UNIVERSITY OF GHANA

DETERMINANTS OF SAVINGS AMONG HOUSEHOLDS. A STUDY OF GA CENTRAL MUNICIPALITY

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DECLARATION

I do hereby declare that this work is the result of my own research done under supervision and has not been presented by anyone for any academic award in this or any other university. All references and other sources used in the work have been fully acknowledged.

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CERTIFICATION

I declare that I have supervised the above-named student in carrying out this study herein submitted and as such confirm that she has my permission to present it for assessment.

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My sincerest appreciation goes to the Lord Almighty for His unending love and preservation over my life throughout this study.

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DEDICATION

I dedicate this work to the Almighty God for His guidance and love towards me as well as to my lovely husband, Mr. Elvis Ankamah for being supportive.
ABSTRACT

Savings play an important role in the economic development of any country and as such, the primary objective of all government’s policy is geared towards promoting savings and capital formation in the economy. Household savings provide or serve as backup in case(s) of international capital flow shocks. As such, the main aim of the study was to assess the factors that determine savings as well as the demographic factors that influence savings within the Ga Central Municipality.

A descriptive study design approach was adopted in the methodology in which 120 questionnaires were administered through a gatekeeper, retrieved and used for analysis. The population for the current study were the inhabitants of the Ga central Municipality with a total population of 117,220. The study investigated various characteristics such as income level, economic activity, and family size among other variables.

The study revealed that majority of the respondents who lived in their own houses saved more than those who lived in rented apartments. The findings also indicate that as people age, the less likely they are to save. Households with a lot of dependents as well as married couples tend to save less. Recommendations were made based on the findings of the study for policy direction and future research.
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CHAPTER ONE
INTRODUCTION

1.1 Background of Study

A country's savings rate is a major measure of economic growth. However, earnings in most developing countries are very low, where the propensity to save seems to be suppressed by poverty, elevated unemployment, and illiteracy.

In many economies, savings play a very important and significant role in the growth of the economy. As Kodom (2013) pointed out, available research indicates a good relationship between economic growth and savings. Higher revenues have been demonstrated to precede financial development (Alguacil et al., 2004), hence mobilization of money or the savings rate in a nation is a major economic growth measure. In financial literature, the determinants of savings are well documented. Empirical proof suggests however that the effect of these variables on savings across nations is not standardized. There are for instance, financial variations among advanced and emerging nations, which are anticipated to cause variations in family income behavior as stated by Muradoglu and Taskin (2006). Kodom (2013) observed that investment behavior, according to the stage of growth and social and economic composition, differs extensively between nations. Accordingly, Agrawal (2009) observed that national and regional studies have their own significance.

Household saving refers to the saving done by families and individuals (Mumin et al., 2013). The advantages of household income include emergency protection, asset purchases, investment, pension arrangement, debt settlements, home procurement, and social services, including health and education (Issahaku, 2011). The earnings in Africa have been decreasing in the last 30 years, despite the importance of household income (Nwachukwu & Odigie, 2009). Obviously, this is a
cause for concern due to the effect of savings on economic development and the realization of greater income taxes in nations undergoing financial growth (Tuohami et al., 2009). The essence of household savings behavior, according to Attanasio and Banks (2001), is very crucial when designing policies to promote savings in an economy.

1.2 Problem Statement

According to the World Bank (2019), the gross domestic savings as a percent of GDP of Ghana has seen a negative growth of 13.27 percent in 2018 whilst Burkina Faso within the same period saw a 14.71 percent increase in its domestic savings.

Different scholars in Ghana have explored family and domestic savings determinants using various methods that provide exciting outcomes. Saving is a necessary economic growth engine for the Ghanaian economy, according to Quartey and Blankson (2008), although the level of savings in the economy remains very low. Issahaku (2011) used a multi-regression study to clarify saving and income variables in Nadowli in Upper West. The findings indicate that demographic variables have a significant effect on household savings. Amu and Amu (2002) reported that savings behavior in the Ho municipality was informal and assumed an irregular pattern. The low level of saving in Ghana was attributed to both microeconomic indicators and political factors. Different financial and fiscal policies have been pursued over the years to solve the issue of poor household savings in Ghana, but these have not yielded the necessary outcomes (Quartey, 2002; Zorklu and Barbie, 2003). The main aim of this study is to assess the determinant of savings within the Ga Central Municipality of Greater Accra.
1.3 Aim and Objectives of the Study

The main aim of the study was to assess the factors that determine savings within the Ga Central Municipality. In line with this aim, the following specific objectives were formulated.

1. To determine the relationship between demographic variables and household savings among the people of Ga Central Municipality
2. To establish a relationship between consumer price index (inflation) and household savings among the people of Ga Central Municipality
3. To determine how access to financial services and credit affects the saving behavior of households in the Ga Central Municipality.

1.4 Research Question

1. What is the relationship between demographic variables and household savings among the people of Ga Central Municipality?

2. How does the consumer price index affect household savings behavior among the people of Ga Central Municipality?

3. How does access to financial services and credit affect the saving behavior of households in the Ga Central Municipality?
1.5 Significance of the Study

The investigation of the determinants of the savings habit of households is expected to reveal vital information which can be used by policymakers to formulate effective financial sector policies.

At the microeconomic level, a reduction in the savings of households may decrease the living standard of the population, especially that of the retired population, with all the negative implications that follow. The study of the savings behavior of household is therefore of vital significance to the overall socioeconomic wellbeing of a nation and Ghana in particular.

Also, many banking and non-banking institutions especially microfinance institutions have emerged to offer credit facilities to households and individuals to help them live a sustainable life.

It is however worth noting that these institutions do not offer these services to all households and individuals except for those persons who have savings or can save some portions of their income. This stems from the fact that after giving them loans, clients are expected to pay back with interest. Microfinances as well as banking institutions assess the creditworthiness of their clients based on their ability to save. Therefore investigating the savings habit of individuals will offer these institutions the information needed to expand the scope of their services to Ghanaians.

1.6 Limitation of the study

A number of limiting factors worth noting in this study are

(i) Large size of the municipality posed some logistics challenges,

(ii) Diverse socioeconomic profile of respondents had an implication on the understanding of the subject under study and
(iii) Challenge on willingness and availability of target respondents household heads or their representatives. Proper planning enhanced rapport and approach helped to countercheck the above limiting factors resulting in the successful completion of the study.
1.7 Structure of the Study

The study is organized into five chapters. Chapter one is an introduction to the study. It provides the context within which the study is examined, the problem statement, the outlined objectives of the study, hypothesis, research questions, and significance of the study. Chapter two contains a review of the literature on the concepts, theories, and debates underpinning the study and appropriate in guiding the study. Chapter three provides the methodology, methods, sampling procedures and tools used for data analysis as well as the information on the profile area. Chapter four contains data presentation and analysis of findings whereas chapter five provides a summary of findings, conclusion, and recommendations.
CHAPTER TWO
LITERATURE REVIEW

2.0 Overview
This chapter reviews theories and studies in relation to the topic. Some of the items looked at include the theories of savings, the life cycle theory, and the theory of permanent income hypothesis. Both theories were equally criticized and recommendations made. The empirical review looked at current studies in relation to the topic.

2.1 Theoretical Review
Many disciplines and researchers have attempted from distinct perspectives to clarify household saving behavior. Economists for example, are explaining savings from income- and age-related perspectives (Modigliani & Ando, 2017) while sociologists consider caste and cultural stratification to be the main determinant of savings. Access, rewards, expectations, and facilitation have also been described by social workers as variables influencing savings (Beverly & Sherraden 2009). On the other side, behavioral economists and economic psychologists see the variables that affect savings as self-control, motivations and other personal features (Katona, 2015).

2.1.1 Life Cycle Hypothesis (LCH) Theory
The life cycle hypothesis suggested by Modigliani and Brumberg (2015) is one of the most significant economic theories for saving. The fundamental concept of the hypothesis of a life cycle is that people (or families) attempt to maintain their costs throughout the life cycle stable. In life moments when the average income for the life-cycle is smaller than anticipated, money is borrowed; if revenue is above anticipated, the excess is saved. This means that consumption at a certain (own) rate is streamlined. The life cycle hypothesis suggests that elderly people should
spend more than the young whilst the young population are to save more than they spend (Ottoo, 2009). Saving is often described as a function of income and expenditure. Although the LCH assumption is that consumption or savings patterns represent age or stage within the life cycle, the majority of the savings occur in mid-years, but recent LCH modeling indicates significant heterogeneity within and across the age group (Wagner et al. 2005). Low-income households however, did not show any saving behavior according to the LCH model. The economic behavior of young people and elders is different from that of mature people in accordance with the life cycle theory (Ando and Modigliani, 1963). Significant proportion of youthful individuals who are not yet employed lower the interest level given that their fathers allocate a large portion of their income to helping their kids. In the same way, the increase in the average lifespan will require an increase in the savings rate during active life in order to retain the level of consumption in the working life (the standard of living). Therefore, the rise in the lifespan of the elderly in the population corresponds to the reduction in population income, as they tend to consume and depend more on the savings done over their working life. In the light of its economic conduct, the aim of the older section is very crucial, a class that dissolves, thus consuming the money collected during it’s working and youthful age (Artus 2002).

