

**ASSESSING THE ROLE OF ROTATING SAVINGS AS A MEANS OF
FUNDS MOBILIZATION AND CREDIT SOURCING- CASE STUDY OF
OTUASENKAN RURAL BANK LTD.**

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ABSTRACT

The primary aim of this study was to assess the role of rotating savings as a means of funds mobilization and credit sourcing with a special focus on Otuasekan Rural Bank (ORB). The study used a sample of 365 respondents who were susu customers and credit officers of ORB. Simple random and purposive sampling techniques were employed in selecting the sample. The study employed survey methodology in which primary data was gathered with the use of structured questionnaire and unstructured interviews. The study employed both quantitative and qualitative methods of research analysis and mainly used primary data in addition to secondary data. Data was processed with Statistical Package for Social Sciences (SPSS) and presented in frequency tables and charts. The study reports that the operation of the rotating savings scheme has benefited the customers in terms of access to loans, education and seminars and safe keeping of savings while the bank gained from the scheme in areas of interest income from lending and investment activities, improvement in deposits and liquidity position as well as a source of low cost of funds. Further, it is reported that embezzlement of customers' funds by bank officials, high labour turnover of personnel in-charge of rotating savings operations and inadequate personal data of customers are some challenges facing the bank in operating the scheme. The study recommends that a repackaging of the scheme could be done so that clients who have been with the institution for long could be given a reduced interest rate which can go a long way to attract new contributors.

CHAPTER ONE

INTRODUCTION

Background of the Study

In Ghana, only 5-6% of the population is reported to have access to formal banking facilities (Bank of Ghana report, 2015). Micro enterprises are commonly believed to have very limited access to credit facilities and other financial support services provided by formal financial institutions (FFIs) (Basu and Oppong., 2004). This is because, on one hand these micro enterprises cannot provide the necessary collateral security demanded by formal institution. On the other hand, the banks find it difficult to recover the high cost involved in dealing with the Micro enterprises. In addition to this, the associated risks involved in lending to the micro enterprises make it unattractive for the banks to deal with small and micro enterprises (Bank of Ghana Bulletin, 2015). Small enterprises are reported to have high failure rates making it difficult for lenders to assess accurately the viability of small enterprises, the abilities of the entrepreneur, and the likelihood of repayment (World Bank, 1994). The lack of formal banking facilities underpins the development of micro and small enterprises to a very large extent. This has a serious implication for a country like Ghana where the economy is largely characterized by small and medium enterprises. The frustrations of accessing credit facilities from formal systems compel the poor and the informal business enterprises to

resort to different non-banking and informal arrangements to access funds for their operations.

Informal financial institutions operating outside the scope of banking laws and regulations in Ghana include moneylenders, rotating savings and credit associations (ROSCA), and savings collectors and other mobile bankers. These informal financial systems commonly assist micro and small enterprises particularly, market traders, house wives, artisans and other small enterprises to accumulate funds through daily or weekly deposits that are returned at the end of a specified period minus a certain amount as arranged and agreed by a depositor and a collector (Ghana Cooperative Susu Collectors Association, 2004). These arrangements are based on the susu system which has been one of Africa's traditional non-bank financial systems which have over the years been the mode of fund mobilization for initiation, sustenance and development of micro enterprises businesses especially in Ghana.

Susu is an informal financial identification for daily or weekly deposit collection on the West African markets. Susu can be described as a form of credit union because it is a system of trading in money, which involves regular and periodic collection of fixed amount of deposits that are made available to the owners after a specified period of time or when required or to borrowers within the scheme at a fee. Though susu does not require collateral it relies on a guarantee system to reduce risks associated with clean lending. In Ghana today, susu can be classified into three key

categories. These are susu clubs and susu associations, mobile collectors, and cooperatives (Basu *et al.*, 2004). The susu collectors serve as savings vehicles by collecting daily amounts voluntarily saved by their clients, which they return at the end of the month minus one day's amount as commission which translates to 3.33 % (Basu *et al.*, 2004).

The susu associations are of two kinds depending on the method of operation. A susu association can be based on either the rotating or accumulating method. The Rotating Savings and Credits Associations (ROSCAs) collect savings from their members and allocate them to each member in turn, while the accumulation allows regular contributions to be gathered to act as a backup for business or insurance for special events like funerals (Basu *et al.*, 2004). The susu clubs combine the first two concepts, operated by a single agent where members commit to save a pre-defined amount over a medium term (50 to 100 week cycle) and pay commissions on each payment and fees when they are given as an advance. Here the commission translates to about 10% of interest being the cost of capital (Basu *et al.*, 2004). Studies by Aryeetey (1994) and Bortei-Doku and Aryeetey (1992) suggest that susu remains a resilient institution of savings mobilization and credit.

Informal finance is not simply a component of the informal economy, nor is it confined to only rural communities, the least educated, and the lowest income earners. Despite the establishment of new banks, increased autonomy of the commercial banks and interest rate

liberalization, informal sector finance is the first choice of traders, artisans, farmers and small enterprises in both rural and semi-urban areas and even among salaried workers in the urban areas. A rich body of knowledge exist to explain why this is so (Bortei-Doku & Aryeetey in 1992).

Statement of the Problem

According to the Institute of Statistical, Social and Economic Research (ISSER) (2005) it has been realized that the informal sector (Micro Enterprises) has not benefitted much from financial services because most of the commercial banks do not do business with the informal sector especially those in the peri-urban and the rural hinterland. The reason adduced were lack of financial security, collateral security, business plan, financial records, bureaucratic procedures, clients' savings deposit being too small among other factors; and this has led to a situation where only less than 20% of the populations have access to mainstream financial services in Ghana (Adofo, Antai & Alabi, 2010). The drawbacks associated with these formal financial institutions do not prevail in the susu system. The commercial and rural banks have reintroduced susu as a micro-finance scheme for the micro enterprises.

Rural and community banks were established in response to the need and the demand to make institutional credit and banking services available to small-scale farmers and rural entrepreneurs. Rural banks were to operate through using local initiatives and local commitment to

mobilize resources locally and to lend them to deserving customers in their catchments using simplified procedures and eligibility criteria. Local resources mobilization is therefore an essential part of the rural banks existence and for this reason rural banks were established to encourage rural folks to save for economic development.

A number of savings and loans companies and rural banks have inculcated the susu scheme in their operations and have it to be accommodative and successful. In this regard, it has come to be known as the Semi-Formal Susu Scheme (Bank of Ghana, 2006). The susu saving system (semi-formal susu scheme) has been in existence for quite some time now. However, in Ghana, not much research has been conducted to examine the mode of the semi-formal susu system, how it has been improved over the indigenous susu system in the areas of security, linkages, competition, efficiency, terms and conditions, challenges, activities they finance, clientele size, saving behavior, market share, loans portfolio, delinquency rate, risk management, the credit delivery system they operate etc. It is therefore worthy and desirable to say that a research study into this area is long overdue (Ameyaw, 2006). The need for accurate knowledge and outreach of information on this issue is essential.

It has been realized that the various rural banks especially Otuasekan Rural Bank Limited play a vital role in rotating savings or susu savings in the country to help in alleviating rural poor and granting other access to entrepreneurs by introducing them to some concepts in banking

but it is also realized that these banks face massive challenges that hamper the smooth operation of these rotating savings when if not checked would lead to reduction in revenue generated or collapse of rural banks. The research is therefore aimed at assessing how the reintroduction of the susu scheme has contributed in capital mobilization and helped the micro enterprises in the informal sector.

