

UNIVERSITY OF GHANA



**ASSESSING THE IMPACT OF MUTUAL FUNDS IN GHANA. A CASE STUDY OF
DATABANK**

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DECLARATION

I, hereby, declare that this submission is my own work towards the Masters of Science in Development Finance and that, to the best to my knowledge, it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the University, except where due acknowledgement has been made in the text.

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ABSTRACT

In the last few decades, mutual funds have developed due to the global integration of financial markets. The aim of this study is assessing the role of mutual funds towards increasing the financial gains of investors, using Databank Mutual fund as a case study. The study adopted descriptive research. The simple random sampling method is used to sample the 100 respondents from the Accra and Tema branches of Databank. The study found out that a greater majority of the respondents invest less than 25% of their total income. Concerning how Mutual fund has improved the financial gains of investors, majority of the respondents have benefited from the mutual fund. The study revealed that the impact of mutual on these investors are enormous because investors are motivated by the high return expected from the investment. Similarly, another impact is that mutual fund provides the benefit of risk diversification with a minimum allocation of funds. The study also found out that, respondents benefit from investments with low risk and yet high return. Also, return potential of mutual fund, Professional Management of mutual fund, Regulation of mutual fund and transparency of mutual fund are advantages to investors. The study revealed that people invest in Mutual funds scheme because Mutual funds diversify the risk of the investor by investing in a basket of assets; mutual fund is very simple to invest and monitor fund performance on a regular basis; and Mutual Funds provide the benefit of cheap access to expensive stocks. Based on the findings, the study proffers the following recommendations. That, investment education must be a part of the educational curricular, thus from the basic level to the higher education level. In order to inculcate the habit of investment and better equip individuals on risks associated with the types of investment schemes. In addition, investment companies must increase the interest rate on investment in order to shore up more investors for their schemes. Such innovations would also motivate investors to invest in long-term products rather than the short-term investment as revealed from the study.

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DEDICATION

I dedicate this work to my mother Mrs. Agnes Aku Borklo, my father Mr. Seth Kwablah Borklo , Mr. Wisdom Asem and my little joy Cyril Jayden Yaw Junior for his sacrifice so mum can get a degree.

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CHAPTER ONE

INTRODUCTION

1.1 Background of study

Mutual funds have developed tremendously since 1990s and has drawn attention. The explosive growth was triggered by the globalization of the integration of many financial markets around the world (SIDA, 2005). In addition to that, investors are now in need of secure and liquid financial instruments that still commit high future returns (Klapper, Sulla, & Vittas, 2012).

According to Marshal, McManus and Viele (2002) one investment medium appropriate for many people is an investment company or mutual fund pool of savings of different investors who share a common financial goal known as mutual fund. The pool of money is then invested in accordance with a specified objective. The joint ownership of the fund is thus “Mutual”. That is, the fund belongs to all investors. Money which is collected is invested in capital market instruments such as shares, debentures, and other securities (Ang, 2010). The investment income and the capital appreciations realized are shared by the unit holders in proportion to the number of units owned by them (Marshall, McManus, Viele, 2002).

For a long time, mutual fund investment has played an important role in the financial market and its popularity has increased dramatically over the past decade. This can be seen from the sharp rise in worldwide mutual fund assets from \$14 trillion in 2003 to \$26 trillion in 2007 (ICI, 2008). In the US, mutual fund companies are the largest institutional investors in the stock market and hold more than a quarter of the stocks (Agrawal, 2011). Pozen and Crane (1998) claim that around half the households in the US invest in mutual funds. The welcome given to mutual funds is attributed to its various benefits, such as its diversification, professional management, liquidity and flexibility and convenience. In addition, mutual fund investment is important to the equity market and to the growth of the economy, since they are held by

institutional investors who hold a significant portion of capital assets. (Agrawal, 2011). The amount of market volatility increased in 2013, creating pressures of its own, particularly in the cost-cutting arena. Mutual fund assets worldwide increased 5.2 percent to \$28.87 trillion at the end of the third quarter in 2013. Equity funds worldwide had net inflows boost from \$45 billion at the end of June 2013 to \$81 billion in the third quarter (Ha, 2014).

Mutual fund operators in Ghana have been very influential in the development of the capital markets. They provide advisory services; serve as placement agents and brokers to private clients, government and other companies. Mutual Funds have been widely acclaimed as an effectual way for investing in the financial markets in low cost and low risk manner. Risk features in mutual funds can be silenced by diversifying the investment across different types of securities which is seen as a key strategic player in an individual's investment.

1.2 Statement of the Problem

The stark reality is that most people in the world still lack access to sustainable financial services, whether it is savings, credit, insurance or investment. It is often noted that the financial sector in low-income countries has failed to serve the informal sector. With respect to the formal sector, banks and other financial institutions generally require significant collateral, have a preference for high-income and high-loan clients, and have lengthy and bureaucratic application procedures (Ha, 2014).

In people's quest to achieve financial independence, they venture into diverse range of financial investment products. In recent times, the Ghanaian financial landscape has been broiled with plethora of investments which went bad eventually. The problem is that the investors are not able to quantify risk that will give them higher returns. Ideally, for a higher return, you need to take higher risk. But how much risk is an investor ready to accommodate in order to maximize profit on their investment? On most occasions, potential investors stay away from mutual funds

due to the lack of awareness about the product. Despite the advertisement and promotional campaigns by various asset management companies, the hesitation towards newer investment strategies is driven by unawareness and fear of unknown.

Mutual funds, is gaining root as one of the most recent investment vehicles in Ghana's Capital Market yet it has still not been fully entrenched into the Ghana's investment culture.

It is therefore important to assess the role of Databank mutual fund as one providing optimal returns.

1.3 Objective of the study

The main objective of this study is assessing the role of mutual funds towards increasing the financial gains of investors.

Specifically, the study seeks to:

- i. To determine investors knowledge about financial investments.
- ii. To identify the reasons why investors subscribe to the Mutual fund.
- iii. Evaluate how Mutual fund has improved the financial gains of investors.

1.4 Research Questions

- i. How well do investors understand financial investments?
- ii. Why do investors subscribe to the Mutual fund?
- iii. How does Mutual fund improve the financial gains of investors?

1.5 Significance of the Study

Mutual fund in Ghana is an area of thoughtful concern to the Government of Ghana, Ghana stock exchange, Securities and Exchange Commission and other stakeholders. The findings of this work will therefore be made available to the stakeholders so that they can come out with

appropriate strategies to ensure that investment in mutual funds schemes become part of our daily lives.

The study would also help to know and understand the interaction of the operations in the competitive market place and how best investors can win. It also provides the grounds for future research developments involve in this study.

This information would be valuable to scholars and investors in shaping their investment strategies in an effective and efficient manner as the financial market competition becomes aggressive progressively. Though a number of studies are available in the mutual fund market, there is shortage of a comprehensive academic study on the performance evaluation and risk efficiency of the mutual fund schemes.

Furthermore, as more and more people are knowledgeable to engage in the right kind of investment by allocating resources in viable mutual fund venture, the economy would grow and this would help to reduce inflation rate and increase the economy's monetary value. It will comparatively show the performance of mutual fund schemes to assist in good investment decisions.

1.6 Scope of the study

The focus of this research was on the performance and risk associated with the Databank mutual fund. The study was also aimed at identifying the benefits of the fund in terms of improving the financial gains of investors.

1.7 Limitation of the study

Although the researcher would have loved to conduct this investigation on a large scale, the study had to be limited to the Databank mutual fund of the Databank Group limited due to time,

financial. The outcome of the research was limited only to the data gathered from journals, articles, internet, books and archives of the Databank Group limited.

1.8 Organization of the study

The report of the study is organized into five chapters. Chapter one, which is the introduction, focuses on the background of the study, statement of the problem, objectives of the study, research methodology, and significance of the study and organization of the study. Chapter two, deals with review of relevant and related literature. The third chapter of the study shall cover the methodology which discusses: the research design, target population, sample size and technique, data collection techniques, data analysis, model specification as well as validity and reliability of data. Chapter four deals with the presentation and analysis of the data collected. The final chapter which is chapter five contains the discussion, conclusion and recommendation of the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter seeks to assess existing literature on mutual funds and poverty reduction strategies. Growth as well as financial performance of mutual funds has been carried out during the past, in the developed and developing countries by a number of studies on role of mutual funds in poverty alleviation.

2.2 Theoretical review

This section reviews the theoretical literature on the financial investment in terms of mutual fund, and on the finance of investment by new equity issues in particular. Accordingly, the section touches only briefly on theories of aggregate investment, and concentrates on the investment decision of the individual firm.

The General Theory: liquidity preference

The General Theory assumes that markets are competitive in the Marshallian sense (firms are price-takers and consider their selling price to be independent of their own output). Keynes also assumes a given degree of competition, by which he appears to mean the ease of entry into each Marshallian industry, including possible restrictions by organised labour. Although each firm is assumed to set its output at the level where price equals marginal cost (including Keynes's user cost) under diminishing returns, the degree of competition refers in the case of firms to the potential gap between short-run and long-run marginal cost.

The introduction of fundamental uncertainty has several implications, which Keynes divides between its effects on the marginal efficiency of capital and the rate of interest. The marginal efficiency must exceed the rate of interest by an amount sufficient to compensate for borrower's and lender's risk. Borrower's risk requires a premium both for 'risk proper' to

compensate for the actuarial risk or expected rate of loss, and for liquidity risk, the possibility that expectations may be disappointed. Lender's risk requires a premium both for voluntary and for involuntary default, the latter also a function of liquidity risk.

It is significant that Keynes does not consider material his abstraction from the difference between capital assets and equity shares, or put another way, the difference between managers and investors. For the most part his discussion is conducted as though investors had direct claims to the capital assets represented by shares, and his discussion of financial markets treats the assets and the shares interchangeably.

Investment “depends on two sets of judgments about the future, neither of which rests on an adequate or secure foundation – on the propensity to hoard and on opinions about the future yield of capital assets” (Keynes, 1937).

In the long term the main economic implication of fundamental uncertainty for Keynes is liquidity preference. Perhaps his greatest stress in *The General Theory* itself is on the difference between his theory of interest and the neoClassical theory of interest (which he prefers to call the ‘classical’ theory). The rate of interest is the price of finance, not of saving, and he argues that liquidity preference may prevent the rate of interest falling to a level consistent with full employment.

Since the time of Aristotle there has been debate as to the nature and source of interest, which hinges on whether interest is at root a monetary or real phenomenon. *The General Theory* and the neoClassical theory of interest fall on opposing sides of this debate. The neoClassical school does not deny that the rate of interest is the price for the use of money, but argues that the money rate of interest is of no more independent causal significance than the absolute price level. In other words, money is neutral and financial transactions veil the real forces at work. The neoClassical school therefore separates the theories of money and finance on the one hand and of value on the other. The real rate of interest reflects the productivity of capital and

regulates the supply and demand for savings, or as Irving Fisher puts it, the tension between opportunity (to invest) and impatience (to consume).

The Theory of Interest

The Theory of Interest (Fisher, 1930) is a mature expression of the neoClassical view just prior to The General Theory that avoids some of the pitfalls of cruder productivity theories of interest. Keynes acknowledges that Fisher's intertemporal rate of return over cost (Fisher, 1930:168) is an equivalent concept to his own marginal efficiency of capital. The term 'investment opportunity' (Fisher, 1930) has been widely adopted to describe the circumstances in which a (real) investment decision is available; where there is an 'option' to choose between different streams of income. On the other hand, Keynes criticises two of the assumptions of Fisher and other neoClassical authors that are necessary for a determinate theory. These are that an act of saving corresponds to an order for future consumption, and that the rate of interest regulates the degree of Fisher's 'impatience' or Marshall's 'waiting' at the margin. In terms of mathematical economics, the first point is the assumption of complete futures markets; the second is the assumption that the economy is in equilibrium, on the joint boundary of convex production possibility and preference sets. Keynes illustrates the first (tacit) assumption in his example that a decision not to have dinner today "does not necessitate a decision to have dinner or to buy a pair of boots a week hence or a year hence or to consume any specified thing at any specified date". On the second assumption, if output is within the boundary of the production possibility set, corresponding to one of Fisher's 'ineligible' options (1930:151), it is aggregate income that is the main force bringing investment and ex ante saving into line with each other. Fisher's definition of real income as consumption (1930:6-7) conceals a second tacit assumption that the level of current employment is fixed. Nevertheless, it is Fisher's theory, in

which real time preference substitutes for money rate of interest, that is the basis of modern neoClassical infinite horizon or overlapping generations dynamic equilibrium growth models. In summary, The General Theory puts forward a relationship between investment and finance which is rich and many-faceted and contrasts starkly with the neoClassical dichotomy. Much play is made of the importance of financial markets and of fluctuations in confidence in creating short-term cycles, a line developed later by Hyman Minsky (see below). The concept of borrower's risk plays a key role in Post Keynesian thought. The aspect of finance most emphasised by Keynes is the independent nature and role of money itself and the supplanting of thrift by liquidity preference as the foil for marginal 'productivity' in the investment decision.