Psychological factors such as mental accountability and self-control are taken into consideration by Thaler and Shefrin (1981) in their behavioral cycle hypothesis. Under this model, individuals do not handle their entire wealth equally but invest differently based on whether they view the cash as present earnings, current assets or potential resources. As far as self-control is concerned, Thaler and Shefrin (1981) argue that individuals often adopt rules to control their spending.
2.1.2 Friedman Theory of Permanent Income Hypothesis

The continuous revenue hypothesis of Friedman (1957) is a continuation of the hypothesis of the life cycle. The perception of current and prospective revenue is also focused on this. 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". Consumption therefore relies on what individuals plan to gain for a substantial span of a moment. Like the life cycle hypothesis, individuals trim earnings changes to save over exceptionally elevated revenue times and dissolve over exceptionally small revenue intervals. Schenk (1988) thinks that the connection between consumption and earnings is broken both by permanent income and life-cycle assumptions so that an exogenous asset shift cannot have a steady multiplier effect. This is more obvious from the hypothesis that individuals are expected to make a determination as to whether a shift in revenue is permanent or not. Only when they are persuaded that consumption is constant will they alter significantly. Schenk (1988), who analyzed the differences between the two theories noted that the life cycle hypothesis introduced consumer assets and played a role in the market. A stock price rise improves wealth and should thus boost consumption while a fall should reduce consumption. Therefore, for both consumption and investment, financial markets matter. The permanent-income hypothesis on the other hand, introduces lags into the consumption function. A rise in incomes should not boost consumption expenses instantly by so much but should be more and more effective over the moment. Behavior that introduces a lag into the relationship between income and consumption will generate the sort
of momentum that business-cycle theories saw. A shift in expenditure increases revenue, but individuals only adapt rapidly. An initial increase in spending tends to have effects that take a long time to completely unfold.

The existence of lags also makes the government’s attempts to control the economy more difficult. The effect on a policy change is very slow as the effects are not felt in the short term. The problem it was intended to attack might have disappeared when its full effect occurred. Finally, although the life cycle and hypotheses of permanent income significantly enhanced our knowledge of consumer behavior, economic data does not always match as correctly as it should, meaning that they do not provide a full reason for consumer behavior (Schenk 1988).

2.1.3 A shortfall of the Life cycle and Permanent Income Theory

In analyzing these two models, Niculescu-Aron and Mihăescu (2012) recognized the previous shortcomings: one shortcoming is that, such surveys concentrate on either a specific nation or a set of nations with no comparison between advanced and emerging nations. This contributes to the realization that the samples used are inadequate for identifying gaps between nations at various phases of growth.

Another drawback is the use of national aggregate data suggesting that the largest part of the savings comes from the private savings account. Through the reality that the technique of calculation is distinct and the use of aggregate data is also only applicable in such analysis, the inconsistency between nations is apparent when personal and government funds are a substitute but they are effectively not.

They recognized the significance of explanatory variables such as income and assets in the assessment of household savings which are commonly recognized. However, other controversy
factors such as population, unemployment, and levels of exchange must also be included in the assessment in advance so that variations in household purchasing behavior be more accurate and properly underscored.

Later studies discovered however that elderly individuals save as much of their incomes or at least do not consume them as the LCH predicted (Deaton 1992).

2.1.4 Keynes Absolute Income Hypothesis

The idea of the marginal saving propensity was introduced by Keynes (1936) - Keynes's absolute income hypothesis. The concept examines the connection between revenue and consumption and states that a household's consumption rate is determined by the actual amount of its revenue (present point). Theoretically, the rising revenue will also increase consumption but not simply at the same pace. The idea to save is only conceived when there is more than enough available to satisfy basic needs. Thus, basic needs are first satisfied before households think of saving.

2.1.5 Relative Income Hypothesis

It was postulated by James Duesenberry (1949) and stated that the behavior of people towards consumption and saving is driven more by their revenue than by abstract living standards in comparison to others. A person is therefore less interested in actual consumption than in comparative concentrations. The proportion of revenue earned by a person is dependent on the income distribution's percentile situation. Secondly, the current consumption is not simply affected by the current rates of actual and comparative income but also by consumption rates achieved in the previous period.
2.2 Empirical studies

In Issahaku's (2011) analysis, he regarded savings as income that was not consumed by immediately purchasing goods and services in the Nadowli district in the Upper West region of Ghana. From a microeconomic perspective, he established a relationship between savings and investments. Thus, "By not using the revenue to purchase consumer goods and services, it is most probable that instead of investing a resource, it is used to generate concrete and intangible capital such as equipment, education, on-the-job of coaching, among others. Therefore, saving is unquestionably a major variable in economic growth theory, so classical economists such as Adam Smith and David Ricardo have highlighted its position as determinants of financial development (Issahaku, 2011).

2.2.1 Determinants of Household Savings

The buying behavior of households is mainly affected by a variety of factors such as saving perceptions, capacity, and desire to save, saving goals or motives. There are several considerations behind this intentional choice on the portion of families to save to satisfy potential requirements. All factors that influence the ability to save, the willingness to save and the opportunity to save are typically regarded as the saving determinants.

2.2.1.1 Income

One of the key factors that almost all surveys have attempted to explore in the field of savings is income. In distinct regions of the world, various trials using distinct techniques have been performed and a favorable connection between income and savings has been discovered. On the basis of the results, some academics suggested certain models.

The Keynesian Savings function and the Friedman Permanent Income postulate a positive relationship between savings and income. The hypothesis is that families appear to consume the
permanent income while their transitional revenue is channeled into savings that are marginally prone to the saving of the incomes near equilibrium (Quertey and Blankson 2008) from the continuing income component to transient income. Similar findings were also discovered in studies undertaken by other academics. For example, in nine developing Asian countries including Turkey since the early 1960’s, Collins (1989) has examined the saving behavior of these countries. The findings demonstrate patterns and savings variations in these countries using time-series data. However, the findings from all nations have confirmed that the rise in income has a significant influence on household saving. Sub-Saharan Africa and other developing nations have evidence that the income of mainly middle-to-high income families has a positive impact on saving and is in accordance with the Keynesian Savings and Friedman's Permanent Income. In Kenya, household incomes have been discovered to be an important statistical predictor of peasant landowners, entrepreneurs and students' earnings (Kibet et al. 2009). Similar results were discovered in Uganda where the number of net transfers between families reporting bank deposit with greater continuous and transitory incomes improved substantially (Kiiza & Pederson, 2001). The results in Uganda do not vary from those discovered in India by Athukorala & Sen (2004), although both used different approaches. In their micro-economic assessment of family savings in Morocco, they also discovered a beneficial interaction between income and savings in India, just as Abdelkhalek et al (2009). Similar findings have also emerged in the far region of Pakistan and in the Philippines. Bersales & Mapa (2006) also discovered that the investment behavior of distinct communities is positively linked to income and savings. These results show that families save a greater proportion of income when incomes are greater, which has been demonstrated to be good in all areas around the world. Athukorala and Sen (2004) observed that the actual exchange rate renewal on a loan had a statistically important beneficial impact on Indian saving behavior in their
assessment of the determinants of personal income in India during the financial growth from 1954–1998. A significant determinant of the personal savings rate was discovered to be the income growth factor. The Keynesian complete hypothesis of revenue has been discovered to support Indian savings behavior. Similarly, the empirical analysis of the household savings determinants in Australia from Dirschmid and Glatzer (2004) using the error correction model found that the saving rate was affected favorably by income growth in the short and long run. Samuelson and Samuelson (1980) also stated during their work that, rich people do not only save money in absolute but also in percentage amounts more than poor people. The very poor can't save anything. Rather they 'dissave', which is more spent than they earn every year, with the difference covered by debt funding. Therefore, income is a key driver of savings. There is thus a favorable connection between income and savings in all the above research, and while these scholars have employed distinct approaches and techniques, their results were comparable.

