An Empirical Analysis of the Determinants of Saving Behaviour by Households in Ho, Ghana: A Case Study of Ho Municipality, An Individual Level Analysis

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Abstract

The study focused on the empirical analysis of the determinants of savings behaviour by households in Ghana. The population consisted of individuals who constitute the employees and management, customers, market men, and women of some selected financial intermediaries in the Ho Municipality of the Volta Region of Ghana. A sample size of 152 was drawn from the population using the probability and non-probability sampling techniques. Descriptive and inferential statistics were used to analyse the data collected. The findings showed that, in general, majority of the individuals save with the financial institution in the Ho municipality. It also showed that many individuals' choice of the financial institutions was encouraged by interest rates. It was also realized that, majority of the individuals within the Ho municipality has fewer dependents and this promotes saving behaviour in the Ho municipality. Also, in the findings, it was revealed that majority of individuals used the Automated Teller Machines (ATMs) to either withdraw or deposit and this encourages other individuals to save with the financial institutions. However, the study concluded that the determinants of saving behaviour vary from person to person as they have diversified purposes of saving and consuming money. It was recommended that financial institutions in the Ho municipality should publicize their services to create awareness in the public domain and train them on how to use the Automated Teller Machines (ATMs). Also, the study recommended that individuals must plan their expenditure against their income and join fewer social groups to have enough income to save.

Keywords: Expenditure, Propensity to Consume,

1. Introduction
1.1   Background of the Study

Globally, the demographically-induced fall in saving within the industrial economies will be less disruptive than often assumed because of a similar offsetting decline in investment requirements. The rapid development of a global capital market provides an important means of accommodating the change (Smith, 2005). The current economic conditions in Africa have adversely affected most African families both rural and urban, with the rural families being the worst affected, resulting in high levels of poverty and, therefore, low levels of saving and investment. Ziorklui and Barbie (2007) observed that, in Africa, there are no hard and fast rules on the determination of how well national and domestic saving should perform in any given year. In Ghana and most developing parts of the world, families find it difficult or almost impossible to save due to low levels of incomes (Boateng, 2004). The low incomes of Ghanaian families are due primarily to the low levels of economic growth coupled with other factors such as illiteracy, political instability coupled with high propensity to consume. Quartey and Blankson (2006) found that the low saving in Ghana could be due to the inadequate financial intermediaries as well as low incomes of the populace.

Rural families in Ghana are mostly peasant farmers, fishermen and petty traders in mainly agricultural products. This implies that a large percentage of their incomes are used only to meet basic needs. For households to be able to save and invest, they need to have excess income after meeting life's basic necessities. Households, will therefore, spend mostly the permanent part (income that is used to meet basic life necessities) of their income while the transitory part (the income left after basic needs have been met) is channeled into saving and subsequently investment. That is to say that before a family decides to put some money aside for future use and into productive ventures, the family might have met the basic needs of its members.

1.2   Statement of the Problem

In Ghana, saving behaviour is mostly dependent on income level of the citizenry and their rate of consumption. Also, the geographical location of individuals with the same level of income may have different saving patterns due to their cost of living. Moreover, interests paid on saving are not that significant, while annual interest rates

on loans range from 27.5 per cent to about 38 per cent (BOG, 2010). The high lending rates by banks are a very critical issue affecting the banking industry in Ghana which discourages potential savers and affects the saving behaviour of people. Mostly, saving behaviour in rural areas has been found to be very low. Ho municipality is a small growing town with its populace who are mainly government workers, small/medium scale business operators, petty traders and few farmers. This class of people finds it difficult to save because incomes generated from their economic activities are quite high if not little. From the overview, females have higher percentage of population (142,701) than the males (129,180) and, as a result, turn to spend more than the men because, it has been observed women have more needs and engage in impulse buying.

Therefore, this study seeks to assess the determinants of saving behaviour of individuals in the informal sector with the commercial banks in Ghana. A case study of some selected commercial banks in the Ho municipality of the Volta Region.

1.3 Research Questions
1. What are the factors that influence the choice of a financial institution by savers in the Ho municipality?
2. What impact do economic factors have on saving behaviour of households living in the Ho municipality?
3. What are the impacts of socio-cultural factors on saving behaviour of households living within the Ho municipality?
4. What impact do financial technological factors have on saving behaviour of households living within the Ho municipality?

1.4 Research Hypotheses
H_0: $p = 0$ (The choice of financial institution, economic, socio-cultural and financial technological factors have no effects on saving behaviour of households in the Ho municipality).