2.3 General overview of mutual fund

Collective investment vehicle that pools money from investors to purchase securities that is professionally-managed is known as mutual fund. Collective investment vehicles that are regulated, which is available to the general public and open-ended in nature is termed as mutual fund while there is no legal definition. Again, an investment vehicle that is made up of a pool of funds collected from many investors for the purpose of investing in securities such as stocks, bonds, money market instruments and similar assets is also termed as mutual fund. Mutual funds are operated by money managers, who invest the fund's capital and attempt to produce capital gains and income for the fund's investors. A mutual fund's portfolio is structured and maintained to match the investment products and current prospectus. In the world of finance and investing, innovative investment products and current news of global financial and economic issues are also streaming live every minute from all parts of the earth. There are a number of mutual funds and unit trusts running in the economy recently in Ghana. A number of articles and brief essays have been published in financial dailies, periodicals, professional

and research journals, explaining the basic concept of Mutual Funds and outlined their relevance in the

Indian capital market environment since 1986. Various aspects like regulation of Mutual Funds, Investor expectations, Investor protection, and growth of Mutual Funds and some on the performance and functioning of Mutual Funds were looked at. A few among them are Vidyashankar (1990), Sarkar (1991), Agarwal (1992), Sadhak (1991), Sharma C.Lall (1991), Samir K. Barua et al., (1991), Bamzai (2001), Atmaramani (1995), Atmaramani (1996), Subramanyam (1999), Krishnan (1999), Ajay Srinivasan (1999). Rajan (1997) highlighted segmentation of investors on the basis of their characteristics. Again, investor's characteristics on the basis of their investment size Rajan (1997). Also, Rajan (1998) studied the relationship between stages in life cycle of the investors and their investment pattern.

2.4 Evolution of mutual funds

Mutual fund got to be prevalent in 1980s and 90s when mutual fund hit record highs and investors saw mind boggling returns. Moreover, the thought of pooling resources for investment purposes has been around for long time. Here we take a gander at advancement of this speculation vehicle, from its starting in the Netherlands in the eighteenth century to its present status as a developing, universal industry with fund holding representing trillions of dollars in the United State alone. Student of history are dubious of the inception of investment funds; some refer to the closed- end investment organizations dispatched in the Netherlands in 1822 by King William I as the first mutual funds, while different focuses to Dutch dealer named Adriaan van Ketwisch whose investment trust made in 1774 may have given the King the thought. Ketwisch most likely hypothesized that enhancement would expand the claim of investment to investors with insignificant capital. The name of Ketwisch's store, Eendragt Maakt Magt, means “unity creates strength”.

The following wave of near mutual funds incorporated an investment fund dispatched in Switzerland in 1849, trailed by comparable vehicle made in Scotland in the 1880s. The thought of pooling assets and spreading risk using close-end investment soon flourished in Great Britain and France, making it route to the United State in the 1890s. The Boston Personal property Trust, framed in 1893, was the initially close end fund in the U.S. the formation of the Alexander Fund in 1907 was a vital stride in the development toward what we know as the cutting-edge mutual fund. The Alexander Fund included semi-yearly issues and permitted investors to make withdrawals on interest. The production of the Massachusetts Investors Trust in Boston, Massachusetts, proclaimed the landing of the cutting-edge common fund in 1924. The fund opened up to the world in 1982, in the long run producing the shared reserve firm referred to today as MFS speculation administration. State road Investors trust was the mangers of the Massachusetts speculators Trust. Later, state road investors began it claim funds in 1924 with Richard Paine, Richard Saltonstall and Paul Cabot in charge. Saltonstall was likewise associated with Scudder, Stevens and Clark, an outfit that would dispatch the first mutual fund in 1928. An earth-shattering year in the historical backdrop of the mutual fund, 1982 likewise saw the dispatch of the Wellington Fund, which was the mutual fund to incorporate stock and bonds, instead of direct merchant bank style of investment in business and exchange. Creation of Securities and Exchange Commission (SEC), the section of the securities Act of 1933 and the authorization of the securities trade Act of 1934 put set up shields to ensure investors; mutual funds were needed to enlist with the SEC and to give disclosure in the form of prospectus. The investment company Act of 1940 set up an extra regulation that obliged more disclosure and tried to minimize conflict of interest. The mutual fund industry kept on growing. Toward the start of the 1950s, the quantity of open-end trusts bested 100.

In 1954, the monetary business defeated their 1929 peak, and the mutual fund industry started to develop vigorously, including somewhere in the range of 50 new funds throughout the

decade. The 1960s saw the ascent of forceful growth funds, with more than 100 new funds build up and billions of dollars in new resource inflows. In 1971, William Focus and John McQuown of well Fargo Bank set up the first list index fund, an idea that John Bogle would use as an establishment on which to assemble the Vanguard Group, a mutual fund powerhouse famous for ease list stores. The 1970 likewise saw the ascent of the no-load fund. This better approach for working together had a huge effect in transit mutual fund were sol and would make a noteworthy commitment to the business achievement. With the 1980s and 90s came buyer market lunacy and already cloud fund managers got to be whizzes; Max Heine, Michael Price and Peter Lynch, the mutual fund industry's top gunslingers, got to be easily recognized names and cash filled the retail speculation industry at a dazzling pace. Regardless of the 2003 mutual fund scandals and the worldwide financial crisis of 2008-2009, the story of mutual fund is a long way from being done.

There has been a stupendous development in the mutual fund industry and as result it represents a lot of private areas reserve funds and net inflows of trading in risky financial resources. A report in the US demonstrated that the mutual fund held \$8.9 trillion total worth toward the end of 2005 financial year over an aggregate around 8500 trusts (invested company institute, 2006) in fact, the industry is as yet developing. In US only there are more than 10,000 mutual funds, and if one records for all share classes of comparable funds, fund possessions are measured in the trillions of dollars. In spite of the dispatch of discrete records, trade exchanged funds and other contending product, the mutual fund industry stays solid and fund ownership keeps on growing.

An extensive and systematic study of 152 mutual funds conducted by Friend, et al., (1962) found that mutual fund schemes earned an average annual return of 12.4 percent, while their composite benchmark earned a return of 12.6 percent while negative 20 basis points were their alpha. The industry did not suggest an overall result of inefficiency. There was not a strong

relationship of funds return by comparing turnover and expenses categorically. Issues relating to investment policy and portfolio turnover rate performance of mutual funds and its influence on the stock markets were analyzed by Irwin, Brown, FE (1965). They found out that mutual funds had a significant influence on the price movement in the stock market. Their outcome was that, averagely, funds would not perform better than the composite markets and there was no persistent relationship between portfolio turnover and fund performance. Characteristic line for relating expected rate of return of a fund to the rate of return of a suitable market average was used by Treynor (1965). By taking investment risk into account, he coined fund performance. Portfolio-possibility line was used to relate expected return to the portfolio owner's risk preference was used by Treynor to further deal with a portfolio. A measure of return and risk was developed by Sharpe, William F (1966). Again, 34 open-end mutual funds were evaluated for the period 1944-1963. Significantly, reward to variability ratio for each scheme was less than DJIA (Dow Jones Industrial Average) and was ranging from 0.43 to 0.78. There was inverse relationship with expense ratio with fund performance with correlation coefficient of 0.0505. The results showed that good performance was associated with low expense ratio and not with the size. Risk measure showed consistency in sample schemes.

Performance of 57 fund managers in terms of their market timing abilities was evaluated by Treynor and Mazuy (1966) and found that, fund managers had not successfully outguessed the market. The results suggested that, investors were totally dependent on the up and downs in the market. Fund Managers' ability to identify under-priced industries and companies brings improvement in rates of return. Treynor's (1965) methodology for reviewing the performance of mutual funds was adopted by the study.

2.5 Different type of funds

It is important to know that each mutual fund has distinctive risk and rewards. By and large, the higher the potential return, the higher the risk of loss. Albeit a few funds are less risky than

others, all funds have some level of risk; it's never conceivable to broaden away all risk. This is a certainty for all projected investment. That is to say that every fund has a predetermined investment objective that tailors the fund's assets, inception of investments, and investment methods. At the principal level, there are three types of mutual funds: Equity funds, fixed income funds and Money market funds

2.6 Mutual funds in Ghana

During President I.K Acheampong's regime in 1974, Ghana had no clear distinguishing features between that of a bank and an investment company. Bank of Ghana was in control of virtually all government assets both real and financial. There was therefore the need for an institution that will take care of all government investment undertakings. Such an institution was to act as a custodian for government holdings or shares in other organizations since this responsibility was beyond that of central bank. The National Investment Bank (NIB) at that time, undertook the service of both depository and non-depository activities. Due to the absence of a stock exchange, NIB acted both as primarily and secondary market for stock exchange. NIB was later tasked with the duty of establishing an investment company that conforms to international standards. One that will manage government investment portfolios, manage the register of Government institutions, hold in trust all government holdings in other organizations, render advisory services to government in terms of undertaking financial or investment projects and finally to act more or less like stock exchange (Ahiabile,2009).

NTHC limited (formerly known as National Trust Holding) was established in May, 1976 under the auspices of National Investment Bank limited and incorporated under the Ghana's company's code 1963(ACT 179). It was mainly established to act as a tool for creating stock exchange in Ghana and therefore began soon after its incorporation in 1979. It was authorized to operate as a National Mutual Fund in that same year. From 1979, NTHC acted as trustees, holding and managing government interest and equity in companies. Most of these companies

are currently being diversified. NTHC transacted business with investors, individuals, government agencies, private and public companies, associations and institutions. After the establishment of Ghana Stock Exchange in 1990, the National Trust Holdings

Company ceased to act as a stock exchange. It later became a company known as NTHC Limited operated as a normal investment company under the regulation of SEC, most of which were partially adopted from that of Europe and the United States (Ahiabile, 2009). Currently Ghana has over 22 mutual funds to its credit.

2.7 Classification of mutual funds in Ghana

Jayadev (1998) classified mutual funds into four main categories. These are:

2.7.1 Money Market Funds

According to Baumol et al (1990) these funds invest in short-term, that is less than one-year maturity, corporate and government debt securities such as treasury bills, and corporate notes. Some money market funds specialize in or invest only in Treasury Bills or Government short term money instruments. Bhole (1991) emphasised that aiming for protection; money market funds are considered the safest place to invest money in mutual funds. They do not provide much potential for income or growth. Nevertheless, they do seek to generate a small amount of return by loaning money on a short-term basis, anywhere from a day up to a year. These are considered low- risk because they are short-term.

Fredman and Russ (1998) argued that money market funds are also typically the class of funds that earns the least for investors. Meaning these funds charge low interest rates for the loans, thus earning you small amounts on your investment. Markham (2000) further stated that money market funds try to maintain a consistent share price of \$1 by paying out all of the earnings to shareholders and by avoiding securities that can rise and fall in price (so there no capital gains

to distribute). Unlike certificates of deposit (CDs), money market shares are liquid and redeemable at anytime.

Bogle (1994) identified the types of money market funds as follows: Taxable, Government and Municipal.

2.7.2 Bond/income funds

Baumol et al (1990) established that income funds are named appropriately: their purpose is to provide current income on a steady basis. When referring to mutual funds, the terms “fixed-income”, “bond”, and “income” are synonymous. These terms denote funds that invest primarily in government and corporate debt. Gardner et al (2000) revealed that while fund holdings may appreciate in value, the primary objective of these funds are to provide a steady cash flow to investors. As such, the audience for these funds consists of conservative investors and retirees. According to Gupta (1993) bond funds are likely to pay higher returns than certificates of deposit and money market investments, but bond funds are not without risk. Because there are many different types of bonds, bond funds can vary dramatically depending on where they invest. For instance, a fund specializing in high-yield junk bonds is much riskier than a fund that invests in government securities. Bhole (1991) accentuated that aiming for income, bond funds loan money to corporations and/or government agencies. So, in general, if you invest in a bond fund, you are loaning money in order to receive regular interest payments until the borrower has repaid the balance of the loan. Bond funds, therefore, are typically for earning a somewhat predictable amount of income. Dick (2000) further stated that in times of falling interest rates, however, a bond fund could increase in value, growing your money through capital appreciation, as stock funds are meant to do. The opposite is also true; in times of rising interest rates, the bonds in your fund may lose value and cause you to lose money, even while you’re earning income from interest. Arowolo (1971) documented that bond funds tend to be grouped according to kinds of bond in the fund. One can buy a fund that invests in:

- Corporate bonds: a corporation is the borrower
- Government bonds: the national government or its agency is the borrower
- Municipal bonds: a state or local government or its agency is the borrower.

