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Dynamics of Savings Culture in Gahna

Article by Isaac Tandoh[1,] Victor Tandoh[2]
[1]PhD in Management, Texila American University
[2]Snr. Accounts Officer, Sinapi Aba Savings and Loans Limited
Email:- iketandy@yahoo.com

Abstract

In Ghana and most developing parts of the world, families feel that it's troublesome or skirting on hard to save as a result of low levels of wages (Boateng, 1994). The low profit of Ghanaian families is a result of the low levels of budgetary improvement consolidated with distinctive components, for instance, unlucky deficiency of training. The purpose of the study was to find out the determinants of savings culture in Kumasi, the second capital of Ghana. Quantitative methodology was used and sample was obtained from selected households in Kumasi. The study assembled and made utilization of primary data through the organization of organized surveys. Questionnaires were used as a data collection tool and SPSS a statically tool was used to analyze the data. It was discovered in the study that, relatively high level of savings culture among the people of Kumasi metropolis. Respondents preferred to save more for the future, they planned life ahead of time, saving money was a virtue, respondents paid close attention to how much money they spend, and before they purchased anything, they compared prices on similar items. The study recommends that financial institutions improve their operational and marketing strategies to attract all persons in the qualified age bracket being it male and female and also governing *bodies like the Bank of Ghana, must take drastic measures to close down all these illegal financial institutions in the system that is dragging the reputation of the rest into the mud.*

Objectives of the Study

i. To ascertain the determinants of savings within the Kumasi metropolis.
ii. To identify the savings culture among the residents of the Kumasi metropolis.

Research Questions

i. What are the determinants of savings within the Kumasi metropolis?
ii. What is the savings culture among the residents of the Kumasi metropolis?

Literature Review

Defining Savings

Saving is a typical word utilized by people on everyday schedule. It just means setting something aside for future utilization or what will be considered as conceded use. A few meanings of funds exist as there are numerous individuals who compose on the theme. As indicated by Miller and VanHoose (2001), a saving is a sworn off utilization. They clarify renounced utilization as when one does not spend all the pay that is earned inside of a given period. To them, once a piece of what is earned today is left for future utilization, there is a saving. On his part, Ahmed (2002) place it in a straightforward dialect as 'setting cash aside for future utilization'. He contends that saving is the consequence of cautious administration of wage and consumption, with the goal that there is something left to be set aside for future utilization.

Clayton and Brown (1983) in characterizing funds, took a gander at the idea simply from the financial analysts' perspective. They clarify reserve funds as the unlucky deficiency of spending. Different authors on the point, for example, Smith (1991), endeavored to clarify the idea of reserve funds scientifically as: Income – Consumption = Savings. This implies that saving is the measure of cash left from one's income after all utilizations are deducted. This implies, for case, if a family gets two hundred and fifty Ghana cedis (GH¢250 GH) a month and burns through two hundred Ghana cedis (GH¢200 GH) for that month, the staying fifty Ghana cedis (GHC¢50 GH) speaks to the family's funds for that specific month.

All the above definitions point to one certainty that investment funds speak to cash that is earned today however kept for utilization later on. It is, on the other hand, worth to note that saving is not generally an aftereffect of abundance of consumption, but rather now and then it comes as a consequence of planned choice of an individual or family to put some piece of what is earned today aside for future utilization.

Determinants of Household Savings

Family units' saving conduct is to a great extent impacted by a few variables like the view of saving of the individuals who save, their capacity, ability, goals or inspirations for saving and the chance to spare. This intentional choice with respect to the family units to spare keeping in mind the end goal to address future issues relies on upon various components. The components typically considered as the determinants of saving incorporate every one of the variables that influence the capacity to spare, the will to spare and the chance to save.

