer Finances further explained that many low-income individuals have little or no experiences with financial institutions. Several reasons have cited for being "unbanked" including charges imposed by financial institutions, difficulties of establishing credit, inconvenience due to location, lack of trust in institutions and lack of information regarding options available (World Bank, 2018).

Kiiza and Pederson (2001) found that in Uganda, proximity of the financial institution to the household was associated with the probability of whether or not a household will open a formal saving account, as well as the level of net deposits among households owning a bank account. In the same study, urban households were more likely to open a deposit account than their rural counterparts. Higher transaction costs (due to reduced accessibility) were also found to have significant negative effects on the level of savings deposits among Ugandan (Kiiza & Pederson, 2001) and rural Kenyan households (Dupas & Robinson, 2009).

Occupation

The amount of income one makes mostly depend on his or her occupation and as such, it has postulated that people whose occupation earns them higher incomes are able to have higher savings than those who are into menial jobs. In Ghana, Quartey and Blankson (2008) examined that majority of the households who save were engaged in agriculture but their mean savings were low. However those engaged in finance, insurance, real estate and business services had the highest mean current value of savings. Unlike Ghana, the findings from Dupas and Robinson (2013) work show that in Kenya, potential savers were market vendors, bicycle taxi drivers and self-employed artisans who did not have a savings account but were interested in opening one. The findings from both studies show that those within the medium to lower income group tend to have more savings accounts but those within the higher income group held the highest mean savings. This stands to support the assertion that the poor have the desire to save (Issahaku, 2011).

Expectation of Future Changes in Income

Individuals across the entire planet are periodically faced with the challenge of uncertainty. Whiles the rich are faced with the uncertainty of future changes in income due to some changes in both microeconomic and macroeconomic policies, the poor are also faced with uncertainty in meeting present and future expenditures. Thus, both the rich and the poor households are commonly faced with the problem of uncertainty. Lusardi (1998) in her analysis of the importance of precautionary saving noted that individuals facing higher income risk save more. In a similar vein, Guariglia (2001) also found a significant relationship between earnings uncertainty and saving. The results implied that households save more if they expect their financial situation to deteriorate. Brown and Taylor (2006) have noted that even though financial expectation influences savings, they are also influenced by individual characteristics (such as age and education) as well as by business-cycle effects.

Incentives

Some banks provide contractual saving plan whereby the saver is obliged to regularly deposit a given sum of money, even small, in exchange for an interest payment or preferably , for the right to obtain certain financial services (credit and insurance). Some of these schemes have already been successfully introduced in a few African countries (example is the Mit Ghamr bank, now Nasser Social Bank, in Egypt). For instance, the contractual savers might be granted, upon certain conditions, loan for various purposes (to finance the building of their own house, to finance the purchase of particular farm inputs, to pay for their children's education, to meet unforeseen expenses such as funerals, medical treatment and the like) (Mottura, 1972)

Also, instead of credit, savers could receive at their choice a multi-purpose insurance policy, whereby they are covered against certain risks such as natural death, death by accident, inability consequent to disease or accident etc. for an amount proportional to the sum deposited. Moreover, under certain conditions, savers might enjoy the assistance of a "social service fund", the main purpose of which should be helping adherents out of difficult situations, caused by unforeseen events not covered by the insurance service. This form of savings incentive had been experimented by Mit Chamr in Egypt and had proven to be successful. Finally savers might receive, upon request, financial and technical advice from the bank on problems strictly concerning either economic activity or the management of their household budget (World Bank, 2018)

Formerly, Germany had one of the best savings packages which induced higher rate of savings compared to United States and Borsch-Supan (1992) reported that the savings incentives in Germany have dramatically changed since the mid-eighties. While the favourable incentive programs are still in place and capital income frequently escapes taxation, many of the subsidies have been severely reduced, in particular since the 1990 tax reform. And, in fact, the aggregate savings rate went up from 1985 to 1989 in spite of a reduction in tax incentives.

Sherraden, et al., (2005) also noted that institutional model of saving suggests that institutional factors greatly influence an individual’s ability to save. Thus institutional arrangements such as incentives and subsidies encourage people to save and further accumulate asset. For instance, people participate in retirement pension systems because it is easy and attractive to do so.

Saving Culture in Ghana

As indicated by Alagidede et al. (2013) just around 20 for every penny of African families own bank accounts. For instance, in Ghana, only 33% of all families own savings accounts; Two-fifth of these saving records are claimed by urban households, and just 22 for every penny of these records are possessed by rural households or the casual area (Ghana Statistical Service, 2008). The low rate of reserve funds in Ghana when contrasted with a nation like China suggests that Ghanaian money related middle people (e.g. banks) just hold a minute portion of the nation's capital, and consequently, would not have the capacity to efficiently apportion cash amongst the different divisions of the economy. Financial intermediaries, for example, banks are in charge of apportioning money between the distinctive monetary divisions in any economy to boost commerce and make wealth (Alagidede et al., 2013). This responsibility involves moving over abundance cash from the surplus divisions of the economy to deficiency parts with a specific end goal to improve financial development and advancement. For example, a neighbourhood Ghanaian rancher may have an extensive stretch of area for farming. Be that as it may, because of inaccessibility of satisfactory capital he may not be ready to add to the entire stretch of area. Then again, a financial researcher may have abundance capital and no practical venture to put resources into. In order for there to be a gainful relationship between these two individuals, the riches creation nature of banks ought to come to play; by the financial researcher keeping his cash with the bank and the rancher applying for a credit from the bank, the need of both people are satisfied.

The farmer gets cash to build up the stretch of area and the speculator discovers a safe place to keep his cash while getting profits for his cash. In this situation, the financial researcher has wiped out the danger included with managing with the agriculturist specifically; the speculator is no more agonized over default risk since he gave his cash to a bank (i.e. spared his cash with the bank). How well the connecting of the shortfall area to the surplus part is being done relies on upon the effectiveness level of a nation's monetary business and the degree to which its nationals spare (Okudzeto et al., 2015). Overabundance money collected from the surplus segment as reserve funds gets to be capital for private or national improvements as credits sourced from banks. The present state of Ghana's capital-starved monetary sector may suggest that people who need cash for money generating investment (shortage area) would keep on staying in need, whilst those individuals with abundance capital (surplus part) would proceed to keep money to themselves.