Dick (2000) also affirmed that bond funds can be grouped according to the average length of the life of the bonds (their “average maturity”) in the fund:

- Short- term bond funds: bonds typically maturing in less than five years
- Intermediate bond funds: bonds typically maturing in five to ten years
- Long- term bond funds: bonds typically maturing in ten to thirty years

2.7.3 Growth or Equity Funds

Haslem and John (1998) referred equity funds as funds which invest primarily in common shares (equities) of the local or foreign companies (if allowed), but may hold other assets as well. He further stated in his book that the goal of these funds is typically long-term growth through capital appreciation of the assets held. Some growth funds focus on large “blue-chip” companies, while others invest in stocks represent the largest category of mutual funds. Generally, the investment objective of this class of funds is long-term capital growth with some income Performance of the stock markets.

However, Coates and Roberts (1978) argued that there are many different types of equity funds because there are many different types of equities. The idea is to classify Funds based on both the size of the companies invested in and the investment style of the manager.

2.7.4 Balance Fund

According to Mckinnon (1973), the objective of these funds is to provide a balanced mixture of safety, income and capital appreciation. The strategy of balanced funds is to invest in a combination of fixed income and equities. That is, these funds are invested in a „balanced’

portfolio of equities, long-term debt securities and money market instruments with the objective of providing reasonable returns with low to moderate risk. Damodaran (1994) confirmed that a typical balanced fund might have a weighting of 60% equity and 40% fixed income. A similar type is known as an asset allocation fund. Levine (2002) stated that its objectives are similar to those of balanced fund, but these kinds of funds typically do not have to hold a specified percentage of any asset class.

The portfolio manager is therefore given freedom to switch the ratio of asset classes as the economy moves through the business cycle. Balanced funds aim for the best of both stocks and bonds. Ghani and Ejaz (1992) indicated that these funds mix stocks and bonds to give you a mixture of growth potential and income potential, as well as a little more protection during periods of dropping prices. Because of the mix, balanced funds tend to offer a return on investment over the long-term somewhere between a growth stock fund and a traditional bond fund. The stocks are typically meant to provide price appreciation potential, while the bonds are meant to provide income and a measure of price stability. Dick (2000) in his book 'mutual fund wealth builder' further identified three other classes of mutual used in Tanzania and these include the following.

2.7.5 Global and Foreign Funds

Mckinnon (1973) indicated that these funds may be fixed income, growth, or balanced funds that invest in foreign securities. Global funds invest anywhere around the world, including your home country. Fredman (1998) argued that it's tough to classify these funds as either riskier or safer than domestic investments and they do tend to be more volatile and have unique country and/or political risks. But, on the flip side, they can as part of a well-balanced portfolio, actually reduce risk by increasing diversification and exposure to foreign companies. Jayadev (1998) claimed that another economy somewhere is outperforming the economy of your home

country. In addition to the normal risk of asset devaluation, international funds also face exchange rate risk.

2.7.6 Specialty Funds

Bogle (1994) referred to specialty funds as those funds which invest primarily in a Specific geographical area (e.g. Africa) or in a specific industry (e.g. High- technology companies). As a result, specialty funds are subject to a certain risk-level related to the market in which it specializes. Types of risks specialty funds face include foreign exchange, political, geographical or sectoral (industry) risk. Becker and Vanghan (2001) stated that this type of mutual fund forgoes broad diversification to concentrate on a certain segment of the economy and further identified that sector funds are targeted at specific sectors of the economy and further identified that sector funds are targeted as specific sectors of the economy such as financial, technology, health, etc. Sector funds are extremely volatile. There is a greater possibility of big gains, but you have to accept that your sector may tank. Regional funds make it easier to focus on a specific area of the world. This may mean focusing on a region (say Ashanti region) or an individual country (for example, only Ghana). Graham and Dodd (1951) confirmed that an advantage of these funds is that they make it easier to buy stock in foreign countries, which is otherwise difficult and expensive. Just like for sector funds, you have to accept the high risk of loss, which occurs if the region goes into a bad recession. Jayadev (1998) added that specially- responsible funds (or ethical funds) invest only in companies that meet the criteria of certain guidelines or beliefs. Most socially responsible funds don't invest in industries such as tobacco, alcoholic beverages, weapons or nuclear power. The idea is to get a competitive performance while still maintaining a healthy conscience.

2.7.7 Index Funds

Ralph (1999) defined index fund as those funds invested in a portfolio of securities selected to represent a specified target index or benchmark, such as the GSE all- share index and Databank stock index. The associated risk is directly related to the risk of the market that the index is measuring, such as the stock market. This type of mutual fund replicates the performance of a broad market index such as the S&P 500 or Dow Jones Industrial Average (DJIA). An investor in an index fund merely replicates the market return and benefits investors in the form of low fees. Fredman and Russ (1998) stated that since many stocks, index funds must periodically “rebalance” their holdings to more accurately track the index as stock prices (and market capitalizations) fluctuate. Dick (2000) also documents that index funds are low-cost mutual funds that seek to mirror the performance of the broader markets they represent. Years of investment research show that mutual fund managers who try to buy and sell individual companies based on their own research have a hard time outperforming the broader markets overtime. That’s why index funds are attractive.

2.8 Benefits of mutual funds

The following are some of advantages of investing in collective schemes.

Professional management

Professional management of funds is one of the primary advantages in investing in mutual funds. This is because individuals may lack the requisite knowledge to manage their own investment portfolio. It is relatively cheaper for small investors to get full time manager to manage and monitor investments. The managers monitor closely each investment under them to ensure that investors get higher returns on their funds.

Diversification

An investment strategy that helps an investor not to put all his eggs in one basket is known as diversification. An investor is able to reduce risk by spreading investment across a wide range of companies and sectors thereby not getting affected if a company or sector fails. Most investors find it easier to achieve diversification by investing in mutual funds than through ownership of individual securities.

Economies of Scale

The more products you buy, the cheaper that product becomes. This is also in the case of purchasing securities. When you buy one security at a time, the transaction fees will be comparatively higher and mutual funds are able to take advantage of their buying and selling size and this can reduce transaction cost for investors.

Divisibility

Many investors may not have lump sums of money to buy round lots of securities. For instance, ₵50,000.00 may not be enough to purchase a round lot of stock, especially after deducting commissions. Mutual funds can be bought in smaller denominations ranging from ₵50.00 to ₵50,000.00 minimums. Therefore, in order to wait until you have a lump sum of money before you can buy a higher cost investment, that can be done easily with mutual funds.

Liquidity

It is easy to redeem shares of mutual fund by investors at the current net asset value plus any fees and charges on the redemption as and when the need arises.

2.9 Challenges of mutual fund

Costs

Annual fees, sale charges and other expenses are paid by investors regardless of how the fund is performing. Again, depending on the timing of the investment investors may also have to

pay taxes on any capital gains distribution they receive even if the fund started performing poorly after buying the shares.

Dilution

When successful funds are getting too big it is termed as dilution. Fund managers often have trouble finding good investment for all new monies when monies are put into funds that have had strong success because the funds have small holdings in so many different companies therefore high returns from a few investments often don't make much difference on the overall fund return.

Taxes

Fund managers do not consider the investors personal tax situation when making decisions about one's money. For instance, if fund managers sell a security, capital – gain tax is triggered, which affects how profitable the individual is from the sale and this can be more advantageous for the individual to defer the capital gains liability.

2.10 The determinants of financial investment

Legal origin, natural endowment, interest group theory and press freedom have been suggested to explain cross country variation in financial development. The available empirical evidence has shown that financial depth is highly correlated with these variables and they have been continually used as instruments in empirical work.

2.10.1 Law and finance

The law and finance theory suggest that different legal traditions offer different rights to private investors, La Porta et al. (1997). Two broad legal traditions exist, common law, that stems from a British origin, and civil law, which derives from Roman law. Overall five legal origins have been identified, British, French, Germanic, Scandinavian and Socialist. With the exception of British common law, the other legal origins are types of civil law. The latter, Soviet law

encompasses early Germanic influences but with a Byzantine tradition and was later modified in the 19th century with more socialist norms.

The legal system may influence financial development through two channels. The first is through the protection of private property and the rights of investors. This is the political channel. The second is through the adaptability of the legal code to changing economic circumstances. Nations that inherited the British common law, tend to have a legal system that protects private property owners against the crown, facilitating financial development in contrast to countries inheriting civil law traditions. As civil law placed the government above the courts, nations that inherited this legal system tend to be more financially underdeveloped, in particular those who inherited French civil law. In civil law tradition, judges were relegated to minor bureaucratic roles, thus the judiciary was diminished, resulting in a powerful state having the potential to divert societies resources to favourable ends. Private property rights are key for successful contractual agreements, which form the basis of financial transactions. Therefore, strong property rights such as seizing collateral or firm ownership, protect investors from expropriation by entrepreneurs. This provides financiers an incentive to exchange their funds for securities. In many developing and rural communities, abundant agricultural land may be the only form of collateral. If ownership of this land is clear and the state may not seize control of this land, financial institutions may be more willing to locate in such regions and extend credit further increasing financial development.

The adaptability of the legal system is proposed to affect cross country variation in financial development. French civil law is far less adaptable than the Germanic civil code or even British common law. When French civil law was conceived by Napoleon, it was considered complete. Thus, future amendments were seen as unnecessary, preventing the law being dynamic. In contrast British common law and German civil law is open to interpretation. Judges can mould and create law as circumstances change to the needs of its citizens. As dynamic legal codes

provide judges with discretion, inefficient laws may be challenged in court and replaced with efficient ones. This repeated litigation allows for legislature to keep up with changing financial circumstances, which promotes financial development.

Subsequent work by La Porta et al. (1998) show that further legal aspects matter for financial development. Strong legal enforcement may substitute for weak rules as abused investors may be compensated by active and well functioning courts. Additionally, high accounting standards that disclose information about a firm promote investment and financial development. If a compensatory case is presented in court, for the claim to be successful, high accounting standards are required to verify the assets or the income of a firm.

The empirical evidence shows that nations who have the most developed financial markets are those that inherited a British legal system. The most financially underdeveloped nations are those who inherited the French legal code. In between the two extremes lie the Germanic and Scandinavian systems, La Porta et al. (1997). The authors also find that the adaptability of the legal system is more important for the development of the financial sector, than the role played by the political channel. This finding is later supported by Beck et al. (2003). However, Beck et al. (2003) find when including the endowment theory into the specification jointly with legal origins, the endowment theory outperforms legal origin in explaining cross country differences in financial development.

Using firm level data for over four-thousand companies in thirty-eight different countries, Beck et al. (2005) show that French legal origin countries face higher financing constraints than British common law nations. The results from this study offer little support for the political channel of legal origin, suggesting that nations with greater adaptability of the legal system have more developed financial sectors. In nations where judicial decisions are based on principles of equity and not statutory law, firms encounter fewer financing obstacles. With an

adaptable legal system, the obstacle of securing long term funding may be reduced by 15 percentage points.

Djankov et al. (2007) examine the role legal origin plays on private credit, through creditor rights and private and public credit registries. The authors show that countries with stronger legal protection of creditors have deeper credit markets and legal origin has no further effect on private credit, apart from its influence on creditor rights. Using a difference-in-difference strategy to examine creditor right reforms, the results suggest a one percentage point increase in creditor rights may raise private credit between 6.5-8 percentage points. However, the introduction of both private credit bureaus and public credit registries may increase private credit by 7-8 percentage points. Compared to British common law countries, French legal origin states tend to have weaker creditor rights thus are more likely to be financially underdeveloped. However, they are more likely to have public credit registries or private credit bureaus, which the authors find to be beneficial in increasing credit volumes. This appears to be a rare example of successful state intervention to increasing financial development.

2.10.2 Endowment and finance

The theory of natural endowment stems from work by Acemoglu et al. (2001) who examine the formation of institutions. Based upon historical colonisations, the disease environment played a large role in the ability for colonisers to settle. In areas that were inhospitable for European settlement, for example the tropics, where diseases such as malaria and yellow fever were prevalent, early settler mortality rates were high. In areas where the disease environment was low, for example New Zealand, Australia and North America, settler mortality was low, encouraging settlement. In settlement states, institutions were shaped following a colonisation strategy that promoted private property, checked the power of the state and offered institutions that reflected the colonisers home state; Neo-Europe's. In states where settlement was difficult, colonies formed extractive states where the aim was to withdraw as many commodities as

possible. In these states, institutions were formed to make sure the elite remained in power and allow the possibility for continued extraction. Post independence, the characteristics of these institutions remained and were passed on through various generations. In extractive colonies, the remaining elite continued to seek power as they had no incentives to change the institutions and carried on extracting the former colony for personal gain. On the contrary, in states that favoured settlement, the values and traditions that were established by colonisers remained, resulting in sustained competitive institutions. Therefore, in extractive states where institutional quality was low, to maintain power and prevent a threat from other segments of the population, the coverage of finance may have been limited. This would have left these nations financially underdeveloped relative to former settler colonies where institutional quality was high.

