Information and Knowledge Management www.iiste.org
ISSN 2224-5758 (Paper) ISSN 2224-896X (Online)
Vol.7, No.3, 2017

The Significance of Indigenous Banks to Economic Development in Zimbabwe: A Case Study of Harare Metropolitan

Gerald Munyoro
Graduate Business School, School of Entrepreneurship and Business Sciences
Chinhoyi University of Technology, P. Bag 7724, Chinhoyi, Mash West Province. Zimbabwe

Fanuel Dube
Graduate Business School, School of Entrepreneurship and Business Sciences
Chinhoyi University of Technology, P. Bag 7724, Chinhoyi, Mash West Province. Zimbabwe

Abstract
The main objective of this study is to ascertain the significance of indigenous banks to the economic development of Zimbabwe because any economy requires the existence of a banking system to ensure the mobilization of excess money, as well as guiding money towards the pursuit of efficient economic activities that promote economic development. Banks as financial intermediaries channel funds from those who have excess money for investing at an interest to those who want to borrow at an interest, creating a lender borrower relationship. They also provide financial services that reduce the cost of moving funds between borrowers and lenders, leading to a more efficient allocation of resources and faster economic growth. Thus, banks are an essential component of modern economies, not only in terms of turnover, but also as primary financiers. 100 respondents were selected from 8 indigenous banks and 400 bank users were also selected using purposive sampling techniques. The data collected from the respondents was analyzed using mixed methods. Furthermore, secondary data was obtained from journals, reports and relevant publications. The findings of the study revealed that indigenous banks help entrepreneurs in different industrial sectors to gain access to capital which also contributes to the economic development of Zimbabwe. The study also revealed that indigenous banks inculcate the habit of banking in rural people and other low income groups among other benefits. Hence, there is need for the government to support indigenous banks.
Keywords: Financial services sector, Government, Principal regulatory, Financial liberalization, Developing countries, Government, Economic development, Central bank, Indigenous banks, Financial intermediaries

Introduction

From the 1970s up to the early 1990s, financial liberalization took place in developing countries as part of the governments' plans to give markets an important role to play in economic development by growing the financial sector as stated by Suainman et al (2012) Bumnn et al (2012), Ghosh (2005). This led to the proliferation of indigenous banking institutions in the financial services sector as noted by Moyo et al (2014) supported by Shehzad (2008). According to Sulaiman et al (2012) and Odhiambo (2011) financial liberalization was meant to allow indigenous/local entrepreneurs to participate in a market that originally was dominated by foreign owned institutions such as Barclays Bank and Standard Chartered Bank in order to bring about the so needed economic development. This approach according to Parker (2012) is in agreement with the endogenous growth theory which focuses on utilizing internal resources before resorting to external resources. According to Romer (1994), in support of the endogenous growth theory, economic growth is generated from within a system as a direct result of internal processes rather than external processes. This is further supported by Mare (2004) who stated that the enhancement of a nations' human capital will lead to economic growth by means of the development of new forms of technology and efficient and effective means of production. According to Kambango and Paloni (2010) and Ajayi (1995), a well-developed financial system results in the efficient allocation of resources, accumulation of physical and human capital and faster technology which results in economic development. Furthermore, financial sector development is viewed to result in an increase in money which directly influences economic development. There are however mixed feelings as to the significance of indigenous banks on economic development. Sibindi and Bimha (2014) and Levine (1996)'s studies on foreign owned banks unearthed that foreign owned banks bring competition and technology which improves the service quality in the domestic economy and the availability of excellent financial services. This proposition is echoed by Abdolmajid, and Mahvash (2012), Lio (2010**)** who noted that foreign owned banks exert competition on domestic financial markets which enable a greater application of more modern banking skills and technology. However Berger et al (2000) suggested that domestic banks have advantages over their foreign owned counterparts in terms of asset size, market share and language, culture and regulations, even though foreign banks have their own advantages to domestic banks which come in the form of technology and international expertise. Foreign banks however are seen to exploit resources in developing countries, and hence according to Claessens (2001), by their nature they posts much higher profit margins than domestic banks in developing countries but the same cannot be said in developed countries. Empirical studies cited elsewhere in this study show that literature is silent on the significance of indigenous banks to economic development. Hence this study seeks to establish the significance of indigenous banks in developing the Zimbabwe economy.

LITERATURE REVIEW

The background of the study

For years, the financial services sector in most developing countries has been relying on foreign owned financial institutions as stated by Brownbridge (1998). The western style financial institutions supported large businesses, leaving doors shut to 3rd world entrepreneurs creating an opportunity for Indigenous Financial Institutions to fulfill the role of accommodating this sector as argued by Chamlee (1993). This little interest in supporting local entrepreneurs led to the liberalization of the financial services sector by most African countries leading to the removal of tight controls in the sector according to Sibindi and Bimha (2014). The aim was to bring financial inclusion so as to allow those economic agents that were not serviced by the already established foreign owned banks to access financial services leading to economic development as stated by Berger et al (2000). As a result of financial liberalization, several indigenous banks entered the once foreign dominated financial services sector as cited by Mumvuma, et al (2003). Zimbabwe was not an exception as new policies to liberalize the banking sector in 1991 were set as part of the Economic and Structural Adjustment Programme as stated by Chigumira and Makochekanwa (2014). However there is no concrete agreement on the effects of financial liberalization which resulted in the proliferation Indigenous Financial Institutions on economic development. According to Aretis (1993), the effects are ambiguous and remain unproven. There are mixed feelings therefore on the significance of indigenous banks on economic development with some researchers saying it differs from country to country. The role of indigenous banks in Zimbabwe and their significance to economic development remains uninvestigated. Thus the study was aimed at ascertaining the role of indigenous banks in stimulating economic development in Zimbabwe.

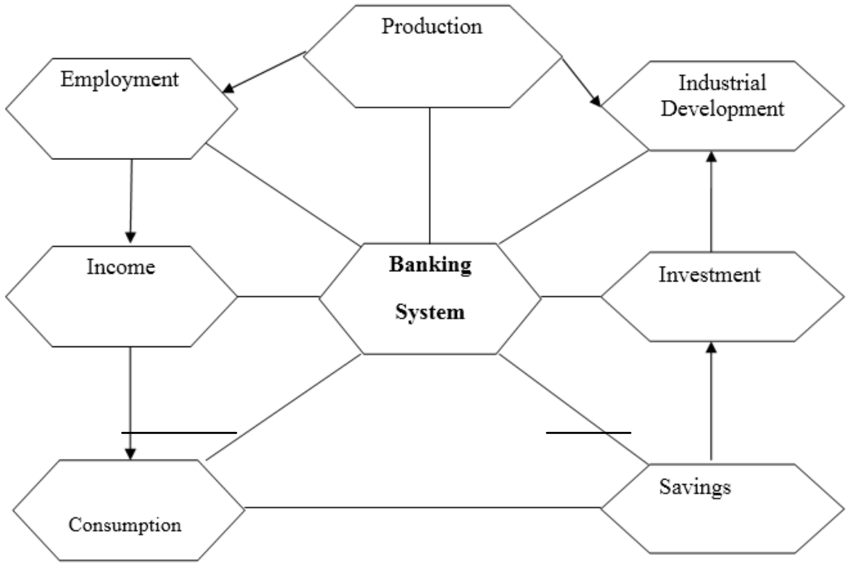
The concept of banking

A bank is defined by Leaf (1952) and Shretha (2010) as a person or corporation which performs the role of receiving from the public, deposits payable on demand by cheque. This definition is supported by Kinly (1979) and Uttarwar (2014) who also defined a bank as an establishment which makes to individuals such advances of money as may be required and safely made, and to which individuals entrust money when not required by them for use. These banks are regulated in terms of the Banking Act which stipulates the nature and magnitude of services they should provide as stated by Bonn (2005). Other banks such as merchant banks are not deposit takers whilst commercial banks take deposits. Some of the services offered by these banks are similar but differentiated. Furthermore, banks can be defined according to their functions as presented by Bail (2002); Heffernan (2005) further supported by Somashekar (2009). In addition, banking can be defined as the business activity of accepting and safeguarding money owned by individuals and entities, and then lending this money at a profit to the same who may require such monies for various reasons as argued by Oludaro (2015). According to the Banking Act Chapter 24:20 (2000), in Zimbabwe a bank means a commercial bank or an accepting house which carries out banking business accepting deposits withdrawable or repayable on demand or after a fixed period or after notice and the employment of those deposits, in whole or in part, by lending or any other means for the account and at the risk of the person accepting the deposits.