This is to a vast degree impacted by the unattractive premium rates set by most banks and specifically, the boundless between the premium rate charged on credits and the profits on funds. Savers get next to no enthusiasm on their investment funds while borrowers pay very much an immense measure of enthusiasm on credits. Henceforth, people in the surplus area don't have any inspiration for saving their cash with banks, and people in the deficiency segment discover it practically incomprehensible to obtain credits as a result of the high going with premium related with these advances.

Empirical Review

Bhalla (1978) investigated the effects of sources of income and investment opportunities on the saving behaviour of farm households in India. Bhalla used the survey data collected by National Council of Applied Economic Research (NCAER) during the three years starting from the year 1968-1969 and found that the propensity to save out of non-agricultural income was higher than the propensity to save out of agricultural income. The permanent income hypothesis (PIH) offers an explanation for this difference in propensity. He also found that investment opportunities increase saving, ceteris paribus, for the subsistence group of household and had a negative effect for the non-subsistence group.

Repetto and Shah (1975) studied the demographic and other influences on long term saving behaviour in India. The data for the study was collected from surveys conducted in the Kaira district of Maharashtra in 1930 and 1965. They found that large family size had a depressing effect on long term household saving rate. They also found that sons in rural India served as substitute assets in households and fulfil some of the demand for wealth and that the long term saving rate responds positively to a higher rate of return on saving and positively to higher-level of permanent income. However, Shultz (2005) analysed the demographic determinants of savings in Asia and found no significant relationship between savings and age composition.

Alma and Richard (1988) in their attempt to examine the saving behaviour of Filipino rural households regressed current income on saving. They concluded that a large potential for voluntary saving can be found in the rural households of the Philippines and other less developed countries. They have substantial evidence to argue that there is no reason to believe that mobilization of voluntary rural household saving cannot be perused. Their findings further indicate that income is the most important economic variable affecting rural savings.

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saving and positively to higher-level of permanent income. However, Shultz (2005) analysed the demographic determinants of savings in Asia and found no significant relationship between savings and age composition.

Carpenter and Jensen (2002) and Kulikov et al. (2007) identified how household characteristics affect saving behaviour in Pakistan and Estonia respectively. Carpenter and Jensen (2002) focused on the role of institutions which collect saving and stress on the role of formal (banks) Aidoo (2011) examined the determinants of personal savings in Ghana, using the Cape Coast Metropolis as a case study. He used a cross sectional data from 250 individual household members in the Cape Coast Metropolis in the Central Region of Ghana were collected and analysed using econometric techniques. The estimation technique used in the analysis is the instrumental variable (IV) method. The result of the study showed a significant positive relationship between personal savings and disposable income; personal savings and financial literacy; and personal savings and marital status. A statistically significant negative relationship was also found between savings and personal assets; personal savings and loan commitments. He concluded that indeed the level of personal savings is low.

Michael (2013) examined the savings habit among households, using Probit and OLS method on GLSS 5 data as well as self-administered questionnaires to 200 respondents in the Ga-East municipality of Ghana. His study revealed a positive relationship between level of savings with age and a significant non-linear relationship between age and savings. Household size was found to adversely affect level of savings and that, married persons saved more than the non-married individuals. With regard to employment sector, formal sector employees saved higher than non-formal sector workers. Income and level of savings were also found positive.

Osei (2011) investigated the functional relationships between financial savings and macroeconomic variables in Ghana. The study has revealed that the level of investment has positive and significant impact on savings in Ghana. It further revealed that deposit rate has significant effect on savings mobilization in Ghana due to the impacts of the financial reforms which brought innovation and competition into the banking sector, and urged banks to raise the deposit rates a bit above the current prevailing rates in order to serve as an incentive to attract deposits since current deposit rates offered by the various commercial banks are not competitive enough in order to promote savings in the country.

Conceptual Framework

The study sought to assess the choice of saving culture and banking methods among rural households in the Sunyani municipality. From the literature review above, the study conceptualizes that the choice of household savings in rural areas is dependent on the determinants of savings culture among rural households and the banking system available, hence informal financial institution or formal financial institutions. This is further illustrated in Figure 1 below.