H_1: $p \neq 0$ (The choice of financial institution, economic, socio-cultural and financial technological factors have effects on saving behaviour of households in the Ho municipality).

1.5 Objectives of the study
The general objective of this study is to empirically analysis the determinants of saving behaviour of households in Ghana. The study focused on individual savings of both formal and informal sectors of Ghanaian in the Ho Municipality of Volta Region of Ghana.

The specific objectives are to:
1. determine the factors that influences the choice of a financial institution of savers in the Ho municipality.
2. analyse the impact of economic factors on saving behaviour of households living in the Ho municipality.
3. investigate the impact of socio-cultural factors on saving behaviour of households living within the Ho municipality.
4. assess the effect of financial technological factors influencing saving behaviour of households living within the Ho municipality.

2. Literature Review
2.1 Definition of Concepts/ Theoretical Literature
2.2.1 Definition of Savings
According to Miller and VanHoose (2008), saving is a forgone consumption. They explain forgone consumption as when one does not spend all the income that is earned within a given period. To them, once part of what is earned today is left for future use, there is a saving. Ahmed (2007) put it in a simple language as putting money aside for future use. He argues that saving is the result of careful management of income and expenditure, so that there is something left to be put aside for future use.

2.2.2 Definition of Investment
The concept investment originates from the word "garment" or "vestment" and means the action of putting something into somewhere else. In Economics, the concept is used to mean the purchase of capital goods, that is, goods which are not consumed, but instead, used in future production such as railroads, or a factory, clearing land, or putting oneself through education.

2.2.3 .Determinants of Saving Behaviour
2.2.3.1 Demographics
The effect of demographic changes on saving can be derived from the life-cycle model when the share of the working population relative to that of retired persons increases (Bosworth, 2003; Higgins and Williamson, 2006; Lahiri, 2009). Demographics, however, are likely to help explain only the long-term trends in saving and not short-term fluctuations. The influence of demographic factors is significant on saving.

2.2.4   Choice of financial institution by savers

2.2.4.1 Growth and Saving

The rate of growth of income is an obvious factor for explaining the rate of saving. Saving and growth have been highly correlated over long time horizons as well as for many regions and stages of development (Bosworth, 2003; Schmidt-Hebbel, Serven and Solimano, 2006). The main theoretical foundation for the link between growth and saving comes from Modigliani's life-cycle hypothesis, which tried to establish a relationship between income and saving by arguing that growth increases saving because it increases the income of the young relative to that of the elderly (Modigliani, 1970). There are additional channels through which growth can positively affect saving, particularly in developing countries. Growth in saving and higher incomes raise more individuals above the subsistence level, below which they cannot save, and make individuals more responsive to changes in the interest rate (Ogaki, Ostry, and Reinhart, 1996).

2.2.4.2 External Factors

An external factor may not be really seen to have significant effects on saving but in some ways does. For example, where one decides to deposit money will affect saving in terms of the initial amount required saving and the interest rate you might earn for keeping money with a financial institution. Higher interest rates will encourage people to save more. Also, with the availability of appropriate saving schemes, people will be attracted to save more. Advertising though does not have significant effect on saving; financial institutions that advertise more are likely to have more clients. Services offered by the institution and a good customer relations can positively affect saving behaviour. It is worth to note that, when inflation is high, people have less money left with them to save because a major part of their disposable income will be spent to satisfy their needs and wants (Ouattara, 2005).

2.2.5   Economic Factors influencing Saving Behaviour

2.2.5.1 Family Size

There are multiple definitions formulated based on the particular theoretical perspective that one comes from when the definition of family comes to mind. Winch (2009) defined a family as a group of related persons in differentiated family positions such as husband and wife, parents and children, aunt and niece, who fulfill the functions necessary to ensure family survival, such as reproduction, child socialization and emotional gratification. To Olson and DeFrain (2011), a family is two or more people who are committed to each other and who share intimacy, resources and decision making responsibilities and values.

The economic impact of the size of a family is vital when the family engages in meaningful saving and investment. Basic to all the functions of the family enumerated in the foregoing discussion is the provision of physical needs of food, shelter, and clothing, among others. For the family to be able to meet these and other needs, it is essential for the family to have a solid financial base that will enable it cater for these needs and as well engage in deliberate and planned saving and investment.