Purpose of the Study

The general objective was to assess the role of susu as a micro-finance scheme in funds accumulation and credit sourcing.

Objectives of the Study

The specific objectives were to:

1. Evaluate the operations of Rotating Savings scheme for funds mobilization and credit sourcing.
2. Establish the benefits derived by both the contributors and the bank.
3. Evaluate challenges confronting rotational savers as well as the bank in respect of operating the scheme.

Research Questions

To address the research problem and achieve the objectives, this study intends to find answers to the following questions:

1. How do the operations of rotating savings scheme affect fund mobilization and credit sourcing?

2. What benefits are derived by both the contributors and the bank from susu savings?
3. What challenges confront rotational savers as well as the bank in respect of operating the scheme?

Significance of the Study

A study of this nature would make a significant contribution by assisting government and other stakeholders to find lasting solutions to problems facing microfinance institutions in the country. The study is very significant because it will add to the existing literature or the research has added to the stock of books and works already written on strategies to retain worker through job satisfaction. Also it will afford the Union of Finance and Commerce Workers (UNICOF) the opportunity to identify the real problems facing their members and find lasting solution to them.

The research is significant for the development of the Ghanaian micro-financial institutions, Non-Governmental Organizations (NGO) financial institutions, rural and community banks as well as the commercial banks, savings and loans companies, potential savers, monetary policy analysts and indigenous businesses and entrepreneurs. Such knowledge would provide the basis for financial services planning and development strategies, working capital management and techniques, strategic decision making, credit operations and debt management skills associated with susu operations. The operators of susu system will be guided in effective decision-making strategies and understand the dynamics of susu system.

This research also provides insight information to the Bank of Ghana, donor communities and other interested entities with skills to strengthen the planning processes, and challenges them to incorporate the theory of research into managerial and development practices especially for Otuasekan Rural Bank (ORB) Ltd which started operating the susu as a micro-finance scheme on micro enterprises level as a deposit mobilization strategy from the year 2000. This has been one of the bank's deposit mobilization strategies with the view of helping to sustain and develop the small and medium enterprises under ORB Ltd. (ORB Product manual, 2000).

Delimitation of the Study

The study is to examine the role of susu as a micro-finance scheme in funds accumulation and credit sourcing. The study would be conducted at Otuasekan Rural Bank in the Ashanti Region. This area is chosen because of availability and accessibility of information. It is hoped that this would ensure a detailed investigation, which will yield more valid and reliable results. The staff and customers of the selected school would constitute the population.

Limitation of the Study

During the research a lot of limitations were encountered in the collection of data. Firstly, some respondents were reluctant and others refused to assist in responding to the questionnaire since they claimed that the questions were too lengthy and that through their answers they could be victimized.

Much more respondents were limited in the expression of their views and this may have some negative effect on the result as certain views are not provided in the questionnaires. The results of this research might also be influenced by the level of commitment of some of the respondents to offer some vital information for the research.

Organization of the Study

The study is organized as follows: Chapter One is the introduction to the study. It elaborates on the background of the study, statement of the problem, and objectives of the study, significance as well as the scope and limitation of the study. Chapter Two reviews previous research on susu as a micro-finance scheme. Chapter Three presents the methodology adopted for the study. Chapter Four presents the findings from the study and Chapter Five summarizes the study, discusses the implication of the findings, draws conclusion and provides recommendation to solve the research problems.

CHAPTER TWO

LITERATURE REVIEW

Introduction

The literature review section of the study is meant to provide the researcher and the reader with an understanding of the frontiers of work that has already been done and what remains to be covered. Literature related to the study of the role of rotating savings as a means of funds mobilization and credits sourcing in Ghana is presented in this chapter. The chapter has three main sections. Section one reviews the conceptual and theoretical literature related to the study. Section two seeks to give details of review of empirical studies that other authors have carried out on the subject matter of this study. The third section draws conclusions from the theoretical and empirical literature and draws attention to knowledge gap to be filled.

Development of Susu in Africa

Susu is one of Africa's most ancient traditional credit unions, which have over the years been the mode of fund mobilization for initiation, sustenance and, in some cases, development of Micro and Small Scale Enterprises, particularly micro enterprises. Susu is an informal financial identification for daily or weekly deposit collection on the West African markets (Onyina, 2012).

The Institution exists all over West Africa as well as in many other parts of the world, where it is an integral part of the local micro-finance. The susu system seems to have proven to be a dependable and cost effective mechanism of

emphasizing state participation and encouragement of the domestic indigenous sector. Susu can be described as a form of credit union because it is a system of savings which involves safeguarding deposits and making the funds available to the owners when required or to borrowers at a fee. Susu is a financial product and also a social capital. As a social capital, the individual members derived mutual benefits from the network that cannot be achieved by isolated member efforts (De Souza Briggs, 1997). The susu system has remained the purview of traditional groups and individuals for a long time and constitutes the crust of the informal microfinance system in Ghana. This system currently thrives on self-regulation by operators.

However, due to the perceived contributions of susu to the development of Micro Enterprises, and its ability to mop excess liquidity through its savings mobilization methods, susu is now being recognized and incorporated into some formal financial institutions as a deposit-loan system using susu collectors (Basu, *et al.*, 2004) This brings to the fore the importance of informal financing, particularly micro-financing to the development of Micro and Small Enterprises (MSEs) (World Bank, 1994). It has been reported that between 1998 and 1999 thirty nine percent (39%) of Ghanaians borrowed money but only 3% of these people used formal institutions (Claessens, 2005). The lack of formal banking and credit facilities underpins the development of Micro and Small Enterprises to a very large extent. This has serious implications for a country like Ghana where the economy is largely characterized by small and micro scale enterprises (Micro Enterprises). Though it has been suggested that there seem to

be no evidence that Micro and Small Enterprises alleviate poverty or decrease income inequality it has also been established that there is a strong association between the importance of Micro and Small Enterprises and Gross Domestic Products (GDP) per capita (Beck, *et al.*, 2004). This suggests that Micro and Small Enterprises development should be a matter of great concern when considering issues of national development.

The frustrations of accessing credit facilities from formal financial systems compel the informal enterprises to resort to different non-banking and informal arrangements to access funds for their business operations. Informal financial institutions, operating outside the scope of banking laws and regulations in Ghana, include moneylenders, rotating savings and credit associations (ROSCA), and savings collectors. Both ROSCA and susu collectors commonly assist market traders, house wives and artisans to accumulate funds through daily or weekly deposits that are returned at the end of a specified period minus a small fee (World Bank, 1994). These activities are both based on the susu system. Susu is an informal and traditional system of saving that helps a group of daily, weekly or monthly income earners to accumulate large sums of money for the expansion of susu contributors' businesses. It forms a subset of the entire credit delivery system, which is based on mutual arrangement to transfer economic value or purchasing power from the individual or a group to another. Susu was an informal product that could be operated by indigenous single collectors; it has gone through a semi-formal stage as may be operated by Ghana Cooperative Susu

Collectors Association (GCSCA) and the Credit Unions, to reach its formal stage as may be operated by the rural banks.