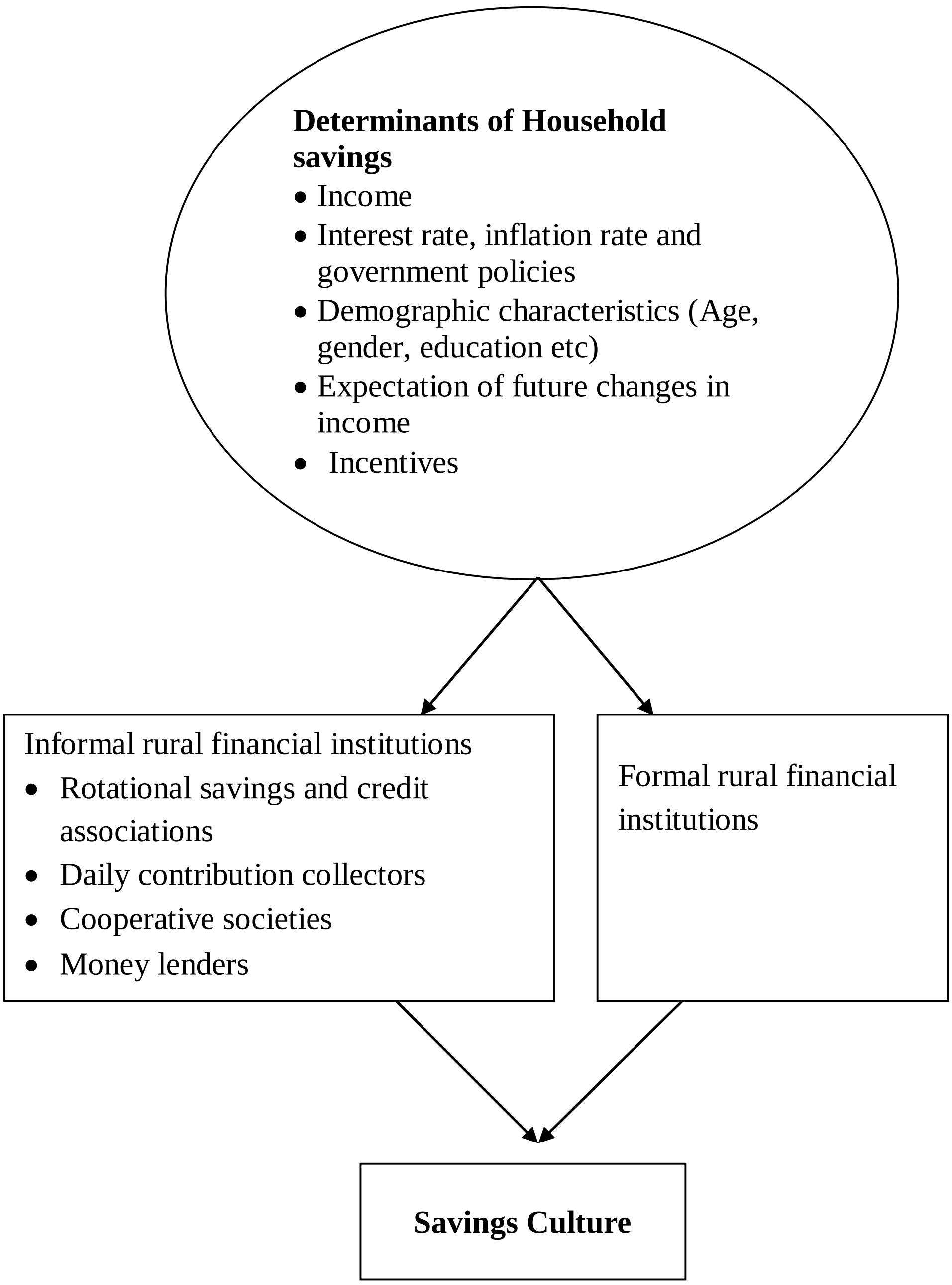

Figure 1: Conceptual Framework

Source: Author's construct (2020)

Chapter Summary

The chapter identified six theories related to the topic, which include life cycle theory, Friedman theory of permanent income, shortfall of the life cycle and permanent income theory, Keynes absolute income hypothesis, relative income hypothesis and Katona's theory of savings. The chapter deals satisfactorily with the concept of banking, rural household savings and the dimensions of the rural financial market in Ghana. The determinants of household savings are also outlined in this chapter. The conceptual framework and empirical review are contained in this section of the study. The next chapter provides research methodology of the study.

CHAPTER THREE

RESEARCH METHODS

Introduction

In order to achieve the research aims and objectives, this chapter deliberates research methods with the outlook of finding the best methodology to answer the research questions raised. This chapter laid emphases on the research strategy, research design as well as methods and procedures used in the data collection and analysis. This research adopts the form of integrative literature review and a survey, using a structured questionnaire. The integrative literature review was adapted as it has many benefits including identifying gaps in current research, identifying the need for future research, bridging between related areas of work, identifying central issues in an area and generating a research question.

Amidst the drive of any research methodology and research design as recognised globally is to provide direction in the planning and implementation of the study in a manner most likely to attain the intended goal. Collis and Hussey (2003) argued that research methodology is the overall approach to the design process from the hypothetical foundations to the collection of data and analysis adapted for a study. Methodology is then a way by which we gain knowledge about the world, trying to discover how we can go about the task of finding out what we believe to be true (Christou et al., 2008).

The Study Design

Research design is defined, according to Burns and Bush (2002), as a set of advance decisions that make up the master plan specifying the methods and procedures for collecting and analysing the information needed. This study has taken on a descriptive design, particularly the type of study. A descriptive research involves describing situations without necessarily indicating or predicting accurately or determining a cause and effect (Cooper & Schindler, 2006). Descriptive research aims at providing precise description of phenomena observations. It deals with, rather than answering questions about how / when / why the phenomena occurred and its most distinctive feature is that the researcher has no control over variables. The goal of the most descriptive research is to describe at the time of the study the state of affairs.

The study again adopted a quantitative approach to gaining a better understanding of the study. The quantitative research method makes it possible to collect and analyse data quickly and easily by simply using simple statistical tools to better understand the qualitative research method. This approach allows for the generalization of conclusions and flexibility in data processing, specifically in terms of statistical analysis, comparative analysis and repeatability of data collected verifying the reliability of the data and results collected and give detailed discussion of the issues involved in the study (Knight & Cross, 2012).

Study Area

Sunyani is surrounded by the forested Southern Ashanti uplands. The city of Sunyani rose as an outpost camp for elephant hunters during the 19th century; its name derives from the Akan word for elephant, 'Osono'. In 1924, the colonial government designated Sunyani as a district headquarters. Following the construction of a road connecting Sunyani and the city of Kumasi, Sunyani became an important hub for the distribution of cocoa, kola nuts, and staple foods such as maize and yams. Today Sunyani is home to the Bono regional government and high court. Although considerably smaller than Kumasi, Sunyani is growing rapidly and has effectually engulfed the suburbs of Fiapre and Abesim, amongst others. Sunyani is a clean and well maintained city with a thriving economy.

The economy of Sunyani is predominantly agrarian with approximately 48% of the population engaged in agriculture production. About 24 percent of the population is employed in the service sector, followed by commerce and industry which employ 15% and 13% of the populace, respectively. Many women and unskilled people are engaged in commerce notably in the Wednesday Market. The city's growth is boosted by Sunyani's high-quality water supply. Sunyani is provided with electricity by the Volta River Authority (VRA). Water sources include rain water and water from streams, rivers and springs. However, in severe harmattan (dry) conditions, water can become more difficult to access.

The major occupation of the people is farming as well as other agricultural related activities along with trading and craft specialization. Some also engage in petty trading. The engagement of residents in various economic activities gave rise to the establishment of various financial institutions in the town. The city has several financial institutions including a branch of the Bank of Ghana, Ghana Commercial Bank, Barclays Bank, SG-SSB Bank, Sahel Sahara Bank, Zenith Bank, Agricultural Development Bank of Ghana, Stanbic Bank, Ecobank Ghana and the National Investment Bank. There are also six rural banks, a number of credit unions and insurance institutions complementing the financial service provision of the city. The major one used by residents are the Rural banks. Though there have been quite in increase in the savings culture of citizens, most still do not see the importance of saving with the bank.

Population of the Study

The target population of the study included all rural households in the Sunyani municipalities. The accessible population was all residents engaged in economic activities with the propensity to save with a bank. It is heterogeneous in nature. This is because there are both formal and informal sector workers in the Municipalities and each group has its unique way of savings. Rural areas in the Sunyani municipality include Atronie, Watchman, Nkrankrom and other areas. The population of the study is unknown by the researcher.