2.2.1.2 Income Level and Income Uncertainty
Recent empirical research shows that saving proportions are small if the income is small or dependent on the level of subsistence. However, savings proportions vary partially in emerging nations due to the per capita rate of income. The extent of the impact is probable to decrease with the increase in per capita income (Carrol and Weil, 1994). This makes saving for households in developing countries almost impossible due to the low per capita income. Kraay (2000) found a small beneficial relationship between savings proportions and income rates per annum. He postulated that when the household income rises above the minimum basis for subsistence, the median savings ratio rises. Saving and investment habits can affect income in at least two folds (Chakravarthy and Patnaik, 2006). First by the income rate and secondly, by the developments in income transition. Deaton (1989) describes that household income is unsure and cyclical in
emerging nations, which makes long-term estimates very difficult. It also indicates that individual savings behavior can be governed by a rule of thumb and it emphasizes that the main cause of savings/dissaving is short-term increase and/or income decline (Deaton 1992). The insecurity in anticipated incomes according to Caballero (2010) would increase the precautionary motivation for investing in a stable macroeconomic setting, but increasing uncertainty can decrease savings in emerging countries where these surroundings frequently are volatile.

2.2.2 Demographic Characteristics

2.2.2.1 Gender
In the analysis of the GLSS 4 data, the following were observed by Quartey and Blankson (2008). First, there were more individuals without a savings plan than they had. Savings accounted for just 12.1 percent of the complete survey, and out of that percentage, women had more saves (53.5% vs. 46.5%). The percentage of men with savings account was declining when this number was compared to 1991/2. It was also pointed out that the bulk of the complete persons holding savings account were children of the head of the household, followed by the heads of the households, their spouses and grandchildren. Denizer et al. (2000) pointed that families led by females have considerably greater levels of income than males in these three nations when analyzing family incomes during the transition from information from Bulgaria, Hungary, and Poland. In cooperation with the Kenya Bumala village bank, Dupas and Robinson (2013) have collaborated on regularly providing connections to savings accounts for the small business holders. 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. Women are therefore able to save but face a considerable amount of obstacles. Embrey and Fox (1997) observed the greater difficulty faced by finance teachers and decision-makers when combining reduced income, reduced profits, shorter life cycles and averted danger. Schmidt and Sevak (2006) have also argued
this way by noting that females in the United States have been less contingent on males as regards economic safety because of reduced income and savings.

Researchers proposed a number of potential causes for a wealth gender gap. Some note that females usually earn less for their lives than males, which creates less wealth. Women also have fewer years of training than males historically, which is also a factor in their income (U.S. Census Bureau 2007). The attitudes of women and men to work are also different, and this could contribute to the noted economic variations between males and females (Sierminska, Frick, & Grabka, 2008). Any distinction between wealth can partially be attributed to reduced involvement of females in the workforce (Warren, Rowlingson, & Whley, 2001), with the tendency of females to have part-time working agreements. The findings from Fisher (2010) also show that women had a lower chance of saving than men in the past year, while the proportion of samples of both men and women that were reported regularly to be saving was comparable. Women and men were constantly found to vary in risk tolerance in the literature which showed that women's economic choices and behavior were affected. The findings indicate that tolerance to danger also impacts males and females when it comes to saving habits. Interestingly, it is considerably lower for females who report poor risk tolerance to save and to be frequent savers for the short run, but that impact does not extend to the sample of males. Some scholars on the other side, found that savings and investment behaviors do not differ from gender. For instance, there were no gender differences in stock shares in dollar terms between males and females (Zhong and Xiao 2005). DeVaney and Su (1997) discovered that retirement planning awareness determinants were comparable for males and females as Masters and Meier (1988) discovered no differences in male and female employers' risk-taking propensity.
2.2.2.2 Age

Furthermore, it was noted that household members under 18 years have a higher share 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 outcome is inconsistent with the life-cycle hypothesis that workforce gains rise while youthful and elderly people save previous years (Quartey and Blankson 2008). Similarly, Chakrabarty et al (2008) discovered findings compatible with those of Quartey and Blankson in their assessment of Australia's saving performance (2008). The aging dummies coefficients show that households save more as their heads get older. For instance, household savings levels for heads 41-50 years of age, 51-60 years of age and above were above those with heads 30 years of age and under. It can be argued that retired households have different saving practices than non-retired households. The findings however show that whether the household head is retired or not, saving still appears to be on-going. This evidence runs contrary to the life-cycle theory of consumption.

Lifecycle theory predicts that households should start dissaving as they age. Chakrabarty et al (2008) also claimed that expenditure on superannuation payments for households over 61 years can be increased owing to the favorable tax advantages. The rise in average life expectancy in Australia could also explain this behavior. Attanasio (1998), examined in the 1980 to 1991 Consumer Expenses Surveys (CEX) the connection between age and personal savings in the US and showed that the age-savings curve had a bumping shape with an age-approximated income maximum. For five household age communities in Indonesia, Kelly and Williamson (1968) regressed household saving per annum against per capita household incomes. It was discovered that the age of the head of household is a significant driving force for household savings in urban
homes and with the percentage of farm income, the median and marginal earnings grew. Shultz (2005) however discovered no important relationship between income and population structure in analyzing the demographic determinants of income in Asia.

In the work of Modigliani and Brumberg (1954) which took account of different cohorts of the population for their analysis of consumption and saving behavior, a study on the saving behavior of populations undergoing a demographic transformation instead of steady-state growth was carried out. In their opinion, households save during their working time and save for retirement to support the usual standard of consumption during retirement and this is popularly referred to as the Life Cycle Hypothesis (LCH) of consumption and saving. The concept of population dynamics is not immediately related to the development of the economy but to the preservation of population structures as pointed out by Hassan and others (2011). This concept effectively connects the population dynamics with a range of macroeconomic elements including global assets and the real exchange rate.

The determinants of personal income were analyzed in Sub-Saharan Africa by Elbadawi and Mwega (2000). In addition, they narrowed down to the savings experiences of Kenya, Zimbabwe, and Botswana. The per capita GPDI influences personal income favorably. Collective findings from Sub-Saharan Africa indicated that GPDI has a positive effect. The ratio of youth dependence (the ratio of people aged less than 15 to those aged over 15) to urban development (the metropolitan proportion to the complete workforce) had an adverse and minimal impact on income.

### 2.2.2.3 Education

It was generally asserted that one aim of education is to provide learners with analytical skills. Savings yields will be large if the saver can assess and analyze impacts of present and prospective commodities rates, present and anticipated yields on diverse economic resources and on accessible
business options and present and prospective economic circumstances on other dimensions. People on the same income may also acquire helpful information and guidance on investment. Fisher's (1965) catalog of personal characteristics appear to affect choices of the moment and therefore expenditure: foresight, control of self, habits of thrift, worry for the ambiguity of existence, worry for children, worry for fashion and fads, etc. It is usually argued that education influences these features. Watts (1958) noted out that higher education can reduce consumption apart from the correlation between the incomes if superior trained individuals are far-sighted and have greater reasons for pension.

2.2.2.4 Type of Accommodation

In the field of accommodation, the chance of saving was shown to depend on the form of household accommodation. Houses in leased accommodations or rental homes will probably save more than those in their own homes. Quartey and Blankson (2008), noted that those in Ghana who live in a leased lodging are more probable than those who live in their own homes to make some saving perhaps to pay rent. Those who live in their own homes could have utilized their money to build home(s) – a saving type. Contrary to expectations, the type of accommodation has a significant effect on savings.

2.2.2.5 Household size

The greater the volume of the household, the greater the consumer behavior and the equivalent, the smaller the surplus cash remaining for consumption. Elfindri (2010) performed a survey in some parts of western Sumatra in Indonesia examining the demographic effect of the household size on household savings. The findings from the regression study reveal that household size and the number of kids at the college level adversely impact household savings on the basis of information from the 1987 Indonesian census. In comparison, Browning and Lusardi, who
analyzed micro-theories and household saving statistics (1996), discovered that household size can have a positive impact on economies of scale. The composition of the household does however, have a higher effect on profits than the size of the household per se. A young family member does not have the same effect on household savings as an elderly family member or an adult.

Browning and Lusardi’s (1996) results differ from that of Elfindri's (1990) because Elfindri (1990) generally examined the family magnitude of the family while Browning and Lusardi expanded their research to include structure. By structure, a family with many of its employees operating while making a beneficial impact on income will have an adverse impact on income if a family with a large number of its employees is dependent. But bringing the entire magnitude of the family as a whole, the connection with savings is probable to be positive.