In this study a bank is defined as a lawful or legal institution which is in the business of accepting deposits that can be withdrawn on demand as well as lending money at an interest amount to individuals and businesses that need it over a given period of time.

According to the IMF (2014), the activities covered by banking have widened leading to the introduction of various services that banks offer. Furthermore Masunda and Nyamutowa (2013), Christopher and Jenkins (2007) pointed out that banking services now include the issuance of debit and credit cards, providing safe custody of valuable items, ATM services, lockers and online transfer of funds across the world. Banking business plays a major role in the world economy as it plays the role of accepting money deposits from savers and lending it to borrowers as argued by the Bank of International Payment Systems (2003). This activity encourages the flow of money to productive use and investments and this eventually leads to economic growth. In the absence of banking business, savings will sit idle, people will be unable to transact with the world and entrepreneurs will not be in a position to raise money for their business adventures as argued by Goyal (2007).

Functions of Banks



Sauce: Author

Banking remains an integral and core part of any economy, without which economic activities become virtually impossible as they do not only play a strategic role in the safe keeping of money and other vital documents of trade, but are also facilitators of economic interests of sorts in the economy as suggested by Bollard et al (2006), Rahman et al (2012).

It is important to note that banks fall into different categories in Zimbabwe namely; Commercial Banks, Building societies, Merchant banks and Developmental banks as noted by Chagwiza (2012) as discussed below:

- **Commercial banks**

These are banking institutions whose function is to accept deposits and grant short-term loans and advances to their customers Heffeman (2005). Furthermore commercial banks give medium to long term loans to business enterprises. According to Connet and Tehranian (2014) commercial banks provide various services to the sectors of the economy such as: credit allocation, money supply transmission, payment services, and liquidity and information services. Failure to provide these services or inefficiency in provision can be costly to both sources and users of savings as well as the overall economy and thus demands regulatory intervention that in turn affect bank performance and market value.

- **Building Societies**

A building society is a mutual financial institutions owned by members. Such an institution offers banking and related financial services, especially savings and mortgage lending as defined by Taylor (2003). Building societies were established as people came together to address a common interest of housing and members were originally both savers and borrowers. However non members were needed whose motives was profit through interest on deposits.

- **Merchant Banks**

Merchant banks are also known as investment banks which offer services in international finance and long-term loans to individuals, multinationals and governments. Craig (1999) further defines merchant banking as negotiated private equity investment by financial institutions in the unregistered securities of either privately or publicly held companies. Furthermore Chapman and Stanley (2005) points out that the main functions of merchant banks are to buy and sell finance products. They also manage risk through proprietary trading carried out by special traders who interface with customers. These banks manage debt and equity offerings. Furthermore, they distribute securities such as underwriting support, equity share, insurance products, registering offer documents and fixed deposits among others as noted by Young et al (1971). These banks also assist clients with project advice from concept stage through feasibility studies to examine viability of a project and preparing detailed project reports.

- **Development Banks**

Entrepreneurs require medium to long term capital for the purchase of machinery and equipment, technology and expansion. Such financial assistance is provided by Development Banks. They also undertake other development measures like subscribing to the shares and debentures issued by companies, in case of under subscription of the issues by the public.

The Financial Liberalisation in Zimbabwe

Many scholars and policy makers widely acknowledged that financial liberalization leads to more economic development since the pioneering works of McKinnon (1973) and Shaw (1973) as argued by Kapur (1976), Galbis (1977), Bencivenga and Smith (1991) and Levine (1997). There has been an increase in the number of countries implementing financial liberalization as a strategy to boost their economic development after the declaration of the Financial Repression School as stated by Tornell et al (2004) and Bekaert et al (2005). According to Venet (1994), there are theoretical effects of financial liberalization that could be transmitted to economic development through two main views which are savings and investments. Furthermore, Bandiera et al (2000), Khan and Hasan (1998), Hermes (2005) De Melo (1986) and Archy (2005) pointed out that financial liberalization leads to increased savings which in turn stimulate investment activities and hence economic growth. Thus the proponents of the concept of financial liberalization argued in favour of freeing financial markets and letting the determination of credit allocation become market driven as stated by Arestis (2005). However on the other hand financial liberalization was proved by various studies to have several negative effects on the economy. According to Miottie and Plihon (2001), Liewellyn (2002) and Kaminsky and Reinhart (1999), financial liberalization is responsible for the emergence of new banking behavior like high risk appetite and speculative behavior. Furthermore it opened external shocks and it increased uncertainty and competition between banks and between banks and non banks as stated by Demetriades and Luintel (2001), Bertrand et al (2007) and Cubillas and Gonzalez (2014). Consequently empirical studies remained with inconclusive results and inconsistency on the effect of financial liberalization and have not given an identical measure of financial liberalization across countries and across time as noted by Das (2004). These conflicting results on the real impact of financial liberalization on economic development is a cause of concern, hence the need to determine the significance of indigenous banks in developing the Zimbabwean economy.

The emergence of Indigenous Banks in Developing Countries

Before the independence of most African countries, most of them such as Kenya, Nigeria, Uganda, Ghana, South Africa, Zimbabwe included, had their financial services sectors dominated by few foreign owned banks as stated by Frederick (2014), Ongere (2013) and Adeyeni (2011). Furthermore Bumann et al (2012) and Munyoro and Matinde (2016) argue that many government policies that focused on controlling financial services sectors became increasingly criticised as they were viewed to be blocking the efficient functioning and development of financial institutions, thereby stalling economic growth. Furthermore McKinnon (1973), Shaw (1973) and Binha (2014) state that the stagnation of economic growth and economic crises are related to financial repression policies which have gained ground. Governments were also under pressure due to the globalization of markets to consider financial market controls. The objective for the liberalization of the financial sector was to promote indigenous participation and to foster economic growth. This is in line with the endogenous growth theory. In the case of Zimbabwe, financial liberalization brought about the deregulation of the financial sector leading to the removal of tight controls that were put in place during the colonial era. This led to the proliferation of Indigenous banks as policy measures were designed to deregulate and transform the financial system and its structure with the view of achieving a liberalized, market-oriented financial system as noted by Makochekanwa (2013). Furthermore Mumvuma et al (2003) noted that there were only 5 foreign owned banking institutions in Zimbabwe before independence in 1980. The financial reforms adopted in the 1990s caused the emergence of indigenous banking institutions in Zimbabwe in line with the Economic and Structural Adjustment Programme as presented by Bongani and Sibindi (2014). The objective was to allow indigenous players to participate in the economy to promote financial development in particular and economic development in general as given by Harvey (1995). The growth of the sector was noted by the year 2002 when the country registered an increase in the number of participants to 40 banking intuitions as presented by the RBZ (2003). The expansion of the banking sector was largely welcomed as a positive development. Thus, this study endeavours to ascertain the significance of these indigenous banks in the economic development of the country.

Methodology

The study adopted the pragmatism philosophy as it encompasses both objective and subjective frames and the utilisation of both quantitative and qualitative methodologies, striking a balance between positivists and anti-positivists (Saunders et al 2009 and Crewell 2010). Generally, the research philosophy is aimed at investigating and seeking an understanding of the issue under study such as the significance of indigenous banks on the economic development of Zimbabwe. Since the objective of this study was to capture the significance of indigenous banks to economic development, the case study design was used (Vohra, 2012 and Yin, 1981), but Yin (1984) argues that though the case study design is complex, it permits the induction of rich and reliable models. The study concentrated on bank service users in the Harare Metropolitan province, from which the population as noted by RBZ (2015) statistics is approximately 300 000 active account users represented in 8 operational indigenous banks in Zimbabwe. The banks used for the study are: CBZ Bank, FBC, ZB Bank, Steward Bank, NMB Bank, Agribank, Metropolitan Bank and POSB Bank (Polit and Hugler, 1999). In this study a non-probability sampling method was used (Krathwohl, 1993; McPhail, 2001; Saunders et al, 2008). The study also used the purposive sampling technique in coming up with the sample for the study. Thus the sample was composed of 400 respondents made up of service users and 100 respondents made up of management from 8 indigenous banks and their branches in Harare (Saunders et al, 2007; Bernard, 2002; Sheppard (2006). The study used a structured Likert scale questionnaire to collect data (Mellenberg, 2008; Greener, 2008).