Sample Size and Sampling Technique

The study adopted the Z-score formulae to calculate the sample size since the population was unknown. A Z-score is a numerical measurement used in statistics of a value's relationship to the mean (average) of a group of values, measured in terms of standard deviations from the mean. If a Z-score is 0, it indicates that the data point's score is identical to the mean score. The Z score can be used to determine the reliable sample size by considering normal derivation set at 95% confidence level (1.96). At a response of (50%=0.5) and a confidence interval (0.05), the sample size can be calculated as:

N=Z2 (P) (1-P)/C2

Where;

Z= standard normal deviation set at 95% confidence level

P = percentage picking a choice or response

C = confidence interval

n = (1.96)2 (0.5) (1-0.5) / (0.05)2

n = (3.8416) (0.05)(0.5)/ 0.0025

n = 270

Thus the sample size of the study is estimated at two hundred and seventeen (270).

Table 1: Sample Size

Area	Sample Size
Atronie	75
Nkrankrom	75
Watchman	75
Other Communities	45
Total	270

Source: Field survey (2020)

A cluster sample is obtained by selecting clusters from the population on the basis of simple random sampling. The sample comprises a census of each random cluster selected. *Cluster sampling* is a method used to enable random sampling to occur while limiting the time and costs that would otherwise be required to sample from either a very large population or one that is geographically diverse. The *area* or *cluster sample* is a variation of the simple random sample that is particularly appropriate when the population of interest is infinite as in this study's case, when a list of the members of the population does not exist, or when the geographic distribution of the individuals is widely scattered. Therefore to ensure accurate sampling of the population, the 270 respondents were selected from the identified rural communities such as

Atronie, Watchman, Nkrankrom and other areas. The researcher selected respondents randomly from these communities until the entire sample size was acquired.

Data Type

The study adopted primary data collection method for the purpose of analysis. Primary data is a type of data that is collected by researchers directly from main sources through interviews, surveys, experiments, etc. Primary data are usually collected from the source where the data originally originates from and are regarded as the best kind of data in research. The sources of primary data are usually chosen and tailored specifically to meet the demands or requirements of a particular research. Primary data was collected with the aid of a structured questionnaire.

Data Collection Instrument

Questionnaire is the main tool used in collecting data for the study. There are many advantages of using structured questionnaire to collect data for research purposes. First, it is relatively cheap and convenient to gather information from a large group of respondents by using structured questionnaires. Structured questionnaire is particularly suitable when large sample is required. Some of the questionnaires were however, administered as interview schedules to respondents who could not read and write. The self-administered questionnaires took longer time to retrieve. The face-to- face interviews saved time as well as prevented the inability of those who could not read nor write from being a barrier to interacting with a fair representation of the people of Sunyani municipalities and the surrounding villages.

Data Collection Procedure

The researchers personally administered the questionnaires to the selected respondents and followed-up to make sure all questionnaires were answered accordingly and returned for analysis. The researchers would take along introductory letter to explain to respondents the purpose for the study. This enabled them to willingly provide the requisite information. Most respondents took about 20 minutes to answer the questionnaire. A period of two weeks was used to collect all the necessary information needed for the study.

Data Analysis

The data from the questionnaire was coded for easy entry into the SPSS software. The results were presented in quantitative terms. Quantitative data was analysed using the Statistical Package for Social Sciences analysis. The quantitative data analysis included; running descriptive statistics, cross tabulation and further presenting the results in the forms of frequencies, percentages and graphs for clearer understanding.

The data obtained from the respondents were subjected to descriptive and inferential statistical analysis. The specified choice of banking alternative model for the study is as follows.

$$Y= Bo + B_1X_1 + B_2X_2 + B_3X_3 + B_4X_4 \ldots\ldots BXn+E_1$$

Where,

Y is banking alternative (dependent variables)

X_1……. Xn are independent variables (socio-economic characteristics).

X_1 = Gender (male =1, female = 0)

X_2 = Age (years)

X_3 = Households size

X_4 = Marital status (married = 1, non-married = 0)

X_5 = Year of formal education (in years)

X_6 = Cash crop production

X_7 = Arable crop production

X_8 = Civil service

X_9 = Artisan

X_{10} = Trading

B = Coefficient

e1 = error term.

Ethical Consideration

In conducting the study, the issue of ethics is of outmost importance to protect respondents from any liabilities or issues that might affect them after completion of the questionnaire. The permission of the respondents involved in the survey was sought before they were engaged in the activities. Respondents were duly informed about the purpose of the research and any information received was confidentially handled and not modify in any way.

CHAPTER FOUR

RESULTS AND DISCUSSION

Introduction

This section of the study presents analysis and discussion of data collected from the field. In all, 270 questionnaires were distributed to various households in the Sunyani Municipality. Out of the 270 questionnaires, two hundred and sixty five (265) were considered as complete after sorting and coding and could be used for the study. This represents 98.1% of the sample that was selected for the study.

Socio-economic Characteristics of Respondents

The results of the socio-economic characteristics of the respondents are analysed and presented below. The socio-economic characteristics of respondents considered include age of the respondents, gender of the respondents, marital status of the respondents, religion of the respondents, educational status of the respondents, household size, years of working experience, occupations of the respondents, choice of banking methods of the respondents, amount saved in each of the banking choice and attitudinal statements.

Age

The results from Table 2 show that 41% of the respondents are between the ages of 20 and 30 years, 33% between 31 to 41 years whereas 14% are between the ages of 41 to 50 years. Only 3% of the respondents were older than 60 years. This means that over 74% of the respondents are either 40 years or below signifying a young population.

Table 2: Age of Respondents

Age	Frequency	Percentage
20 - 30 years	109	41%
31 - 40 years	87	33%
41 - 50 years	37	14%
51 - 60 years	24	9%
Above 60 years	8	3%
Total	265	100%

Source: Field survey (2020)

Gender

The findings show that 54% of the respondents are females as compared to 46% that are males. This is indicated in Table 3.

Table 3: Gender of Respondents

Gender	Frequency	Percentage
Female	143	54
Male	122	46
Total	265	100

Source: Field survey (2020)

Highest Level of Education

The study also sought data on the level of education of respondents. The results as illustrated in Table 4 show that 15% of the respondents had no formal education, 21% had either Junior High School Certificates or Middle School Certificates whereas 31% had completed Senior High School Certificate or Vocational Training and 33% of the respondents had Tertiary education. In all

64% of the respondents have Senior High School education or beyond. This result implies that respondents level of formal education is relatively high.

Table 4: Highest Level of Education of Respondents

Highest Level of Education	Frequency	Percent
No formal education	40	15%
JHS/ MSLC	56	21%
Senior High School Certificate/ Vocational Training	82	31%
Tertiary (HND/ First Degree)	87	33%
Total	265	100%

Source: Field survey (2020)

Marital Status

According to Table 5, 37% of the respondents are single, 55% are married, 5% are either divorced or separated whereas 3% are widows.