Income

One of the fundamental determinants of investment funds which every one of the studies in the territory of reserve funds have attempted to study is pay. Distinctive studies utilizing diverse routines have been directed in diverse parts of the world and all have discovered a positive relationship in the middle of salary and investment funds. In view of the discoveries, a few researchers have propounded certain hypotheses. The Keynesian Savings capacity and the Friedman Permanent Income hypothesize a positive relationship in the middle of reserve funds and wage. Friedman Permanent Income theory recognizes perpetual and short lived parts of wage in which case families have a tendency to devour the changeless pay while the temporary pay is directed into investment funds with a negligible penchant to spare from this pay drawing closer solidarity (Quartey and Blankson, 2008). Studies led by different researchers have additionally discovered comparative results. Case in point, Collins (1989) inspected the saving conduct in nine Asian creating nations in addition to Turkey since the mid 1960s. Utilizing a times-arrangement information, the outcomes show patterns and contrasts in saving crosswise over nations and inside of nations after some time. In any case, amidst every one of the distinctions in reserve funds rate and investment funds conduct, the outcomes from every one of the nations affirmed that increment in wage have a beneficial outcome on family funds.

Proof from Sub-Saharan Africa and other creating nations, though for the most part from center to upper-wage families, recommends that wage absolutely impacts saving and in routes reliable with Keynesian Savings capacity and the Friedman Permanent Income. In Kenya, family unit wage was observed to be a measurably noteworthy indicator of reserve funds among rustic agriculturists, business people, and instructors (Kibet et al., 2009).

Interest rate, inflation rate and government policies

In a static methodology, expanding tariff, if direct, lessens accessible salary to family and if roundabout, brings down the obtaining force of existing individual livelihoods. Restricted or alternate, investment funds potential and inclination are adversely influenced, subsequent to the utilization penchant is for the most part exceedingly unbending concerning pay and African nations normal individual salary is becoming gradually and sometimes is about stable. For this situation a quicker increment in levy would avert family unit reserve funds as well as reason contrary individual investment funds if some salary workers were instigated to disinvest collected riches with a specific end goal to balance the diminishment in pay (real or in buying influence) distributed to current utilization use (Mottura, 1972).

Mottura (1972) trusts that the aggregate to be picked up by premium rate, regardless of the possibility that it is high, typically has minimal financial criticalness to savers, who store or put sums in a little normal volume. In this manner the saving conduct is not only inspired by the interest rate and savers don't appear to be especially intrigue delicate. Maybe the definition and collection of reserve funds at the family unit level gives off an impression of being emphatically roused by the accompanying elements: the requirement for protection, the requirement for credit, the sentiment social commitment, and the arranging of future use (utilization and speculation). Once more, this is in a roundabout way demonstrated by the execution of indigenous affiliations (both the investment funds and common guide kind) and by the conduct of disciples. In such a domain, it gets to be reasonable that the premium rate can't give an adequate inspiration to spare or to store reserve funds into a bank. Indeed, by saving with an indigenous affiliation (or even a credit union) the family acquires security, credit and social remaining inside the neighborhood group.

Expectation of future changes in salary

People over the planet are intermittently confronted with the test of vulnerability. Whiles the rich are confronted with the vulnerability of future changes in wage because of a few progressions in both microeconomic and macroeconomic arrangements, the poor are likewise confronted with instability in meeting present and future consumptions. In this manner, both the rich and poor people family units are usually confronted with the issue of instability. Lusardi (1998) in her examination of the significance of preparatory saving noticed that people confronting higher pay danger spare more. In a comparative vein, Guariglia (2001) likewise discovered a noteworthy relationship between income vulnerability and saving. The outcomes inferred that family units spare more in the event that they anticipate that their budgetary circumstance will break down. Cocoa and Taylor (2006) have noticed that despite the fact that money related desire impacts investment funds, they are likewise affected by individual qualities, (for example, age and instruction) and by business-cycle impacts.

Incentives

A few banks give contractual saving arrangement whereby the saver is obliged to frequently store a given entirety of cash, even little, in return for a premium installment or ideally, for the privilege to acquire certain money related administrations (credit and protection). Some of these plans have as of now been effectively presented in a couple African nations (case is the Mit Ghamr bank, now Nasser Social Bank, in Egypt). For example, the contractual savers may be without a doubt, upon specific conditions, advance for different purposes (to fund the building they could call their own home, to back the buy of specific homestead inputs, to pay for their youngsters' training, to meet unanticipated costs, for example, funerals, medicinal treatment and so forth) (Mottura, 1972).