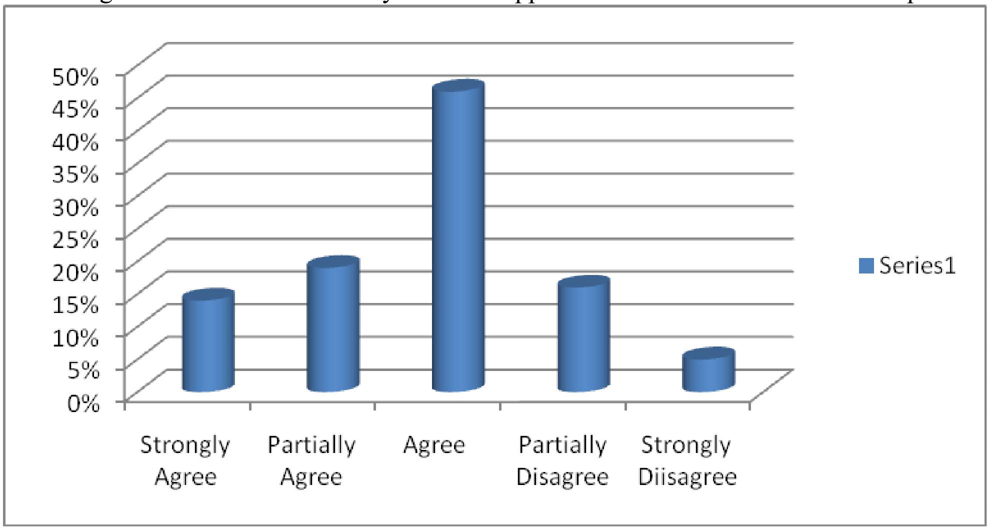
It is important to note that the information obtained from interviews, questionnaires, document analysis and observations was processed and analyzed using both quantitative and qualitative data analysis techniques. The researcher used the Statistical Package for Social Sciences (SPSS) to code and analyse quantitative data collected from the research. According to Arkkelin (2014), SPSS enables the researcher to detect errors and omissions and to correct them where possible, and enables the researcher to obtain statistics ranging from simple descriptive numbers and analyses of multivariate matrices. Accordingly, the researcher used numerals assigned to answers on the questionnaire to capture the responses into a limited number of categories with exhaustive as well as mutually exclusive characteristics. Closed and open ended questions were used in the questionnaire, hence the researcher analyzed those closed ended questions using SPSS. The researcher captured the responses to these questions in their chronological order using numerals assigned to define them in SPSS package. Tests were done after data processing using the SPSS package to determine the type of statistical tests that shall be used in the data analysis.

Findings

- **Significance of Indigenous Banks to economic development**

The main objective of the study was to establish the significance of indigenous banks to the economic development of Zimbabwe as discussed below:

Figure 1: Indigenous Banks offer Priority Sectors Support critical to the economic development of Zimbabwe



Source: Primary Data

The study established the role played by indigenous banks in supporting priority sectors that bring economic development to Zimbabwe. The results from the study have shown that indigenous banks support priority sectors that bring about economic growth. The study shows that indigenous banks tend to support mining, agriculture, education, transport and health sectors which are critical to the economic development of Zimbabwe. It therefore calls for more support for indigenous banks in order to have sustainability in such priority sectors. The result obtained showed that 10% strongly agreed whilst 23% partially agreed and 45% who agreed to this fact. Cumulatively, a total of 78% of the respondents agreed that indigenous banks support priority sectors that contribute to economic development. However, 18% of the respondents partially disagreed and 4% strongly disagreed respectively that indigenous banks support priority sectors. A cumulative total of 22% disagreed that indigenous banks support priority sectors. The role the banks play in the economy were also highlighted as that of financing entrepreneurship. The financing of entrepreneurs brings about improved production and the creation economies of scale as entrepreneurship increases through adequate financing creating new businesses, which help create new jobs for people as suggested by Montiel (2003).

- **Financial inclusion initiatives by indigenous banks**

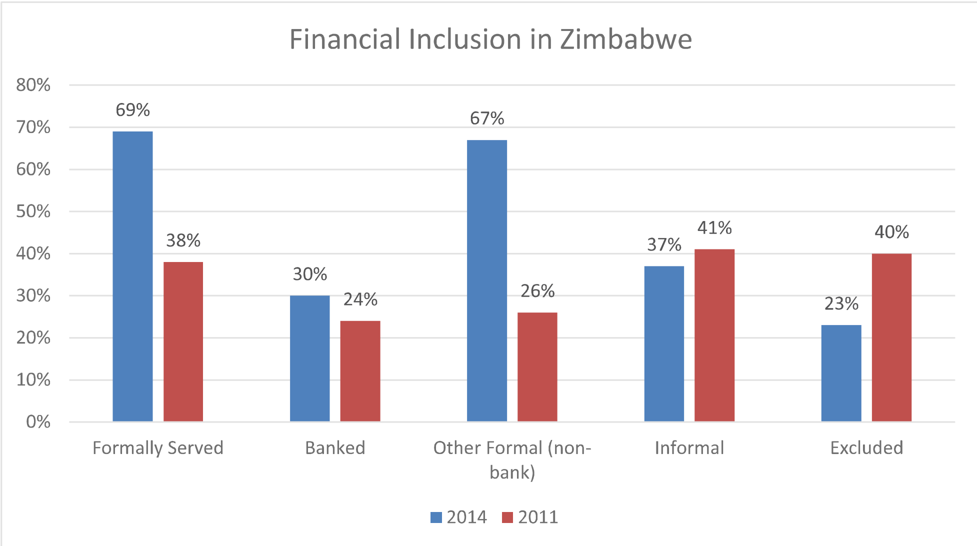
Table 1: Financial inclusion initiatives

	Frequency Service users	Frequency Bank	Total Frequency	Percentage %	Valid %	Cumulative %
Strongly Agree	87	35	122	30	30	30
Partially Agree	52	13	65	16	16	46
Agree	96	40	136	33	33	79
Partially disagree	62	10	72	17	17	96
Strongly disagree	15	2	17	4	4	100
Total	312	100	412	100	100	

Source: Primary Data

The study established the significance of indigenous banks by establishing if they promote financial inclusion. The results revealed that 30% strongly agreed whilst 16% partially agreed and 33% agreed that indigenous banks do have financial inclusion initiatives in Zimbabwe. The responses gave a cumulative total of 79% of those who agreed that indigenous banks have financial inclusion initiatives. However, 17% partially agreed whilst 4% strongly disagreed. Therefore a cumulative total of 21% did not agree that there are financial inclusion initiatives among the indigenous banks.

Fig 2 Financial inclusion

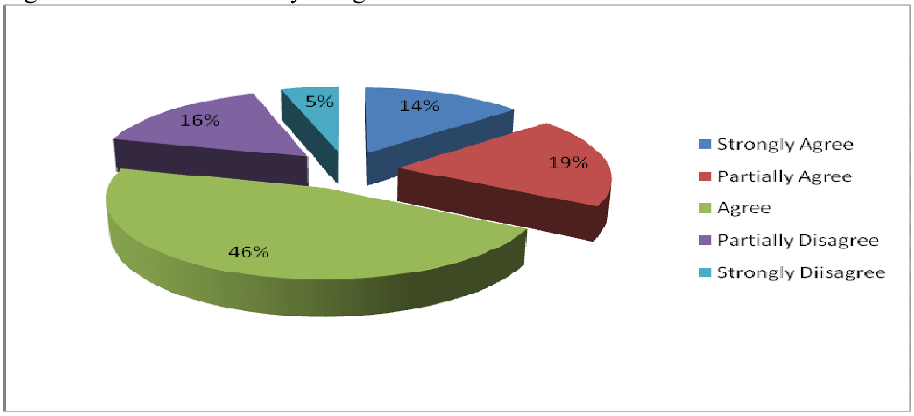


Source: RBZ (2015)

According to Mataruka (2015), indigenous banks promote financial inclusion. Overally from the data presented, there has been an increase in banking activities with various players in the economy. The served increased from 38% to 69% whilst the banked increased from 24% to 30%. There was a slope in the informal sector from 37% to 41%. The level of financial inclusion between 2011 and 2014 is attributed to deliberate efforts by the government, regulatory authorities and other stakeholders to improve financial inclusion levels in the country; and the ongoing adoption of technology based models of delivering financial services by banking and non-bank financial institutions including some microfinance institutions. Leveraging on technology has enabled financial institutions to expand outreach at reasonable cost.