Table 5: Marital Status of Respondents

Marital Status	Frequency	Percent
Single	98	37%
Married	146	55%
Divorced/Separated	13	5%
Widowed	8	3%
Total	265	100%

Source: Field survey (2020)

Household Size

Table 6 shows the household size of respondents. It indicates that 51% of the households are between three and five, 35% are between six and eight and 6% between nine and eleven. However, 5% of the household were less than three whereas 3% were above 11.

Table 6: Household Size of Respondents

Household Size	Frequency	Percent
Less than 3	13	5%
3 – 5	135	51%
6 – 8	93	35%
9 – 11	16	6%
Above 11	8	3%
Total	265	100%

Source: Field survey (2020)

Religion of Respondents

The results on the religion of respondents show that 74% of the respondents are Christians, 23% are Muslims whereas only 3% are Traditionalists as shown in Table 7.

Table 7: Type of Business Engaged by Respondent

Religion	Frequency	Percent
Christian	196	74%
Islam	61	23%
Traditional	8	3%
Total	265	100%

Source: Field survey (2020)

Income Generating Activities of Respondents

The study sought to find out the income generating activities of respondents. From Table 8 it can be realised that 35% of the respondents are into farming related activities, which is dominated by arable crop production. Trading was the next dominant income generating activity with 30% of the respondents engaged in such activity, followed by civil service with 20% and artisanal activities with 10%. Nonetheless, 5% of the respondents were students.

Table 8: Income Generating Activities of Respondents

Type of Business Engage	Frequency	Percent
Cash crop production	10	3.8%
Livestock Production	16	6.0%
Fish farming	3	1.2%
Arable crop production	56	21.0%
Farm produce processing	8	3.0%
Civil Service	53	20.0%
Artisan	27	10.0%
Student	13	5.0%
Trading	80	30.0%
Total	265	100%

Source: Field survey (2020)

Years of Working Experience

The study found out that 8% of the respondents had less than 1 year working experience, 40% had between 1 and 5 years' experience whiles 31% of the respondents had 6 to 10 years working experience. 14% of the respondents had 11 to 20 years working experience compared to 7% that had over 20 years working experience.

Table 9: Years of Working Experience

Number of Years	Frequency	Percent
Less than 1 year	21	8%
1 - 5 years	106	40%
6 - 10 years	82	31%
11 - 20 years	37	14%
Above 20 years	19	7%
Total	265	100%

Source: Field survey (2020)

The Preferred Choice of alternative Banking Method by Respondents

The study sought to find out the most preferred choice of banking methods adopted by respondents and the reasons for their choice. The results as indicated in Table 11 show that the majority of the respondents (29%) prefer mobile banking/ Susu, followed by conventional banking with 23% and microfinance with 18%. Again, 14%, 11% and 5% of the respondents had cooperative society, credit union and professional money lenders as their choice of banking respectively. This implies that households in the municipality prefer the informal type of banking to the formal type banking.

Table 10: Method of Banking by Respondents

Banking Method	Frequency	Percentage
Mobile Banking/ Susu	77	29%
Microfinance Institutions	48	18%
Conventional banks (Rural banks, Commercial banks and Savings and loans)	61	23%
Professional Money Lender	13	5%
Credit Union	29	11%
Cooperative society	37	14%
Total	265	100%

Source: Field survey (2020)

Banking Experience of Respondents

From Table 12, it is clear that 48% of the respondents have had 5 to 10 years banking experience whiles 28% have had 1 to 5 years banking experience. 13% of the respondents have 11 to 20 years of banking experience, 8% have less than 1 year experience whereas 3% have over 20 years banking experience. This shows that considerable percentage of the respondents has a better experience of the banking methods of their choice.

Table 11: Banking Experience of Respondents

Number of Years	Frequency	Percentage
Less than 1 year	21	8%
1 - 5 years	74	28%
5 - 10 years	127	48%
11 - 20 years	34	13%
Above 20 years	8	3%
Total	265	100%

Source: Field survey (2020)

Reasons Associated with Choice of Banking Method

It was revealed from the Table 13 that 242 (91.3%) of the respondents indicates that the result of the most of the rural households utilizes alternative bank services in solving financial problems as major reason for choosing alternative banking methods, 12 (4.7%) as minor benefits, while the remaining 11 (4%) as no benefits and this was ranked 1st with weighted mean score of 1.87. This may account for high patronage of alternative banking among rural households. Table 13 asserts that 159 (60%) of the respondents indicate that the use of the alternative banking helps to increase business activities as a major reason, 104 (39.3%) as minor reason, while the remaining 2 (0.7%) indicates it as no benefit and this was ranked 2nd with weighed mean score of 1.59.

In the absence of financial assistance for starting small business rural dweller embraces alternative banking system. Awoluyi (2001) in support of this finding posits that provision of agricultural loan and start-up capital account for why people prefer traditional or alternative banking to conventional banking system. It was revealed in the table that 131 (49.3%) of the respondents indicates that the Members of rural household have access to their money at any time as major reason, 133 (50%) as minor reason and the remaining 2 (0.7%) indicates it as no reason and was ranked 3rd with weighted mean score of 1.49.

Also, Table 13 asserted that 131 (49.3%) of the respondents indicated that the alternative banking has brought about development of other source of employment among rural household as major reason, 124 (46.7%) as minor reason, while the remaining 8 (3%) as no reason and it was ranked 4th with weighed mean score of 1.45. The study revealed that 113 (42.7%) of the respondents indicated that ease of operation of alternative banking as against conventional banking as major reason, 133 (50%) as minor reason, while the remaining 19 (7.3%) as no reason and it was ranked 5th with a weighted mean score of 1.35. More so, it was revealed that 122 (46%) of the respondents indicated that alternative banking gives room for depositing small amount of money as a major reason, 108 (40.7%) as a minor reason, while the remaining 35 (13.3%) indicates it as no reason and it was ranked 6th with weighted mean score of 1.33.

According to Table 13, 122 (46%) of the respondents indicate that risk pooling is encouraged to facilitate the accessibility to credit facility with little or no interest attached as major reason, 108 (40.7%) as minor reason, while the remaining 35 (13.3%) indicates as no reason and it was ranked 7th with a weighted mean score of 1.32. The table also revealed that 113 (42.7%) of the respondents indicated that Accessibility and nearest to the rural community as major reason, 120 (45.3%) as minor reason, while the remaining 32 (12%) indicates as no reason and was ranked 8th with a weighted mean score of 1.31. It was asserted from the table that 104 (39.3%) of the respondents indicates that Alternative banking often encourage group liability as major reason, 133 (50%) as minor reason, while the remaining 27 (10%) indicate as no reason and it was ranked 9th with a weighted mean score of 1.29. Finally, the table revealed that 108 (40.7%) of the respondents indicate that alternative banking encourages saving as major reason, 122 (46%) as minor benefits, while the remaining 35 (13.3%) as no reason and was ranked 10th with a weighted mean score of 1.27.