Additionally rather than credit, savers could get at their decision a multi-reason protection strategy, whereby they are secured against specific dangers, for example, characteristic passing, demise coincidentally, powerlessness ensuing to illness or mishap and so forth for a sum corresponding to the entirety kept. In addition, under specific conditions, savers may appreciate the help of a 'social administration subsidize', the primary motivation behind which ought to be bailing followers out of troublesome circumstances, brought on by unanticipated occasions not secured by the protection administration. This type of reserve funds motivation had been tested by Mit Ghamr in Egypt and had turned out to be effective. At long last savers may get, upon solicitation, monetary and specialized exhortation from the bank on issues entirely concerning either financial action or the administration of their family unit spending plan (in the same place, 1972).

Demographic Characteristics

Gender

Quartey and Blankson (2008) in the investigation of the GLSS 4 information watched the accompanying. To start with the quantity of individuals who did not have bank account were more than the individuals who had. Just 12.1% of the aggregate example held bank account and out of this extent, females held a bigger number of investment account than guys (53.5% against 46.5%). It was watched that contrasting this figure with that of 1991/2, the extent of guys with bank account declined. It was additionally noticed that of the aggregate individuals who held investment accounts, dominant part of them were children and girls of family head took after by family unit heads themselves and afterward the companions of family heads and the slightest was the grandchildren of family heads.

Denizer et al. (2000) in the investigation of the family unit funds in the Transition utilizing information from Bulgaria, Hungary, and Poland noticed that families headed by ladies show fundamentally higher reserve funds rates than that of men in these three nations. Dupas and Robinson (2013) worked as a team with the Bumala town bank in Kenya to arbitrarily furnish little entrepreneurs with access to investment accounts. Four to six months after record opening; ladies in the treatment gathering had 45 percent higher day by day interest in their organizations than ladies in the correlation bunch. In this way ladies have the ability to spare however were confronted with various obstructions.

Age

It was additionally watched that family individuals who are under 18 years held more prominent extent of the bank account including susu. Despite the fact that the individuals underneath held a vast extent of investment account, those matured 60 years or more had the most noteworthy mean reserve funds equalization took after by the individuals who are under 18 years. This outcome repudiates the Life Cycle Hypothesis (LCH) which predicts that working populace collect investment funds whiles the youthful and the old expend past reserve funds (Quartey and Blankson, 2008).

Thus, Chakrabarty et al (2008) in their examination of the saving execution of Australia discovered results predictable to that of Quartey and Blankson (2008). The coefficients on age shams recommend that family units spare more as heads get to be more seasoned. For instance, the saving rates for family units with heads matured 41–50, 51–60, and matured 61 or above were higher than those with heads matured 30 or underneath. One may contend that family units with resigned heads have distinctive saving propensities than those with non-resigned ones however their discoveries demonstrated that whether the leader of the family unit is resigned or not does not seem to influence investment funds. This confirmation runs in opposition to the lifecycle hypothesis of utilization. Lifecycle hypothesis predicts that family units ought to begin dissaving as they age. Chakrabarty et al (2008) additionally trusted that investment funds of the family units with heads beyond 61 years old could be higher because of liberal tax cuts of superannuation commitments.

Education

It was likewise watched that in 1991/2, more elevated amounts of training (tertiary) essentially expanded the likelihood of reserve funds yet this couldn't hold for 1998/9. Along these lines 'the likelihood of investment funds increments as one accomplishes tertiary instruction yet the peripheral impact was not noteworthy'. Educating may empower individuals to value the better things in life or to be more productive in settling on utilization choices (Solmon, 1975). By and large it has been contended that one motivation behind training is to impart a diagnostic capacity in understudies. "Comes back to saving will be high when the saver can gauge and investigate the impacts of present and future costs of merchandise, present and anticipated that profits would different budgetary resources, the speculation options accessible, and present and future states of different parts of the economy. It is conceivable that individuals with the same salary can buy similarly great venture information and exhortation. On the other hand, no doubt an informed individual can do whatever the less scientific individual can do and that's just the beginning" (Solmon, 1975).