2.2.5.2 Investment

Several reasons have been advanced as influencing people‘s decision to invest. However, the main reason why people invest is to earn a return on their invested fund or capital due to their deferred consumption. People invest because they want a return to compensate them for the time, the expected rate of inflation (a general increase in the price of goods and services over time) and the uncertainty of the return (Pollack & Heighberger, 1998). Other reasons advanced by Weirich (1983) are safety of income as well as liquidity of income. He also observed that the primary objective for investing by individuals is the hope of earning a capital gain at the time of sale.

2.2.5.3 Income level

 Households belonging to lower income group may have different saving behavior, middle income households may have different and same as higher income households may have different saving trend (Wen and Ishida, 2001). Saving of higher income group will decrease comparatively more than other groups specifying that higher income people having higher income always prefer their children to study from well known institutes of their areas; they will forego their more saving as compared to lower or middle income groups.

2.2.6   Socio-cultural Factors on Saving Behaviour

2.2.6.1 Dependency Ratio

Ngendakuriyo (2014) identified that the higher the number of persons in the household implies a lower probability that the household would save in Banks. The empirical results of his work suggested that the socio-economic and socio-cultural characteristics of households in East African Community (EAC) countries could inform the Banks and non-banks financial institutions on the appropriate strategies to mobilize and collect saving especially from the potential micro-savers and poor households.

There are many reasons to believe that the dependency ratio is central for explaining differences in saving behaviour and economic growth across countries. The theoretical underpinnings of this belief are based on the life cycle hypothesis. The argument goes as follows: economic agents have negative saving when young with little or no income, positive saving during their productive years and again negative saving when they are old and retired (Modigliani, 1970).

As children constitute a burden for parents and do not contribute to production, an increase in their proportion in the population is expected to reduce the private saving rate (Leff, 1969).

2.2.7 *Financial Technological Factors on Saving Behaviour*

2.2.7.1 *Automated Teller Machine*

Payment systems have developed rapidly in many countries over the past few decades. The use of electronic means of payment has increased at the expense of paper-based payment instruments. For instance, in some countries payment cards have replaced cheques, and Internet banking has become a popular means of paying invoices. Automated Teller Machines (ATMs1) are nowadays a very common technology for dispensing notes to cash holders.

ATMs have been analyzed in the literature for some thirty years. The earliest studies concentrate on explaining the adoption of this new technology. Mandell (1977) discusses ATM adoption in the USA. The first ATM was installed in the USA in 1969 and according to Mandell, only 10% of all national banks had adopted even one ATM after eight years. Mandell states that a bank's adoption of innovation depends on its size, branching status and competitive position. According to Mandell, in those days adoption of new technology was related more closely to competition than to cost saving.

Paroush and Ruthenberg (1986) discussed the effects of ATMs on the share of demand deposits in the money supply. The authors use Israeli data and find that the introduction of ATMs increases deposits at the expense of currency holdings. Boeschoten (1992) also discusses the influence of ATMs on cash demand. According to the study, ATMs have a positive effect on the nominal currency growth, but this effect is not very robust.

2.3 Theories / Theoretical Framework

2.3.1 *The Life-Cycle Hypothesis (LCH) Theory*

The Life-Cycle Hypothesis (LCH) postulated by Albert Ando and Franco Modigliani in 1963 explains the conflict between the Average Propensity to Save (APS) observed from cross-section date and that observed from historical time-series data.

According to their hypothesis, a typical individual have a flow of relatively low income at the early stage and end of life, but high during the middle of life. The individual does maintain a slightly increasing level of consumption throughout his life, and the present value of total consumption would not exceed the present value of total income during the lifetime.

2.3.2 *The Permanent Income Hypothesis*

The central idea of the permanent-income hypothesis is that, people base consumption on what they consider their "normal" income. In doing this, they attempt to maintain a fairly constant standard of living even though their incomes may vary considerably from month to month or from year to year. As a result, increases and decreases in income which people see as temporary have little effect on their consumption spending. The idea behind the permanent-income hypothesis is that consumption depends on what people expect to earn over a considerable period of time.

This model has its roots in the works of Fisher (1907) and Ramsey (1928) and has since been developed in many directions. The ingredients of Friedman's model are: permanent consumption (c_p), permanent income (y_p), transitory consumption (c_t), transitory income (y_t). Measured income is the sum of *permanent* and *transitory* income (y_t) and measured consumption is the sum of *permanent* and *transitory* consumption (c_t), that is,

$$C = c_p + c_t \text{ and}$$
$$y = y_p + y_t$$

Permanent consumption is determined by the equation;

$C_p = k(r, z) y_p$ where $k(r, z)$ is the average (or marginal) propensity to consume out of permanent income which depends on the rate of interest and on taste shifter variables z.

