

Drivers of income diversification in credit unions: Do size, resource, liquidity, and environment matter?

Abstract

This paper investigates income diversification in credit unions in Ghana. We make use of the random effect, Hausman–Taylor, and fractional regression to assess income diversification. We find empirical support that there exist differences between workplace credit union income diversification and other types of credit union. We also find that within nonfinancial income, size, liquidity, loan portfolio, net worth, and economic growth are important. For within liquid financial investment diversification, size, liquidity, resource usage, age, net interest margin, bank concentration, inflation, and economic growth matter. We recommend that with excess reserves, credit unions should pursue liquid financial investment.