

BANKING THE UNBANKED IN GHANA.

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Abstract

Financial inclusion is considered an emerging priority for many economies across the globe today because of its potential to speed up economic growth. Banking the unbanked in Ghana is a research endeavour seeking to provide wider access to financial products and services to the estimated 70 percent unbanked population in the country. By so doing, help to harness the untapped potential of the unbanked individuals and thus enable them develop their capacity to participate in an all-inclusive growth. The major objective of this study, therefore, was to develop a suitable banking model which financial institutions (banks) could adopt to attract the unbanked into the mainstream financial system. For the purpose of this study, the research combined both qualitative and quantitative methodologies. The mixed-methods approach was used in order to present a descriptive account and an in-depth investigation of the factors accounting for people's decision to bank. Data was collected by the use of questionnaires administered to unbanked participants as well as face to face interviews with selected individuals. The data was analyzed using descriptive statistics. Correlation analyses were performed between variables and factors whilst regression analyses were further used to identify the most effective combinations of factors that are significant in predicting people's decision to bank. The findings of the study revealed that social factors and firm factors both had significant and positive effects in predicting an individual's intention to bank. On the contrary, however, personal factors were not found to be significant in predicting banking propensity. The study proposed three key strategic recommendations which include; banks collaborating with mobile money service firms in Ghana to enable easy access to the mainstream financial system for the unbanked through the deployment of improved technology, banks adopting agency banking models to improve outreach and financial access, and providing financial education to improve financial literacy among the unbanked population. To this end, Ecobank Ghana Limited, one of Ghana's leading banking institutions, was selected as the case study firm for the implementation of the proposed strategies.