2.2.2.6 Locality

Curley and Grinstein-Weiss (2003) reported a difference between monthly net payments between inhabitants of the localities when their relative assessment of agricultural and residential earning results was made of individual development accounts. Those in urban areas saved more than those in rural areas even though the difference was not statistically significant when other factors were controlled for. This variation has been explained in some ways. A positive correlation between average savings and financial education is established first and foremost. 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. There has also been an argument that, exposure to financial institutions will impact savings. The "banked" people's savings appear to be greater than the "unbanked" ones, which show that current financial institutions relations may encourage greater savings. The 1995 Consumer Finance Survey of the Federal Reserve Board further clarified that there is little or no experience of many low-income people with financial institutions. Several grounds for being
"unbanked" included financial institution fees, difficulty with loan establishment, placement problems, an absence of confidence in organizations and an absence of data on accessible alternatives, were stipulated by (Woodstock Institute, 2000). Kiiza & Pederson (2001) noted that Uganda's closeness to the household was linked to the chance of whether or not a household opened an official saving plan and the number of total funds in homes that owned a bank account. In the same research, urban families opened a deposit account more than their peasants. More cost of trading was also shown to have important adverse effect(s) on Uganda's (Kiiza & Pederson, 2001) and poor Kenyan households’ savings accounts (Dupas & Robinson, 2009). In relation to the capacity of peasant households to save or not, there are two competing opinions. These opinions were advocated by the traditional or old perspective and the new perspective. Those who claim from the traditional point of view that peasant households are too impoverished and therefore unable to save. Therefore, they cannot mobilize money to save some for consumption and surplus. The reality that rural livelihoods are defined by low productivity because of the use of traditional agricultural methodology clarified that rural people's incapacity to create enough resources to satisfy consumption and save excesses in the field of farming. They have no money to buy fresh agricultural technologies due to inadequate incomes. Rural families were also found to be impoverished and even if their earnings rise at the moment owing to a certain windfall, the funds are used for personal consumption and celebrations (Adams, 2008; Von Pischke, 2017). Contrary to the conventional view, those who hold a modern view argue that it is wrong to assume that rural households have low incomes and as such cannot satisfy their consumption patterns to save surplus by virtue of traditional techniques. They believe that rural households are willing and able to save and that they react favorably as households where there are possibilities to encourage them to save. They backed their position with some examples that unlike urban households, rural households
predominantly save after harvest. It is also completely incorrect to assume that all rural households are impoverished because rural households’ incomes are defined by income heterogeneity. Therefore, while some are impoverished, others are wealthy, too. While poor households save for a brief period of time, wealthy families can save for a long time and generally have bigger homes, greater revenues, better education and better employment (Issahaku, 2011).

2.2.2.7 Occupation

The level of revenue that one generates largely depends on one's employment and as a result, it has been suggested that individuals who earn greater wages can save more than individuals who work menially. In Ghana, Quartey and Blankson (2008) examined that the 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, results of the 2013 research by Dupas and Robinson indicate that prospective savers who had no savings account but wanted to open one are business vendors in bicycle, taxis and independent artisans in Kenya. The results of the two research indicate that the middle to lower-income groups appear to have more money but the largest intermediate earnings were found in the higher income category. This supports the claim that the poor have the desire to save (Issahaku, 2011).

2.2.2.8 The Expectation of Future Changes in Income

People all over the world face the dilemma of uncertainty periodically. While wealthy people are confronted with anxiety about potential revenue fluctuations owing to certain modifications in both microeconomic and macro-economic strategies in the current and prospective spending, the poor also face ambiguity. The wealthy and the poor households are therefore often confronted with the issue of uncertainty. Lusardi (1998) notice that people at higher income risk save more in her
assessment of the significance of precautionary saving. Guariglia (2001) has also discovered an important connection between income uncertainty and savings in a comparable way. The findings showed that households save more if their economic position is expected to worsen. Brown and Taylor (2006) observed that while economic expectations affect saving, they are affected by personal features (such as age and education) as well as by the impacts of business cycles.

2.2.2.9 Incentives

Some banks have the contractual savings plan by which the saver is obliged to pay regularly in exchange for interest payments, a certain sum of money, even if small, to receive certain financial services (credit and insurance). Some of these systems have been effectively implemented such as in the Mit Ghamr bank in Egypt, the Nasser Social Bank and in a few African nations. For example, under certain circumstances, contractual savers could be awarded credit for different reasons (for financing their own home, financing specific materials for farming, paying for the education of their children, paying for unforeseen burial, medication, etc.) (Mottura, 2012). In exchange for cash, the savers may also be given a multifunctional insurance policy at their option whereby they cover a sum equal to the amount placed against certain risks such as normal mortality, accident or illness. In addition, the "social service fund" could be provided to savers under certain conditions. The main object of which was to assist adherents in difficult situations caused by unforeseen events not included in the insurance. This form of savings incentive had been experimented by Mit Ghamr 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.
2.2.2.10 Intergenerational Links

In developed nations, intergenerational connections have been discovered to be an important determinant of saving behavior where these connections are particularly powerful owing to the large families. Gersovitz (1988) discovered that expanded household connections could extend the efficient scheduling spectrum of saving choices for households. Deaton (1989) concluded that households are larger in emerging economies and more probable to consist of several generations than in industrialized countries. As a consequence, less can be saved on intergenerational payments for the pension. Oberta (2006) also highlights the adverse and regressive effects that extra children have on the savings proportions and the level of household savings by evaluating the position of children and the family in household planning.

2.2.2.11 Liquidity Constraint

In emerging nations, the estimated incidence of liquidity restrictions has been reported to be significantly higher (Rossi, 1988). Households often have restricted entry to credit markets in those nations and the majority of loan is rationed. In a panel study conducted by Schmidt-Hebel et al. (1992), a liquidity constraint was discovered to play a significant role in emerging nations. Deaton (1989) pointed out that loan limitations are probable to occur particularly for youthful individuals in emerging nations. Such restrictions should promote economic growth by developing intermediation that makes savings and lending more effective.

2.2.2.12 Consumer Behaviour

Saving and expenditure are mirror images that decrease savings by anything that improves consumption. For instance, if families boost their consumption (purchase more luxury goods), their capacity to save will be affected. Household decisions regarding how much to eat and how much to save were evaluated with intertemporal optimization designs. Without borrowing restrictions,
the first prerequisite for such models is: The marginal utility ratio must equate to the expected discount rate in any two periods. Any shift in the discount rate will alter the present household consumption opportunities cost. The level of consumption (and consequently saving) today will change in the future if market defects are not present. In emerging countries however, market failures are extensive and the continuity of substitution elasticity is doubtful. Less flexible poorer homes, which are nearer to the poverty line could replace for consumption between phases, making their savings ratio rather inelastic compared with rich families (IMF 1995).

2.2.2.13 Market and Government Failures

Market failure in various cases, including lack of information due to financial illiteracy is relevant for saving study and market failure due to adverse selection (Stigltz, 1993, Deaton, 1995, and Black et al., 2005). These market failures often distort people's choice to save. Lavoie (1994) describes that families have no ideal understanding of actual lives and are unable to handle a wide range of information. They are also not confident in interpreting the data accessible that can distort their consumption and saving choices. As a consequence of business collapse, regulators should take a major part in applying savings culture policies. In developing countries too, government failures are very real. Governments often struggle to enforce appropriate market-based strategies in these nations. There are also the issues of corruption and rent-seeking by bureaucratic, politicians and other interest groups.
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction
This chapter outlined the research process. It provides information on the method used and the justification for using such a method. The Chapter also outlines the different stages of research including participant selection, data collection, and data analysis. The chapter concludes with a discussion on validity and reliability for quantitative research and discusses how the present study fulfilled those two requirements.

3.2 Research Methodology
Research Methodology according to Denzin and Lincoln (2005) is determined by the nature of the research question as well as the subject under investigation. In lieu of this, the format of the research should be geared towards responding to the research question. The current research did not aim to provide the ultimate truth on the subject matter but rather to derive meaning on the phenomenon under study. The study was guided by the research questions as enumerated in chapter one.

3.3 Research Design
The research is a descriptive study on the determinants of saving behavior among the people of Ga Central Municipality. The quantitative method of analysis was adopted. The study can be ranked as a cross-sectional study due to the time frame in which data was collected. Data collection for the study spans a 6 month period from January to June 2019. Based on existing theories, a deductive approach in conducting the research was adopted (Saunders, Lewis & Thornhill, 2009).
3.4 Population and Sampling

The population in this research is the inhabitants of Ga Central Municipality, specifically the inhabitants of Sowutuom, Anyaa and Awoshie. It is superlative to use the entire population in the present research. It is not possible for everyone to be included in the study because the population of the household is infinite and so the present research has used the convenience sampling method. Convenience sampling is a non-probability sampling method where respondents in the target population are chosen for the intent of the research who satisfy fundamental and practical requirements such as ease of access, geographical closeness, availability and readiness to engage.