Origin of Susu in Ghana

In Ghana, the word susu is believed by some indigenous people to be Ga, a Ghanaian language, though some are of the view that it may be Akan, another Ghanaian language. The system is reported to have originated from Yoruba, Nigeria where the Gas, a Ghanaian southern tribe, is believed to have migrated from. Susu scheme was introduced in Ghana in the 1940's from Nigeria, where it was known as 'Esusu' and has now become widespread in Africa owing to the simplicity of its operations (Incoom, 1991, p. 149). According to Seibel (2001), in Ghana, in the year 1979, a group of women jointly produced palm oil, which they sold on the market, allocating the proceeds to one member of the group at a time. Most of these groups also provided social insurance by allocating scarce resources out in turn, to members in emergency situations. In the early days this consisted mainly of food items whereas nowadays it is usually money (Seibel, 2001). The term -'esusu' and the practice have persisted to this day. It is known as 'esu' in the Bahamas, 'susu' in Tabago, or 'sou' in Trinidad. Among the Yorubas in Nigeria today, there is hardly a single adult who is not a member of one or even several 'esusu'. This institution exist, all over West Africa, Asia and Latin America, where it is an integral part of the local micro-economy and named in the countries' own vernacular term; arisan in Indonesia, paluwagan in the Philippines, Gameya in Egypt, ekub in Ethiopia, and Cuchubal in Guatemala (World Bank,1994).

Evolution of the Microfinance Sub-Sector in Ghana

Indeed, the concept of micro-finance is not new in Ghana. There has always been the tradition of people saving and/or taking small loans from individuals and groups within the context of self-help to start businesses or farming ventures. For example, available evidence suggests that the first credit union in Africa was established in Northern Ghana in 1955 by Canadian Catholic missionaries. However, susu, which is one of the microfinance schemes in Ghana, is thought to have originated from Nigeria and spread to Ghana in the early twentieth century. Over the years, the microfinance sector has thrived and evolved into its current state, thanks to various financial sector policies and programmes undertaken by different governments since independence (Bank of Ghana, 2007). Among these are: Provision of subsidized credits in the 1950s; establishment of the Agricultural Development Bank in 1965 specifically to address the financial needs of the fisheries and agricultural sector; establishment of Rural and Community Banks (RCBs), and the introduction of regulations such as commercial banks being required to set aside 20% of total portfolio, to promote lending to agriculture and small scale industries in the 1970s and early 1980s; shifting from a restrictive financial sector regime to a liberalized regime in 1986; promulgation of PNDC Law 328 in 1991 to allow the establishment of different categories of non-bank financial institutions, including savings and loans companies, and credit unions (Asiama & Osei ., Bank of Ghana, 2007)

In terms of the regulatory framework, rural and community banks are regulated under the Banking Act 2004 (Act 673), while the Savings and Loans

Companies are currently regulated under the Non-Bank Financial Institutions (NBFI) Law 1993 (PNDCL 328). On the other hand, the regulatory framework for credit unions is now being prepared, and this would recognize their dual nature as cooperatives and financial institutions. The rest of the players such as Financial Non-Governmental Organizations (FNGOs), ROSCAS, and Accumulating Savings for Credit Associations (ASCAs) do not have legal and regulatory frameworks.

Relationship between Micro Credit and Micro Finance

It has generally been observed that the poor people don't have access to bank loans. Private money lenders charge very high interest rates. This makes it difficult for poor people to access funds for starting small income generation activities like sewing, opening a tea stall or some other small shops (Onyina, 2012). Micro Credit caters the need of people for small loans. Micro finance includes support services along with the loan component. In Micro Credit, more emphasis is placed on loans. Microfinance, thereby, opens up channels for thrift, market assistance, technical assistance, capacity building, insurance, social and cultural programmes. Thus, Microfinance has an element of 'Credit plus while micro credit is 'only credit' (Onyina, 2012).

Microfinance and microcredit activities help low-income or unemployed individuals fulfill personal needs in the short term and long term. These activities also help developing and underdeveloped countries balance budgets and fund social programs. Microcredit includes all types of loans that financial institutions, such as banks and insurance companies, provide to poor or unemployed

individuals. These people may live in developed countries, such as the United States, or in poor nations (Heinman, 2001).

Microfinance is a financial practice that helps improve living conditions for the poor and unemployed in the short term and long term. Microfinance institutions usually provide microcredit services. Microfinance plays a central role in modern economies, especially in developing countries. Most of these countries may rely on international financial aid or microfinance activities to balance annual budgets or fund social programs (Rutherford, 2000).

Microcredit versus Microfinance

Microcredit is distinct from microfinance. However, there are instances in which the terms interrelate. For example, an entrepreneur living in a developing country seeks funding for a startup company. He may apply for a microcredit with a local microfinance bank (Heinman, 2001).

Microfinance and Development

Microfinance encompasses the provision of financial services and the management of small amounts of money through a range of products and a system of intermediary functions that are targeted at low income clients. It includes loans, savings, insurance, transfer services and other financial products and services (Ameyaw, 2001).

Microfinance is thus one of the critical dimensions of the broad range of financial tools for the poor, and its increasing role in development has emanated from a number of key factors that include: The fact that the poor need

access to productive resources, with financial services being a key resource, if they are to be able to improve their conditions of life; the realization that the poor have the capacity to use loans effectively for income-generation, to save and repay loans; the observation that the formal financial sector has provided very little or no services to low-income people, creating a high demand for credit and savings services amongst the poor; the view that microfinance is viable and can become sustainable and achieve full cost recovery; the recognition that microfinance can have significant impact on cross cutting issues such as women's empowerment, reducing the spread of HIV/AIDS and environmental degradation as well as improving social indicators such as education, housing and health.

Studies have shown that micro-finance plays three broad roles in development: It helps very poor households meet basic needs and protects against risks, it is associated with improvements in household economic welfare and it helps to empower women by supporting women's economic participation and so promotes gender equity (Ameyaw, 2001). The literature suggests that micro-finance creates access to productive capital for the poor, which together with human capital, addressed through education and training, and social capital, achieved through local organization building, enables people to move out of poverty. By providing material capital to a poor person, their sense of dignity is strengthened and this can help to empower the person to participate in the economy and society (Otero, 1999).

The aim of micro-finance according to Otero (1999) is not just about providing capital to the poor to combat poverty on an individual level, it also has a role at an institutional level. It seeks to create institutions that deliver financial services to the poor, who are continuously ignored by the formal banking sector. Littlefield and Rosenberg (2004) argue that the poor are generally excluded from the financial services sector of the economy so MFIs have emerged to address this market failure. By addressing this gap in the market in a financially sustainable manner, an MFI can become part of the formal financial system of a country and so can access capital markets to fund their lending portfolios, allowing them to dramatically increase the number of poor people they can reach (Otero, 1999). More recently, commentators such as Littlefield, Murdugh and Hashemi (2003), Simanowitz and Brody (2004) and the International Monetary Fund, IMF (2005) have commented on the critical role of micro-credit in achieving the Millennium Development Goals (MDGs).