- **Indigenous banks engage in corporate social responsibility (CSR) initiatives**

Figure 3: CSR Initiatives by Indigenous Banks



Source: Authors

To further establish the significance of indigenous banks to economic development, the study also sought data to establish how indigenous banks participate in corporate social responsibility. The results presented in the table above showed that 23% strongly agree as well as 23% partially agreed whilst 47% agreed that indigenous banks engage in social corporate responsibilities. Those who agreed have a cumulated total of 93%. However 5% partially disagreed whilst 2% strongly disagreed to the fact that indigenous banks engage in corporate social responsibilities. Accumulatively 7% of the respondents disagree that indigenous banks engage in corporate social responsibilities. These results justify that banks have contributed to communities through corporate social responsibility programs and thus improving livelihoods.

- **Indigenous banks promote a savings culture**

Table 2: Promotion of Savings Culture by Indigenous Banks

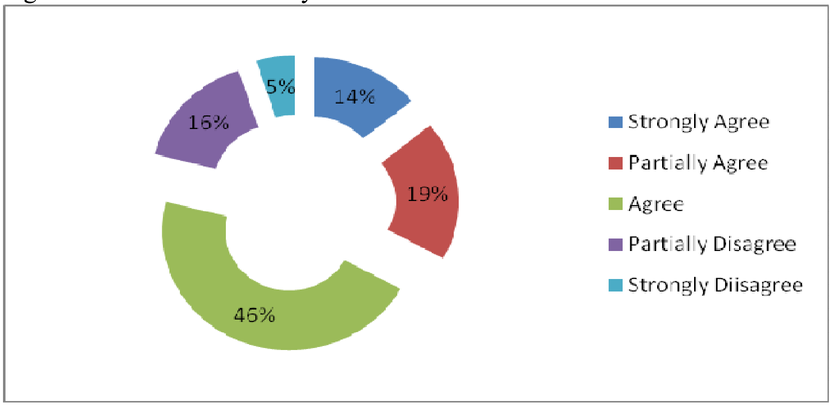
	Frequency Service users	Frequency Bank	Total Frequency	Percentage %	Valid %	Cumulative %
Strongly Agree	30	20	50	12	12	12
Partially Agree	87	25	112	27	27	39
Agree	105	45	150	36	36	75
Partially disagree	48	0	48	12	12	87
Strongly disagree	42	10	52	13	13	100
Total	312	100	412	100	100	

Source: Author

The study analysed the role played by indigenous banks in promoting a savings culture among the service users. These savings are used to fund deficit sectors of the economy to enhance productions, thereby resulting economic development as argued by Leeladhar (2009). The results obtained in Table 1 above shows that 12% of the respondents strongly agree to the fact that indigenous banks do promote a savings culture, whilst 27% partially agree, with 36% who agreed to this factor. A cumulative total of 87% of the respondents do agree that indigenous banks promote savings culture in Zimbabwe. However 12% and 13% of the respondents partially disagree and strongly disagree respectively that the indigenous banks do promote savings culture. Those who disagreed were represented by a cumulative total of 25%. The results from the study has shown that indigenous banks have contributed highly in savings mobilization, thus making it possible for deficit sectors to access financial support.

- **Extending Credit for productive sector**

Figure 4: Credit extension by banks



Source: Author

One of the drivers of economic development is the availability of low cost credit to productive sectors by banks as stated by Boyd and Nicolo (2005). To analyse this function, a look at the extent to which the banks give credit to productive sectors was done and the results shown in Figure 3 above were obtained. The results show that only 24% of the respondents strongly agreed that indigenous banks offer credit much easier than foreign owned banks whilst 13% partially agreed and 46% agreed that they find indigenous banks giving credit to productive sectors. However 13% of the respondents partially disagree that these banks do extend credit to productive sector whilst 4% strongly disagreed. The analysis shows that cumulatively, 83% represented those who agreed against a cumulative 17% that did not agree that indigenous banks offer credit facilities to productive sectors.

- **Finance of capital projects**

Table 3: Financing of capital projects

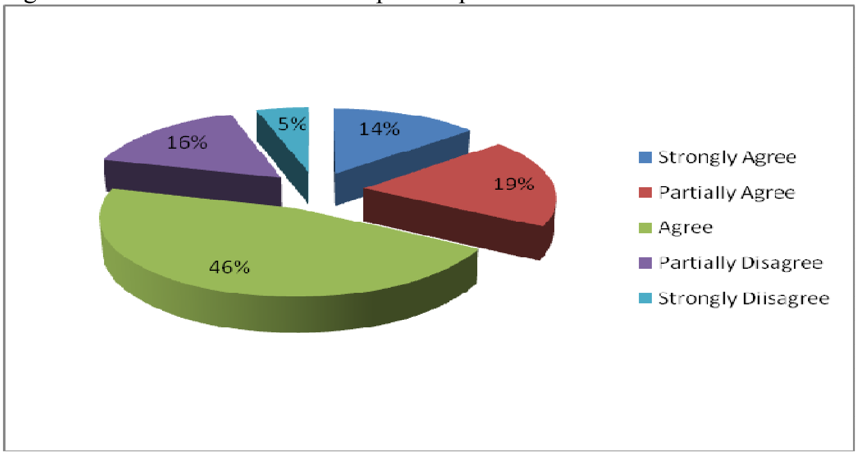
	Frequency Service users	Frequency Bank	Total Frequency	Percentage %	Valid %	Cumulative %
Strongly Agree	17	17	34	8	8	8
Partially Agree	78	28	106	26	26	34
Agree	128	50	178	43	43	87
Partially disagree	62	5	67	16	16	93
Strongly disagree	27	-	27	7	7	100
Total	312	100	412	100	100	

Source: Primary Data

In order to establish the significance of indigenous banks to economic development, the study also established how the banks respond to financing capital projects. From the results, 8% of the respondents strongly agree that the banks do finance capital projects whilst 26% represented those who partially agreed and 43% agreed that indigenous banks finance capital projects. Cumulatively 87% agreed that indigenous banks finance capital projects. However 16% partially disagreed whilst 7% strongly disagreed. Cumulatively 23% disagreed that indigenous banks finance capital projects.

- **Indigenous banks regard Customer focus as the important performance Indicator**

Figure 5: Customer focus as the important performance Indicator



Source: Authors

The results obtained from the analysis of how indigenous banks regard customer focus as an important performance indicator show that 14% strongly agree with 19% of the respondents partially agreeing. Furthermore 46% show that they agree to this fact. The responses have shown a 76% cumulative total of those who agreed that indigenous banks are customer centric. However 16% partially agreed and 5% represented those who strongly agreed. The cumulative total of those who disagreed was 23%.

- **Confidence levels with indigenous banks are higher than with foreign owned banks**

Table 4 Confidence Level growth in Indigenous Banks

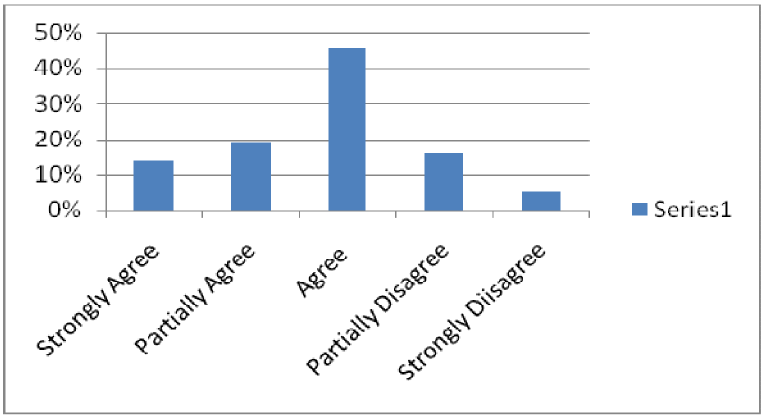
	Frequency Service users	Frequency Bank	Total Frequency	Percentage %	Valid %	Cumulative %
Strongly Agree	45	26	71	17	17	17
Partially Agree	35	24	59	14	14	30
Agree	144	50	194	48	48	78
Partially disagree	83	0	83	20	20	99
Strongly disagree	5	0	5	1	1	100
Total	312	100	412	100	100	

Source: Author

The study also established the confidence level that service users had in indigenous banks. The results obtained showed that 17% of the respondents have strong confidence in these banks whilst only 14% who partially agreed in transacting with indigenous banks. Furthermore 48% showed that they agree and have confidence in these banks under study. The results also showed that 20% of the respondents partially disagreed that they have confidence in local banks whilst 1% strongly disagreed having confidence in the banks under study. The analysis showed that cumulatively 78% of the respondents have confidence in the services offered by the indigenous banks whilst 21% disagreed.