3.5 Data Collection

The methods for gathering data depends on the sort of information required and the pre-set layout of the research, according to Burns and Bush (2003). The primary data-gathering technique in this research is used to immediately and specifically acquire information and views from participants in the catchment area of the study. On the collection of primary data, the most up-to-date information and genuine perspective are ensured from primary data to address study issues (Saunders et al., 2009). Primary data were gathered through the use of questionnaires that requires less expertise and sensitivity during the study process (Jankowicz, 2005). The questionnaires were administered and retrieved autonomously to and from the participants after they replied to the questionnaires to improve their response rate. Secondary data was collected from journals, books and articles related to the topic online.

3.6 Instrument

A structured questionnaire was used in the collection of data. The questionnaire was adopted from previous research related to the studies. The questionnaire was in two parts; Section A looked at
the demographic characteristics of the respondents whilst section B was the determinants of savings. The questionnaires had nine items on 5 points Likert scale.

A pilot test was conducted on the questionnaires on the population before it was administered. 30 sets of the questionnaires were administered to some selected members in the population, this was to aid the researcher to remove ambiguity and improve the wording of the questionnaire. The total questionnaires distributed were 150.

3.7 Ethical considerations

Certain ethical problems were addressed in the present research. By signed consent and debriefing letter, all respondents gave their written approval for involvement in the studies. Participants were also asked to sign a letter of disclosure and withdrawal. Both documents were designed to ensure that respondents were volunteers in the studies and they could retreat freely from the studies at any time. Next, the participants were fully informed of the aims of the study and reassured that their responses were treated confidentially and used only for academic purposes. Except for the foregoing during the conduct of the studies, respondents were not physically or psychologically harmed or violated.

3.8 Reliability

Reliability means that the instrument measures an attribute with a degree of consistency (Polit & Hungler2009). It also refers to the extent to which in comparable conditions, independent administration of this instrument produces the same results (De Vos & Fouche, 2015). The less the instrument variation produces, the higher the reliability in repeated measurements of an attribute. In order to assess internal consistency, the Cronbach alpha was used. Using the rule of thumb, a coefficient of 0.50 and above is acceptable.
3.9 Validity

The validity of the data collected by the study tool is described by the criterion of reality or falsity. The measurement instrument is categorized as internally and externally valid (Burns & Grove, 2010). Content validity is to the extent that the content of the instrument seems to fully explore the range to be measured (Bowling 2017). This is ensured by a thorough literature review that has led to the development of the study instrument (questionnaire). Additional measures were taken to make sure the research is valid. The first is the pilot testing of the questionnaire, allowing the researchers to adjust the initial questions.

3.10 Method of Data Analysis

The data was processed using SPSS version 25. The purpose of the data processing was to ensure that the data received from the field meet the required quality standard for analysis. The returned data was checked, edited, coded and transcribed. Questionnaires were double-checked to ensure there were no missing data and incomplete questionnaires were discarded accordingly. The questionnaires were coded and entered into SPSS for analysis.

The method of data analysis used in this study includes frequency distribution, arithmetic measurements, Spearman Moment Correlation Coefficient and Multiple Regression.

3.11 The Choice of Ga Central Municipality as a Study area

3.11.1 Fertility, Mortality, and Migration

The Ga Central Municipality has a total fertility rate of 3.1 which is greater than the median region of 2.6. The overall fertility rate is the fourth most common in the area: 92.9 marriages for 1000 females aged 15-49 years. The ratio of crude births per 1000 population (CBR) is 27.2. The Municipality's raw death rate for 1000 live births is 3.1, which is less than the average regional
rate of 4.3 per 1 thousand. Most migrants in the Municipality (69 percent) have been born elsewhere in a different region and 30.8 percent have come from other parts of the Greater Accra.

### 3.11.2 Household Size, Composition and Structure

The population of the Municipality is 114,745 with a maximum of 28,936 households. The median household density is 4.0 people per family in the municipality. The majority of household participants are children representing 41.1% of the complete family inhabitants. Homeowners and spouses account for approximately one quarter (25%) and 13.1% of the household population respectively. The complete amount of homes within the municipality is 34.4% for nuclear homes (heads, spouses and kids).

### 3.11.3 Literacy and Education

Of the inhabitants aged 11 years and older, 92.8% are educated and 7.2% are not educated. 35.8 percent of the literate inhabitants can only learn and communicate in English while 55.1 percent say they can speak and communicate in English as well as in Ghanaian languages. Of people aged 3 years and younger, 6.6% have never attended a school, 54.7% have attended school in the beginning, and approximately two-fifths (38.7%) are presently attending. 13.7 percent in kindergarten, 41.1 percent in primary schools and 17.4 percent in junior high schools are presently enrolled. At tertiary level, only 6.5% are educated.

### 3.11.4 Economic activity status

Seven in 10 (70.2%) of the population aged 15 years and older are economically active while 29.8 percent are economically not active. Of the economically active population, 92.3 percent are employed while 7.7 percent are unemployed. Of the unemployed population, 54.3 percent are seeking work for the first time. For those who are economically not active, more than half (54.3%) are in full-time education and 20.7 percent perform household duties.
3.11.5 Occupation

Of the total workforce in the Municipality, nearly two-fifth (38.1%) are engaged as Service and Sales workers whereas 23.6 percent are engaged as Craft and related trade workers. Whereas females (56.4%) are more likely than males (20.1%) to be engaged in service and sales work, males (32.7%) are more likely than females (14.4%) to be engaged in Craft and related trade works. In terms of sector of employment of the workforce, only 2.3 percent are employed by Agriculture, 22.8 percent by Industry and about three-quarters (74.9%) by Services sectors.

Whereas more males than females are employed in the Agriculture and Industry Sectors, more females (83.6%) than males (66.5%) are employed in the Services Sector.

3.11.6 Employment status and sector

Of the population aged 15 years and older, 52.8 percent are self-employed without employees. 30.9 percent are employees and 8.8 percent are self-employed with employees. Nearly two-thirds (65.9%) of females and about two-fifth (39.9%) of males are self-employed persons without employees. About two-fifth (41.8%) of males and nearly one-fifth (19.7%) of females are employees. The private informal sector is the largest employer in the Municipality, employing 77.5 percent of the population followed by the private formal sector with 15.4 percent.
CHAPTER FOUR
DATA ANALYSIS AND DISCUSSION

4.0 Introduction

This chapter entails the findings of the data collected from the field. Data was collected from the households in Ga Central Municipality using a structured questionnaire. Out of the 150 questionnaires sent out, 130 were returned representing a return rate of 70 percent, however 10 of the questionnaires were rejected as they were not properly filled out. The total questionnaire used for the analysis was 120. Descriptive statistics which include the mean, standard deviation, maximum and minimum value as well as the skewness and kurtosis were presented using SPSS version 25. The results were equally graphically represented by means of pie chart and histograms. Econometric analysis such as spearman moment correlation coefficient and multi linear regression were used. The Cronbach alpha was run to establish the validity of the data.

Table 1: Reliability Statistics

<table>
<thead>
<tr>
<th>Cronbach's Alpha</th>
<th>No. of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.720</td>
<td>10</td>
</tr>
</tbody>
</table>

Source: Field Data

All questionnaires were individually examined to ensure the objectives of the study as outlined in chapter one were met. To assess the reliability and the interval validity, the Cronbach Alpha was calculated using SPSS Version 25. There were 10 items and the output gave an alpha of 0.720 indicating the subscales were highly reliable.
4.1 Demographics of Respondents

Figure 4.1: A bar chart for dwelling place of respondents

The study sought to investigate if the dwelling place or nature of dwelling of respondents influences their saving behaviour. Figure 4.1 represents the results collated from respondents.

Source: Field Data

As indicated in the chart above, 30.6 percent of the respondents are living in their own houses (37), 44.6 percent are in rented apartments (53) and 24.8 percent are in rent-free houses (30).
From the chart above, out of the total respondents of 120, 50.4 percent of the respondents were males (61 respondents) and 49.6 percent (59 respondents) were female. There was no discrimination in gender in collecting the data.
**Figure 4.3: Age of respondents**

To know if the age of respondents influences their saving behavior, the study grouped respondents into various age brackets. **Figure 4.3** represents the results collated from respondents

![AGE OF RESPONDENTS](image)

Source: Researcher

18.2 percent of respondents were between the ages of 18-25 years, 28.1 percent the ages of 26-35 years, 24.0 percent were within the ages of 36-45 years, 18.2 percent were between the ages of 46-55 years whilst 11.6 percent were between the ages of 56 years and above. The population is a youthful population.
Figure 4.4: Educational level of respondents

There was the need to verify if the level of education of respondents influenced their saving behavior or not. The various responses given are represented in Figure 4.4

The respondents with no formal education was 33.1 percent, 8.3 percent were holders of JHS certificate, 13.2 percent were holders of Senior High School certificate, 27.3 percent holds certificates in higher national diploma, 15.7 were holders of first degree and 2.5 were holders of a master degree.
Figure 4.5: Marital status

To know if the marital status of respondents influenced their saving behavior, the study investigated into the marital status of respondents. Figure 4.5 represents the results collated from respondents.