According to Simanowitz and Brody (2004, p.1), micro-credit is a key strategy in reaching the MDGs and in building global financial systems that meet the needs of the most poor people." Littlefield, Murdugh and Hashemi (2003) state "micro-credit is a critical contextual factor with strong impact on the achievements of the MDGs. Micro-credit is unique among development interventions: it can deliver social benefits on an ongoing, permanent basis and on a large scale". However, some schools of thought remain skeptical about the role of micro-credit in development. For example, while acknowledging the role micro-credit can play in helping to reduce poverty, Hulme and Mosley (1996) concluded from their

research on micro-credit that "most contemporary schemes are less effective than they might be" (1996, p.134). The authors argued that micro-credit is not a panacea for poverty-alleviation and that in some cases the poorest people have been made worse-off.

This notwithstanding, microfinance has emerged globally as a leading and effective strategy for poverty reduction with the potential for far-reaching impact in transforming the lives of poor people. It is argued that microfinance can facilitate the achievement of the Millennium Development Goals (MDGs) as well as National Policies that target poverty reduction, empowering women, assisting vulnerable groups, and improving standards of living. As pointed out by the former United Nations (UN) Secretary General Kofi Annan during the launch of the International Year of Micro Credit (2005), "Sustainable access to microfinance helps alleviate poverty by generating income, creating jobs, allowing children to go to school, enabling families to obtain health care, and empowering people to make the choices that best serve their needs." (Kofi Annan, December 2003). Although microfinance is not a panacea for poverty reduction and its related development challenges, when properly harnessed it can make sustainable contributions through financial investment leading to the empowerment of people, which in turn promotes confidence and self-esteem, particularly for women.

Microfinance and Poverty Reduction in Ghana

The main goal of Ghana's Growth and Poverty Reduction Strategy (GPRS II) is to ensure "sustainable equitable growth, accelerated poverty reduction and the protection of the vulnerable and excluded within a decentralized, democratic environment". The intention is to eliminate widespread poverty and growing income inequality, especially among the productive poor who constitute the majority of the working population. According to the 2000 Population and Housing Census, 80% of the working populations are found in the private informal sector. This group is characterized by lack of access to credit, which constrains the development and growth of that sector of the economy.

Clearly, access to financial services is imperative for the development of the informal sector and also helps to mop up excess liquidity through savings that can be made available as investment capital for national development. It is known that loans advanced by microfinance institutions are normally for purposes such as housing, petty trade, and as "startup" loans for farmers to buy inputs for farming and this includes rice seeds, fertilizers and other agricultural tools. Some of the loans are used for a variety of non-crop activities such as: dairy cow raising, cattle fattening, poultry farming, weaving, basket making, leasing farm and other capital machinery and woodworking. Of course, funds may be used for a number of other activities, such as crop and animal trading, cloth trading and pottery manufacture. There are other instances where credit is given to groups consisting of a number of borrowers for collective

enterprises, such as: irrigation pumps, building sanitary latrines, power looms, leasing markets or leasing land for cooperative farming (Rutherford, 2000).

The Conceptual Framework of Susu Saving for Funds Mobilization and Credit Sourcing

The susu system is considered as a means for funds mobilization and credit sourcing in that, clients patronize the system with different motives and the susu collectors also have a variety of modalities for collecting savings from clients to achieve each of the aims, hence they have various product lines depending on the motive which the client wants to achieve (Bank of Ghana, 2007). The susu clients make daily deposit of a small amount as savings to the susu collector: these regular savings are deposited with a bank at the end of each business day. The client becomes eligible for advance from the susu collector's funding if advance is needed. Thus the client can take the accumulated deposits (lump sum) at the end of the month as capital if the lump sum is not enough to accomplish the motive of the savings and the client makes a request for additional amount as loan, the collector tops it up in a form of advance (own source); but if the request is large above his capacity, he takes from his bank with his own collateral and on-lend to his clients. (De Souza Briggs, 1907), or if at the end of the period, the need for the funds are not needed immediately, it can be invested in Treasury bills or fixed deposits for interest over a period.

The Rotating Savings and Credit Association (ROSCASs)

Within the ROSCAS, there are a breakdown of the other forms; rotating savings and Credit Associations (ROSCAs) as well as the Non-rotating Savings and Credit Associations (Non-ROSCAs). ROSCAs, in particular, are an extremely common and can be found in a variety of country settings in Africa, Asia and Latin America as well as in Europe. A typical example is the "Partners" in Jamaica and Britain, Hui in Vietnam and 'Janghi' in Cameroon (Bouman, 1995, Ardener and Bouman, 1995).

According to Bouman's studies, the principle is very simple worldwide, a number of people agree to save a fixed amount of money at regular intervals, at each meeting, for instance, weekly or monthly; each member contributes an agreed amount, resulting in a single lump sum becoming available which is then allocated to one of the members. There are base variations in the way in which this lump sum or "prize" is allocated.

First, it can be allocated on the basis of strict rotation between members of the group; second, on the basis of a lottery of members, third, it may be questioned to the member who is willing to accept the biggest discount. The group will usually meet (but does not always need to) and undertake this transaction on as many occasions as there are members of the group, thus, ensuring that each member gets the 'prize' once. The ROSCA demonstrates the basic principle of financial intermediation: collecting many small savings from many people, turning this into a lump sum for one person (as capital) and repeating this procedure over time (Copstake, 1996). The ROSCA finance is used

for many purposes; some ROSCAs operate to enable an asset to be purchased, such as a rickshaw or fishing equipment for each member, and may have been set up specifically for that purpose.

The principle is sometimes used by these women as a means of accumulating enough money to buy new household utensils or cloths. The technology of the ROSCA is not unique to poor communities but is also used by salaried professionals to purchase major consumption items or assets such as refrigerators, cars and television set (Osmani, 1996). Thus in the Non-ROSCAs, the lump sum contributed by each member is received by all the members at the end of the period with its credit association; the remaining part is placed in a fund which will be utilized for loans or insurance and social services.

The Mutual Assistance Susu (MASU)

The Mutual Assistance Susu Group Scheme (MASU) is normally formed by few people at most twenty (20). It is similar to RSS; however, in this case, the contribution made by each member is accumulated till the end of the period, say six months or a year when the lump sum is collected and used for whatever purpose each has planned to achieve.

The Single Susu Collector Scheme

The single susu collector scheme is known to have evolved out of the susu clubs (Aryeetey, *et al*, 1995). This version is described as "mobile banking" and it involves a deposit collector who visits shops, stalls, work places, market and homes at agreed times each day and collects funds towards a saving plan. The normal arrangement for mobilizing savings deposits from clients is for the susu

collector to collect a predetermined installment of money on a daily or weekly basis. At the end of a cycle of about thirty (30) days an accumulated sum is paid to the client less one day's deposit as commission (Rutherford, 2000).

In an attempt to provide customized services, most susu collectors begin mobilizing daily deposits starting from afternoon each day. Timing in this manner provides the client with an opportunity to transact business and earn some income before saving. This strategy of the single susu collector is very convenient for the rural and urban poor traders whose income is too low to deposit large amount of money with the banks (Kabuya, 2015).

Market centers and lorry stations are locations with a large density of enterprises especially those operated by women. They provide substantial business opportunities for the susu collector at low transaction cost. The fund mobilized by the susu collector each day are placed safe at home and paid to a nearby savings and loans company, commercial bank or rural bank daily. The single susu collector sometimes extends an 'advance' to clients who save regularly and consistently. These 'advances' are usually needed for meeting immediate personal expenses such as school fees, medical bills, etc. and records of each customer are kept on a personal card (Heinman, 2001).