Place of Residence

In the territory of settlement, it was watched that the likelihood of funds was likewise reliant on the sort of family convenience. Families living in leased or without rent convenience are prone to have a greater number of funds than those living in their own homes. Quartey and Blankson (2008) watched that in Ghana, those 'living in leased convenience are more prone to have budgetary reserve funds maybe to pay for rent development (store) or to set up their own homes than those living in their own homes. Those living in their own homes may have utilized their reserve funds to set up houses - a type of investment funds'. As opposed to desire, family size was likewise found to essentially build the likelihood of family unit reserve funds. Along these lines the bigger the family measure the more reserve funds the family has.

Occupation

The measure of salary one makes generally rely on upon his or her occupation and as being what is indicated, it has proposed that individuals whose occupations acquire them higher livelihoods have the capacity to have higher reserve funds than the individuals who are into modest employments. In Ghana, Quartey and Blankson (2008) analyzed that greater part of the families who recovery were occupied with agribusiness yet their mean investment funds were low. However those occupied with account, protection, land and business administrations had the most astounding mean current estimation of investment funds.

Low Savings in Ghana

As indicated by Dovi (2008), just around 20 for every penny of African families own bank accounts. For instance, in Ghana, only 33% of all families own savings accounts; Two-fifth of these saving records are claimed by urban households, and just 22 for every penny of these records are possessed by rural households or the casual area (Ghana Statistical Service, 2008).The low rate of reserve funds in Ghana when contrasted with a nation like China suggests that Ghanaian money related middle people (e.g. banks) just hold a minute portion of the nation's capital, and consequently, would not have the capacity to efficiently apportion cash amongst the different divisions of the economy. Financial intermediaries, for example, banks are in charge of apportioning money between the distinctive monetary divisions in any economy to boost commerce and make wealth (Morawski, 2007). This responsibility involves moving overabundance cash from the surplus divisions of the economy to deficiency parts with a specific end goal to improve financial development and advancement. For example, a neighborhood Ghanaian rancher may have an extensive stretch of area for farming. Be that as it may, because of inaccessibility of satisfactory capital he may not be ready to add to the entire stretch of area. Then again, a financial researcher may have abundance capital and no practical venture to put resources into. In order for there to be a gainful relationship between these two individuals, the riches creation nature of banks ought to come to play; by the financial researcher keeping his cash with the bank and the rancher applying for a credit from the bank, the need of both people are satisfied. The farmer gets cash to build up the stretch of area and the speculator discovers a safe place to keep his cash while getting profits for his cash. In this situation, the financial researcher has wiped out the danger included with managing with the agriculturist specifically; the speculator is no more agonized over default risk since he gave his cash to a bank (i.e. spared his cash with the bank).

How well the connecting of the shortfall area to the surplus part is being done relies on upon the effectiveness level of a nation's monetary business and the degree to which its nationals spare (Uremadu, 2007). Overabundance money collected from the surplus segment as reserve funds gets to be capital for private or national improvements as credits sourced from banks. The present state of Ghana's capital-starved monetary sector may suggest that people who need cash for money generating investment (shortage area) would keep on staying in need, whilst those individuals with abundance capital (surplus part) would proceed to keep money to themselves. This is to a vast degree impacted by the unattractive premium rates set by most banks and specifically, the boundless between the premium rate charged on credits and the profits on funds. Savers get next to no enthusiasm on their investment funds while borrowers pay very much an immense measure of enthusiasm on credits. Henceforth, people in the surplus area don't have any inspiration for saving their cash with banks, and people in the deficiency segment discover it practically incomprehensible to obtain credits as a result of the high going with premium related with these advances. However in more created nations like China or the United States where the managing an account framework works productively, the spread between acquiring and loaning rate is little.

Regardless of the late uptick in gross saving, all levels of saving rates stay low by recorded norms. Could these low rates exhibit a close term hazard for shopper spending? Macroeconomic information that reflect family money related conditions and are apropos to spending reveal, most strikingly, the momentous recuperation in total family unit wealth recently. As indicated by the

Research Methodology and Profile of Study Area

Research Design

The primary target of this study was to research the determinants and savings culture of people living in Kumai the second capital of Ghana. This design was viewed as most suitable on the grounds that as saw by Anderson (1995), the enlightening outline offers the researcher the chance to get the perspectives of the populace concerning some issue of interest and pertinence to the study. The study likewise included discovering responses to research inquiries and the outcome broke down utilizing factual instruments. It is taking into account the previously stated, that the researcher regarded it fit to utilize the quantitative design for the study.