Out of the 120 respondents, 63.6 percent were single, 33.1 were married and only 3.3 percent were divorced.

Source: Field Data
Figure 4.6: Dependents.

The study sought to enquire if respondents have dependents and if it influences their saving behaviour. Figure 4.6 represents the results collated from respondents.

Source: Field Data

Of the 120 respondents, 98.3 percent of the respondents had dependents less than 5 whilst only 1.7 percent of the respondents had dependents between 5 and 10.
Figure 4.7: Employment
To be able to understand and know some of the determinants of savings among households, it was necessary that the study look at how the employment status of respondents influence their saving levels and behavior. Figure 4.7 represents the results collated from respondents.

Source: Field Data

In terms of the employment level of the respondents, 17 of the respondents were full time employees, 25 were part time workers, 27 were self-employed and 51 were unemployed. The unemployment rate in the municipality is very high.
Figure 4.8: Work type

The study was set to know if there existed any savings pattern with individuals who had a particular occupation. Since there are various occupations, the occupations were grouped to reflect the various sectors of occupation. Responses obtained from the research is outlined in Figure 4.8 below.

Source: Field Data

Of the 120 respondents, 54 were in other types of work, 3 were into agriculture, 10 were into transport, 22 were into sales, 15 were into administration, 8 were into clerical work and those in the professional type of work were 8.
Table 4.2: Critical Success Factors

<table>
<thead>
<tr>
<th>Critical Success Factor</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Skewness</th>
<th>Kurtosis</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>I save money for things i might need later</td>
<td>3.8833</td>
<td>.32237</td>
<td>-2.419</td>
<td>3.914</td>
<td>3.00</td>
<td>4.00</td>
</tr>
<tr>
<td>One should never be in debt</td>
<td>3.8833</td>
<td>.55281</td>
<td>-4.911</td>
<td>23.203</td>
<td>1.00</td>
<td>4.00</td>
</tr>
<tr>
<td>I live more from day to day</td>
<td>3.8750</td>
<td>.49472</td>
<td>-4.083</td>
<td>16.298</td>
<td>1.00</td>
<td>4.00</td>
</tr>
<tr>
<td>Before I buy something, I compare the prices on similar items</td>
<td>3.7917</td>
<td>.63373</td>
<td>-3.023</td>
<td>8.172</td>
<td>1.00</td>
<td>4.00</td>
</tr>
<tr>
<td>I prefer to spend my money and enjoy life today</td>
<td>3.6250</td>
<td>.96329</td>
<td>-2.297</td>
<td>3.330</td>
<td>1.00</td>
<td>4.00</td>
</tr>
<tr>
<td>I plan my life ahead of time</td>
<td>2.4667</td>
<td>.87863</td>
<td>1.124</td>
<td>-.500</td>
<td>1.00</td>
<td>4.00</td>
</tr>
<tr>
<td>I pay close attention to how much I spend</td>
<td>2.2583</td>
<td>.85500</td>
<td>1.197</td>
<td>.581</td>
<td>1.00</td>
<td>4.00</td>
</tr>
<tr>
<td>Saving money is a virtue</td>
<td>2.2333</td>
<td>.81718</td>
<td>1.329</td>
<td>1.055</td>
<td>1.00</td>
<td>4.00</td>
</tr>
<tr>
<td>I prefer to save more for the future</td>
<td>1.8417</td>
<td>.42989</td>
<td>-.223</td>
<td>5.282</td>
<td>1.00</td>
<td>4.00</td>
</tr>
</tbody>
</table>

Source: Field Data

With a mean value of 1.841 and a standard deviation of .429, 75.8 percent of the respondents prefer to save more for the future. With a mean of 2.466 and a standard deviation of .878, 84.2 percent of the respondents agreed to the assertion that they plan their life ahead of time. 82.5 percent of the respondents having a mean of 2.233 and a standard deviation of .817 pay close attention to how much they spend and how they spend it, however, 89.2 percent, averaging 3.791 and a deviation from the mean .633 do not do any market survey before making purchases. With a mean of 3.883 and a standard deviation of .322, 88.3 percent of the respondents in Ga central do not save for future consumption. 93.3 percent averaging 3.875 disagreed with the assertion that they spend more and frugally as the days goes by. 95 percent of the respondents see debt as need to compensate their income as they disagreed with the assertion that one should not be in debt. With an average of 3.6 and a standard deviation of .996, 86.8 percent disagreed with the assertion that spending and living frugally in the presence is ideal.

From Table 4.2, the findings indicate that the residents of Ga Central prefer not to be in any form of debt whilst enjoying life to the fullest. One other thing the residents value is comparing prices.
before making purchases. However, least on their scale of preference is planning ahead of time and saving more for future expenses. This indicates that the saving culture among the respondents is poor.

**Macroeconomic Indicators**

In terms of how macroeconomic indicators specifically inflation affect saving behavior of the households in the Ga Central Municipality, 86.8 percent of the respondents representing a mean of 3.79 and a standard deviation of 0.634 disagreed that inflation affects their savings behavior, neither do high inflationary rates reduces the interest on their savings. This was asserted by 62 percent of the respondents with a mean of 3.85 and a standard deviation of .416. Moreover, 86.8 percent of the respondents, representing a mean of 3.175 and a standard deviation of 1.097 strongly agreed that high inflation rates do not discourage them from saving.

<table>
<thead>
<tr>
<th>Description</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Skewness</th>
<th>Kurtosis</th>
<th>Std. Error</th>
<th>Std. Error</th>
</tr>
</thead>
<tbody>
<tr>
<td>the real value of money is influenced by the rate of inflation</td>
<td>120</td>
<td>1.00</td>
<td>4.00</td>
<td>3.7917</td>
<td>.63373</td>
<td>-3.023</td>
<td>8.172</td>
<td>.438</td>
<td></td>
</tr>
<tr>
<td>high rate of inflation discourages savings</td>
<td>120</td>
<td>1.00</td>
<td>4.00</td>
<td>3.8583</td>
<td>.41598</td>
<td>-3.788</td>
<td>18.880</td>
<td>.438</td>
<td></td>
</tr>
<tr>
<td>high inflation rates causes the interest on my savings to reduce</td>
<td>120</td>
<td>1.00</td>
<td>4.00</td>
<td>3.1750</td>
<td>1.09746</td>
<td>-.704</td>
<td>-1.220</td>
<td>.438</td>
<td></td>
</tr>
</tbody>
</table>
Access to Financial Services and Credit

The findings indicate that 67.8 percent of the respondents representing a mean of 3.192 and a standard deviation of 1.023 disagreed that there are inadequate or unavailability of financial institutions for them to save with and they are comfortable with the bank processes and procedures. This was affirmed by 59.5 percent of the respondents, representing a mean of 3.358 and a standard deviation of .951. Despite the financial shakeup in the country in recent past, 61.2 percent of the households within the Ga Central Municipality representing a mean value of 3.150 and standard deviation of 1.113 confirmed their confidence and trust in the financial and banking systems in the country.