- **Government and Regulatory support Systems**

Figure 6: Indigenous banks get support from Government and other regulatory systems



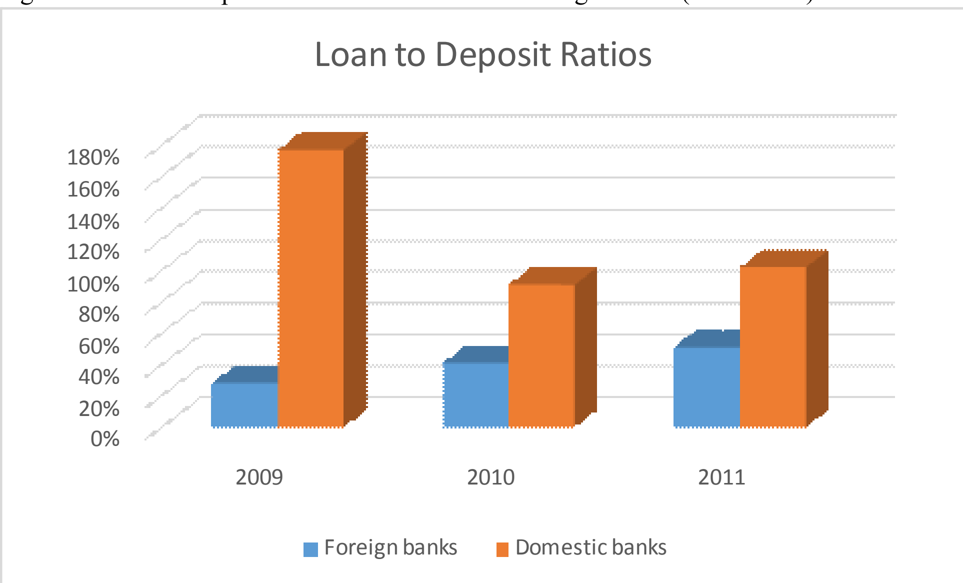
Source: Author

The researcher also sought to establish whether the indigenous banks have been getting any support from the government and any other regulatory support. 15% of the respondents strongly agreed, 30% and 35% of the respondents partially agreed and agreed respectively to the receipt of government and regulatory support. However, 20% of the respondents partially disagreed that the indigenous banks are receiving any support.

- **Performance of Indigenous vs Foreign owned banks**

According to the RBZ statistics, the banking sector revenue was US$870 million as at the end of 2011 in which the foreign banks accounted for 34% while indigenous banks accounted for 66% of the revenue. The banking sector witnessed significant growth in deposits, loans and advances in 2011 and the trend continued into 2012. However, demand for credit continued to outweigh the available supply of funds as evidenced by the high loan to deposit ratios by domestic banks as shown in fig 6 below.

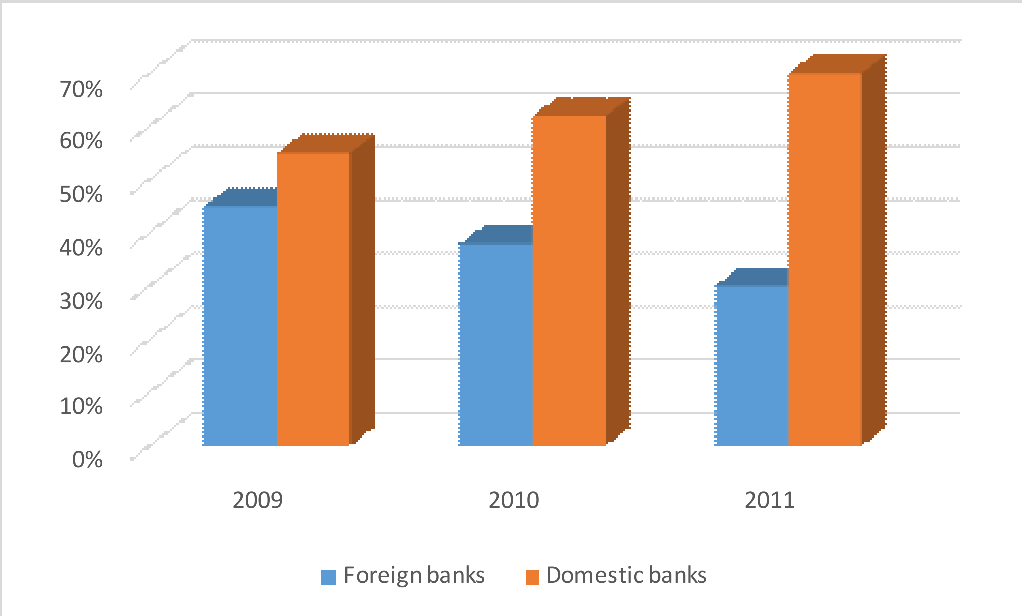
Figure 7: Loan to Deposit Ratios- Domestic and Foreign Banks (2009-2011)



Source: MMC Capital Investment (2012)

Furthermore total deposits rose to US$4.02 billion as presented by the RBZ (2011). The deposit market share was distributed as follows; 94% commercial banks, 1% merchant banks, 4% building societies, and 1% for POSB. Furthermore according to RBZ (2011), total banking deposits of foreign banks continued to decline, having declined from 45% in 2009 to 30% in 2011. On the other hand the share of indigenous banks rose from 55% to 70% by the year 2009. Evidently, the deposits market and the loan book were dominated by indigenous banks. Data presented in Fig 7 below was used to compare the years 2010 and 2011 deposits in both foreign owned and indigenous banks.

Figure 8: Foreign vs Domestic Banks contribution to Deposits (2009-2011)



Source: MMC Capital Investment (2012)

In 2011, indigenous banks grew their market share to 89%, whilst the building societies and merchant banks had a market share of 8% and 1% respectively compared to 2% and 5% respectively that they attained in the year 2010. The growth in market share could be attributed to confidence levels in the indigenous banks and stringent polices implemented to protect depositors' funds due to failures of some indigenous banks.

Conclusion

The findings of the study revealed that indigenous banks are significant in developing Zimbabwe's economy. It was revealed that indigenous banks have made financial inclusion possible. As a result, the general public and entrepreneurs are able to access financial services products through indigenous banks. This has contributed to access to capital for entrepreneurs that also contribute to economic development. Furthermore, Zimbabwe has strategic sectors that contribute to economic development hence need to have access to financial products. In the study, it was discovered that indigenous banks have financial products that aim at supporting these priority sectors such as mining, agriculture, health, transport and education that makes the economy to grow. According to Nyoro (2002), lack of capital and low liquidity affect the ability of economic agents such as farmers to purchase inputs such as seeds, fertilizers and pesticides. Furthermore, the average production efficiency levels are higher among producers who have access to formal credit as stated by Awudu and Richard (2001). It was further discovered that indigenous banks extend financial support to the productive sectors and also finance capital projects. This is in agreement with Chamlee (1993) on the study of Indigenous African Institutions and economic growth whose findings were that foreign owned banks are not successful in improving financial services to the bulk of the population. In the Western African context, given that small entrepreneurs are for the most part illiterate women, it is for the most a matter both of the small business person not accepting the practices of formal banking institutions as well as formal banking institutions not having interest in reaching out to this section of the market. It is therefore too costly for the foreign owned banks to extend lending services to the small entrepreneurs. Furthermore, foreign owned banks' gauge for creditworthiness of potential borrowers is required to understanding of language as noted by Lycette (1985). In addition, the study observed that indigenous banks have contributed to the growth of deposits through promoting a savings culture. Indigenous banks have also taken the lead in promoting rural banking as evidenced by their spread to places outside the urban centers. These areas were previously not serviced by foreign owned banks. This is supported by Anti (2012) in a study on the rural banking and rural development in Ghana, which established that the inclusion of rural population in financial services promotes deposit mobilization and access to financial products that improve living conditions and inculcate the habit of banking in the dwellers of the rural communities. These savings are thus used to finance the deficit sectors in the economy resulting in economic development. The growth in savings mobilization could have been made possible through the geographical spread of indigenous banks that has made them easily accessible across Zimbabwe. Furthermore the study revealed that indigenous banks are customer focused with products and services designed to meet customer needs. The study further revealed that confidence levels in indigenous banks grew over the period and hence the continuous growth in deposits and accounts that clients open with the indigenous banks. Furthermore, the study observed that through government and regulatory support, the performance of indigenous banks can improve. In addition, the operating environment that these banks operate in is experiencing harsh economic conditions which make it difficult for them to keep afloat. It is therefore the obligation of both the RBZ as the regulator of the financial services sector and the government through the ministry of finance to craft policies that support indigenous banks to operate smoothly in Zimbabwe. The study further observed that policies affect confidence levels in domestic banks. The study also observed that withdrawal limits policies imposed by the RBZ and government leads to either people holding on to their money or channel them through normal banking channels.