2.3.3 *Keynesian's Theory*

Keynes' analysis suggests that due to a number of factors, such as a liquidity trap and the general glut of saving, it is likely for saving to exceed investment and get a recession. Keynes felt recessions could last a long time because lower interest rates may not increase consumption very much due to the income effect of lower interest rates means people have more income. Also, the liquidity trap explains when interest rates fail to boost demand. Interest rates cannot fall below a lower bound rate of zero, and lower interest rates are ineffective in boosting demand anyway.

2.4 Factors that Influence the Choice of Financial Institution by Savers

Marrar *et al.* (2011) conducted a *Financial Literacy and Consumer Awareness Survey in the West Bank and Gaza* found out that trust in financial institutions was low; only 19.2% of the respondents indicated that they mostly trust commercial banks and only 13.2% trust insurance companies.

Furthermore, data indicates that a bank's reputation is the most important factor (according to 43.1% of survey respondents) when making a choice for financial institution; this finding proved accurate when cross referenced with locality, gender, age groups, and education level. People believe that commercial banks offer the best quality of financial services, although many respondents had never had contacts with financial institutions during the last 5 years.

Research has revealed that the level of familiarity a person has with particular financial institutions has an effect on whether or not that person trusts the institution; thus it can be concluded that financial education should be considered a viable method to increasing a population's trust, familiarity, and overall choice of financial services. Furthermore, the most familiar with financial services were highly educated, male (36.9%, compared to 18.1% for females), and between the age of 21-35.

The survey also revealed that 51% of respondents who had unspent money from month to month would deposit it or keep it in a bank or any financial institution and that 24% of respondents would use new additional income to open an interest-bearing bank deposit. With this, frequent access to banking saving products will influence the saver's choice of financial institution.

Furthermore, the study found that frequent access to media increases levels of financial literacy which in turn has an effect on the choice of financial institutions by savers. The study shows that 80.8% of Palestinians watch TV on a daily basis, while a lesser percentage listens to the radio daily (34.9%) and even less read newspapers daily (14.8%).

An individual's choice of saving therefore depends on the level of uncertainty they perceive and their current income. Particularly, the availability of insurance, the scope of borrowing and the role of the extended family are the major influences on an individual's wish to save. With the extended family system which is predominantly practiced in most sub-Saharan African countries (and Ghana is no exception), the family has a great influence on an individual's saving patterns. By providing for the consumption of older members, the family can totally erase the need for old people to put aside money for expenditure during their youthful days (Chenery, 2011).

2.5   Impact of Economic Factors on Saving Behaviour

Amu and Amu (2013) researched on *the saving and investment behaviour of rural families in the Ho municipality of the Volta Region of Ghana* identified and emphasized some economic factors that affect the saving behaviour of people in the Volta Region. Some of these economic factors include: growth, demographics, urbanization and some external factors. They have identified that these economic factors impede household saving, especially in the rural areas, is high birth rates. It was also noted that, these factors have also influenced the trends of saving behaviour among the people. Thus, there have been some fluctuations in saving for some time now.

Subsistence-consumption theories propose that countries with high income levels are likely to have a private saving and the observed confirmation powerfully chains this close. According to the permanent income hypothesis and Keynesian approach, it is hypothesized that the private as well as national saving are positively associated to the GDP growth and national income because an increase in income means a higher saving rate in the economy. Therefore, per capita income and GDP growth rates vary in the saving function (Deaton, 2010).

Deaton (2010) also provided evidence that higher income growth may produce higher saving. He again examines the impact of inflation which reduces the real income or purchasing power of the society which may create the uncertainty in future income. They again investigated the relationship between income and saving for Turkey. Results of the time series data explain that income positively related with saving. The life cycle theory also defines the positive relation between per capita income and saving. They also conclude that the real per capita income has positive impact on saving, which supports the hypothesis that there is a virtuous circle that goes from faster growth.

The most significant result of this study is that public saving has harmful impact on the saving rate that is why public saving will tend to crowed out private saving.

Edwards (2005), study why saving rate in Latin America nations have very low as likened them with some of the most effective countries in the world. He also establish that per capita income growth appeared to be the most key determinants of aggregate saving, public saving are lesser in countries with sophisticated political instability, public saving crowed out private saving but less than proportionality. There have been great interests in people with low income who do not have access to financial intermediaries as financial intermediaries spend a considerable amount of time chasing after people with comparatively higher income levels.