<table>
<thead>
<tr>
<th>Descriptive Statistics</th>
<th>N</th>
<th>Minimum Statistic</th>
<th>Maximum Statistic</th>
<th>Mean Statistic</th>
<th>Std. Deviation Statistic</th>
<th>Skewness Statistic</th>
<th>Kurtosis Statistic</th>
<th>Std. Error Statistic</th>
</tr>
</thead>
<tbody>
<tr>
<td>it is time consuming transacting with financial institutions</td>
<td>120</td>
<td>1.00</td>
<td>4.00</td>
<td>3.1917</td>
<td>1.02322</td>
<td>-.538</td>
<td>.221</td>
<td>.438</td>
</tr>
<tr>
<td>there are inadequate financial saving outlets</td>
<td>120</td>
<td>1.00</td>
<td>4.00</td>
<td>3.3583</td>
<td>.95086</td>
<td>-.837</td>
<td>.221</td>
<td>.438</td>
</tr>
<tr>
<td>Bank operations are too complicated for individuals</td>
<td>120</td>
<td>1.00</td>
<td>4.00</td>
<td>3.1250</td>
<td>1.10433</td>
<td>-.594</td>
<td>.221</td>
<td>.438</td>
</tr>
<tr>
<td>i do not have trust and confidence in the financial institutions</td>
<td>120</td>
<td>1.00</td>
<td>4.00</td>
<td>3.1500</td>
<td>1.11257</td>
<td>-.674</td>
<td>.221</td>
<td>.438</td>
</tr>
</tbody>
</table>
4.2 Inferential Statistics

4.2.1 Spearman Correlation

Table 4.3: Results of Spearman Moment Correlation

<table>
<thead>
<tr>
<th></th>
<th>Dwelling</th>
<th>gender</th>
<th>age</th>
<th>education</th>
<th>marital</th>
<th>dependents</th>
<th>employment</th>
<th>critical value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spearman's rho</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>dwelling</td>
<td>Correlation Coefficient</td>
<td>1.000</td>
<td>-.056</td>
<td>-.517**</td>
<td>.047</td>
<td>-.227*</td>
<td>-.077</td>
<td>-.056</td>
</tr>
<tr>
<td>gender</td>
<td>Correlation Coefficient</td>
<td>-.056</td>
<td>1.000</td>
<td>.005</td>
<td>-.051</td>
<td>.025</td>
<td>-.128</td>
<td>.214*</td>
</tr>
<tr>
<td>age</td>
<td>Correlation Coefficient</td>
<td>-.517**</td>
<td>.005</td>
<td>1.000</td>
<td>.031</td>
<td>.399**</td>
<td>.090</td>
<td>-.093</td>
</tr>
<tr>
<td>education</td>
<td>Correlation Coefficient</td>
<td>.047</td>
<td>-.051</td>
<td>.031</td>
<td>1.000</td>
<td>-.040</td>
<td>.090</td>
<td>-.039</td>
</tr>
<tr>
<td>marital</td>
<td>Correlation Coefficient</td>
<td>-.227*</td>
<td>.025</td>
<td>.399**</td>
<td>-.040</td>
<td>1.000</td>
<td>.161</td>
<td>-.010</td>
</tr>
<tr>
<td>dependents</td>
<td>Correlation Coefficient</td>
<td>-.077</td>
<td>-.128</td>
<td>.090</td>
<td>.090</td>
<td>.161</td>
<td>1.000</td>
<td>-.111</td>
</tr>
<tr>
<td>employment</td>
<td>Correlation Coefficient</td>
<td>-.056</td>
<td>.214*</td>
<td>-.039</td>
<td>-.010</td>
<td>-.111</td>
<td>1.000</td>
<td>-.220*</td>
</tr>
<tr>
<td>critical value</td>
<td>Correlation Coefficient</td>
<td>.093</td>
<td>-.004</td>
<td>-.027</td>
<td>-.202*</td>
<td>-.201*</td>
<td>-.216*</td>
<td>-.220*</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

Source: Field Data

The spearman moment correlation was run to a correlation among the variables under study. The dwelling place of the respondents showed a positive correlation of .093. Quartey and Blankson
(2008) noted that Ghanaian residents living in a leased homes are more probable to save than those living in their own homes. Those who live in their own homes utilized their money to build homes—a type of saving. Contrary to expectations, the type of accommodation has a significant effect on savings. Gender was negatively correlated with a correlation factor of -.004. Age was also negatively correlated with a correlation factor of -.027. This means that the more people age, the less likely they are to save. Some scholars on the other side found that savings and investment behaviors do not differ from gender. For instance, there were no gender differences in stock shares in dollar terms between males and females Zhong and Xiao (2005). DeVaney and Su (1997) discovered that retirement planning awareness determinants were comparable for males and females as Masters and Meier (1988) discovered no differences in male and female employers' risk-taking propensity. The remaining variables were all negatively correlated with the dependent variable with a correlation factor of -.202, -.201, -.216 and -.220 respectfully for education, marital status, dependents and employments. These findings are supported by the number of dependents one has significantly impacted the savings ability. The coefficient was -.745, indicating that the number of dependents had a negative relationship with the ability to save. So as the number of dependents increase, the ability to save was also reducing, and the vice versa. All things being equal, expenditure increases when the number of dependents increases, but with basically same income level. This therefore reduces the amount that would be available to save. Although this current study showed a good savings culture among the people of Ghana, other studies proved otherwise. Savings as a percentage of Gross Domestic Product (GDP) in Ghana is low as compared to that of several African countries. It averaged 37.4% in Botswana, 21.4% in Cameroon, 21.6% in Nigeria but only 6.4% in Ghana between 1980 and 2001 (World Bank, 2003). The apparent low
savings in Ghana has been attributed to political as well as macroeconomic factors (Zorklui & Barbie, 2003).

4.2.2 Multiple Regression

Table 4.4: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.342&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.117</td>
<td>.062</td>
<td>3.18034</td>
</tr>
</tbody>
</table>

<sup>a</sup> Predictors: (Constant), employment, marital, education, dependents, gender, dwelling, age

The study conducted a multiple regression analysis to establish the relationship between the percentage changes in age, gender, education, marital status, dependents and employments. A multiple regression was run to establish a relationship between the saving behavior and the consumer price index (inflation) of the households in Ga Central Municipality. The coefficient of determination was used to evaluate the fitness of the model. The adjusted R square also known as the coefficient of multiple determination is a percentage of the variance in the dependent variable explained by the independent variables. The study notes that the model has an adjusted R square of .062. This implies that 6.2 percent of the variation in the dependent variable is explained by the independent variables in the study. Also, a multiple regression was run to establish a relationship between the saving behavior and the access to financial services and credit of the households in Ga Central Municipality. The findings indicates that inflation and households are positively correlated with a factor of .518. This indicates that when there is enough access to financial services, the savings of the households also goes up. The R² of the regression was .268, indicating a 26.8 percent of the dependent variable is explained by the independent variable in the study.
Table 4.5: ANOVA Results

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>149.758</td>
<td>7</td>
<td>21.394</td>
<td>2.115</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>1132.834</td>
<td>112</td>
<td>10.115</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>1282.592</td>
<td>119</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: critical value  
b. Predictors: (Constant), employment, marital, education, dependents, gender, dwelling, age

The study used the ANOVA table to further test the significance of the model. From the analysis of the ANOVA, it indicates that the independent variable is statistically significant with a p (0.048) < 0.05, p=0.000 for a confidence level of 95 percent. This finding is supported by the findings of Mohamed (2014) who investigated the effect of interest rate, inflation and Gross National Product on personal savings. He concluded that inflation rate has a positive and significant effect on personal savings in both the short and long terms. The findings however were not supported by Hallag (2003) who found a negative and insignificant impact of inflation on household savings in Jordan. He adopted the OLS and instrumentation variable methods.

Table 4.6: Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>I</td>
<td>33.526</td>
<td>3.206</td>
</tr>
</tbody>
</table>

47
The study undertook the analysis of a confidence level of 95 percent and implemented a criterion of using the p value of less than 0.05 in comparing whether the predictor variables were significant. If the predictor values are not equal to or less than the probability value, then they are not significant to the model. From the table above, all the predictor are not significant.

A multiple regression was run to establish a relationship between the saving behavior and the consumer price index (inflation) of the households in Ga Central Municipality. The findings indicates that inflation and households are positively correlated with a factor of .773, this indicates that when inflation rates are going up, the savings of the households also goes up. The $R^2$ of the regression was .593, indicating a 59.3 percent of the dependent variable is explained by the independent variable in the study. From the analysis of the ANOVA, it indicates that the independent variable is statistically significant with a $p<0.05$, $p=0.000$ for a confidence level of 95 percent.

<table>
<thead>
<tr>
<th></th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>.773</td>
<td>.597</td>
<td>.593</td>
<td>2.09329</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), inflation
Access to Financial Services and Credit

A multiple regression was run to establish a relationship between the saving behavior and the access to financial services and credit of the households in Ga Central Municipality. The findings indicates that inflation and households are positively correlated with a factor of .518, this indicates that when there is enough access to financial services, the savings of the households also goes up. The $R^2$ of the regression was .268, indicating a 26.8 percent of the dependent variable is explained by the independent variable in the study. From the analysis of the ANOVA, it indicates that the independent variable is statistically significant with a $p<0.05$, $p=0.000$ for a confidence level of 95 percent.