The Role of Single Susu Collector

The susu collector concept was developed out of the Non-ROSCAs. The susu collector is known as 'Susu Wura', meaning Susu Master. The ability of the collector to attract many customers depends on his integrity, comportment, long tenure and capacity to develop friendly relation with people. Since the susu

collector becomes a kind of bank to his clients, they can approach him for financial assistance. The system, therefore, develops an informal type of debtor/creditor relations. For instance, a faithful customer can fall on the susu collector for credit assistance to pay for goods delivered to her for sale. The collector will therefore assist her on humanitarian grounds by providing interest-free credit facility; this has contributed immensely to the survival of the susu scheme (Incoom, 1991).

Susu is very popular in Ghana among the low and middle income earners in towns and villages. Naa Dei Dsani, a columnist of the *Mirror* (December 6, 1986) thinks that the susu system "has developed to a point of dominance over the formal banking system among traders, especially market women..." By the end of 1990, it was estimated that about 500 Susu collectors were involved in the lucrative business in Accra alone with as high as 120 customers per collector. Mr. Henry Mingle, the then President of the Greater Accra Cooperative Susu Collectors, revealed that on the average, half of a million cedis was collected per collector monthly and grossly saved about ₵15 million a month. Other areas in Ashanti and Brong Ahafo regions where susu is popular include Obuasi, Ejisu, Mampong, Jamasi, Mampong and Sunyani and Boma respectively. The susu collection system therefore has developed a great deal of advantage and dominance over the formal banking system in areas of grass root deposit mobilization (Incoom, 1990).

The Rationale for Informal Saving

A large number of agricultural finance programmes pursued in many developing countries in the last three decades by African and other developing countries were designed on the assumption that those schemes would encourage the demise of informal finance in India (Bell, 1990). Bell again described the Indian authority's efforts to put money lenders out of business with state sponsorship of formal financial units as a failure. This definitely poses the question why people do not always save with banks? While more people save in real assets (real estate) than they do in financial assets, there is considerable evidence that saving informally is more popular than saving with formal institutions in many African countries (Deaton, 1990). One would expect that, the demand for a particular deposit facility would vary directly with returns on those deposits, holding other factors constant.

However, there are a number of reasons why informal financial savings have outgrown formal ones in recent times (Aryeetey and Steel, 1997). These include: Cost of transaction, which may have other factors, built into them such as transportation cost, time spent at bank, travel time, stationery, and workers salaries; the liquidity of financial assets to the extent that how people save depends on how quickly they can transform these assets into readily liquid assets (cash), confidence in the management of various financial assets and the problem of uncertainty among many savers dealing with the formal system (Bell, 1990).

Aredo (1993) has suggested that saving with formal institutions in Ethiopia is not popular mainly because of low income levels. A study of 162 employees of Addis Ababa University revealed that, 48% of them participated in susu saving. A number of the employees reported being ashamed to go to the bank with their work clothes and small amount admitted the susu saving impose self-discipline on them.

Many small savers deprecate the cumbersome procedure in the banks. Even so, the banks are usually uninterested in too frequent bank deposits (with torn notes) and this usually discourages small savers. The advent of Ghana Cooperative Susu Collectors Association's (GCSCA)susu scheme and other susu companies have helped in combating this situation of cumbersome procedures in the banks. (Aryeetey and Steel, 1997)

Otuasekan Rural Bank Limited (ORB) Susu Scheme

Otuasekan Rural Bank Limited (ORB) started susu scheme twelve (17) years ago in the year 2000 as a deposit mobilization scheme. The susu scheme is currently operated in all the six (6) agencies of ORB Ltd. The total number of susu collectors of Otuasekan Rural Bank stands at 28, with the susu customers totaling 18,306. On the average there are 296 customers per susu collector and a daily contribution ranging from GH¢10.00 to GH¢50.00 since 2008 up to date. The target money that is supposed to be raised by a susu collector has been increased from GH¢10,000.00 to GH¢30,000.00 per month. The susu collector will get 0.5% as a commission on the excess of the target in addition to his/her salary as an employee (ORB Product manual, 2015).

The susu contributor has access to a loan facility called susu loan with an interest rate of 32% per annum. The susu customer qualifies for this facility after making a regular contribution for three (3) months of which the contribution amount will be tripled and given out as a loan (ORB Product manual, 2014). The susu collector collects the susu, enter it in the customer's passbook and subsequently enter it in the daily susu contribution sheet. The collector finally makes a deposit of the amount collected at a branch of ORB on the same day. Currently the susu as a traditional micro-finance scheme is one of the major strategies for the bank's deposit mobilization. The concern is whether the scheme is actually contributing to the sustenance and development of the Micro and Small Enterprises benefiting from the susu scheme (ORB Product Design Manual, 2011).

Currently serving as a control mechanism there is a susu coordinator at each branch of the institution who checks out the monies collected as against the collection sheet so to see if its tallies. Again there is a quarterly visit of the susu monitors (Internal Auditors) to the braches who check the customer's balances in the pass book as against the balances at the bank. In addition to assess to funds, the collectors have a limit that they can withdraw to their respective customers.

Barclays Bank's Micro-Banking Project

According to Derban (2006) head of Barclays' susu programme, there are perhaps 4,000 susu collectors in Ghana, each serving between 400 and 1,500 customers daily. They offer basic banking to some of the least affluent in Ghana, such as the small trader at the market or the micro-entrepreneur selling from roadside stalls. Edward Derban (2006) believes that there is a real opportunity for Barclays Bank to learn from the susu collectors so that Barclays Bank can know how best to help and complement the services of the susu collectors.

The susu collectors programme may not be in quite the same league, but Derban believes it is still hugely important. The underlying philosophy is that a truly financially inclusive society can only be achieved by supporting existing, indigenous financial institutions that already provide services such as loans and savings facilities to the least affluent. To do this effectively, the Barclays Micro-Banking Project (BMBP) promises to offer a holistic approach, in which the entire susu as a micro finance scheme is evaluated. Barclays is launching a new type of account, the "Dwetiri" (or investment capital) account. This has been designed for susu collectors in collaboration with the Ghana Co-operative Susu Collectors Association (GCSCA). The account offers investment capital for on-lending and savings deposit accounts for GCSCA members (Adofu, Antai and Alabi, 2010).

The GCSCA will select 100 susu collectors for the susu pilot programme, 50 from Accra and 50 from Kumasi. They will undertake an initial screening of loan applicants before passing them on to the Barclays Micro

Banking Project. Secondly, Barclays is offering "micro-banking capacity training", a special capacity building programme for participating microfinance institutions. In this regard, it is working closely with the Ghana Microfinance Institutions Network (GHAMFIN). Thirdly, Barclays is providing a financial awareness programme to help people gain confidence in basic financial skills in the effective management of their money. This is designed for clients of the participating microfinance institutions. The GCSCA will also contribute to the capacity building and financial awareness campaign According to Mwanakatwe (2006) former Managing Director of Barclays Bank of Ghana Limited, Barclays has been involved in banking for over 300 years and operates in over 60 countries with more than 110,500 permanent employees (Kubaya, 2015).