Beck et al. (2003) empirically test the endowment theory and find that high settler mortality rates are negatively associated with financial development. They also use a different measure for endowment, absolute latitude. The results show that countries closer to the equator are less financially developed than those nations that live in temperate climates further supporting the theory by Acemoglu et al. (2001). The authors provide empirical evidence for the law and finance theory, however, when the two theories enter their empirical specification simultaneously, the results show that initial endowment explains more cross-country variation in financial development.

2.10.3 Political economy and finance

Rajan & Zingales (2003) propose a political economy argument to explain the disparities in financial development across the globe. In 1913, nations happened to be more financially developed than they were in 1980. Only until the late 1990's did financial development catch up and even surpass its early levels. The authors suggest that financial sectors remain underdeveloped due to the interests of powerful incumbents in the industrial and financial

sectors. The theory states that only when both trade and capital accounts open up internationally in tandem, will incumbents wish to develop the local financial sector.

Opening the economy up to trade will create competition for established incumbents from abroad, lowering their profits and internal cash flows, generating a requirement for external finance. As opposed to lobbying for greater financial development, industrial incumbents may strive for greater financial repression and use their leverage to direct more financial flows in their own direction. They may even lobby the government for greater loan subsidies to compete internationally, reducing the requirement of financial development.

Opening up a nation's capital accounts allows industrial incumbents to seek international finance. However, with a lack of industrial competition, the industrialists will have low demand to access these external funds. Moreover, due to informational asymmetries, it is unlikely that small domestic firms will be financed by foreigners. The only way potential entrants may threaten the existing industrial incumbents is through greater domestic financial development. This creates an incentive for the elite to hinder local financial sector growth, even if it comes at an expense.

Therefore, it requires a combination of product market and financial market openness to prevent incumbents opposing financial development. This is because product market openness means industrial incumbents cannot politically restrict any outside competition and lobbying for financial repression is not possible if capital may flow freely across borders. With open capital markets, existing financiers lose their monopoly of supplying funds to their clients. Their profits would then be determined by identifying good investments, managing risk and monitoring managers, therefore losing their prior advantages. Hence, to recoup their profits they may extend their services to young and new firms, and with greater product market competition, it may no longer be profitable to keep existing relationships with inefficient

incumbent firms. Additionally, the most competitive industrial incumbents, who may borrow internationally will not worry about domestic entry and have no opposition to greater financial development.

Empirically testing their hypothesis, Rajan & Zingales (2003) find that financial development is positively correlated with trade openness in periods where crossborder capital flows are high and negatively correlated with trade openness when cross border capital flows are low. This offers some support that a political economy argument may explain the cross-country variation in financial development.

2.10.4 Culture and finance

Religious composition and ethnolinguistic fractionalisation both theoretically may affect financial development. When a majority group comes into power, it may implement policies that may expropriate or repress rival groups, to protect its future power. Moreover, discrimination against rival groups may further curtail overall financial development by refusing financial services to specific groups. Therefore, it may be assumed that states that are ethnically diverse or have many small concentrations of varying religions are more financially underdeveloped than states that are not.

Religious composition is said to influence a nations views on property rights, competition and the role of the state, La Porta et al. (1999). Catholic and Islamic cultures tend to create powerful bonds between state and church limiting competition and private property rights protection, detrimental to financial development. Additionally, Islamic law forbids usury, therefore loan markets may not emerge in nations predominantly Muslim further contracting financial development. On the other hand, the Catholic church often encourages the formation of credit unions that offer attractive savings schemes and cheap loans by limiting the interest payable.

These schemes offer advantages for cheap financial service supply as the fixed costs of provision have already been paid. For example, even in the most remote villages, a Church hall may be used as an intermediary, increasing financial depth and overall financial development.

2.10.5 Press freedom and finance

The financial system is subject to the Akerlof (1970) market for lemons problem. As financial markets are informationally sensitive, Djankov et al. (2003) proposes that greater media freedom mitigates these informational asymmetries, which may facilitate financial sector growth. Moreover, the right to publish information that may expose corruption, scandals and ponzi-schemes provides an incentive for firms and financial institutions to behave accordingly. Therefore, financial development may prosper based upon a trustful environment. With greater information, depositors are more likely to deposit money knowing that it is secure, and intermediaries may be willing to exchange funds for securities. This is because with greater press freedom a firm's malpractice may be easily exposed via the media, which may aid with monitoring and reduce moral hazard. Moreover, with greater press freedom, information about promising young firms may increase. As these young firms may be the most promising to lend to, financial institutions may want to extend their coverage and locate closer to these firms increasing financial development.

2.11 The empirical review

Demetriades and James (2011) examine finance and growth in Africa, one of the world's poorest regions. Their contribution to the literature shows that the links between financial development and economic growth may be region specific. In Africa, the authors find that as incomes increase, savings are indeed mobilised, as bank balance sheets grow. However, these savings are not utilised and offered as loans due to information asymmetries and weak contract enforcement in this region, preventing finance from causing growth.

Extending the King & Levine (1993) dataset, Rousseau & Watchel (2011) show that the finance-growth nexus was driven mainly by the 1970s and early 1980s. When the most recent sample period 1990–2003 is examined, the finance and growth relationship almost disappear. This suggests a weakened relationship between these two variables, further complicating the link between finance and growth.

Whilst the finance growth nexus has been intensely examined, the literature on the finance-trade-growth nexus is far less studied. Bordo and Rousseau (2012) examine this phenomenon where they find that finance is imperative to growth through their whole sample period, but that trade and openness only influence growth later on in the economic development process. This further adds to the literature suggesting that the financial system is of importance to economic growth.

Loayza & Raddatz (2010) find that not only the size of economic growth, but its composition matters for poverty alleviation. Decomposing growth into agriculture, industry and services respectively, the author's results show that sectors such as agriculture, construction and manufacturing which are more labour intensive in relation to their size, and utilise unskilled labour intensively, have the strongest effects on poverty alleviation.⁸

Revisiting their earlier work Dollar et al. (2013) further demonstrate that economic growth is good for the poor. Working on household data as opposed to economic growth data from national accounts the researcher's back up their earlier conclusions and find that the poor on average benefit equip proportionally from average economic growth. When the authors further examine the policies and institutions that may offset or accrue the income of the poor, they find that the majority of their conditioning variables are insignificant. This includes the measure of financial development selected by the authors. Although the authors chosen measure of

financial development differs from their original paper in 2002, it is just one of several measures of financial sector development that they may have possibly used.

The evidence on the relationship between economic growth and poverty reduction is extremely robust, which suggests that increases in economic growth may be poverty reducing. If financial development contributes to higher economic growth, then it may indirectly reduce poverty rates. However, financial development may also directly reduce poverty rates.

Examining the role financial development may have on the poor's welfare, Dhejia & Gatti (2005) find credit access may reduce child labour. The authors suggest that in the absence of credit markets, households use child labour as a substitute to smooth transitory income shocks.

Jalilian & Kirkpatrick (2005) investigate the role of financial development on growth, inequality and relative poverty (measured by income of the poorest quintile). The authors find that a unit change in financial development increases the income of the poor by 0.3% in developing countries. When examining the finance inequality relationship, the authors find evidence of a financial Kuznets curve, following the theoretical predictions of Greenwood & Jovanovic (1990). The theoretical underpinnings of the financial Kuznets curve is that in the early stages of economic development, income inequality will increase. This is because the fixed costs to join financial intermediaries are high, therefore it is primarily the rich who benefit from increased financial development. When the economy reaches a later stage of the growth cycle, the cost of joining the financial systems falls. Hence, it is now affordable for more people, in particular the poor to join the financial system, further increasing growth, yet reducing inequality.

A study on finance and inequality by Clarke et al. (2006) examines whether the Greenwood & Jovanovic (1990) hypothesis is supported by their data, or whether any alternate hypotheses between finance and inequality may exist. The alternate two predictions are that finance may

be positively related to inequality, following the claims of Rajan & Zingales (2003), or whether financial development may reduce income inequality, proposed by Banjeree & Newman (1993). The former hypothesis suggests that interest groups may curtail financial access to the poor. Therefore, even with growth in financial markets, the poor may still be denied the opportunities to increase their economic well-being, so inequality increases. The inequality decreasing hypothesis by Banjeree & Newman (1993) suggests that with financial underdevelopment, greater hurdles exist to finance indivisible investment, hence, only the rich can borrow perpetuating income inequality. With greater financial sector development, capital market imperfections are overcome, therefore a negative relationship should be observed between finance and inequality, benefiting the poor. Only when GDP is omitted from their empirical specification do Clarke et al. (2006) find evidence of an inverted U-shaped relationship, supporting the Greenwood & Jovanovic (1990) theory. When GDP is included in the regressions, finance enters with a negative and significant coefficient, supporting the Banjeree and Newman (1993) theory.

Examining finance and income inequality in India from 1951–2004, Ang (2010) measures financial development by a variety of variables. These include; traditional depth measures, banking density proxied by the number of bank offices to the population, and an indirect indicator of financial development, the modern sectors value added in total GDP. Examining financial development and financial liberalisation, Ang finds that financial development is effective at reducing income inequality in India, whilst financial liberalisation is detrimental to India's income distribution. Additionally, the author shows that stock market development has no statistically significant impact on income inequality. Ang's findings suggest that the financial repression policies implemented by India were pro-poor and their removal through liberalisation led to a less favourable income distribution. This provides interesting evidence

to multilateral agencies, who often advocate financial liberalisation policies as part of reform packages to developing countries.

Beck et al. (2007) examine the effects of finance on; the growth of income inequality (measured by the gini coefficient), growth in the lowest income share (a measure of relative poverty), and growth of the headcount ratio (a measure of absolute poverty). Their main finding suggests that approximately 60% of the impact of financial development helps the poorest quintile through aggregate growth and 40% through reductions in income inequality. Furthermore, the authors show that private credit is negatively associated with the growth of the gini coefficient and find no evidence to support the Greenwood and Jovanovic hypothesis. The results show that if Brazil had a private credit ratio to GDP of 63% as opposed to 33%, then over the period of 1961-2000 the income share of the lowest quintile would have been 3% as opposed to 2.4%. Moreover, if Peru had a private credit ratio of 47% like Chile's as opposed to its own ratio of 17%, the percentage of people living on less than a \$1 a day would have been only 5% as opposed to 12%, further suggesting financial development is poverty reducing.

Akhter & Daly (2009) suggest that financial instability is an unintended negative consequence that arises with greater financial development. The authors show that financial development is conducive for poverty reduction; however, financial instability which accompanies financial development is harmful to the poor. Using two measures of financial development, private credit to GDP to measure the credit channel, and M2/GDP to measure the savings channel, the authors find both are beneficial for poverty reduction.

The causal link between finance and poverty reduction is tested by Perez-Moreno (2011). Theory dictates that as poverty levels fall, demand for financial services may be stimulated. Additionally, as income inequality falls, the pressure on policy makers to create a larger and more efficient financial system may increase financial development. Perez-Moreno finds that

finance causes poverty reduction. He fails to find any evidence that poverty reduction may increase financial development, depicting a uni-causal link between finance and poverty. In contrast to Akhter & Daly (2009), Perez-Moreno's results suggest that the credit channel is insignificant at reducing poverty, unlike the savings channel. He also finds that the main time period where finance reduced poverty was between 1970–1990.

Guillaumont Jeanneney & Kpodar (2011) further examine the role of finance on poverty, whilst considering the negative effects of financial instability on the poor that accompany financial development. The authors show that financial development is good for the poor unlike financial instability, and the benefits of financial development for the poor outweigh the costs. The harmful consequences of financial instability include; payment system disruptions, unwarranted bank closures and fluctuations in the investment rate. All these factors may be growth-retarding and are harmful to the poor. Moreover, the authors find that greater geographic banking coverage reinforces its favourable impact of finance on poverty reduction. The authors further find that even if credit availability is limited, the poor still benefit from financial institutions as they provide the poor with a profitable means to save.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter builds on that background to set the analytical framework that is used in this study. The methodology covers the research design, population, sample size, sampling technique, sources of data, and method of analysis, as well as reliability and validity of the data.

3.2 Research Design

a descriptive research was employed. Descriptive research is a study designed to depict the participants in an accurate way. There are three ways a researcher can go about doing a descriptive research project. That is, observational, case study and survey. In order to get an in-depth study of the selected mutual fund a case study was employed which will help to gain insight as to how such practices and methods suit the selected company.

As regards this research, the conceptual design is that research problem and research questions inform the formulation of research objectives which guided literature review. Both qualitative and quantitative method was used. Data collected from units of analysis were analyzed and inferences drawn based on phenomena observed.

3.3 Research Population

A broader set of cases from which a smaller unit (sample) is selected from is called a population (Yin, 2009). The target population constituted the entire Databank M-Fund customers in Ghana. Databank currently has 19 locations across the country. The main branches are in Accra (Head Office), Ho, Koforidua, Kumasi, Takoradi, Tamale, Tema and Sunyani. There are also 10 partner locations situated within GTBank branches in Accra, Ashaiman, Cape Coast, Tarkwa and Tamale, as well as a partner location in the UBA branch located at the Kwame

Nkrumah University of Science and Technology (KNUST). The population of the Databank M-Fund customers exceed a million.