Wheley and Kempton (2006) observed that saving behaviour among people of just below average incomes is mainly driven by age and that lasting saving habits seem to develop in childhood.

They also found that interest rates do not influence the saving behaviour in low-income categories.

2.6 Impact of Socio-cultural Factors on Saving Behaviour

Siman (2008) examined the relationship between entrepreneurship and active saving behaviour. Three main explanations of wealth differences among families have been offered: the family's initial wealth endowment, the family's market return on their personal asset portfolio, and the family's saving behaviour. The same study proposed that before entry, and during entrepreneurship, entrepreneurial families exhibit a more accelerated active saving behaviour than wage-earning families. The study's findings suggested that accelerated saving behaviour is exhibited only at certain time periods during the life cycle of an entrepreneurship. Controlled funding and/or subsidies dedicated to entrepreneurship could lead to an increase in personal saving of the families attempting to enter into, or incumbent in, entrepreneurship.

2.7 Financial Technological Factors Influencing Saving Behaviour

Laibson (1997) claimed that not all means are determinants to positive saving behaviour of people. Other people save money in financial institutions because they want a good return on their investment. In progressive countries, technological innovation has further complicated the mechanisms behind individual financial saving behaviour which has made it more difficult for people to commit to saving.

3. METHODOLOGY

3.1 Study Area

The study area of the research was Ho Municipality of the Volta Region. This municipality has been chosen for this research work, because it is the capital of Volta Region. The population of the municipality is a cosmopolitan, comprising of several and varied occupational background engaging in various socio – economical activities.

3.2 Research Design

The present study uses experimental and non-experimental design and this is how it was undertaken. This research work employed the descriptive research design to collect data in order to answer research questions concerning the current status of the subject of the study. The purpose of employing descriptive research was to enable the researchers to observe, describe, and document the determinants of saving behaviour as it naturally occurs. Due to the research topic, saving data cannot be collected from every individual therefore a sample of the population was most appropriate.

3.3 Sample Size Determination

The sample size was selected according to Krejcie and Morgan (1970) for determining sample size as cited in Makhbul, Rahid, and Hasun (2011). A sample size of 152 was used for the study. This was derived using the formula $s = X^2 NP$ (1- P) ÷ d^2 (N- 1) + X^2P (1 – P), where s = required sample size, X^2 = the table value of chi-square for 1 degree of freedom at the desired confidence level (3.841), N = the population size, P = the population proportion (assumed to be .50 since this would provide the maximum sample size) and d = the degree of accuracy expressed as a proportion (0.05).

$$S = (3.841) \times (250) \times (0.50) \div (0.05)^2 (250 - 1) + (3.841) \times (0.50) \times (1 - 0.50) = 152$$

3.4 Sampling Techniques

The sampling techniques employed in the study are probability (simple random sampling) and Non- probability sampling (purposive and stratified sampling). Selection of customers was by chance depending on their willingness and availability to participate in the study. Thus, the simple random and purposive sampling were used.

3.5 Data Collection Tools/ Instruments

For the purpose of this study, the researchers use both primary and secondary data. There was a heavy reliance on the use of primary data since the main tools used were structured questionnaires. The questions used were derived from the research questions of the study, and were designed such that they obtained information to meet specific objectives of the study.

3.6 Data Collection Procedure

For the present study, the researchers personally administered questionnaires themselves. The data collection for the study was in four (4) phases. First, a letter was sent to banks management to grant permission to administer questionnaire. Three types of questionnaires were administered to three types of respondents: In the first phase, questionnaires were administered to customers of the banks. The secondly, questionnaires were administered to employees and management staffs of the banks to answer at their own convenient time since they were busy during working days. In the third phase, the questionnaires were administered to market men and women, and

again those market men and women who could neither read nor write were assisted by the members of the team of researchers to translate the English language into the local dilate. The fourth phase for data collection had to do with secondary data where published materials on the determinants on the saving behaviour, sources of income to customers, among others, were retrieved from the websites of the various state owned banks. Printed materials such as brochures, publications on the determinants on saving behaviour were also obtained from the banks.

3.7 Data Analysis

This section deals with the analysis of data collected from the study area. This was in relation to the objectives of the study. Data collected included both primary and secondary data. The collected data was analysed using Statistical Package for Service Solution (SPSS, version 20.0). The choice of the above tools was based on the fact that, SPSS is useful in analyzing data on behaviour and is appropriate for both qualitative and quantitative data. The numerical approach was used to compute frequency analysis.