Though the individual susu member's income is too small for "high street" banking, collectively it will amount to a huge sum of money by making a steady progress and also radar below the traditional banking. She emphasized, "What the bank is doing is somewhat unique, not only are we creating an account for susu collectors to deposit their funds, the bank is providing them with loans which they can 'lend-on' to their customers, helping them build their capital. In the process, we are laying the building blocks for a truly financially inclusive society. Currently, over three quarters of Ghanaian society may not have access to high street banking." Mwanakatwe continues: "We are also providing capacity building training to susu collectors to make sure that they do their credit risk correctly. Finally, we are using our expertise to educate the clients of the susu collectors on basic financial issues. We are currently running a trial programme

with 100 susu collectors. If it is successful, we would look to roll the model out to other African countries" (Kubaya, Pg. 37)

Prudential Bank Launched 'Anidaso' Susu Scheme

The Prudential Bank Limited launched a specialized product called 'Anidaso Susu' (Savings) Scheme designed to give loans to Small and Medium scale Enterprises (Micro Enterprises) to expand their businesses. The 'Anidaso' susu scheme is designed to encourage Micro Enterprises which are mainly petty traders to open accounts with the bank and make savings of any amount for three months to qualify for a loan of over 200 per cent of their savings. Even though the scheme is operated at all the 34 fully-networked branches of the bank across the country, it is particularly targeting customers at Madina, a suburb of Accra because of the presence of numerous Micro Enterprises (Ghana News Agency, 2009).

The scheme is an improvement on an existing one called Prudential Business Scheme which allows customers to receive up to 125 per cent of loan of their savings with the bank. Grace Osei-Bonsu, Head, Retail and Marketing Department of the bank who launched the scheme at the bank's Madina branch in Accra said it was to revive the business community's interest in the bank as well as inculcate a savings habit among the Micro Enterprises. Osei-Bonsu said the bank had done a test-programme which indicated that people were interested in a product such as the 'Anidaso Susu' Scheme to develop their businesses. She said because the Micro and Small Enterprises did not have the time to visit the banks to transact business, the Prudential Bank would send its staff to visit all the Micro

and Small Enterprises and also engage in door-to-door activities to collect their monies for the savings. She assured the business community that the Bank was bent on providing best quality and mutually rewarding services to customers and invited potential customers to do business with it.

Anthony Yeboah, Madina Branch Manager of the bank said the new scheme offered numerous benefits to all (Ghana Business News/Ghana News Agency, 2009). Yeboah mentioned security of money, payment of interest on the savings; no deduction from the savings as some of the benefits customers would enjoy. The Prudential bank provides several services including electronic banking to give convenience to its customers. (Ghana Business News/Ghana News Agency, 2009)

Incoom's Susu Stamp Method

The management of Atiwa Rural Bank in the Eastern Region, came to the Kwarne Nkrumah University of Science and Technology (KNUST) in 1996 to consult with Professor S. E. Incoom, the then Head of the Department of Economics and Industrial Management, to find new ways of improving profitability of their rural bank. The Professor suggested to them a new method of susu system whereby the use of stamps could be adopted. He proposed that, a designed booklet should be used for willing but small susu members. The members would purchase a specially designed GH\$1.00, GH\$ 2.00 and GH\$5.00 stamps from the susu collectors of the bank with which they would affix in their booklets. When the booklets are filled with the stamps, the amount collected from the customers would be used in opening a savings account or paid over to the

depositor with interest. Both the amount in the booklet and savings were considered eligible for loans for development and educational purposes, i.e. for farming and paying of school fees in time of difficulty, and the like.

The system had been acclaimed to be very useful and effective that in the first year alone i.e. by the end of 1996, the bank was able to mobilize over ₵35 million (GH\$3,500.00) which otherwise would not have been available to the bank. This new attractive discovery is not known yet to other rural banks and the GCSCA. The only difference between the system and the traditional susu scheme is that, the Atiwa Rural Bank does not charge any fee as commission, like the traditional susu collectors do, but rather pay interest on any contributed amount. The current rate is 12%. The major advantage here is that, in their catchments area, the extremely small amounts which have otherwise been lying idle or misused are being mobilized and brought to the bank; hence it reduces the amount of money outside banks.

Clearly, it could be seen that, there is no opportunity cost on such savings therefore it is a very desirable proposal. Again, after opening the savings account, one could go on accumulating by stamps and booklets so that one's money would not be misused. Thus the method also serves as a very convenient alternative and cost effective way of mobilizing resources from the grass roots sector of the economy for socio-economic development (The information was derived from verbal account of Prof. Incoom, KNUST).

Ameyaw's Susu Lock Box Method

The management and board of Uni-Credit Limited consulted Ameyaw, a retired former head of Micro-Finance and Rural Banking Division of Bank of Ghana, to find out about possible competitive strategies they could adopt in mobilizing additional savings to be able to stay on top of the competition and also be able to serve the banking needs of the ordinary Makola and Kantamanto seller/hawker. Ameyaw introduced to them the Lock-Box or the Borne Banking method. In this regard, long distance customers of susu collectors are given a locked wooden box to be kept in the client's shop or house and the keys are kept with the susu collector in a safe at the bank.

The susu saver and the collector therefore agree on a substantial daily savings to be deposited in the box: the amount ranges from ₵50,000 (GH\$ 5.00) and above (Ameyaw, 2001). An agreeable time is fixed by the saver and the collector, e.g. weekly or bi-weekly to open the box and the accumulated lump sum is collected and put into the saver's savings account with the bank which earns interest for the client. Each susu collector handled about 300 to 400 clients. If each client saved ₵50,000 (GH\$5.00) a day, Uni-Credit bank would be able to mobilize additional deposits of about ₵75 million to ₵100 million (GH\$7,500 to GH\$10, 000) in a week *vis-à-vis* the cost involved, the bank gains a lot; the clients also can take loan to expand their business after four to five months if they want to.

This product he added could be extended to housewives in the home; which means that housewives could participate in savings by depositing the cash left-

over after shopping everyday (whether notes or coins) into the locked box and this is termed Home Improvement because the housewife with the little that she saves every day, can also access loan after three to four months and use it to buy household gargets and home appliances like blender, rice cooker, kitchen set among other household items.

Susu collectors and the Ghana Poverty Reduction Strategy (GPRS)

The operations of susu collectors lead them to several opportunities for addressing poverty and promoting private sector development through the provision of financial services (savings and credit instruments). The susu collectors mobile banking approach has the following advantages: The transaction is based on mutual trust since the collector and customers reside in the same community and know each other; the transaction is appropriate and adaptive to the needs of income generating activities (IGAs) and Micro and Small Enterprises since it is mobile and responsive to their needs; the susu collectors have access to very relevant information regarding the credit history (background information) of clients since both usually work and live within the same community. Due to the flexibility, adaptive and responsive nature of the activities of Susu collectors, and their direct contact with informal sector enterprises, they have efficiently contributed to national development through integration with the financial sector (Adofu, Antai and Alabi, 2010).

Role of Susu Collectors towards Financial Deepening

Majority of Ghanaian Micro and Small Enterprises which would normally not have access to institutionalized financial services from formal banks, because of their smaller deposits, are able to save with susu collectors. Many informal sector players have been able to start and recapitalize their business as a result of accumulating funds with susu collectors. Susu savings include a regular attitude of the broad population to making provisions for the hardships of life and future business. Susu savings prepare many economically active poor for business growth and future access to the formal sector. Susu savings mobilize informal deposits to the formal sector. Susu collectors provide services to low income entrepreneurs and informal sector operators, who are mainly women with access to savings.