3.4 Sample size

The study population is that aggregation of element from which the sample is actually selected (Babbie 1989). Baker defined a sample as “a selected set of elements or units drawn from a larger whole of the element, i.e. the population. Due to the large number of the study population involved, a sample of 100 respondents were drawn from the population for the study.

3.1 Sampling technique

In research study, sampling techniques refer to the process of selecting members from the study population. According to Yin (2009), two major sampling methods exist; these includes probability and non-probability sampling technique. In probability sampling, subjects in the study population have equal opportunity to partake in the study and this technique selects respondents which are more representative of the study population. Examples of the probability sampling includes simple random sampling, stratified random sampling, systematic sampling and clustered random sampling. Examples of non-probability sampling technique includes purposive sampling, convenience sampling and snowball. This study employed the convenience sampling techniques.

For the purpose of the study, the respondents were selected using the simple random sampling technique. This technique is useful because it gave each employee at GIS Headquarters the opportunity to contribute to the study (Yin, 2003). This sampling technique provided answers needed to achieve the research objectives.

3.5 Data sources

The sources of data for this study were based on primary and secondary sources of data. The primary sources of data were basically data gathered on the field, thus answered questionnaires

retrieved from respondents, thus collected through a questionnaire answered by walk in clients/customers of Databank Limited. whereas secondary sources data were obtained from books, journals, articles and the materials gathered from internet. These sources of data gathering were used because it was the most convenient and easily accessible forms of gathering data especially when dealing with relatively large or small size of population. These were used in the research and acknowledged appropriately (Saunders et al., 2012).

3.2 Research Instrument (Questionnaire)

The data collection instrument is essential in any research and this part of the study explains the instrument used in gathering data. This study adopted mainly questionnaires as the only instrument to help collect the right data for the study. A questionnaire is simply a data collection instrument consisting of a series of questions and other prompts for the purpose of gathering information from respondents (Saunders et. al., 2012). The questionnaire was used because it enabled the respondents to work at their own pace and convenience. Another reason why the questionnaire would be used is because questionnaires provide a great deal of anonymity to respondents, in terms of soliciting for open and honest responses.

3.3 Administration Procedures

A cover letter was attached to the questionnaires to introduce the respondents to the research topic to avoid any suspicion or mistrust respondents might have about the study. It was also to help motivate respondents to participate in the study to answer the questions to assure them of anonymity and confidentiality and to show them how to fill the questionnaires. The survey period for data collection was one week.

3.4 Data Analysis

The questionnaires were coded and analysed using the Statistical package for social sciences (version 21.0). Descriptive statistics such as tables and figures were used in the presentation of the analysis.

3.6 Reliability and validity

Validity of data explains whether the research is measuring what it claims to be measuring while reliability is chiefly concerned with making sure the method of data gathering leads to consistent results.

Data collected for the study was based on the premise of giving outcomes that matched up with the objectives of the study. Also, the convenience sampling method used to solicit the data will produce consistent results if the same method is used by any group of researchers, thus making the results of this study reliable. Again, to ascertain the credibility of the findings different analysis were carried out, i.e. both trend and comparative analysis were carried out.

3.7 Ethical consideration

Ethical consideration was given much attention as far this study is concerned. The researcher had to give assurance to managers of the fund not to disclose any information gathered for the purpose of the study to their competitor, which was strictly adhered to.

CHAPTER FOUR

FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter presents data and information that have been gathered through the research instrument, thus the questionnaire. The analysis is done thematically based on the research questions. Although, 120 questionnaires were distributed, only 100 were retrieved and were used for the analysis.

4.2 Socio-demographic data of respondents

This section captures the gender, age group, education level and professional endeavours of respondents.

Table 4.1: Gender of Respondents

Gender	Frequency	Percentage
Male	61	61%
Female	39	39%
Total	100	100%

Source: Field Data (2019)

The study sought to establish the gender composition of Databank Mutual fund customers. Table 4.1 shows that out of the total sample of 100 respondents, 61% were male while the remaining 39% were female. The outcome proves that male customers dominate Databank Mutual fund clientele base. This is because most women choose other ventures to do than keep their monies in mutual funds due to the yields which they are not content with.

Table 4.2: Age group of Respondents

Age group	Frequency	Percentage
18-25years	10	10%
36-45years	43	43%
46-55years	29	29%
56 years and above	18	18%
Total	100	100%

Source: Field Data (2019)

As shown in Table 4.2 above, majority of the respondents representing 43% were between 36-45years, 29% of the respondents were between the ages of 46-55years, 18% were 56 years and above. This signifies that majority of Databank Mutual fund customers are young adults and within the working class who have set financial independence goals and are working at it. They invest mostly spare income or target incomes depending on their stream of income.

Table 4.3: Educational Level of Respondents

Educational Level	Frequency	Percentage
High School	5	5%
Diploma	12	12%
Bachelors	59	59%
Post Graduate	24	24%
Total	100	100%

Source: Field Data (2019)

The study also considered the educational background of the respondents and were asked to provide their highest educational attainment. The results show that 59% have Bachelor's Degree, 24% of the respondents have Post Graduate certificate, 12% have Diploma qualification, and 5% have post graduate certificates as shown in Table 4.3 above. This implies that majority of the Databank Mutual fund customers are elites and contributed immensely to the study. Also, they have an idea about what mutual funds are and a basic knowledge of the various investment markets available.

Table 4.4: Respondents' Type of employment

Type of employment	Frequency	Percentage
Government Employee	44	44%
Professional	11	11%
Private Firm Employee	22	22%
Self Employed	16	16%
Business Person	7	7%
Total	100	100%

Source: Field Data (2019)

As shown in the Table 4.4 above, 44% of the respondents indicated they were Government Employee, 22% also indicated they were Private Firm Employee, 16% indicated they were Self Employed, 11% indicated they were Professional while 7% indicated they were Business Persons. This implies that, people from various economic backgrounds invest in the Databank Mutual fund, especially Government Employee, Private Firm Employee and Self Employed. Most of whom earn higher or have investment goals to achieve within a time frame.

4.3 Research question one: How well do investors understand financial investments?

This section of the analysis focuses on the research question one which seeks answers to how vest investors are in financial investments.

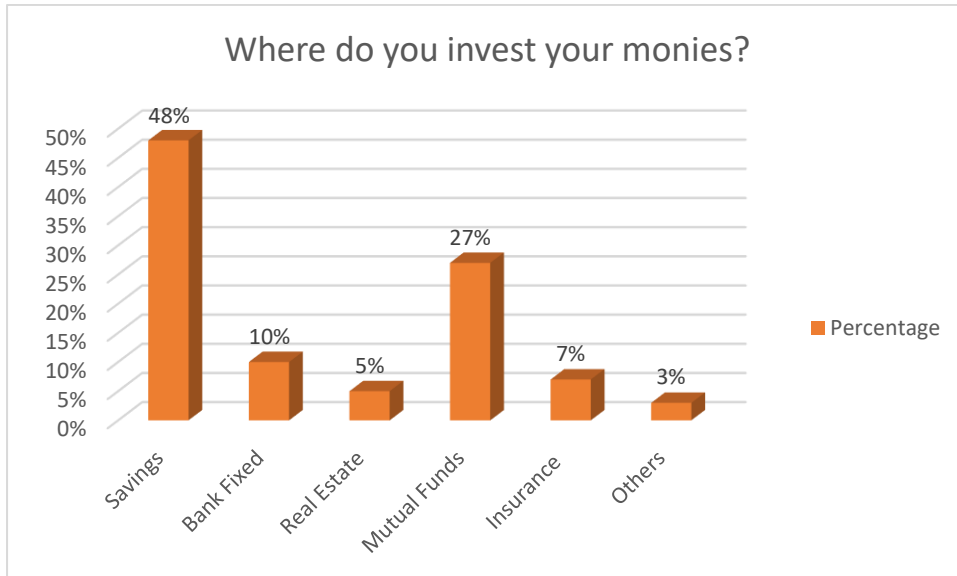


Figure 4.1: Types of savings investment

Source: Field Data (2019)

As shown in the Figure 4.1 above, respondents were asked how they invest your savings. Majority of them representing 48% indicated they invest their monies through savings. This is because they feel it is safer in a savings account with commercial banks who are regulated by the Bank of Ghana and are assured of their monies in case of Bank collapse or liquidity challenges when they come, 27% invest their monies through mutual funds: Because of the level of investment education in the Ghana, 10% invest through fixed deposits at the bank while 7% invest their monies through insurance. Similarly, 5% indicated they invest through real estate even though they consider it highly risky while 3% indicated they invest their monies through informal methods such as ‘common interest group loans’ and other unregulated investment firms. The analysis implies that, Ghanaian are investment savvy because they are keen in turning over their saving to earn extra income.

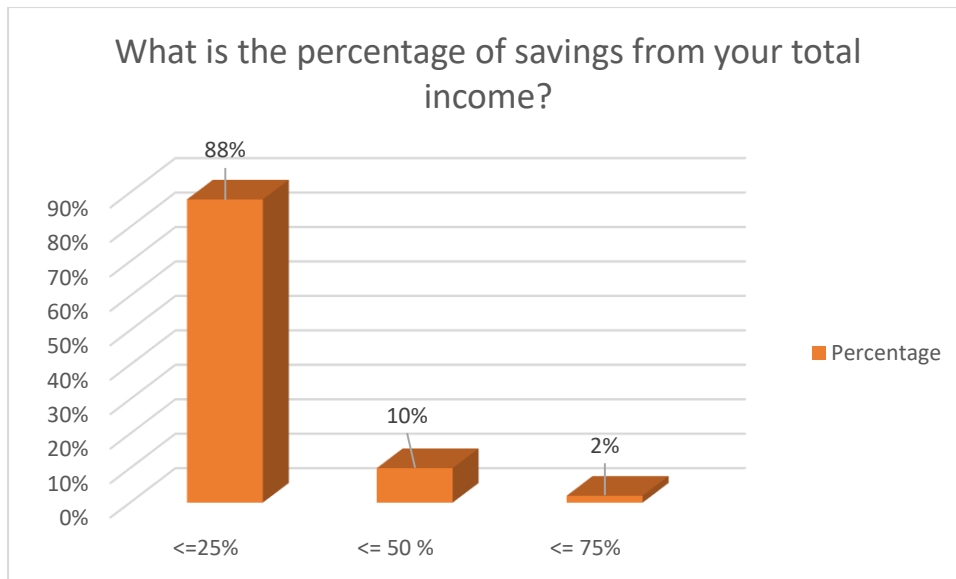


Figure 4.2: Proportion of savings from your total income

Source: Field Data (2019)

Respondents were asked the proportion of their earning they invest out of their total income. As shown in the Figure 4.2 above, 88% of the respondents indicated that they save less than or equal to 25% of their total income due to their expenditure. Also, 10% of the respondents indicated that they save less than or equal to 50% of their total income if they have a project un mind or a reason to whiles 2% of the respondents indicated that they save less than or equal to 2% of their total income due to heavy financial burdens and commitments they have to meet. This implies that, majority of the respondents invest less than 25% of their total income. This reflect higher expenditure against their income.

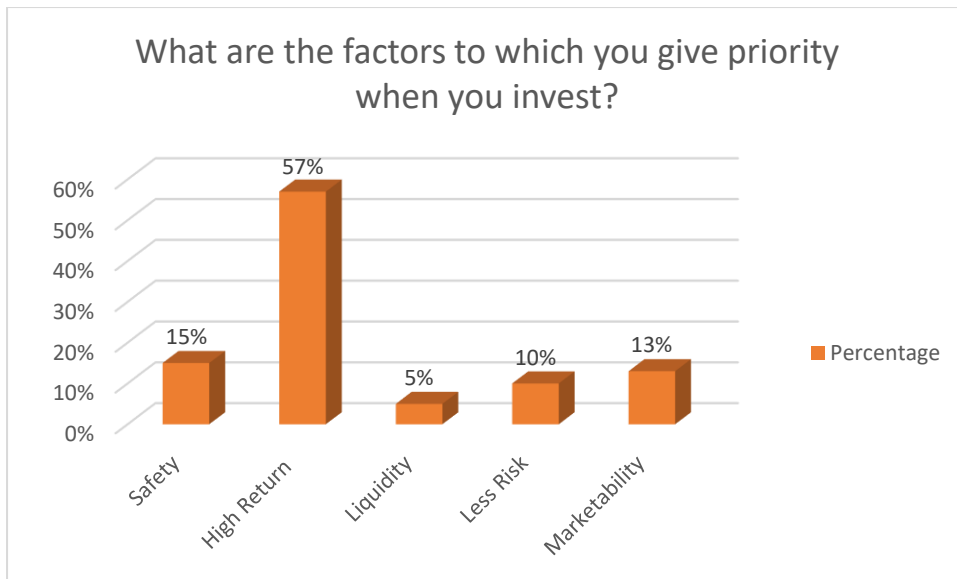


Figure 4.3: Factors that give priority for investment

Source: Field Data (2019)

Respondents were asked the factors which gives them priority in investment. As shown in the Figure 4.3 above, 57% of the respondents indicated high return is a major factor that triggers them to save and are willing to invest in unregulated investments so far as they can earn a higher return. Also, 15% of the respondents indicated safety of their investment. These per the researchers view is the best reason to invest but then not a majority accept it as a reason to invest but rather the latter, 13% the respondents indicated marketability of the investment how quickly it can be disinvested, 10% the respondents indicated Less Risk because they are risk averse whiles 5% of the respondents indicated liquidity of the investment. This implies that, respondents invest because of the high return of the investment no matter the risk.