5.3 Recommendations

- **Introducing capital requirement support policies**

Indigenous banks find it difficult to compete with foreign owned banks due to economies of scale as stated by Nyamutowa and Masunda (2013), Adeyemi (2011), Liao (2010). The minimum capital requirement which according to the RBZ (2015) is US$100 million makes it difficult for indigenous banking institutions to rise in order to operate and compete with the foreign owned institutions. Furthermore, the clientele services by local banks are small to medium income generating institutions which were previously not served by foreign owned banks as argued by Chamlee (1993). It is therefore prudent for monetary authorities and government to restructure capital requirements that will allow indigenous banking institution to inject a lower level capital than that paid by foreign owned institutions that are supported from their home country with already established institutions.

- **Reduction in bank charges**

According to Ernest and Young (2010), Deloitte (2012), bank charges and service fees are one of the major factors to customer attrition from the formal banking system. To further buttress customer confidence and a change of behavior towards banking institutions, the study recommends that the Reserve Bank of Zimbabwe and other regulatory bodies engage the banking fraternity with the view of reducing user transactional costs and offer better interest rates to lure customers and encourage the savings culture. This is in agreement with Ekpenyong (2011) studying banks and economic development in Nigeria, in which findings revealed that the participation of indigenous banks exerted competition on larger international banks leading to a reduction in bank charges. As a result, more and more people channeled their excess funds into formal banking institutions.

- **Managing quality asset**

Banks' profitability is affected by the quality of assets it holds as stated by Chisti (2012) and Lamikanra (2016). The assets include among others current assets, credit portfolios, fixed assets and other investments. According to Athanasoglou et al (2005), assets size has a direct relationship with the age of the bank. Loans are the major asset that generate most of the income for the banks. It therefore means that the quality of loan portfolio determines profitability. As stated by Dang (2011), the highest risk affecting bank performance is derived from delinquent loans. This is in agreement with the RBZ (2008)'s claim that failure of most indigenous banks was attributed to high non-performing loans. Thus, banks that manage and reduce non-performing loans asset book will increase profitability as stated by Sangmi and Nazir (2010). The study therefore recommends that indigenous banks come up with systems and policies that screen and scrutinize the quality of clients before allowing the issuance of loans.

- **Review of monetary policies**

According to Soludo (2004), tightening monetary policy regulations constrains the ability of financial institutions to optimally contribute to the economic development of a country. Furthermore, policies that permit an environment of growth will make the banks stronger, resilient to shocks and capable of funding the real sector and by extension, enhancing economic development as argued by Onoh (2002). The new Banking Amendment Act (2015) prohibits any shareholder who holds 5% and above in a Financial Institution or in a Holding Company that controls a financial institution to occupy executive positions, sit in any board or appoint close relations to proxy his interests in such institutions. The policy discourages investors in the financial sector. The capital requirement to start a banking institution is very high and no one would wish to run that business if they cannot be involved. This therefore calls for policy makers to revisit this banking act in order to attract more indigenous entrepreneurs to participate in the financial services sector in order to develop the economy of Zimbabwe.

- **Confidence Building Campaigns**

Although cumulatively services users have shown to have confidence in the indigenous banks, the effects of failure of indigenous banks in the year 2004 to year 2008 led to the erosion of market confidence in the market. The researcher recommends that Indigenous Banking Institutions take Corporate Social Responsibility, Community Wellness and Sustainability Programs into the heart of their customer and deposit mobilization strategies.

- **Technological innovation to improve access to financial services**

Technology in the present day has rapidly evolved, presenting an opportunity for banks to improve the effectiveness of savings. Serving clients through brick and mortar can be expensive for banks which have to staff and maintain branches and for customers who may have to travel long distances to deposit and withdraw money as posited by Goldberg (2012). Branchless banking promotes the delivery of financial services outside conventional banking halls using information and communication technologies as stated by Carmel and Scott (2009). This is further supported by O'Brien and Marakas (2009), posting that banking services can be offered everywhere through technology and can therefore be delivered through mobile phones, ATMs, POS driven by wireless and fibre link riding on the internet. The study therefore recommends banks to engage mobile network operators to facilitate the use of mobile money through electronic transfer. This will change the way their customers access money, often in ways that reduce their financial and time costs. Furthermore, electronic banking can reduce costs and increase financial inclusion to low income groups and the unbanked households, which will in turn increase deposit mobilization and the channeling of excess funds to productive sectors of the economy.

- **Liquidity Management Practices**

Banks depend on the capacity to and the ability to fulfill their obligations, mainly of depositors. The profitability of a bank is thus positively related with the liquidity position the bank has as posited by Dang (2011). The commonly used financial ratios to assess liquidity position according to the above author is customer deposit to total assets and total loan to customer deposit ratios. The study recommends that management of indigenous banks as well as regulatory systems employ liquidity management practices that grow liquidity levels in these banks. The recent cash shortage which has been rampant in the country was attributed to poor cash management practices as argued by the RBZ (2015). As a result banks, have not been able to settle their obligations to depositors resulting in low deposit mobilization.

5.4 Areas of further research

The study was carried out in Harare metropolitan only and did not solicit for opinions of banks and service users outside Harare due to time constraints and therefore, a different opinion might have been reached should it had covered a wider area. However gray areas that needed attention were addressed. It is therefore prudent that further study can be done taking into consideration a wider population and sample so as to have a wider view of participants. Furthermore, a more detailed analysis on specific projects that indigenous banks have done can be further studied to evidence their significance to economic development.

REFERENCES

Adeyemi (2011), Bank failure in Nigeria: a consequence of capital inadequacy, lack of transparency and non-performing loans?, Banks and Bank Systems, Volume 6, Issue 1, Nigeria

Ajayi, Ibi S. (1995) 'Capital Flight and External Debt in Nigeria,' African Economic Research Consortium, Research Paper 35.

Akinboade, O. & Makina, D. (2006). Financial sector development in South Africa, 1970-2002, Journal for Studies in Economics and Econometrics, 30, (1), p. 101.

Amvouna, Anatolie Marie (1998), "Determinants of Trade and Growth Performance in Africa: A Cross-Country Analysis of Fixed versus Floating Exchange Rate Regimes," EAGER, Discussion Paper No. 18, July

Arestis P and M C Sawyer (2005), Can Monetary Policy Affect the Real Economy?, Levy Economics Institute Working Paper, no, 355.

Arkkelin, D (2014) Using SPSS to Understand Research and Data Analysis. Psychology 25 Curricular Materials. Book 1

Athanasoglou, P.P., Brissimis, S.N. and M.D. Delis (2005). "Bank-specific industry specific and macroeconomics determinants of bank profitability.", "Journal of International and Financial Markets, Institutions & Money" (Forthcoming).

Awudu, A. and Richard, E. (2001) "Technical Efficiency during Economic Reform in Nicaragua: Evidence from Farm Household Survey Data", Economic Systems, number 25, pp. 113-25

Bailey, S (2010): "Super Regulator" Chartered Accountants Journal December 31- 33

Bandiera O., Capio G., Honohan, P., Schiantarelli F. (2000), Does Financial Reform Raise or Reduce Savings? Review of Economics and Statistics 82(2), 239-263.