They also provide low income, informal economic operators (active/economic poor) with access to short term loans (advances). Susu collectors provide opportunities for financial sector integration through linkages between formal, other semi-formal and informal financial suppliers. They also provide access to business start-up and working capital funds for small and medium scale enterprises (Micro Enterprises) thereby providing employment for susu collectors. By providing an efficient linkage instrument between the informal cash economy in Ghana and the formal financial services, susu collectors operate an intermediation role in the financial economy (Ameyaw, 2001).

Empirical Review

This section presents the review of studies on the role of susu as a microfinance scheme in fund or capital accumulation and a source of credit that earlier scholars have conducted by considering the methodologies employed and the findings reported. Such a review will enable the researcher understand and appreciate the extent of the debate thus far and more importantly tailor the current study so as to achieve the set objectives.

Onyina (2012) published a paper on financial instruments used by the poor in Ghana. The author aimed at assessing the savings tools used by poor households to accumulate lump sums as well as their savings life cycles. Survey research design was adopted for the study. Primary data was collected through the use of interviews. A sample of 672 respondents was selected from the clients of three branches of Sinapi Aba Trust (SAT), a microfinance company. Multistage sampling technique was used to select the branches while simple random sampling was employed in selecting the respondents. Data were presented in frequency tables and analyzed with descriptive statistics. Survey findings revealed that poor households use institutional compulsory savings, voluntary savings, susu collectors or ROSCA and bank savings.

Further, it was reported that poor households use susu or the ROSCA savings systems because it is easy to save with these types and that they require less documentation as opposed to the formal banking saving structures. The author concluded that financial institutions can generate deposit or savings mobilizations gains from these savings tools and not rely on donor funding if they

introduce savings products used by low income people. The benefits of introducing such savings tools, according to the author include ensuring that customers are able to save to raise lump sum and that the institution can use such funds for expansion of operations.

Achimba and Raffey (2015) studied the role of Rotating Savings and Credit Associations (ROSCAs) in savings mobilization among poor rural women in Kenya with the aim of ascertaining the effects of ROSCAs on saving accumulation. The study particularly was set to determine the level of savings and investment of rural women, assess the financial viability of rotating ROSCAs in the delivery of financial services to women, and to appraise the strategies used by ROSCAs as well as to evaluate the impact of ROSCAs on the income of rural women. The study adopted a case study research design. A population of 132 ROSCAs women members was targeted but a sample of 118 respondents constituted research participants. Primary data were gathered with structured questionnaires, interviews and observations. Data was presented in tables and analysis conducted in descriptive statistics. Analysis of field data showed that factors or reasons that motivated women to join ROSCAs range from the need to supplement family income, the need to raise money to start businesses, influence by family and friends, lack of business capital among other factors.

The study reported that obstacles militating against operating ROSCAs in rural areas include lack of adequate and timely financial information, lack of formal education and training, lack of managerial skills, lack of collateral security to access credit among others. Loan loss minimization measures

according to the research report include group guarantee systems, proper vetting or appraisal of the borrower, provision of security and the use of borrower reputation. In terms of savings and investment impacts of ROSCAs, the study affirmed that majority of respondents save above Fifty Thousand Kenyan Shilling (Kshs 50,000) implying that borrowing levels were also high and by extension investment levels also rise through expansion in enterprise activities. Again, it was found that ROSCAs impacted positively on the income of rural women since that were able to pay children's school fees and undertake small business activities.

Adofu, Antai and Alabi (2010) did a paper on informal savings mobilization and investment with a focus on rotating savings and credit associations in Kogi State, Nigeria. The purpose of the study was to examine the influence of informal savings mobilization on investment. The study further investigated the purpose of loans members obtain, the nature of ROSCA in the informal financial sector in the selected study area as well as the average savings and credits obtained by members of ROSCAs, the challenges confronting members of these associations. Target population comprised traders, farmers, catering and food sellers and tailors who were members of ROSCAs. A sample of 187 respondents was selected. Multistage sampling techniques were employed for the study. Simple random sampling technique was also used. Primary data was collected with the use of structured questionnaire, oral interview and observation. Data processing tool used was not stated in the write up.

Data were presented in frequency tables and analysis was performed using with descriptive and inferential statistics. Descriptive statistics used were frequencies, percentages and means whereas hypothesis testing in the form of chi-square formed the inferential statistics. Analysis of survey results indicated that savings rate among the ROSCA members was relatively high (ranging from N1000 to above N100, 000) whereas majority of respondents (71%) were granted credit facilities of ranging from N10,000 to N100,000. The study reported that perceived problems facing the operation of ROSCAs include lack of trust or fear of default, methods of savings mobilization, leadership structure, death of member and lack of participation in decision making. More so, the study reported that informal savings mobilization had insignificant influence on investment in the rural segment of the study area but government intervention in the local level significantly affects savings mobilization and investment drive.

Kabuya (2015) conducted empirical literature study on Rotating Savings and Credit Associations (ROSCAs) as an unregistered source of credit. The paper intended to offer a critical reflection on the use of ROSCAs in reducing poverty in local communities. It described different forms of informal and microfinance institutions, discussed the household poverty measure and, reviewed the relationship between ROSCAs and poverty reduction. The paper reported that ROSCAs are likely to improve welfare, measured as a change in household consumption, of people in local communities.

Madiha and Geoff (2011) carried out empirical investigations into ROSCAs as alternative source of funding for sustainability of enterprises in

Pakistan. The objective of the study was to examine the management of the issues of information asymmetry, transaction costs and enforcement strategies in these associations. It also assessed the advantages business owners derive from operations of ROSCAs by focusing on investments of the associations and how firm owners use them to manage business cycles. Qualitative research design was adopted. Primary data was collected through participant observation and interviews in a field survey. Sampling procedures used were purposive and snow ball techniques. The sample size was not explicitly stated in the write up but the author indicated that each respondent was interviewed separately and a total of 45 interviews were conducted. It is deduced that the sample size was 45 respondents.

Data processing and presentation tools were not seen from the write up but analysis was conducted qualitatively. The analysis of interview results demonstrates how entrepreneurs regard ROSCAs as an efficient and cheap financing source which is very important for both maintaining profitability in the micro-enterprise and in providing a learning environment where participants share information on market trends and learn the skills and techniques of efficient business management. It also reported that people participate in ROSCAs with various objectives such as raising startup funds and for emergency funds.

Rangarirai and Edson (2013) examined the contribution of ROSCAs in Zimbabwe and focused on their effects on sustainability of small business enterprises. It also explored the opinions of members of these associations on how they use ROSCAs as a strategy for sustainability of micro entities. Descriptive survey design was adopted. Primary data were collected

through the use of structured interviews, observations and group meetings and discussions and questionnaires. Just like the work of Madiha and Geoff (2011), the sample size was not indicated but a total of 60 interviews were carried out. Cluster sampling and purposive sampling techniques were used to select respondents. Data was presented in frequency tables and qualitatively analyzed. Findings from analysis of field data revealed a strong relationship between ROSCA membership and operational sustainability. The attractive feature of ROSCAs as a funding methodology as derived from the findings is that it can be formed with variations depending on funding needs and how much entrepreneurs can afford to put aside. Investment ROSCAs were found to be prevalent in the town as compared to other types. Most thriving businesses in the study area were found to be members of some informal credit associations. Findings further pointed out that operations of ROSCAs were very flexible; they had no written or legal contracts, operated informal and manual bookkeeping and variations of the associations existed to cater for the varied interests of their members.