Population, Sample and Sampling Procedures

The people for this study contained all families in the Kumasi city. The study embraced a comfort inspecting procedure. Respondents were inspected helpfully from their places of living arrangement inside of the city.

Data Collection Method

The study assembled and made utilization of primary data through the organization of organized surveys. Questionnaire was suitable for the study in light of the fact that Saunders et al. (2009) showed that both experiment and case study research techniques can make utilization of this examination instrument. It was likewise utilized on the grounds that information gathered utilizing inquiries can be steady, consistent and has uniform measure without variety. It additionally diminishes predisposition created by the analysts' presentation of issues. The questionnaire was separated into three segments, to be specific, demographics, society of savings and intentions of funds. There were however some open ended questions to address the challenges of savings.

Data Analysis and Discussion of Results

Demographics of the Respondents

Table 1.1 Demographics

Demographics	Options	Frequencies (*N*)	Percentages (%)
Place of dwelling	Own house	69	53.5
	Rented apartment	48	37.2
	Rent-free	12	9.3
	Total	129	100.0
Gender	Male	63	48.8
	Female	66	51.2
	Total	129	100.0
Age	18-25yrs	42	32.6
	26-35yrs	54	41.9
	36-45yrs	24	18.6
	46-55yrs	9	7.0
	Total	129	100.0
Education level	No formal education	6	4.7
	Basic education	3	2.3
	2nd Cycle	9	7.0
	Tertiary	111	86.0
	Total	129	100.0
Marital status	Married	42	32.6
	Divorced	6	4.7
	Single	81	62.8
	Total	129	100.0
Dependents	Less than 5	54	41.9
	5-10	57	44.2
	11-15	9	7.0
	16-20	9	7.0
	Total	129	100.0
Employment status	Full-time	81	62.8
	Part-time	12	9.3
	Self-employed	18	14.0
	Unemployed	3	2.3
	Student	15	11.6
	Total	129	100.0
Nature of work	Professional	66	51.2
	Clerical	3	2.3
	Administrative	18	14.0
	Sales work	36	27.9
	Transport	3	2.3
	Agriculture	3	2.3
	Total	129	100.0
Source: Field work, 2015.			

The above demographics were selected because previous studies like Schultz (2004), Amu (2008) and Kodom (2013) found them as determinants of savings.

The place of dwelling sought to find out whether respondents lived in their own homes or rented apartment. The analysis indicated that 53.5% of the respondents lived in their own houses, 37.2% rented their apartment, and 9.3% were staying in rent-free apartment which does not belong to them. It was evident that the majority of the respondents were staying in their own houses.

The gender distribution showed that 48.8% of the respondents were male and 51.2% females. This showed a fairly distributed gender for the study.

The age of the respondents indicates that, 32.6% were aged 18-25 years, 41.9% were aged 26-35 years, 18.6% were aged 36-45 years, and 7% were aged 46-55 years. This indicated the youth dominated the study.

From the analysis, 4.7% of the respondents had no formal education, 2.3% had basic education, 7% had a second cycle education, and the majority 86% had a tertiary education (Diploma, HND, Professional certificate, Degrees, Masters, PhD, etc.).

Whether someone is married or not, could influence its savings ability. Out of the respondents, 32.6% were married, 4.7% divorced, and 62.8% were single. The distribution on the number of dependents indicated that, 41.9% had less than 5 dependents, 44.2% had 5-10 dependents, 7% had 11-15 dependents and 7% also had 16-20%. Most of the respondents therefore had up to 10 dependents.

The distribution on employment status indicates that, 68.2% were employed on a fulltime basis, 9.3% were employed on a part-time basis, 14% were self-employed, 2.3% were unemployed, and 11.6% were students. The majority of the respondents were therefore gainfully employed.

Concerning the nature of work, 51.2% were into professional work like nursing, teaching, law, etc. 2.3% were into clerical work, 14% into administrative work, 27.9% were into sales work (trading), 2.3% into transportation business and 2.3% into agriculture businesses.