Baumann et al (2012), "Share of wallet in retail banking: a comparison of Caucasians in Canada and Australia Vis-a`-Vis Chinese in China and overseas Chinese", International Journal of Bank Marketing, Vol. 30 No. 2

Bencivenga, V.R., Smith, B.D. (1991). "Financial intermediation and endogenous growth". Review of Economics Studies 58, 195–209

Berger A.N., R. DeYoung, H. Genay, G. Udell, (2000), Globalisation of Financial Institutions: Evidence From Cross-Border Banking Performance, Brookings Wharton Papers on Financial service, 3, 23-120

Bertrand, M., A. Schoar, and D. Thesmar (2007), 'Banking deregulation and industry structure: Evidence from

the French banking reforms of 1985', Journal of Finance, 62 (2), 597-628
Bernard, H. R. (2002). Research methods in anthropology: Qualitative and quantitative approaches, 3rd Edition, Walnut Creek, CA: Alta Mira Press
Bollard et al (2006): The role of banks in the economy-Improving the performance of New Zealand banking system after the global financial crises, BIS central bankers' speeches
Bonn (2005), An Increasing Role For Competition In The Regulation Of Banks, INTERNATIONAL COMPETITION NETWORK ANTITRUST ENFORCEMENT IN REGULATED SECTORS.
Boyd, J., and De Nicolo, G. (2005) "The theory of bank risk taking revisited". Journal of Finance, 60(3), 1329-1343.
Brown, L., & Caylor, M. (2006). Corporate governance and firm valuation. Journal of Accounting and Public Policy, 25(4), 409–434.
Brownbridge M. (1998). The causes of financial distress in Local banks in Africa and Implications for Prudential Policy, UNCTAD, London, UK
Brownbridge, M. (2002), 'Policy Lessons for Prudential Regulation in Developing Countries
Chamlee (1993), Indigenous African Institutions and Economic Development, Cato Journal, Vol 13 (1): 79-99
Carletti, E. (2004). "The Structure of Bank Relationships, Endogenous Monitoring and Loan Rates," Journal of Financial Intermediation 13, 58-86.
Carletti, E., V. Cerasi and S. Daltung (2007). "Multiple-bank Lending: Diversification and Free-Riding in Monitoring, Journal of Financial Intermediation
Carmel, H. and Scott, W. (2009). "E-retailing by banks: e-service quality and its importance to customer satisfaction", European Journal of Marketing, Vol. 43 No.9/10, pp.1220-1231.
Cetorelli and L. Goldberg (2011), "Global Banks and International Shock Transmission: Evidence from the Crisis", IMF Economic Review 59, 41–76
Chagwiza, W. (2012). Rejuvenating the Zimbabwean economy: The role of banks. Journal of Sustainable Development in Africa, 14(4), 183-190.
Chigumira and Makochekanwa (2010), Feasibility and Rationale for Establishing a Debt Management Office in Zimbabwe, ZEPARU.
Chisti (2012), "The impact of Asset Quality on Profitability of Private Banks in India", Journal of African Macroeconomic Review, Vol. 2(1).
Christopher N,S and Jenkins B (2007) The Role of Financial Services Sector in Expanding Economic Opportunity, The Fellows of Harvard College
Christopoulos, D.K. and Tsionas, E.G. (2004). Financial Development and Economic Growth: Evidence from Panel Unit Root and Cointegration Tests. Journal of Development Economics, 73(1),55-74.
Chuah. H. L., and Thai.V. (2004). Financial Development and Economic Growth: Evidence from Causality Tests for the GCC countries. IMF Working Paper, WP/04/XX (Fall).
Chuang, C. H., & Liao, H. (2010). Strategic human resource management in service context: Taking care of business by taking care of employees and customers. Personnel Psychology, 63(1), 153–196. doi:10.1111/j.1744-6570.2009.01165.
Claessens S., A. Demirguc-Kunt, H. Huizinga, (2001), How Does Foreign Entry Affect Domestic Banking Markets? Journal of Banking and Finance, 25, 891-911.
Cornett, Marcia M., Otgontsetseg Erhemjamts, and Hassan Tehranian. 2014. "Corporate Social Responsibility and Its Impact on Financial Performance: Investigation of U.S. Commercial Banks," 1–53. https://www2.bc.edu/~tehranih/CSR-Performance Relationship for Banks Jan 2014.pdf.
Craig, Ben (1999). "Resisting Electronic Payment Systems: Burning Down the House?" Economic Commentary, Federal Reserve Bank of Cleveland, July
Creswell, J. W. (2010). Mapping the developing landscape of mixed methods research. In A. Tashakkori & C. Teddie (Eds.), Handbook of mixed methods in social & behavioral research (2nd ed.) (pp. 45-68). Thousand Oaks, CA: Sage.
Cubillas, E. & González, F. (2014). Financial liberalization and bank risk-taking: International evidence, Journal of Financial Stability, 11, 32-8.
Dang (2011), The CAMEL Rating System in Banking Supervision: a Case Study of Arcada University of Applied Sciences, International Business.
Das, A., Nag, A. & Ray, S.C. (2004). Liberalization, Ownership and Efficiency in Indian Banking: A Nonparametric Approach. Working Paper, University of Connecticut, Department of Economics
Dawson, P.J. (2010). Financial Development and Economic Growth: A Panel Approach. Applied Economics Letters
Deloitte (2012), Retail Bank Pricing-Resetting customer expectations, Deloitte Center for Financial Services
De. Melo, J. (1986), "The Effects of Financial Liberalization on Savings and Investment in Uruguay", Economic Development and Cultural Change, Vol. 34, No. 3

Demetriades, P.O., and Luintel, K.B. (2001), "Financial Restraints in the South Korean Miracle", Journal of Development Economics, 64, 459-479.
Demetriades, P. and P. L. Rousseau (2011) "The changing face of financial development", paper presented at the MMF Conference, University of Birmingham. Demetriades, P. and S.
Deposit Corporation Act (2011) Government of Zimbabwe
Easterly, W. and Levine, R., 2001. What have we learned from a decade of empirical research on growth? It's Not Factor Accumulation: Stylized Facts and Growth Models. World Bank Economic Review
Ekpenyong, D. B., and Acha, I. A. (2011).Banks and Economic Growth in Nigeria. European Journal of Business and Management, 3(4), 155-166.
Favara, G. (2003). An Empirical Reassessment of the Relationship between Finance and Growth. Washington, DC: IMF
Frederick, N. K. (2014). Factors affecting performance of commercial banks in Uganda: A case for domestic commercial banks. Proceedings of 25th International Business Research Conference, 1-19.
Galbis, V. (1977), "Financial Intermediation and Economic Growth in Less-Developed Countries: A Theoretical Approach", Journal of Development Studies, Vol. 13
Government of Zimbabwe (2010) Millennium Growth Goals Status Report, Zimbabwe, UNDP, Harare
Government of Zimbabwe (2011) the 2012 National Budget Statement, Ministry of Finance, Harare
Government of Zimbabwe (2012) The 2013 National Budget Statement, Ministry of Finance, Harare
Goyal, S. (2007). Connections - an Introduction to the Economics of Networks. Princeton University Press
Greener, S. (2008). Business Research Methods. London: Ventus Publishing.
Harvey, J. (1995). Commercial bank performance. Financial Industry Trends. Federal Reserve Bank of Kansas City, Annual
Heffernan S (2005) Modern Banking. John Wiley and Sons Ltd, West Sussex.
Hermes, N., & Lensink, R. (2005). Does financial liberalization influence saving, investment and economic growth? Evidence from 25 emerging market economies, 1973- 96. UNU-WIDER, United Nations University Research Paper No. 2005/69.
Kaminsky, Graciela L. and Carmen M. Reinhart (1999), "The Twin Crises: The Causes of Banking and Balance-of- Payments Problems," American Economic Review, pp. 423-500.
Kapur, B. K. (1976), "Alternative Stabilization Policies for Less Developed Countries", Journal of Political Economy, Vol. 84
Khan and Hassan (1998), Financial Liberalization, Savings, and Economic Development in Pakistan, Pakistan Institute of Development Economics, The University of Chicago.
Kingdom Report (2004): Crisis in the Zimbabwean Financial Sector and the Way Forward, Kingdom Bank.
Krathwohl, D. R. (1998). Methods of educational & social science research: An integrated approach (2nd ed.). White Plains, NY: Addison Wesley Longman, Inc.
Lamikanra (2016): Africa Banking Industry, Retail Customer Satisfaction Survey, KPMG, Harare, Zimbabwe
Law (2006). "Finance, Institutions and Economic Growth". International Journal of Finance and Economics,
Leeladhar, V. (2009) Corporate Governance in Banks, available at: http://rbidocs.rbi.org.in/rdocs/Bulletin/DOCs/59405.doc
Levine, R. 1996. "Foreign Banks, Financial Development, and Economic Growth," in Claude E. Barfield, ed., International Financial Markets: Harmonization Versus Competition, Washington DC: The AEI Press.
Levine, R. (1997). "Financial development and economic growth: Views and agenda". Journal of Economic Literature 35, 688–726.
Liao (2010), Journal of International and Global Economic Studies, Tamkang University and National Taiwan University of Science and Technology
Llewellyn, D. T. (2002), An analysis of the causes of recent banking crises, The European Journal of Finance, 8 (2), 152-175.
Lycette, M. A. 1985. The Industrial and Commercial Job Training for Women Project in Morocco, Washington, D.C.: USAID.
Makochekanwa, A. (2013). An analysis of tourism contribution to economic growth in SADC countries. Botswana Journal of Economics, 11(15)
Makoni. T. (2005): Entrepreneurship on Trial, Zimbabwean crisis of 2003-04
Mambondiani. L, Zhang .Y and Thankom A (2010): Corporate Governance and Bank Performance: Evidence from Zimbabwe
Mataruka N (2015). Financial inclusion in Zimbabwe banking & microfinance sector, Reserve Bank of Zimbabwe, Presented On the Occasion of the Third Zimbabwe SME Banking & Microfinance Summit 2015, held at Meikles Hotel, Harare.
McKinnon (1973), McKinnon, Ronald I., (1973). Money and Capital in Economic Development, (Washington: The Brookings Institution).