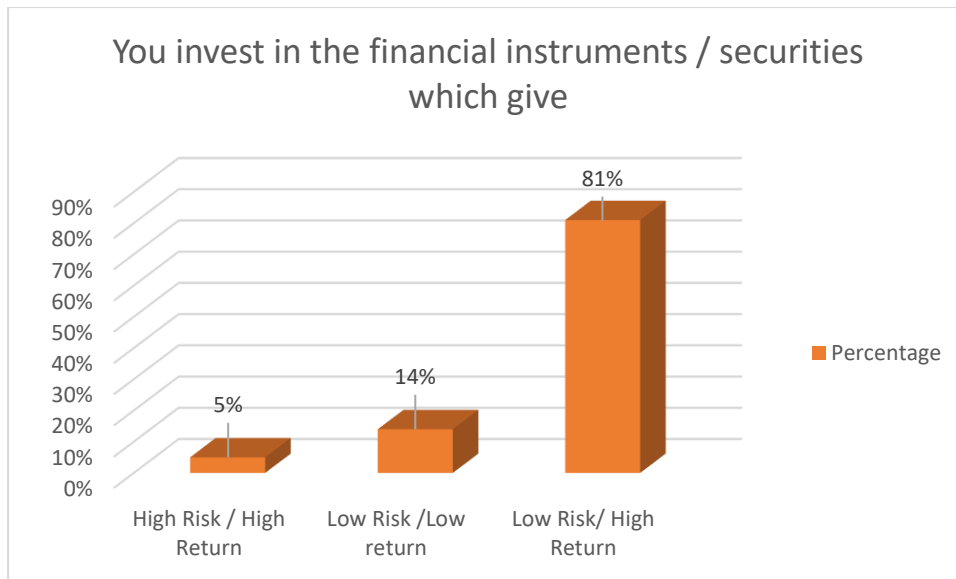


Figure 4.4: Reason for choice of investment

Source: Field Data (2019)

With regards to the reason for choice of investment or the financial instruments / securities, as shown in the Figure 4.4 above, majority of the respondents representing 81% indicated that they prefer low risk yet high return investment even though it is not mostly the case. In investment the higher the risk the higher the expected return the opposite works as well. On the other hand, 14% indicated they also prefer low risk and low returns just to preserve their capital and earn a little above inflation whiles 5% of the respondents indicated that they prefer high risk and high return and are willing to take it anytime so far as it pays off.

4.4 Research question two: Why do investors subscribe to the Mutual fund?

This section of the analysis focuses on the research question two that seeks answers to why investors subscribe to the Mutual fund.

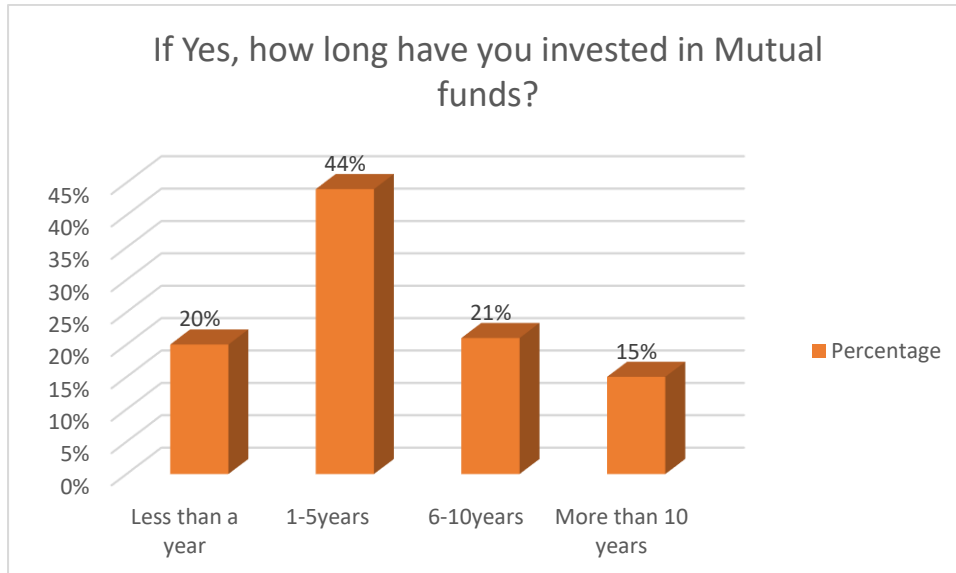


Figure 4.5: Experience in M-Fund investment

Source: Field Data (2019)

As a follow up to the response in Table 4.5 above, respondents were asked how long they had invested in Mutual funds. As shown in the Figure 4.5 above, 44% of the respondents indicated they have had M-fund account between periods of 1 to 5 years. Similarly, 21% of the respondents indicated they have had M-fund account between periods of 6 to 10 years since, 20% also indicated they have had M-fund account for less than a year while 15% indicated they have had M-fund account for more than 10 years since its inception in 2004. This implies that, respondents have invested in the mutual fund instrument for quite a long time and have attained substantial experience in the system.

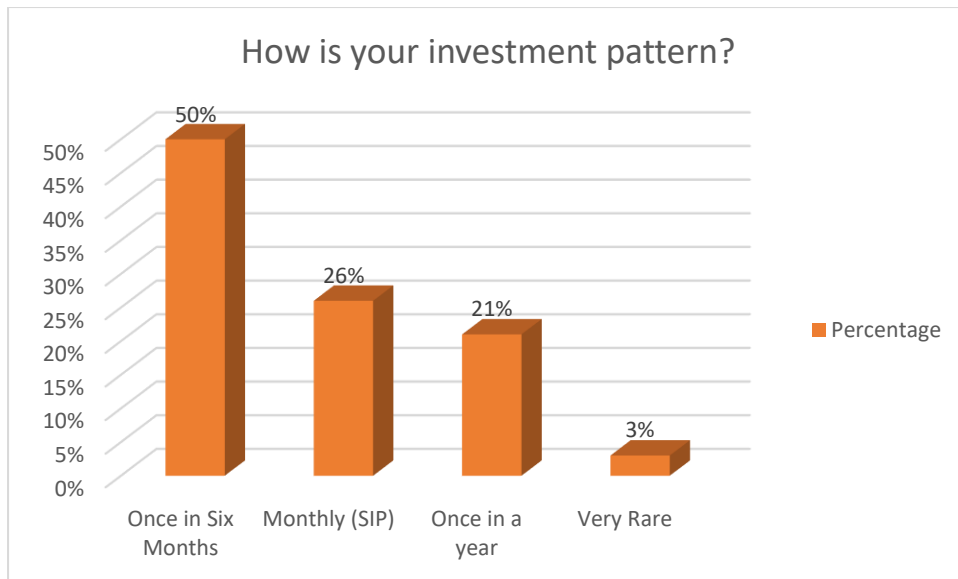


Figure 4.6: Duration of investment pattern

Source: Field Data (2019)

The study sought to ascertain the invest pattern for the mutual fund package. As shown the Figure 4.6 above, majority of the respondents representing 50% indicated they subscribe to the Once in Six Months package due to certain commitments, 26% also indicated they subscribe to the Monthly (SIP) while 21% subscribe to the once in a year package. However, 3% of the respondents indicated they are occasional investor of the Mutual fund because they rarely do. This implies that, majority of the respondents invest in short term packages because they may need money during certain circumstances and fall on their investment as a last resort.

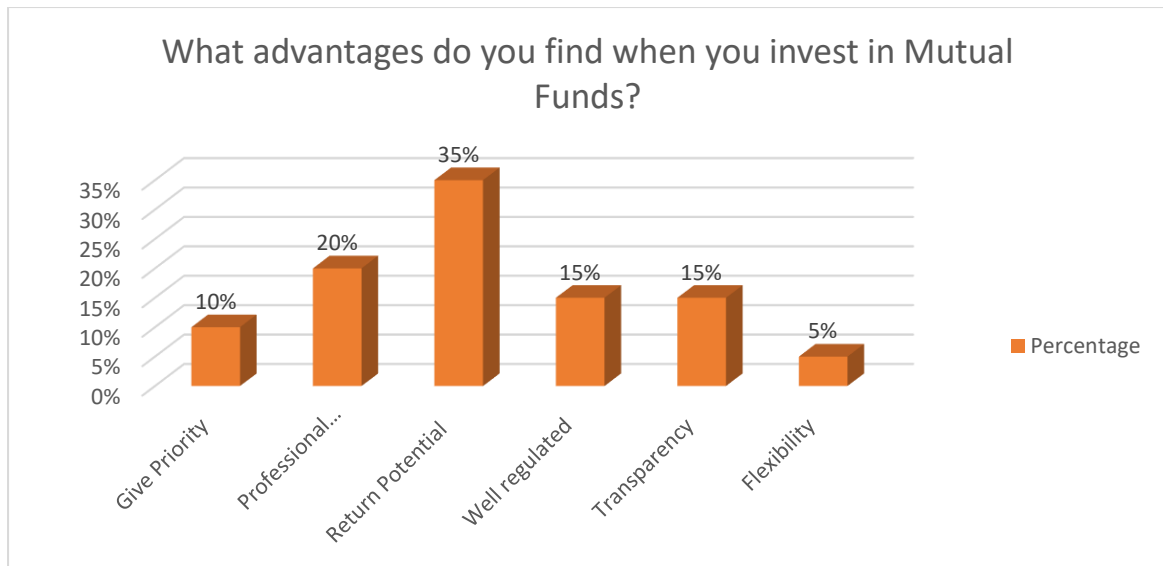


Figure 4.7: Reasons for investing in Mutual Funds

Source: Field Data (2019)

Respondents were asked to indicate the advantages they get when they invest in Mutual Funds. As shown in the Figure 4.7 above, 35% of the respondents indicated that return potential is an advantage investment in Mutual Funds gives them and that motivates them to invest and may be willing to invest in unregulated investments if they have the means to. In addition, 20% of the respondent indicated that the Professional Management of Mutual Funds is an advantage and are comfortable in preserving their capital even if they earn nothing. Similarly, 15% of the respondents indicated Mutual Fund scheme is well regulated and transparent. This implies return potential of mutual fund, Professional Management of mutual fund, Regulation of mutual fund and transparency of mutual fund are advantages that drive people to invest.

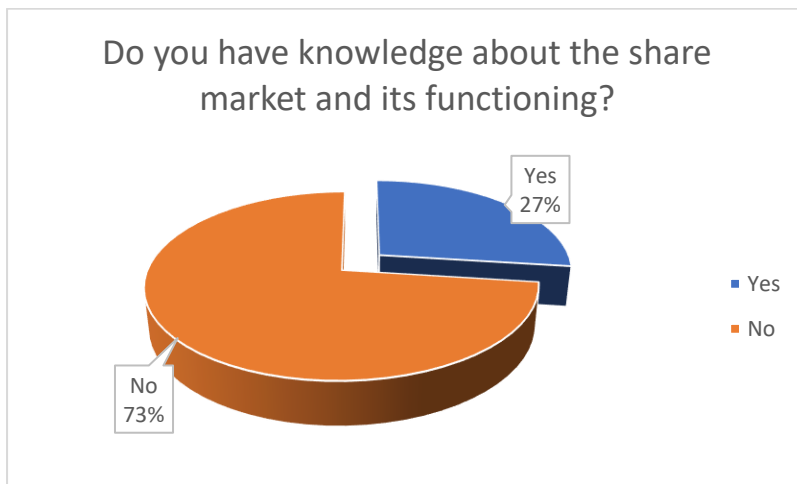


Figure 4.8: Knowledge about the share market and its functioning

Source: Field Data (2019)

Respondents were asked whether they have knowledge about the share market and how it functions. As shown in the Figure 4.8 above, majority of the respondents representing 73% respondents in the negative whiles 27% respondent in the affirmative. This implies that, although all the respondents invest in the mutual fund scheme, minority of them understand the share market and its functioning.

