

# **THE EFFECT OF BANKING STRATEGIES IN PROMOTING FINANCIAL INCLUSION OF FUNCTIONALLY UNBANKED IN GHANA.**

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## **Abstract**

Financial inclusion has been identified as an important aspect towards the development of emerging economies and for that matter, African countries. It is for this reason that the governments in these countries have initiated several strategies to promote financial inclusion. The purpose of this study is to examine banking strategies affecting financial inclusion of the functionally unbanked in Ghana and explore the moderating role of key consumer characteristics on the relationship between banking strategy and financial inclusion. The study used the mixed approach, thereby combining quantitative and qualitative approach. Findings revealed that financial innovation is a relevant factor that can boost financial inclusion of the functionally unbanked. In this regard, innovative digital products and services are relevant for financial inclusion. It was revealed that financial literacy had positive relation with financial inclusion; and customers' characteristics such as self-efficacy, inherent novelty seeking behaviour and income status played some roles in explaining the relationship between banking strategies and financial inclusion of the functionally unbanked. The study was limited by the fact it only considered financial literacy and financial innovation as the aspect of banking strategies to promote financial inclusion. Considering the practical implication of the study, the findings of the study would help banks to better streamline their strategies in order to promote financial inclusiveness, especially for the functionally unbanked. Considering the theoretical implication, the study supports the innovation diffusion theory and the transaction cost theory.

**Keywords:** financial inclusion, financial literacy, financial innovation, interoperable payment system, agency banking.