Table 1.2 Determinants of savings

Independent variable	**B**	**t-score**	**Sig.**	**R**	**R^2**
(Constant)	-4.142	-1.867	.066	.640	.409
Gender	.852	2.281	.026		
Age	.773	2.497	.015		
Place of dwelling	.727	2.830	.006		
Education	.659	1.968	.050		
Dependents	-.745	-3.834	.000		
Income	.040	2.135	.036		
Marital status	.182	1.401	.166		
Nature of employment	.065	.251	.803		
Employment status	-.023	-.057	.955		
Dependent variable: Percentage of Income Saved ***Source: Field work, 2015.***					

Note:
R *represents the correction or relationship between the dependent and the independent variables*
R^2 *represents how much of the dependent variable can be explained by the independent variables.*
B *represents the coefficients of the independent variables.*
Sig. *represents the statistical significance level of the model (the acceptable level of significance for this research was 0.05).*

From the regression output presented in table 1.2, there existed a moderate relationship between the determinants of savings and the percentage of income saved. The result was positive (.640), meaning both dependent and independents variables move in same the direction. As a rule of thumb, any correlation (R) that falls with +-0 to .3 is weak, +-.3 to .7 is moderate, and +-.7 to 1 as strong. The R^2 showed that 40.9% change that occurs in percentage of income saved was attributed to or explain by the determinants of savings. The percentage is large enough for conclusions to be drawn as there are macro environmental factors to explain the remaining percentage, but are not the focus of this study.

Although previous studies like Schultz (2004),Amu (2008) and Kodom (2013) altogether found the above 9 factors as the determinants of savings, this study only proved 6 determinants. The regression equation was therefore: ***Savings*** = -4.142+ .852*(gender)* + .773*(age)* + .727*(place of dwelling)* + .659*(education)* - .745*(dependents)* + .040*(income).*

The regression analysis indicates that, gender significantly impacted savings. The p-value was .026. The coefficient (B) indicates that, being a male or female causes a change in savings by 85.2%. The findings by Fisher (2010) showed that women were less likely than men to have saved, while the proportion of the male and female samples reporting to save regularly was similar. On the other hand, some researchers have concluded that no gender difference in savings and investment behavior exists. For example, Zhong and Xiao (1995) found no gender difference in the dollar holdings of stocks.

The coefficient of .773 for age showed that, a change in age group impact the changes in savings by 77.3%. The change was positive indicating the percentage of income increases as age increases and the vice versa. Similarly, Chakrabarty et al (2008) in their analysis of the saving performance of Australia found the coefficients on age dummies to suggest that, households save more as heads become older. This evidence runs contrary to the lifecycle theory of consumption. Lifecycle theory predicts that households should start dissaving as they age. Attanasio (1998) in his examination of the relationship between age cohort and personal savings in the United States using data from the Consumer Expenditure Surveys (CEX) from 1980 to 1991 found that age-savings profile is humped-shaped with the peak of savings occurring around age 57.

Staying in one’s own apartment or renting, or rent-free apartment also significantly impacted the saving ability of respondents. The place of residence determines 72.7% of the changes that occur in ability of one to save. Quartey and Blankson (2008) observed that in Ghana, those ‘living in rented accommodation are more likely to have financial savings perhaps to pay for rent advance (deposit) or to put up their own houses than those living in their own houses.

Level of education also significantly impacted the ability of one to save. The coefficient of .659 indicates that moving from one educational level to another, increased the chance of saving more by 65.9%. This was positive, meaning as people climb the academic ladder, they have a higher tendency to save, and the vice versa. Schooling may enable people to appreciate the finer things in life or to be more efficient in developing consumption decisions. It is possible that people with the same income can purchase equally good investment data and advice. However, it would seem that an educated person can do whatever the less analytical person can do and more (Solmon, 1975).