4. RESULTS AND DISCUSSIONS

This section presents results and analysis of the study. It combines both the empirical findings and analytical part of the study.

Model		Unstandardised Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	-1.195	1.631		-0.733	0.467
	LOCATION WHERE FAMILY RESIDES	0.189	0.235	0.095	0.808	0.422*
	SEX OF HEAD OF FAMILY	1.111	0.453	0.291	2.453	0.017**
	FAMILY SIZE	0.377	0.167	0.265	2.253	0.028**
	AGE	0.076	0.189	0.051	0.404	0.688*
	LEVEL OF EDUCATION	0.312	0.134	0.271	2.321	0.024**
	EXPERIENCED UNEMPLOYMENT	-0.029	0.051	-0.055	-0.564	0.575*
	HOUSEHOLD'S PERCEPTION OF AGGREGATE ECONOMIC FACTORS	-1.280	0.442	-0.318	-2.895	0.005***
	HOLDING OF SAVINGS ACCOUNT	-1.037	0.481	-0.226	-2.157	0.035**
1	OWNERSHIP OF A BUSINESS	0.307	0.103	0.289	2.972	0.004***
	INVESTMENT HOLDINGS APART FROM SAVINGS ACCOUNT	0.160	0.214	0.093	0.748	0.458*
	INCOME LEVEL	0.017	0.147	0.015	0.118	0.906*
	JOB STATUS	0.316	0.097	0.419	3.251	0.002***
	KNOWLEDGE ON SAVINGS	0.156	0.059	0.270	2.642	0.011***
	MEMBERSHIP OF SOCIAL CLUB	-0.699	0.318	-0.246	-2.198	0.032**
	RELIGION	-0.513	0.400	-0.149	-1.283	0.205*
	JOB SECURITY	0.255	0.214	0.139	1.195	0.237*
	IS THE ATM USER-FRIENDLY?	-0.002	0.177	-0.001	-0.010	0.992*
	MOTIVATING FACTOR ENCOURAGING THE USE OF ATMs	0.587	0.193	0.302	3.047	.003***
	USAGE OF AUTOMATED TELLER MACHINES	0.394	0.490	0.086	0.805	0.424*

*** = 1% sig. level   ** = 5% sig. level   * = 10% sig. level

The sex of the head of the family is positively related to savings behaviour that when an individual is a male of the family, He really saves so much to cater for unforeseen eventualities. There is a robust factor in the sex of the head of a family as the savings behaviour of a family is really high when the sex of the head of a family is a male.

The size of a family is also positively related to savings behaviour of the respondents. Thus, in a family with a large number of people, the savings behaviour is very much higher than one with a smaller number of people. This findings agrees with Olson and DeFrain (2011) who found that the size of a family correlates positively with savings and investment, where the entire family engages in meaningfully productive activities. Basic to all the functions of the family enumerated in the foregoing discussion is the provision of physical needs of food, shelter, and clothing, among others. For the family to be able to meet these and other needs, it is essential for the family to have a solid financial base that will enable it cater for these needs and as well engage in deliberate and planned saving and investment.

Level of education is another factor that relates significantly to the savings behaviour of individuals. This implies that individuals tend to save more when they are educated. Perhaps, individuals are encouraged to save because of expected benefits they will derive from saving in the banks. Some of these benefits include interest rates, proximity of the bank, convenience, dividends on savings, among others. Pollack & Heighberger (1998) argued that people invest because they want a return to compensate them for a time, the expected rate of inflation (average increase in the price of goods and services over time) and the uncertainty of the return. So based on the above knowledge on savings, the individual is enthused to save more as he understand the excess of saving.

The perception of aggregate economic factors like level of income, growth, inflation rate, dependency ratio, among others, was analysed. It was observed that these factors were positively related to the savings behaviour of individuals. Thus, there is a very robust significance relationship between perception of aggregate economic factors and savings behaviour of respondents. The implication of the findings is that, the higher the income generated by an individual, the higher their savings behaviour as well. This is in line with Bosworth (2003); Schmidt-Hebbel, Serven and Solimano (2006) where the rate of growth in saving was an obvious factor for explaining the rate of saving. Saving and growth have been highly correlated over long time horizons as well as for many regions and stages of development. The Keynesian theory suggests that, due to a number of factors such as a liquidity trap and the general glut of saving, it is likely for saving to exceed investment. Keynes felt recessions could last for a considerably long time because lower interest rates may not increase consumption very much due to the income effect of lower interest rates. Also, the liquidity trap explains when interest rates fail to boost demand. Interest rates cannot fall below a lower bound rate of zero, and lower interest rates are ineffective in boosting demand anyway.