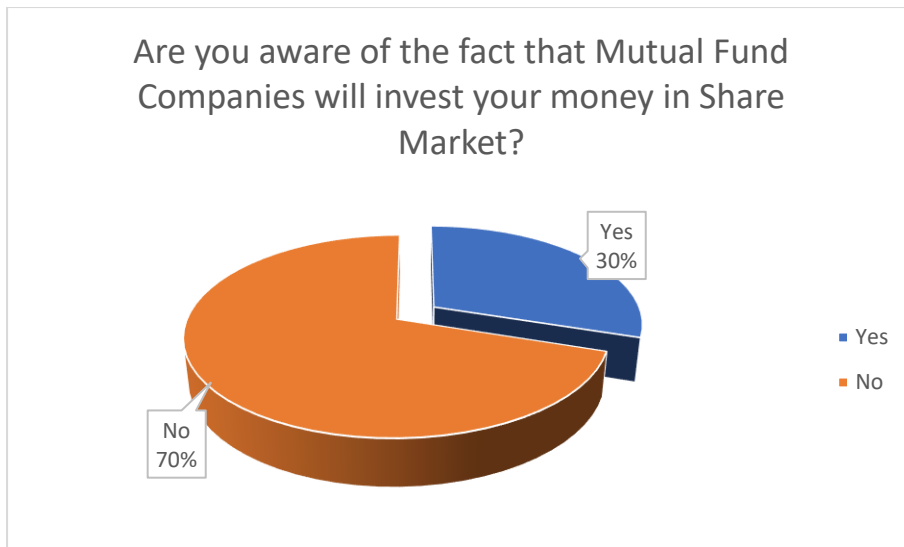


Figure 4.9: Knowledge about the operations of Mutual Fund Companies

Source: Field Data (2019)

As shown in the Figure 4.9 above, 70% of the respondents indicated they do not have knowledge about the operations of Mutual Fund Companies. However, the remaining 30% indicated they know Mutual Fund Companies will invest their money in Share (Capital) Market Instruments and Money Market Instruments. This implies that, although all the respondents invest in the mutual fund scheme, minority of them understand what the fund managers work is in the mutual fund scheme.

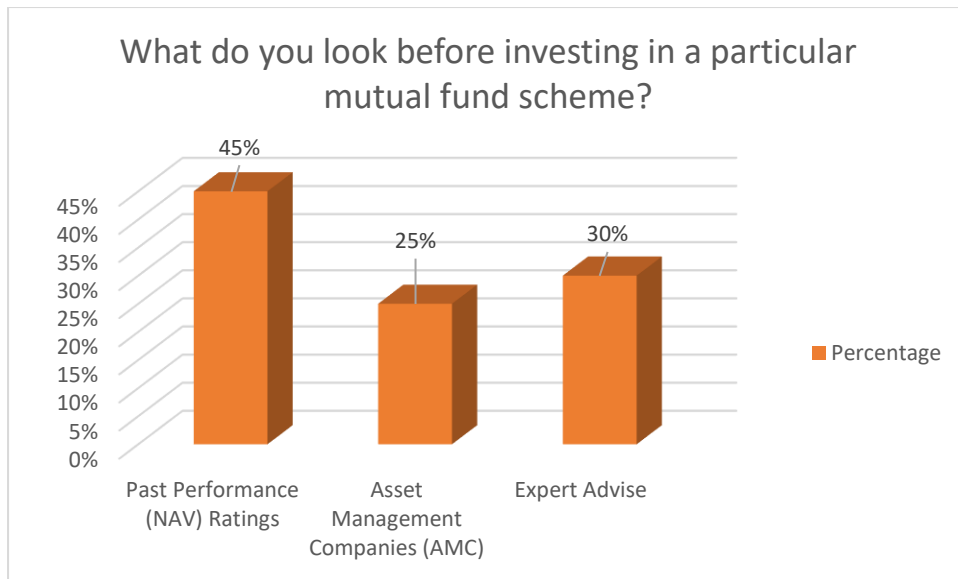


Figure 4.10: Factors that contribute to the investment in Mutual Fund

Source: Field Data (2019)

Respondent were asked to indicate what they consider before investing in a particular mutual fund scheme. As shown in the Table 4.10 above, 45% of the respondents indicated that Past Performance (NAV) Ratings inform their decision to invest in Mutual Fund by knowing the year-to-date performance recorded as at the day they choose to invest. In addition, 30% of the respondents indicated they leverage expert advice from relationship managers licensed by the Ghana Stock Exchange whiles 25% of the respondents indicated they rely on Asset Management Companies (AMC) before investing in Mutual Fund. This implies that, respondents rely on a third party on decisions to invest in Mutual Funds scheme. This confirms the findings in Figure 4.8 and Figure 4.9 above, thus people majority of the people who invest in Mutual Fund do not entirely understand how the mutual fund scheme works.

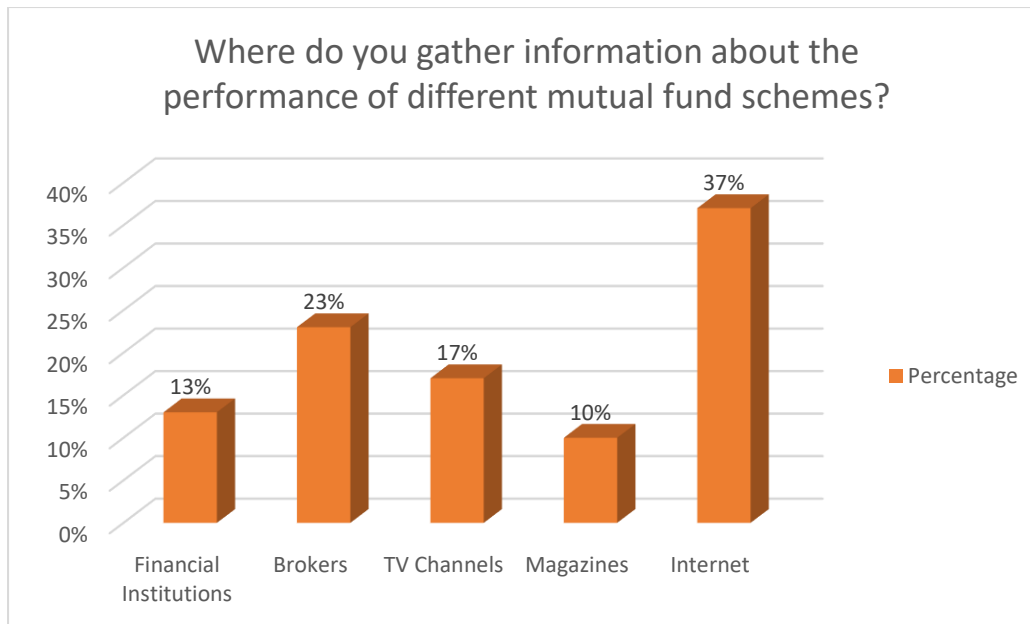


Figure 4.11: Source of information for the investment in Mutual Fund

Source: Field Data (2019)

As shown in the Figure 4.11 above, 37% of the respondents indicated they gather information about the performance of different mutual fund schemes through the Internet due to its accessibility. In addition, 23% of the respondents indicated brokers inform them about the performance of different mutual fund schemes while 17% of the respondents indicated they gather information about the performance of different mutual fund schemes through TV Channels. Similarly, 13% of the respondents mentioned financial institutions like Databank and the rest while 10% mentioned magazine as the sources of the performance of different mutual fund schemes. This implies that, respondents gather information about the performance of different mutual fund schemes, predominantly through the internet, brokers and TV Channels due to easy accessibility.

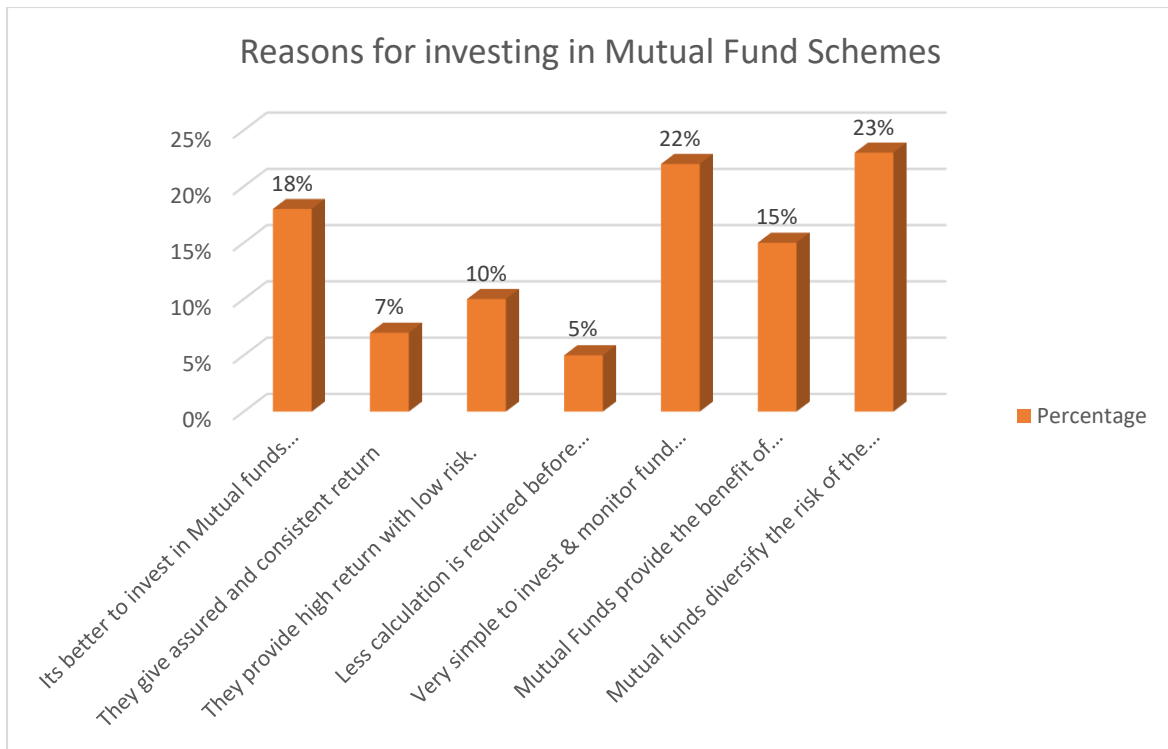


Figure 4.12: Reasons for investing in Mutual Fund Schemes

Source: Field Data (2019)

According to the Figure 4.12 above, various respondents gave varied reasons why they invest in Mutual Fund Schemes. As illustrated in the Figure 4.12 above, 23% of the respondents indicated that Mutual funds diversify the risk of the investor by investing in a basket of assets; 22% of the respondents also indicated mutual fund is very simple to invest and monitor fund performance on a regular basis; 18% of the respondents also indicated that It is better to invest in Mutual funds rather than investing directly in shares; while 15% indicated that Mutual Funds provide the benefit of cheap access to expensive stocks. These findings imply that there are several reasons that informs investor's decision invest in Mutual Fund Schemes.

4.5 Research question three: How does Mutual fund improve the financial gains of investors?

This section of the analysis focuses on the research question three that seeks answers to how Mutual fund improve the financial gains of investors.

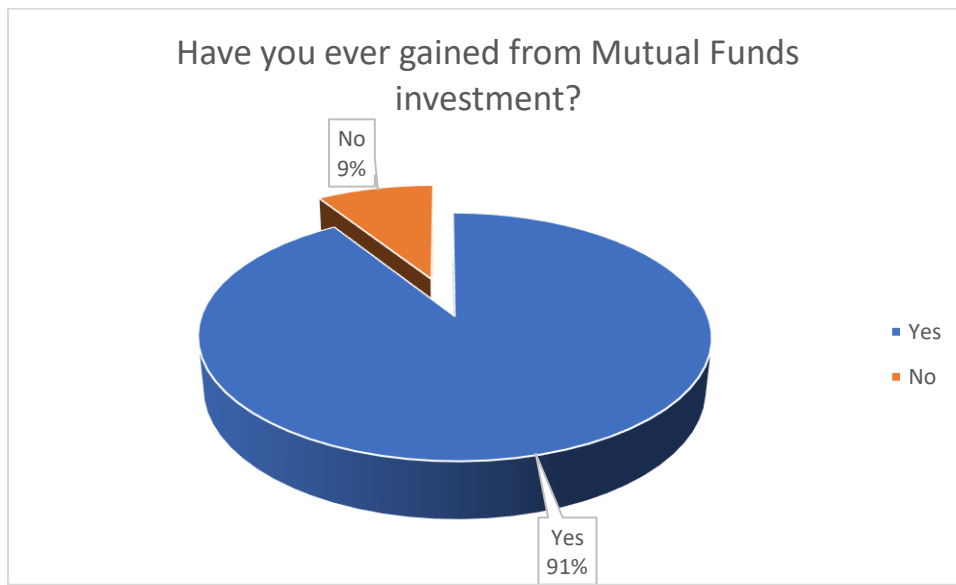


Figure 4.13: Benefits from Mutual Fund Schemes

Source: Field Data (2019)

As shown in the Figure 4.13 above, 91% of the respondents indicated that they have gained dividend from their Mutual Funds investment. However, 9% of these respondents indicated they have not yet benefited from the mutual fund scheme due to their time of entry. It can be inferred from the analysis that, since majority of the investors have benefited for the mutual fund, those who have not benefited are investors whose subscription is less than the minimum holding period.