The number of dependents one has significantly impacted the savings ability. The coefficient was -.745, indicating that the number of dependents had a negative relationship with the ability to save. So as the number of dependents increase, the ability to save was also reducing, and the vice versa. All things being equal, expenditure increases when the number of dependents increases, but with basically same income level. This therefore reduces the amount that would be available to save. Elfindri (1990) conducted a study to examine the demographic impact of family size on household savings in some part of central Sumatra in Indonesia. Using data from the 1987 Indonesian census, the results from the regression analysis show that the size of the household and the number of children at school going age negatively affect household savings. In contrast to the findings of Elfindri, Browning and Lusardi (1996) who analysed micro theories and data on household savings found that household size can have a positive effect on savings according to economies of scale. However, the composition of the family, rather than the size of the family per se, has a greater impact on savings.

The level of income one receives also significantly and positively impacted the level of savings. Although this study showed a minimal impact of .04 (4%). The small level of effect could be attributed to the fact that, a large number of respondents refused to disclose their source and amount of income received. They considered it too sensitive a question to be answered. However, this result showed at least that, when one's income increases, the ability to save also increases, and the vice versa. The Keynesian Savings function and the Friedman Permanent Income postulate a positive relationship between savings and income. Collins (1989) examined the saving behaviour in nine Asian developing countries plus Turkey since the early 1960s. In the midst of all the differences in savings rate and savings behavior, the results from all the countries confirmed that increase in income have a positive effect on household savings.

Although marital status, nature of employment, and employment status affected the savings pattern of the individual, these relationships were not statistically significant at 0.05. However, Quartey and Blankson (2008) examined that majority of the households who save were engaged in agriculture but their mean savings were low. However those engaged in finance, insurance, real estate and business services had the highest mean current value of savings. Unlike Ghana, the findings from Dupas and Robinson (2013) work show that in Kenya, potential savers were market vendors, bicycle taxi drivers and self-employed artisans who did not have a savings account but were interested in opening one.

Culture of Savings in Kumasi Metropolis

From table 1.3 analysis was done using mean, standard deviation, and t-test. These sections of the questionnaire sought to give respondents the opportunity to show by indicating on a five point Likert scale their level of agreement with the statement provided. They were to use a scale of 1=strongly agree, 2=agree, 3=neutral, 4=disagree, and 5=strongly disagree.

A statistical test of the mean was done to decide whether the population considered a particular variable to be important or not using t-test. The one sample t-test was used to ascertain the relative significance of the variables. For a single sample test, the hypothesis was set as Ho: U > or = Uo, Ha: U < Uo. With Ho representing the null hypothesis, Ha representing the alternative hypothesis and Uo representing the hypothesized mean (in this case 2.5).

The mean ranking (in descending order) of each criterion was compiled to in order to articulate the decisions that the respondents expressed. Moreover, the mean for each variable with its corresponding standard deviation are presented. In this research, the higher ratings of 1 and 2 were chosen for the rating scale as 'strongly agree' and 'agree' respectively while the Uo was set at 2.5. 95% was set as the significance level in accordance with the levels of influence (Field, 2005).

Standard Deviation (SD) provides an indication of how far the individual responses to a question vary or "deviate" from the mean. SD tells how spread out the responses are; are they concentrated around the mean, or scattered far and wide? SD generally does not indicate "right or wrong" or "better or worse", so a lower SD is not necessarily more desirable. In a normal distribution, 68.26 percent of all scores will lie within one standard deviation of the mean; 95.34 percent of all scores will lie within two standard deviations of the mean; and 99.74 percent of all scores will lie within three standard deviations of the mean.

Table 1.3 Culture of savings in Kumasi metropolis

Culture of savings	*Test Value = 2.5*			
	Mean	**Std. Deviation**	**t-score**	**Sig.**
I prefer to save more for the future	1.7436	1.08400	-7.548	.000
I plan my life ahead of time	1.7692	1.05360	-7.502	.000
Saving money is a virtue	1.77	1.029	-7.683	.000
I pay close attention to how much money I spend	1.9744	1.17048	-4.858	.000
Before I buy something, I compare prices on similar items	2.0769	1.09980	-4.161	.000
I save money for things I might need later	2.3077	1.28962	-1.613	.109
I live more from day to day	2.8205	1.03903	3.337	.001
One should never be in debt	2.9487	1.62335	2.990	.003
I prefer to spend my money and enjoy life today	3.9744	1.12542	14.170	.000

Source: Field work, 2015.