The individual's holding of a savings account was also considered in the analysis. The outcome suggested a positive relationship with the individual's holding and their savings behaviour. This is because there is a minimum amount regulated by the bank that the individual must have as his account balance. So once the individual is holding a savings account, he is encouraged to but some money in the account as savings and the dividends that the savings will yield. It is very important to note that the minimum amount varies from commercial bank to commercial bank. Again based on this, Pollack & Heighberger (1998) argued that people invest because they want a return to compensate them for the time, the expected rate of inflation (a general increase in the price of goods and services over time and the uncertainty of the return.

Ownership of a business is a factor that is relate positively to the individual's savings behaviour. This implies that most entrepreneurs who are individuals save money to buy stock and purchase raw materials. These individuals are sole proprietors who are encouraged to save more in order to incur expenditure in the future. Some of these expenditures may include wages and salaries, utility bills, rents and rates, etc. Marrar *et al.* (2011) who indicate that the level of familiarity a person has with particular financial institutions has an effect on whether or not that person trusts the institution; thus it can be concluded that financial education should be considered a viable method to increasing a population's trust, familiarity, and overall choice of financial services.

Job status is also another factor that relates positively with an individual's savings behaviour. Thus, job status is a very robust factor on savings behaviour of individuals. Where an individual is employed in an occupation, he earns wages or salaries which become his source of income. A portion of the income represents his marginal propensity to save and the rest represents his marginal propensity to consume. Households and individuals belonging to lower income group may have different saving behavior, middle income households may have different and same as higher income households may have different saving trend (Wen and Ishida, 2001). Again According to the Life Cycle Hypothesis, a typical individual has a flow of relatively low income at the early stage and end of life, but high during the middle of life. The individual does maintain a slightly increasing level of consumption throughout his life, and the present value of total consumption would not exceed the present value of total income during the lifetime.

An individual's knowledge on savings is also a significant factor that is positively related to savings behaviour. Thus, individuals are encouraged to save because they know the essence of the various accounts and the interest or dividends they will yield on these savings. There are different types of accounts that vary from commercial bank to commercial bank. Some of the types of accounts include, savings account, current account, fixed deposit account, among others. But the most common types of account in the banks are the savings account

and the current account. Laibson (1997) claimed that not all means are determinants to positive saving behaviour of people. Other people save money in financial institutions because they want a good return on their investment. Finally, The current account balance has often been tested in this context and has consistently been found to affect the level of private domestic saving positively (Edwards, 1995; Masson, Bayoumi & Samiei, 1995). An individual's membership in a social club is a factor that is also positively related to his savings behaviour. An individual is encouraged to save as a member of a social club in order to cater for unforeseen happenings. As a member of a social club, he pays subscriptions, dues, etc in order to generate funds for the smooth running of the club. Aside these financial obligations, the individual sets some money aside in savings in order to pay for unplanned expenditure. Insert Theory

The use of Automated Teller Machines (ATMs) is also a factor that is positively related to an individual's savings behaviour. This is a very robust factor because it eases the tension and pressure in the banking hall. So individuals will save with a bank not only because it is safer but also because of the convenience that he will derive by just withdrawing his money using the ATM and not going to join long queues for money. Simone (2015) indicated that payment systems have developed rapidly in many countries over the past few decades due to the use of electronic means at the expense of paper-based payment instruments. Reduced cost, convenience, easy access and technological advancement are some factors considered by customers on the use of ATM's. Also, the intra-household decision-making process lends further credence to individual use of ATM's describing that, husbands/males are the primary financial decision makers therefore, they patronize the use of ATM cards more than wives/females.

Aside the above explicated factors, there are other factors that were considered to have an effect on the individuals' saving behaviour but they were not significant in the spatial (geographical) and contextual scope of the study. Thus, these factors were not closely influencing the saving behaviour of individuals. Some of these factors included location where family resides, age, experienced unemployment, investment holding apart from savings account, income level, religion, job security, ATM user-friendliness and the usage of ATMs. It is very important to note that these factors are equally relevant factors and could yield positive significance on savings behaviour in another study with a different spatial (geographical) and contextual scope.