Table 12: Reasons for Preferred Choice of Banking Method

	Major Reasons		Minor Reasons		Not a Reason			
STATEMENT	Freq	%	Freq	%	Freq	%	WMS	Rank
Utilization of alternative banking methods enables rural household to solve all their financial problems	242	91.3%	12	4.7%	11	4.0%	1.87	1st
Use of alternative banking services help rural household to increase business activities	159	60.0%	104	39.3%	2	0.7%	1.59	2nd
Alternative banking has brought about development of other source of employment among rural household	131	49.3%	124	46.7%	8	3.0%	1.45	4th
Members of rural household have access to their money at anytime	131	49.3%	133	50.0%	2	0.7%	1.49	3th
Ease of operation of alternative banking as compared to conventional banking	113	42.7%	133	50.0%	19	7.3%	1.35	5th
Alternative banking gives room for depositing small amounts of money	122	46.0%	108	40.7%	35	13.3%	1.33	6th
Alternative banking encourages saving	108	40.7%	122	46.0%	35	13.3%	1.27	10th
Alternative banking often encourages group liability	104	39.3%	133	50.0%	27	10.0%	1.29	9th
Alternative banking methods are easily accessible and nearest to the rural community	113	42.7%	120	45.3%	32	12.0%	1.31	8th
Risk pooling is encourage to facilitate the accessibility of credit facility with little or no interest attached	122	46.0%	108	40.7%	35	13.3%	1.32	7th

Source: Field survey (2020)

Major Factors That Influence Savings by the Rural Households

To identify the major factors that influence household savings by rural households, the study first sought to find out households with savings bank account or contributing to a savings scheme. The result shows that among those with savings accounts or contributing to a savings scheme, males (58.6%) were higher in proportion as compared to their female counterpart with 41.3%. As explained in the works of Michael (2013), Quartey and Blankson (2008) in their study argued that, males are expected to save more than females, and in addition, males are more likely to save than females. The result of this study was no different.

Table 13: Household with Savings Bank Account or Contributing To a Savings Scheme

	Gender (% of yes savings)	Frequency
Male	58.66	155
Female	41.34%	110
Total		265

Source: Field survey (2020)

Factors that Influence Rural Households Saving Culture

The findings as illustrated in Table 15 show that the majority (41.9%) responded that they could not save because they do not have enough money or income. In addition, 29% of the respondents responded that they did not have regular income, 21.7% thought it was not necessary or were just not interested in saving whereas 0.7% of the respondents were not aware of one.

Table 14: Factors that Influence Rural Household's Savings Culture

Statement	Percent	Frequency
Not necessary/ interested	21.7%	58
Not aware of one	2.3%	6
Process too cumbersome	0.7%	2
Financial institution too far aware	0.9%	2
Do not have enough money or income	41.9%	111
Do not have regular income	29.0%	77
Other	3.5%	9
Total	100.0%	265

Source: Field survey (2020)

Constraints Encountered In the Use of Alternative Banking Methods

Table 15 below shows the result of the constraints encountered in the use of alternative banking method. It was observed that 237 (89.3%) of the rural households are usually subjected to risk of losing their money to fraudsters in alternative banking and was considered by rural households as the major constraint, 16 (6%) as minor constraint while the remaining 12 (4.7%) indicates it as no constraints and was ranked 1st with a weighted mean score of 1.85. this is supported by Chavas and Aliber (2003) who pointed out that the efficiency of rural households may also be influence by their management ability and households without access to insurance and financial market may be subjected to risk of losing their money to fraudsters in alternative banking.

The results also point out that 141 (53.3%) of the respondents indicated that the rural household members may not have access to loan as major constraint, 118 (44.7%) as minor constraint while the remaining 5 (2%)

indicates it as no constraint and was ranked 2nd with a weighted mean score of 1.51. This is supported by Staschen (2009) who opined that a number of interventions to provide rural households with affordable credit have been tried by government, non-governmental organizations, the private sectors, and the local self-help organization but due to no formal education among rural households, they find it difficult to have access to loan due to their belief in alternative banking.

More so, the study revealed that 115 (43.3%) of the respondents indicate that the statement on “the fear of death of alternative bank operators” as major constraints, 143 (54%) as minor constraints while the remaining 7 (2.7%) as no constraints and this was ranked 3rd with a weighted mean score of 1.41. Table 16 also revealed that 111 (42%) of the respondents indicates that Inability to access professional advice on fund utilization as major constraints, 147 (55.3%) as minor constraints, while the remaining indicates 7 (2.7%) no constraints and this was ranked 4th with a weighted mean score of 1.39. It was asserted that 111 (42%) of the respondents indicates that the alternative banking requires strong knowledge and learning as major constraints, 138 (52%) as minor constraints, while the remaining 16 (6%) indicates as no constraints and was ranked 5th with a weighted mean score of 1.36.

Again, 108 (40.7%) of the respondents indicated that Vulnerability to risks among rural households as major constraints, 136 (51.3%) as minor constraints, while the remaining 21 (8%) indicates no constraints and it was ranked 6th with a weighted mean score of 1.33. 115 (43.3%) of the respondents indicates that lack of safe guiding policy or system in case of eventuality as major constraints, 117 (44%) as minor constraints, while the remaining 34

(12.7%) indicates no constraints and was ranked 7th with a weighted mean score of 1.31. Also it was revealed from the table that 97 (36.7%) of the respondents indicates that lack of clear policy guidelines for the system as major constraints, 147 (55.3%) as minor constraints, while the remaining 21 (8%) indicates it as no constraints and it was ranked 8th with a weighted means score of 1.29.

More so, it was asserted from the table that 106 (40%) of the respondents indicates that inexperienced management by alternative bankers continues to inhibit efficiency of the system as major constraints, 184 (69.3) as minor constraints, while the remaining 28 (10.7) as no constraints and was ranked 8th with weighted mean score of 1.29. Finally, the table revealed that 109 (41.3%) of the respondents indicates that Mistrust with local alternative bankers as major constraints, 120 (45.3%) as minor constraints, while the remaining 35 (13.3%) as no constraints and was ranked 10th with a weighted mean score of 1.28.