From table 1.3, respondents agreed to 7 out of 9 items, however, only the first 6 were statistically significant at 0.05. The respondents agreed that they preferred to save more for the future. The mean was 1.7436 (approximately 2=agree). From table, 34.3% (the minority), saved up to 10%. The remaining respondents (the majority) saved up to 70%. 17.1% saved from 11-20% of their monthly income, 20% saved from 21-30% of their income, 5.7% saved 31-40%, 17.1% saved 41-50% of their monthly income, 2.9% saved from 51-60% of their income, and 2.9% also saved from 61-70%.

As shown in table 1.3, the respondents plan their life ahead of time. By planning ahead of time means their prepared also for future financial needs through savings. They also agreed that savings is a virtue. The ability to save comes with financial discipline, and the respondents agreed they pay close attention to how much they spend. This is to enable them increase the leftover for savings. Before purchase is made, respondents compare prices on similar items. This is to enable them get the best possible value for their money spent. They saved money for future needs like purchasing car, building, hospital bills, school fees, etc.

The respondents were indifferent that they lived more from day to day. Meaning they were indifferent that they didn't plan towards the future. But this was not statistically significant at 0.05. They were also indifferent that one shouldn't be in debt. The respondents disagreed they preferred to spend money and enjoy life today.

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

Summary of Findings, Conclusion and Recommendations

Determinants of savings

Multiple regressions was conducted to ascertain the effect of the nine independents variables on savings pattern. The study found six of them to have been the determinants of savings. These were gender, age, and place of dwelling, education, dependents and income.

Culture of savings in Kumasi Metropolis

Contrary to other findings, this study found a relatively high level of savings culture among the people of Kumasi metropolis. Respondents preferred to save more for the future, they planned life ahead of time, saving money was a virtue, respondents paid close attention to how much money they spend, and before they purchased anything, they compared prices on similar items.

Conclusion

The study sought to assess the determinants and consequences of low savings in Ghana, but with special focus on Kumasi metropolis. A thorough review of literature was conducted, to have a better appreciation of concepts understudy. After the study, six major factors determined savings ability in Ghana. These were gender, age, and place of dwelling, education, dependents and income. There was a relatively high culture of savings in the metropolis. Respondents preferred to save more for the future, they planned life ahead of time, saving money was a virtue, respondents paid close attention to how much money they spend, and before they purchased anything, they compared prices on similar items. The major reasons of savings as identified from the study were, against unforeseen contingencies (illness, home repairs, etc., for children, to invest in business, to enjoy a gradually improving standard of living over time, and to be financially independent and to have the power to do things. The factors that limited savings ability were external family pressure and high dependency; inadequate income; unexpected occurrence in course of the month; high cost of living in Ghana; inflation and depreciation of the cedi; unlimited needs from little income; low productivity; financial indiscipline; lack of education on financial savings and benefits; unemployment; and business investments.

Recommendations

After undertaking the study, the following recommendations were made;

Lack of confidence in financial institutions also affected the abilities of people to save. This is as a result of the fact that there are so much proliferation of savings and loans and microfinance institutions, with some operating even without the due permit. And no time, some of these institutions collapse, causing people to lose their savings. Noble Dreams microfinance, Eden microfinance, Mizpah microfinance and Atobiase rural Bank have collapsed in recent years. It is recommended that, governing bodies like the Bank of Ghana, must take drastic measures to close down all these illegal financial institutions in the system that is dragging the reputation of the rest into the mud. The macro environmental factors like inflation, currency depreciation, unemployment, etc. also affected ability to save. To the political leaders, it is recommended that measures be put in place to improve the macro environmental factors. This would intern affect savings ability positively. Age was found to be a significant determinant of savings. As people advance in age, they turn to have the tendency of saving more. It is therefore recommended to the financial institutions to develop financial or savings packages that would attract the aged. On the other hand, financial products must be tailored to encourage the youth to increase their tendencies to save since it was found that younger people saved less.

Gender also significantly affected savings, and therefore, promotional packages must not be on a mass approach, but tailored to a specific gender. With that, the financial institutions could maximize the returns on clients’ savings.

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

Limitations of the Study

The study was limited to only selected families in Kumasi, the second largest capital of Ghana and could not cover the entire country due to funds and time constraints.

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