McPhail (2001), The Other Objective of Ethics Education: Rehumanising the Accounting Profession- A Study of Ethics in Education in Law, Engineering, Medicine and Accounting, Journal of Business Ethics, Vol 34

Mellenbergh G.J. (2008). *Chapter 10: Tests and Questionnaires: Construction and administration.* Huizen: Johannes van Kessel Publishing

Miotti, L., Plihon, D. (2001), la libéralisation financière, spéculation et crises bancaires, Economie Internationale, la revue u CEPII, 85, 3-36.

Montiel (2003), Macroeconomics in Emerging Markets. First. New York: Cambridge University Press.

Moyo. J., Nandwa, B., Oduor, J. & Simpasa, A., 2014, Financial Sector Reforms, Competition and Banking System Stability in Sub-Saharan Africa, New Perspectives https://www.imf.org/external/np/seminars/eng/2014/lic/pdf/Moyo.pdf.

Mumvuma, T., Mujajati, C. and Mufute, B. (2003), 'Understanding Reform: the Case of Zimbabwe', First Draft URP.

Munyoro, G and Matinde, M (2016), The Significance of Plastic Money to the Hospitality Industry: A Case Study of Rainbow Towers Group of Hotels (RTG): Research Journali's Journal of Economics; ISSN 2347-8233; Vol. 4, No. 5

Narayana, P. K. (2005). The saving and investment nexus for China: evidence from cointegration tests. Applied Economics

Nhavira .D, Mudzonga E and Mugocha. E (2013): Financial Regulation and Supervision in Zimbabwe: An Evaluation of Adequacy and options.

Nyamutowa, C & Masunda, S. (2013). An Analysis of Credit Risk Management Practices in Commercial Banking Institutions in Zimbabwe. International Journal of Economics Research, 4(1), 31-46.

Nyoro, J.K. 2002. "Agriculture and Rural Growth in Kenya', Working Paper, Tegemeo Institute of Agricultural Policy and Development".

O'Brien, J.A. and Marakas, G.M. (2009). Management Information Systems. 9th edition, McGraw-Hill Irwin, USA.

Odhiambo, N. M. (2009). Interest Rate Reforms, Financial Deepening and Economic Growth in Kenya: An Empirical Investigation. The Journal of Developing Areas.

Odhiambo, N. M. (2011). Financial intermediaries versus financial markets: A South African experience. International Business & Economics Research Journal, 10 (2), 77-84

Ongore, V. O. & Kusa, G. B. (2013). Determinants of financial performance of commercial banks in Kenya. International Journal of Economics and Financial Issues, 3 (1), 237-252.

Onoh J. K. (2002) Dynamics of Money and Banking. Aba: Astra Meridian

Parker, Mushtak (2012), UK Islamic Bank gets foothold in France. http://archive,arabnews.com. Downloaded 25/05/2012

Polit, D.F., Hungler, B.P. (1999) Nursing Research: Principles and Methods 6th ed. Philadelphia: J.B. Lippincott

Prasad. A and Ghosh. S, 2005, Competition in Indian Banking, IMF Working Paper, WP/05/141.

Rahman, M. H.; Uddin, N. M. and Siddique, S. A. 2012. Problems and Prospects of E-Banking in Bangladesh. International Journal of Scientific and Research Publications, 2 (7): 1-2.

RBZ (2005), Monetary policy statement THE FOURTH QUARTER TO 31 DECEMBER, 2004

RBZ (2006) Bank Licensing, Supervision & Surveillance Annual Report

RBZ (2009) Monetary Policy Statement: Turning Our Difficulties Into Opportunities.

RBZ (2009) Exports, Forex, Exports.

RBZ (2012) 2012 Mid-Term Monetary Policy Statement

Reserve Bank of Zimbabwe (200.6): Risk Management Framework, Monetary Policy Supplement

Romer, C. D. and Romer, D. H. 1994. Monetary Policy Matters. Journal of Monetary Economics, 34(1), 75–88.

Sangmi, M., Tabassum, N. (2010). Analyzing Financial Performance of Commercial Banks in India: Application of CAMEL Model. Pakistan Journal Commercial Social Sciences

Saunders et al. (2007), Research Methods for Business Methods, FT Prentice-Hall, Hemel Hempstead

Saunders, M., Lewis, P. & Thornhill, A. (2009) Research methods for business students, 5th ed., Harlow, Pearson Education.

Shaw, Edward, (1973). Financial Deepening in Economic Development, (New York: Oxford University Press).

Shehzad, C. T., and De Hann, J. (2008) "Financial Liberalization and Banking Crises." University of Gronengens Working Paper

Sheppard, L. A. (2006). Classroom assessment. In R. L. Brennan (Eds.), Educational Measurement, 4th Edition, Westport, CT: American Council on Education/Praeger.

Shrestha, B. K. (2010). Housing provision in the Kathmandu Valley: Public agency and private sector initiation, Urbani-izziv, 21(2), 85 - 95 Doi:10.5379/urbani - izziv - en - 2010 - 21 - 02 - 002

Sibindi, A.B., & Bimha, A. (2014).Banking sector development and economic growth: Evidence from

Zimbabwe. Banks and Bank Systems, 9(2), 51-58

Soludo, C. C. (2004). Consolidating the Nigerian Banking Industry to Meet the Development Challenges of the 21st Century. Available at http://www.cenbank.org

Somashekar N T (2009) Banking. New Age International Limited Publisher, New Delhi

Sulaiman, L.A., Oke, M.O. and Azeez, B.A. (2012), "Effect of Financial Liberalization on Economic Growth of Developing Countries: The Nigerian Experience" International Journal of Economics and Management Sciences, Vol 1(12): 16-28

Taylor, J.M. 2003. `Islamic banking the feasibility of establishing an Islamic bank in the United States', American Business Law Journal, 40(2): 385±416.

Tornell, Aaron, and Lorenza Martinez, 2004 "The Positive Link Between Financial Liberalization Growth and Crises", NBER wp 10293

Uche, C (2010a), Offshore Banking in Nigeria: Matters Arising, Journal of International Banking Law and Regulation, Volume 25

Uche, C (2010b), Indigenous Banks in Colonial Nigeria, International Journal of African Historical Studies, Volume 43

Uttarwar V.R (2014), A Critical Study of Banking Services & Their Promotional Practices, Asian Journal of Management Sciences, Volume.No.2, Special Issue.No.3,PP:74-77, March.

Venet, B. (1994), Libéralisation financière et développement économique: une revue critique de la littérature. Revue d'économie financière 29.

Vohra, R. V. 2012. Dynamic mechanism design. Surveys in Operations Research and Management Science 17

Yin (1981), Case Study Research Design and Methods Second Edition Applied Social Research Methods Series Volume 5, SAGE Publications, International Educational and Professional Publisher Thousand Oaks London New Delhi

Yin, R.K., (1984). Case Study Research: Design and Methods. Beverly Hills, Calif: Sage Publications.

Ziorklui. S (2001): The Impact of Financial Sector Reform on Bank Efficiency and Financial Deepening for Savings Mobilization in Ghana.