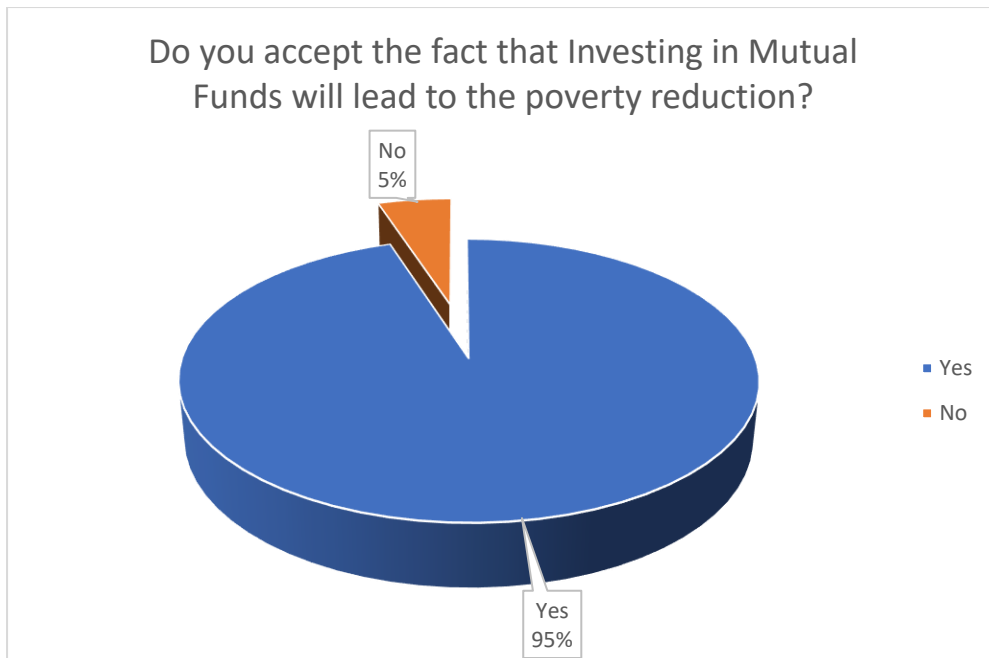


Figure 4.14: Mutual Fund Schemes as a means of boosting the financial gains

Source: Field Data (2019)

Respondents were asked whether investing in Mutual Funds would lead to the boosting the financial gains. As shown in the Figure 4.14 above, majority of the respondents representing 95% were affirmative that Mutual Funds is a panacea to boosting the financial gains.

Further, most of the respondents indicated that investment in mutual fund is a tool to boosting the financial gains and to support economic independence of investors.

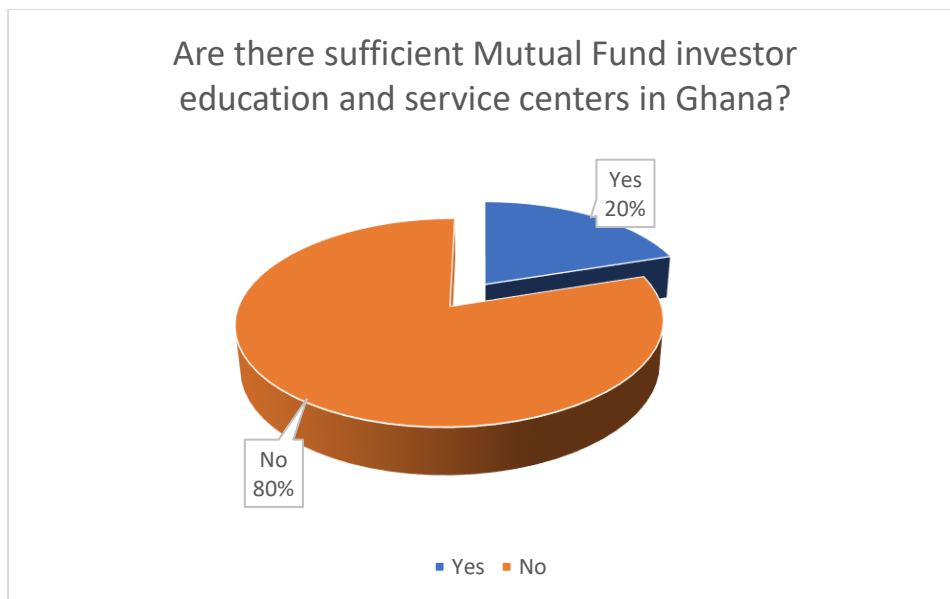


Figure 4.15: Mutual Fund Schemes education

Source: Field Data (2019)

Respondents were asked as to whether there is sufficient Mutual Fund investor education and service centers in Ghana. As shown in the Table 4.15 above, majority of the respondents representing 80% responded in the negative. This implies that sufficient Mutual Fund investor education and service centers in Ghana are limited to potential customers especially the poor and marginalized and the Ghana Stock Exchange and other industry giants have a lot to do.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter concludes the entire study. It summarizes the major findings obtained from the study as well as their policy implications. It further provides recommendations for the study.

5.2 Summary of Key Findings

The following are the summary of the findings based on the research objectives.

5.2.1 To determine investors knowledge about financial investments.

The study found out that the study respondents are keen towards venturing into an investment enterprise. A greater majority of the respondents invest less than 25% of their total income.

These investors are mostly motivated by the high return expected from the investment.

The study also found out that, respondents prefer investments with low risk and yet high return.

5.2.2 To identify the reasons why investors subscribe to the Mutual fund.

The study revealed that, majority of the respondents has Mutual Funds investment account. It was also revealed that they invested in the mutual fund instrument for quite a long time and have attained substantial experience in the system. The study found out that investors subscribe to short term packages such as Once in Six Months package and Monthly (SIP). This implies return potential of mutual fund, Professional Management of mutual fund, Regulation of mutual fund and transparency of mutual fund are advantages that drive people to invest

It was revealed that, although majority of the respondents invest in the mutual fund scheme, minority of them understand the share market and its functioning. They mostly rely on a third party on decisions to invest in Mutual Funds scheme.

The study found out that, respondents gather information about the performance of different mutual fund schemes, predominantly through the internet, brokers and TV Channels.

The study revealed that people invest in Mutual funds scheme because Mutual funds diversify the risk of the investor by investing in a basket of assets; mutual fund is very simple to invest and monitor fund performance on a regular basis; It is better to invest in Mutual funds rather than investing directly in shares; Mutual Funds provide the benefit of cheap access to expensive stocks.

5.2.3 Evaluate how Mutual fund has improved the financial gains of investors.

Concerning how Mutual fund has improved the financial gains of investors, majority of the respondents they have benefited from the mutual fund.

Further, most of the respondents indicated that investment in mutual fund is a tool to boosting the financial gains and to support economic independence of the poor.

The study found out that, Mutual Fund investor education and service centers in Ghana are limited to potential customers especially the poor and marginalized.

5.3 Conclusions

At the outset, it is not immediately obvious that expanding access to financial services will reduce inequality. Proceeds from investment packages such as mutual fund can increase the income of the poor. Indeed, the more successful poor becomes, the wider the income gap would be. This increase in income inequality is what some of the theories discussed in chapter two predict. At the same time, giving people a wider set of growth opportunities through increased access to finance should eliminate inequities caused by barriers to such access. In the end, the net result of greater financial access on measured inequality will be an empirical issue, and it is one on which there is a considerable body of recent research.

5.4 Recommendations

- i. The study found out that, Mutual Fund investor education and service centers in Ghana are limited to potential customers especially the poor and marginalized.

Therefore, the study recommends that, investment education must be a part of the educational curricular, thus from the basic level to the higher education level. In order to inculcate the habit of investment and better equip individuals on risks associated with the types of investment schemes.

- ii. The study revealed that, respondents invest less than 25% of their total income. The study recommends that, investment companies must increase the interest rate on investment in order to shore up more investors for their schemes. Such innovations would also motivate investors to invest in long-term products rather than the short-term investment as revealed from the study.
- iii. The study established that, mutual funds could be an effective tool in boosting the financial gains of investors. The study therefore recommends that, Governments, Non-Governmental organization and other agencies focused on social intervention programmes such as the Livelihood Empowerment against poverty can create a controlled mutual future packages for continues financial support for the poor in society.

5.5 Recommendations of Future studies

Further research, ideally using real experiments, is needed to convince the skeptics that access to investment portfolios by the poor in society really is good for the neighborhoods where it becomes established, as most well informed observers and practitioners believe. It has to be said that the current systematic statistical research evidence on the benefits of investment scheme such as the mutual fund scheme is not yet overwhelming.

The study used only one institutional setting, thus Databank Mutual Fund scheme and with different credit products. Further research is needed to assert whether there is a robust and positive relationship between the use of Mutual fund scheme and household welfare, including boosting the financial gains.

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APPENDIX

UNIVERSITY OF GHANA BUSINESS SCHOOL (UGBS)

QUESTIONNAIRE

Introduction: I am a Graduate (M.Sc.) student of the University of Ghana Business School. I am doing a master's thesis and want to distribute a number of questionnaires. The research topic is 'AN ASSESSMENT OF THE ROLE OF MUTUAL FUNDS IN POVERTY ALLEVIATION', using Databank as a case study. Your participation in this study would be appreciated. Thank you.

Section A: Demography

1. Gender: Male ☐ Female ☐
2. What is your age bracket?
18-25 ☐ 26-35 ☐ 36-45 ☐ 46-55 ☐ 56 and above ☐
3. What is your highest educational level
High School ☐ Diploma ☐ Bachelors ☐ Post Graduate ☐
4. Which one of the following category do you belong to?
Govt. Employee ☐ Professional ☐ Pvt. Firm Employee ☐
Self Employed ☐ Business Person ☐ Others ☐

Section B: To determine investors knowledge about financial investments.

5. Where do you invest your savings?
Savings ☐ Bank Fixed ☐ Real Estate ☐ Mutual Funds Insurance ☐
Others (Please Mention)
6. What is the percentage of savings from your total income?
 $\leq 25\%$ ☐ $\leq 50\%$ ☐ $\leq 75\%$ ☐ Others (Please Mention) _____
7. What are the factors to which you give priority when you invest?

Safety [] High Return [] Liquidity [] Less Risk []
Marketability []

8. You invest in the financial instruments / securities which give:

High Risk / High Return [] Low Risk /Low return [] Low Risk/ High Return []

Safety [] High Return [] Liquidity [] Less Risk [] Marketability []

Section C: Reasons why investors subscribe to the Mutual fund.

9. Are you an investor in Mutual Funds? Yes [] No. []

10. If Yes, how long have you invested in Mutual funds?

Less than a year [] 1-5years [] 6-10years [] More than 10 years []

11. How is your invest pattern:

Once in Six Months [] Monthly (SIP) [] Once in a year [] Very Rare []

12. What advantages do you find when you invest in Mutual Funds?

Give Priority [] Diversification [] Professional Management []

Return Potential [] Low cost [] Liquidity [] Transparency []

Flexibility [] Choice of schemes [] Tax benefits []

Well regulated [] Economies of scale [] Simplicity []

13. Do you have knowledge about the share market and its functioning? Yes [] No. []

14. Are you aware of the fact that Mutual Fund Companies will invest your money in Share Market?

Yes [] No. []

15. What do you look before investing in a particular mutual fund scheme?

Past Performance (NAV) Ratings (by CRISIL, ICRA, Etc.) []

Asset Management Companies (AMC) [] Expert Advise []

16. Where do you gather information about the performance of different mutual fund schemes?

Financial Institutions [] Brokers [] Financial Consultants []

TV Channels [] Magazines [] Internet []

17. You invest in Mutual Fund Schemes because:

- [] It is a good investment instrument
 - [] Its better to invest in Mutual funds rather than investing directly in shares
 - [] They give assured and consistent return
 - [] They provide high return with low risk.
 - [] Less calculation is required before investing when compared to share market.
 - [] Very simple to invest & monitor fund performance on a regular basis
 - [] Mutual Funds provide the benefit of cheap access to expensive stocks
 - [] Mutual funds diversify the risk of the investor by investing in a basket of assets
- Professional fund managers manage them with in-depth research inputs from investment analysts.

Section D: Mutual fund improving the financial gains of investors.

18. Have you ever gained from Mutual Funds investment?

Yes [] No. []

Are there sufficient Mutual Fund investor education and service centers in Ghana?

Yes [] No. []

19. Is there a need for creating awareness among the public about the benefits of investing in Mutual Funds?

Yes [] No. []

20. Do you accept the fact that Investing in Mutual Funds will lead to the poverty reduction?

Yes [] No. []

If no, then why? _____

Other

Reason_____

21. Do you have any suggestion to improve the popularity of mutual funds among the investors of Ghana?