Table 15: Challenges Facing Rural Household in their Choice of Banking

STATEMENT	Major Constraints		Minor Constraints		No Constraints		WMS	Rank
	Freq	%	Freq	%	Freq	%		
Rural household are usually subjected to risk of losing their money to fraudsters in alternative banking	237	89.3%	16	6.0%	12	4.7%	1.85	1st
The rural household members may not have access to loan	141	53.3%	118	44.7%	5	2.0%	1.51	2nd
The fear of death of alternative bank operators	115	43.3%	143	54.0%	7	2.7%	1.41	3rd
Inability to access professional advice on fund utilization	111	42.0%	147	55.3%	7	2.7%	1.39	4th
Lack of clear policy guidelines for the system	97	36.7%	147	55.3%	21	8.0%	1.29	8th
Mistrust with local alternative bankers	109	41.3%	120	45.3%	35	13.3%	1.28	10th
Inexperienced management by alternative bankers continues to inhibit efficiency of system	106	40.0%	184	69.3%	28	10.7%	1.29	8th
Vulnerability to risks	108	40.7%	136	51.3%	21	8.0%	1.33	6th
Alternative banking requires strong knowledge and learning	111	42.0%	138	52.0%	16	6.0%	1.36	5th
Lack of safe guiding policy or system in case of eventuality	115	43.3%	117	44.0%	34	12.7%	1.31	7th

***WMS – Weighted Mean Score**

Source: Field survey (2020

Correlation Analysis of Perceived Factors that Affect Respondents' Choice of Banking Method and Constraints Encountered in the use of Alternative Banking Method

Table 16 clearly points out that there is a positively significant relationship between the perceived factors affecting the choice of banking method and the use of alternative banking method. This means that perceived factor on choice of banking method is a cognitive determinant on the respondents, decision on which alternative banking method will be adopted. Also, there is a significant but negative correlation between the constraints encountered and the use of alternative banking method. This means that the various constraints encountered are cognitive determinant that inform what alternative banking method that should be avoided. This ultimately implies that the reasons not to choose a particular alternative banking method are usually due to level of constraints encountered. According to Freidman (2010), the more convenient and flexibility banking method is, the lower the constraints encountered by rural household.

Table 16: Correlation Analysis between Perceived Factors that Influence Respondents' Choice of Banking Method and the Constraints Encountered by Respondents in the Use of Alternative Banking Method

Variable	Correlation Value	P - Value	Decision
Perceived factors that affect respondents' choice of banking method	0.721	0	Significant
Constraints encountered in the use of alternative banking method	-0.183	0.005	Significant

Source: Field survey (2020)

Relationship between Socio-economic Characteristics of Rural Household and their Choice of Banking Method

The result of the probit regression analysis of socio- economic characteristic of the respondents in relation to banking method used is presented in the table below. Sex has a positive coefficient of 0.347638 and can therefore be deduced that female respondents in the study area patronize alternative banking method than their male counterparts. Age is also significant and has positive coefficients. This implies that the higher the age the higher the choice of alternative banks among rural households.

Marital status is also significant and has a positive coefficient. This implies that a married household tends to patronize alternative banking than their unmarried counterpart. Years of formal education have a negative coefficient meaning that rural household with no formal education preferred alternative banking to their counterparts with formal education. Household's size has a negative coefficient showing that the higher the households size the lesser the patronage of alternative banking.

Cash and Arable Crop Production has a positive coefficient. It implies that cash and arable crops farmers patronize alternative banking method than those that are not. In line with this finding, Osuagwu (2002) asserts that improvement in crop production over the years have brought about the development of saving attitude through traditional banking system. Civil service has a negative coefficient. This shows that civil servants prefer conventional banking than alternative banking. Being educated, majority of civil servants are aware of the benefits of conventional banking system, thus their choice of patronizing conventional banking (Smith, 2002). Trader and Artisan have a positive coefficient. Amaoko (2012) in support of this finding argued that traditional banking is most patronized by market men and women and in rural areas.

Table 17: Relationship between the Socio-Economic Characteristic of Respondents and their Choice of Banking Method

Variables	Coefficients (c-value)	t-value
Sex	0.347638	2.32
Age	0.221028	1.56
Marital Status	0.464539	3.03
Highest Level of Education	0.256432	1.06
Household Size	-0.076283	-2.43
Cash crop production	-0.246612	2.08
Arable crop production	-0.154729	1.26
Civil Service	0.103432	-0.08
Artisan	-0.435283	3.65
Trading	-0.347638	4.05

Source: Field survey (2020)

Chapter Summary

This section was discussed in six parts. The first part deals with an analysis of the socio-economic characteristics of respondents, which included age, marital status, gender, highest level of education among others. The second part analysed data on the first objective of the study that is to investigate the perceived factors that affects the choice of alternative banking methods by rural households in Sunyani. It also contains correlation analysis on the banking experience of respondents. This is followed by analysis of data on the perceived factors that affect respondent's choice of banking method and constraints encountered in the use of alternative banking methods. The chapter finally addresses the constraint encountered by respondents in using alternative banking methods by ranking some challenges. The subsequent chapter, which is the final chapter of the study deals with the summary of findings, conclusion and recommendations of the study.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Introduction

This chapter is sub-headed in three parts. The first part is the summary of findings followed by conclusion of the study and finally offers recommendations based on the findings of the study.

Summary

The study sought to assess banking behaviour among rural households and to evaluate the influence of rural banking on savings culture. In all two hundred and seventy questionnaires were distributed to households in the Sunyani municipality for the purpose of the study. Out of the 270 questionnaires administered 265 were considered as complete and accurate enough to be used for the study representing a 98.1% percent response rate.

The socio-economic characteristics of the respondents that were studied include age, sex, marital status, educational level, family size and their attitude towards rural banking methods. The analysis of socio-economic characteristics of respondents showed that there are more females than males and 74% of the respondents are 40 years or below. The results also showed that majority of the respondents had tertiary as their highest level of education whereas more than half of them were married. The size of household of respondents was largely above 3 but below 8 as 74% of them were Christian.

The study sought to determine the relationship between socio-economic characteristics of rural household and their choice of banking method. The result showed that females patronise alternative banking methods more than their male counterparts. The study also showed that the higher the age the higher the choice of alternative banking method as married household tend to use alternative banking methods more than the unmarried. Again, the higher the educational qualification of the household the less likely they are to patronise alternative banking method whereas household size has a negative coefficient on alternative banking method. Cash and Arable Crop Production has positive coefficient whereas Civil service has a negative coefficient.