5.   Summary and Conclusion

This work focused on finding out the determinants of saving behaviour by households in Ghana, focusing on the Ho Municipality of the Volta Region. To begin with, the study determined the factors that influence the choice of a financial institution by savers in the Ho Municipality and the respondents' views on what impact their choice of financial institution. According to the management and employees of the various banks, the trend of the results may be due to the fact that there has been a significant variation in the major macroeconomic indicators as the years go by. This means that an increase in income will lead to an increase in saving either at the individual or the family levels. So this is why there has been an increment in clients' saving in the banks as the years go by.

Again, according to market men and women, the level of familiarity a person has with particular financial institutions has an effect on whether or not that person trusts the institution; thus, it can be concluded that financial education should be considered a viable method to increasing a population's trust, familiarity, and overall choice of financial services.

The trend of the results may be due to the fact that majority of the respondents do not keep their monies at home to be misused or get stolen by thieves but rather have access to financial intermediaries to keep their monies safe and they might also have a fair knowledge about saving. The above results indicates that majority of the respondents save because of the high interest rate.

It becomes clear that, majority of the respondents save with financial institution due to the increased number of financial institutions in the Ho municipality which might have increased the familiarity level of banks by respondents through education. Increase in awareness about the importance of saving with financial institutions may also be a factor.

Secondly, the survey also analyzed the impact of economic factors on saving behaviour of people living in the Ho Municipality. The management and employees of the various banks concluded that mid-aged individuals will save more than the young and the aged, but this will only focus on the relationship between ages in general and saving. This means that where there are a majority of mid-aged individuals, the saving account holders will constitute the group that save more at the bank. According to market men and women, the result provided evidence that higher income growth may produce higher saving. It is also revealed that, the impact of inflation which reduces the real income or purchasing power may create the uncertainty in future income. To customers, more of their income is spent on basic needs. This may be based on the fact that respondents focus more on what they need. Majority of the respondent's came to a conclusion that, inflation causes a decrease in monthly income.

In addition, the survey investigated the impact of socio-cultural factors on saving behaviour of people

living within the Ho Municipality. The management and employees are of the view that customers will seek loan for social activities such as funerals, weddings, naming ceremonies in order to satisfy other human needs other than their basic needs. According to market men and women as well as customers, high fertility rate leads to high youth-dependency ratio and has adverse implications on saving.

Finally, the survey also assessed the effect of financial technological factors influencing saving behaviour of the people living within the Ho Municipality. According to market men and women, the trend of not using the ATMs may be due to how complicated the usage of the ATM. On the contrary, to management and employees it has reduced stress and to customers, using the ATMs has been very convenient.

6.   Recommendations

In view of the critical role individual's and people savings behaviour play in national development, it is very necessary for policy makers to take the following measures to positively influence saving behaviour of people living in an economy.

Firstly, banks and financial institutions should extend their financial education to the public, using the appropriate platform to increase awareness of the general public about their products and services rather than limiting it to the confines of their banking halls.

Secondly, financial institutions should also operate and diversify their accounts for customers to have more options to choose from when opening accounts with them.

Thirdly, banks should also provide reasonable interest rates to motivate and compensate a customer's decision to forgo current consumption for the future. In addition, the central bank (Bank of Ghana) should formulate new policies and guidelines that will make the establishment of banks easier. This will increase access and to encourage those in the area to save and curb the problem of proximity.

Besides that, individuals should consistently plan how they will spend income earned. When this is done, percentage of income to be spent on daily activities, those for precautionary need, luxuries, owing or buying real assets as well as that for saving and other forms of investment will be known and therefore apportioned accordingly. This will prevent spending beyond one's limited income. Individuals and firms should be educated on the various factors that affect the interest rate which is discouraging factor to saving in the Ho municipality in order to keep them abreast with opportunities that are available to them. This will improve their knowledge on the various major determinants of saving behaviours hence encouraging them to participate in it. For instance, agricultural extension services should be made available for those individuals who invest in farming.

Furthermore, individuals should try their possible best to belong to few social groups since belonging to such groups come with financial obligations and commitments. Banks should conduct thorough investigations on loans customers take so that these loans do not end up being used for social events such as weddings, funerals, parties but are rather channeled into productive sectors to increase income level which in turn   will increase saving.

Finally, management of the banks should employ specialists who will teach customers who have newly acquired ATM cards. This will enlighten such customers on the operation of the ATMs and as such, the complication attached to operating the ATM will be erased. This will reduce the pressure of customers lined-up in the banking halls.

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