**Model Summary**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.518$^a$</td>
<td>.268</td>
<td>.262</td>
<td>2.82012</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), institutions

**ANOVA$^a$**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Regression</td>
<td>344.130</td>
<td>1</td>
<td>344.130</td>
<td>43.270</td>
<td>.000$^b$</td>
</tr>
<tr>
<td>Residual</td>
<td>938.461</td>
<td>118</td>
<td>7.953</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1282.592</td>
<td>119</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: critical value
b. Predictors: (Constant), inflation
a. Dependent Variable: critical value
b. Predictors: (Constant), institutions
CHAPTER FIVE

SUMMARY, RECOMMENDATIONS AND CONCLUSIONS

5.0 Introduction

This chapter provides a summary of the research, managerial implications as well as conclusions and directions for future research.

5.1 Summary of the findings

The main aim of the study was to assess the factors that determine saving within the Ga Central Municipality. In line with this aim, the following specific objectives were formulated.

1. To determine the relationship between demographic variables and household savings among the people of Ga Central Municipality

2. To establish a relationship between consumer price index (inflation) and household savings among the people of Ga Central Municipality

3. To determine how access to financial services and credit affects the saving behavior of households in the Ga Central Municipality

Household saving refers to the saving done by families and individuals (Mumin et al., 2013). The advantages of household income include emergency protection, asset purchases, investment, pension arrangement, debt settlements, home procurement, and social services, including health and education (Issahaku, 2011). The earnings in Africa have been decreasing in the last 30 years, despite the importance of household income (Nwachukwu & Odigie, 2009). Obviously, this is a cause for concern due to the effect of savings on economic development and the realization of greater income taxes in nations undergoing financial growth (Tuohami et al., 2009). The essence
of household savings behavior, according to Attanasio and Banks (2001), is very crucial when designing policies to promote savings in an economy.

Literature was reviewed in line with the stated aim and objectives of the study. Some of the items looked at included the theories of savings such as the life cycle theory and the theory of permanent income hypothesis. Both theories were equally criticized and recommendations made. The empirical review looked at current studies in relation to the topic.

A descriptive case study design approach was adopted in the methodology in which 150 questionnaires were administered through a gatekeeper, retrieved and used for analysis. The content of the questionnaire were formulated based on the discussions in the reviewed literature and with respect to the objectives outlined in the study. Furthermore, using statistical package for social sciences (SPSS) version 25, the data obtained was analyzed using descriptive statistics. Econometric models such as the Spearman moment correlation and multiple regression model were adopted for the analysis. This was premised on the fact that quantitative data analysis techniques enable numerical representation and manipulation of data for the purpose of describing and explaining the phenomenon under study. The findings indicates that the dwelling place of the respondents showed a positive correlation of .093, this assertion is supported by Quartey and Blankson (2008), who noted that those in Ghana who live in a leased lodging are more probable than those who live in their own homes to make some saving perhaps to pay rent. Those who live in their own homes could have utilized their money to build homes – a saving type. Contrary to expectations, the type of accommodation has a significant effect on savings. Gender was negatively correlated with a correlation factor of -.004, age was also negatively correlated with a correlation factor of -.027. DeVaney and Su (1997) discovered that retirement planning awareness determinants were comparable for males and females, and Masters and Meier (1988) discovered
no differences in male and female employers' risk-taking propensity. The remaining variables were all negatively correlated with the dependent variable with a correlation factor of -0.202, -0.201, -0.216 and -0.220 respectfully for education, marital status, dependents and employments. This findings are supported by Elfindri (2010). According to their findings the number of dependents one has significantly impacted the savings ability. The coefficient was -0.745, indicating that the number of dependents had a negative relationship with the ability to save. So as the number of dependents increase, the ability to save was also reducing, and the vice versa. All things being equal, expenditure increases when the number of dependents increases, but with basically same income level. This therefore reduces the amount that would be available to save. Studies by Elfindri (2010) to examine how family size is affected by demographic characteristics in the Central part of Sumatra in Indonesia shows a negative correlation between household size and savings.

A multiple regression was run to establish a relationship between the saving behavior and the consumer price index (inflation) of the households in Ga Central Municipality. The findings indicates that inflation and households are positively correlated with a factor of 0.773, this indicates that when inflation rates are going up, the savings of the households also goes up. The R\(^2\) of the regression was 0.593, indicating a 59.3 percent of the dependent variable is explained by the independent variable in the study. From the analysis of the ANOVA, it indicates that the independent variable is statistically significant with a p<0.05, p=0.000 for a confidence level of 95 percent.

A multiple regression was run to establish a relationship between the saving behavior and the access to financial services and credit of the households in Ga Central Municipality. The findings indicates that inflation and households are positively correlated with a factor of 0.518, this indicates that when there is enough access to financial services, the savings of the households also goes up.
The $R^2$ of the regression was .268, indicating a 26.8 percent of the dependent variable is explained by the independent variable in the study. From the analysis of the ANOVA, it indicates that the independent variable is statistically significant with a $p<0.05$, $p=0.000$ for a confidence level of 95 percent.

Although this current study showed a good savings culture among the people of Ghana, other studies proved otherwise. Savings as a percentage of Gross Domestic Product (GDP) in Ghana is low as compared to that of several African countries. It averaged 37.4% in Botswana, 21.4% in Cameroon, 21.6% in Nigeria but only 6.4% in Ghana between 1980 and 2001 (World Bank, 2003). The apparent low savings in Ghana has been attributed to political as well as macroeconomic factors (Zorklui & Barbie, 2003).

5.2 Recommendations

The macro economic factors like inflation, currency depreciation, unemployment, etc. also affected an individual’s ability to save. To the political leaders, it is recommended that measures be put in place to improve the macro economic factors. This would in turn affect savings positively.

Age was found to be a significant determinant of savings. As people advance in age, they turn to have the tendency to save more. It is therefore recommended that financial institutions develop financial or savings packages that would attract the aged. On the other hand, financial products must be tailored to encourage the youth to increase their tendencies to save since it was found that younger people saved less.
Gender also significantly affected savings, and as such, promotional packages must not be on a mass approach, but tailored to a specific gender. With that, the financial institutions could maximize the returns on clients’ savings.

Comparative study on saving motives between urban and rural is hereby suggested. Comparative study on rural household vis-à-vis urban household will show variations due to spatial, cultural and economic dimensions. Findings would then demonstrate possibility for synergies and complementarities leading to mutual gains thereof. Comparative study among regions within country or neighboring countries and regional blocks are also recommended for innovations, lessons and best practices for adoption.

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Sand, R. (2002). The Propensity to Consume Income from Different Sources and Implications for Saving: An Application to Norwegian Farm Households, Nord Trondelag Research Institute, Oslo, Norway.


Wright, G. A. (2001). Two Perspectives on Saving Services, MicroSave-Africa Briefing Note # 12, Lagos, Nigeria.

I would like to crave your participation in this research. The purpose of the study is to understand the determinants of saving among the people of Ga Central Municipality. This exercise is for academic purposes only. I assure you of great confidentiality and please know that you have the free will to discontinue your participation in the research if you so wish at any time.

Section A: DEMOGRAPHICS

Please tick as appropriate

<table>
<thead>
<tr>
<th>please tick appropriate</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
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<tr>
<td>Dwelling place</td>
<td>Own House</td>
<td>Rented Apartment</td>
<td>Rent Free</td>
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<tr>
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<td>Male</td>
<td></td>
<td></td>
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<td>46-55</td>
<td>55 and above</td>
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<td>16-20 people</td>
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<td>administrator</td>
<td>sales</td>
<td>transport</td>
<td>agric</td>
<td>other</td>
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</table>
Section B: Determinants of Savings

Please rate the below factors which determines saving.

1= strongly agree, 2=agree, 3= Neutral, 4= Disagree, 5= Strongly Disagree

<table>
<thead>
<tr>
<th>Critical success factors</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>I prefer to save more for the future</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I plan my life ahead of time</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Saving money is a virtue</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I pay close attention to how much i spend</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Before I buy something, I compare the prices on similar items</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I save money for things I might need later</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I live more from day to day</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>One should never be in debt</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I prefer to spend my money and enjoy life today</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

SECTION C: Macroeconomic determinants (consumer price index) on household savings

<table>
<thead>
<tr>
<th>Critical success factors</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>The real value of money is influenced by the rate of inflation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High rate of inflation discourages savings</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>High inflation rate causes the interest on my savings to reduce</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

SECTION D: Access to financial services and credit

<table>
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<th>Critical success factors</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>It is time consuming transacting with financial institutions</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>I do not have trust and confidence in the financial companies in the country</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>There are inadequate financial institutions and saving outlets close to me</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank operations are too complicated for individuals</td>
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Please provide further reasons which determine how and why you save...
Thanks for your time
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The real value of money is influenced by the rate of inflation. A high rate of inflation discourages savings. High inflation rates cause the interest on my savings to reduce. Inflation in institutions is also a concern. Here are the figures:

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