The study sought to find out the most preferred choice of banking methods adopted by respondents and the reasons for their choice. The results showed that respondents prefer informal type of banking to the formal type of banking. The reasons were ranked and according to the results "utilisation of alternative banking methods enables rural household to solve all their financial problems". The next reason given was that "the use of alternative banking service helps rural household to increase business activities" and also "members of rural household have access to their money at any time. Other reasons included "alternative banking has brought about development of other source of employment among rural households and ease of operation of alternative banking as compared to conventional banking.

On the major factors that influence household savings by rural household, it was realised that males are expected to save more than females, and in addition, males are more likely to save than females. The major influencing factor was that rural households do not have enough money or income to save, followed by lack of regular income, not necessary/ interested and not being aware of savings institution or group to take advantage of.

The final objective of the study sought to identify the constraints encountered by rural households in the use of alternative banking methods. The results indicated that rural households are “usually subjected to risk of losing their money to fraudsters in alternative banking method” as the number one constraint affecting the use of alternative banking methods. The next was the lack of access to credit, the fear of death of alternative bank operators and inability to access professional advice on fund utilization. Other constraints identified included alternative banking requires strong knowledge and learning, vulnerability to risks, lack of safe guiding policy or system in case of eventuality and inexperienced management by alternative bankers continues to inhibit inefficiency of system.

Conclusions

The contribution of rural banking systems to the growth of the Ghanaian economy is quite significant. Based on the findings, it can be concluded that unorganized /informal rural households banking methods is the most preferred banking methods by the rural households. It was also discovered that organized/formal rural banking methods are far away from rural households. This forms the bases for the low level of patronage despite the fact that conventional banks are reliable and trustworthy.

Recommendations

Based on the findings the following recommendation is made to address the problem of rural finance in the rural households.

i. Unorganized rural banking methods should be strengthened through government intervention so as to guide their activities. This should be done by mandated regulatory bodies on timely and regular basis to ensure that alternative banking methods do not bolt away with the finances of rural households. In events where managers and directors of such institutions have defrauded or mismanaged resources, they should be investigated and brought to book to serve as deterrent to others.

ii. Adequate rural infrastructure should be put in place in rural areas so as to encourage the operation of conventional banks. Conventional banks can liaise with some informal institutions to come up with innovative products and services that can be beneficial to rural households. This will encourage them and create more awareness on the advantages of patronizing conventional banks.

Suggestions for Further Research

The study recommends that further study can be conducted on factors influencing access to credit by rural households in Ghana.

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APPENDIX A

QUESTIONNAIRE

Dear respondents,

This is a research questionnaire aimed at collecting information on **ASSESSMENT OF THE CONSTRAINTS FACING RURAL HOUSEHOLDS IN THEIR CHOICE OF BANKING METHODS AND SAVINGS CULTURE (A CASE OF STUDY OF SELECTED RURAL HOUSEHOLDS IN THE SUNYANI MUNICIPALITIES).** Your response will enable the researcher to arrive at a conclusion for research purpose. It is strictly for academic purpose and your responses will be treated with optimum confidentiality.

SECTION A: Respondent's demographic characteristics

1. Gender.
   a. Male [ ]
   b. Female [ ]
2. Age:
   a. 20-30 ( ),
   b. 31-40 ( ),
   c. 41 -50 ( ),
   d. 51 – 60 ( )
3. Marital status:
   a. Single [ ]
   b. Married [ ]
   c. Divorced [ ]
   d. Widow [ ]

4. Religion of respondents.

    a. Traditional [ ]

    b. Christian [ ]

    c. Islamic [ ]

5. Highest educational qualification …………….

6. Household size ……………….

7. Kindly indicate the income generating activities you are engaged in.

Activities Yes/No	Daily income	Weekly income	Monthly	Annually
FARMING:				
Cash crop production				
Lives stock production				
Fish farming Arable crop production				
Farm produces processing				
CRAFT AND ART:				
Artisan and designers				
Mechanist				
SMALL AND MEDIUM ENTERPRISES:				
Trading				
GOVERNMENT WORKERS/ Private Employees				
Civil service				
Others specify				

8. Years of working experience…………...

9. Leadership status: a) Religion leader [ ] b) Political leader [ ] c) traditional leader [ ] d) Business Manager, e) CEO

Others specify ………………......

SECTION B

10. Information about banking methods and savings pattern Kindly indicate your banking methods and amount saved in each of them Banking methods Yes/no Daily savings Weekly Monthly Annually

Activities Yes/No	Daily income	Weekly income	Month ly	Annual ly
Rural Bank				
Microfinance bank				
Susu				
Ghana Commercial Bank				
Mobile bankers				
Professional Money Lender (PML)				
Credit union				
Cooperative society				
Others specify				

11. For how long have you been using these methods……………………

SECTION C

Information about constraints facing rural households in their choice of banking methods.

12. Have you ever obtained loan from your choice of banking methods? Yes ( ) /No ( )

13. Did you get everything requested for? Yes / No.

14. If no why? ……………………..

15. For how long are you supposed to pay back? (a)Weekly [ ] (b) Monthly [ ] (c) Three Month Interval [ ] (d) Six Month Interval [ ] (e) Yearly [ ]

16. How long does it take to approve the loan requested? (a) A day [ ] (b) 1 week [ ] (c) 2 weeks after [ ] (d) others specify ………………….

17. Kindly indicate which of the banking methods you prefer best: a) Convectional banks [ ] b) Microfinance banks [ ] c) GCB [ ] d) Susu [ ] e) Mobile bankers [ ] f) Professional money lender (PML) [ ] g) Cooperatives society [ ]

18. Specify while you prefer your best banking methods?

19. Which of the banking method do you think is good for rural communities?

SECTION D

(ATTITUDINAL STATEMENTS)

Kindly indicate with (√) whether you: Strongly agree, Agree, Undecided, Disagree, and Strongly Disagree.

STATEMENT	SA	A	U	D	SD
Convectional banks release higher volume of loan at a time					
Savings in convectional banks are secure					
Loan in convectional banks are accessible without stress					
Convectional banks staffs are friendly					
Form filling in convectional banks is discouraging					
Convectional banks are far away from rural households					
Convectional banks loans attract higher percentage of interest					
Request for loans in rural unorganized financial institutions is easy					
Unorganized financial institutions are trust worthy					
Unorganized financial institutions are near to rural households					
Small amount of loans are available in unorganized financial institutions					