Owusu, Anin and Zaato (2013) investigated the operational activities of ROSCAs in the Kumasi Metropolis in Ghana. The aim was to explain the operations of these associations. Survey research design alongside quantitative and qualitative methods was used. Deductive study approach was employed. Primary data was used for the study. Target population consisted of members of ROSCAs who were mainly small and medium enterprise (SME) owners in the study area. Primary data was collected with the use of questionnaires and observation data collection instruments. Quota and simple random sampling

procedures were used to select a sample of 245 participants out of 550 target population from 35 ROSCAs in the metropolis. Two hundred (200) questionnaires were returned for analysis, culminating in approximately eighty-two percent (82%) response rate. Questionnaires contained five-point likert scale questions and was self-administered together with interviewer-administered ones.

Quantitative data collected was analyzed using descriptive statistics with simple averages and percentages with the aid of Statistical Package for Social Sciences (SPSS) and Microsoft Excel. The data gathered through observation was analyzed using deductions and inferences. Findings show that capital expansion purposes were main factors that drive SME owners to join such associations. With regards to operational activities, the study reported that an average of ten (10) people made up the membership of such associations and that contributions were organized periodically either on weekly or monthly basis and that balloting, lottery and bidding strategies form criteria for disbursement of contributions.

CHAPTER THREE

RESEARCH METHODS

Introduction

The methods section of the study is devoted to the presentation of research processes and procedures that were followed to address the research problem. The chapter outlines the type and sources of data, tools of data gathering, processing and presentation of data as well as analysis techniques. This section further details the research design, target population and sampling methods employed.

Research Design

The study design adopted was descriptive and analytical sample survey. It was chosen in view of the fact that it is a small scale study of relatively short duration and it involves a systematic collection and presentation of data to give a clear picture of a particular situation. It was aimed at getting relevant information related to examining the role of susu as a micro-finance scheme in funds accumulation.

Fowler (1988) as quoted by Creswell (1994) defines a survey design as that which provides a quantitative or numerical description of some fraction of the population, which is the sample, through the data collection process of asking questions of people. This data collection in turn enables a researcher to generalize the findings from a sample of responses to a population.

That is the researcher employed both quantitative and qualitative methods of research analysis and mainly used primary data. Quantitative research because it

generates statistics through the use of methods such as structured questionnaires. Under the qualitative method of research, descriptive analysis was used. Descriptive analysis was done by examining the various forms of susu and its role practices at the case study institution.

Population

The target population for the study comprised the entire customers of the susu scheme totaling around 4090 and 5 staff from the credit department of the Maakro branch of the bank. The Maakro branch was selected for the study as it is the headquarters of Otuasekan Rural Bank and due to accessibility and limited time frame for the research.

Sample and Sampling Technique

The study was limited to only susu customers of ORB and credit officers who were selected as sample for the research. Simple random and purposive techniques were employed in selecting the sample. The primary consideration of this method was using the judgment of the researcher as to who can provide the best information to achieve the objectives of the study. The purposive sampling was used in selecting staff of the rural bank while customers were selected using simple random sampling technique. Using the purposive approach, information was elicited from respondents who were assumed knowledgeable and had direct working experience in susu savings and operations and could provide accurate and reliable answers to the questions. Respondents could thus offer the right information for the study (Palys, 2008)

and random sampling technique was also considered as a fair way of selecting from a given population since every member is given equal opportunity of being selected. These methods were used to select the sample because the population was heterogeneous that is susu contributors and credit officers.

A sample size of 365 out of the total population of 4,090 susu clients with 5% margin of error was chosen due to time constraints. The susu clients were chosen randomly from Maakro branch of the bank in the Kumasi Metropolis, and 5 officers from the credit department using purposive sampling technique. According to Saunders (2007) and Adam(2021), sample size can be determined using this formula;

$$\frac{n}{1+N*(e)^2} = N$$

n = the sample size

N=the population size

e = the acceptable sampling error

$$\begin{aligned} n &= \frac{4090}{1+4090*(0.05)^2} \\ &= \frac{4090}{11.225} \\ &= 364.36 \\ n &= 365 \end{aligned}$$

Types and Sources of Data

The study made use of primary and secondary data sources. The type of data gathered were on susu customers and the role the institution also plays in meeting its needs as well as that of the contributors. The primary data included information that was gathered from the questionnaires on susu customers and credit officials/department of the Bank. Documentary information was taken from written materials like brochures, fliers, newsletters and other forms of information from online search which were sourced to gain more understanding on susu operation.

Research Instrument

Questionnaires and unstructured interviews were data collection tools employed. Questionnaires were the main instrument used to gain a thorough understanding from the susu clients. A questionnaire is a research instrument consisting of a series of questions and other prompts for the purpose of gathering information from respondents (Mellenberg, 2008). Structure questionnaires were prepared with open-ended and close ended questions. The nature of the questionnaires was such that they helped respondents to provide relevant response.

Also, most of the questions were largely structured close-ended that required the respondents to make a choice by ticking or circling the option according to the respondent's view which made coding easier. The questionnaire was divided into section to throw more light on the research questions. Section A covered the demographic data of respondents, Section B covered operation of rotating savings

schemes for fund mobilization. Section C looked at the benefits of rotational savers while Section D look at challenges facing fund mobilization.

Data Analysis

The data was organized into tables and figures based on the questionnaire given to respondents. The result were then analyzed and converted into percentages and other charts. The result was subsequently computed into percentages. Percentage (%) values, which were not round figures, were approximated to the nearest whole numbers. Diagrammatic representations of the statistical summaries of the result were presented in the form of pie charts, graphs frequency tables.

Computer data analysis such as SPSS version 20 and other relevant software such as Microsoft excel were the main tools employed to analyses the data in order to help interpreted results. The statistical program for social scientist (SPSS) was also used to analyze the pre-coded questions. This packaged was used to compute the percentages because it is easier to use. It can also be used to make a tables needed for discussions of the results. Also Ms Excel was used to draw the graphs for the computed data. This was used by the researcher because of the ease in using Ms excel for this purpose over the other software. The other questions that were open-ended were analyzed by listing all the vital response given by the respondents. They were then considered based on their relevance to the research.

Validity

The validity of instrument used to collect data is the extent to which the tests measure the characters in question to show consistency of measurement. Thus if it is administered again to the same employees and under the same condition it should give the same result.

To ensure a good research conscious effort was made to ensure the validity of this project. The questionnaires were tested on experienced researchers such as colleagues who were also writing their master's thesis. The researcher was objective in his approach which also aided in its validity. Again the use of both questionnaire and documentation as sources of evidence has increased the validity of the project. Also, the choice to conduct the study at the Otuasekan Rural Bank Limited also increased the validity of the research since it has provided us with a lot of information about the research area.

CHAPTER FOUR

RESULTS AND DISCUSSIONS

Introduction

This chapter presents the results of data collected from the study participants. The presentation of themes in this chapter has been done in accordance with the objective of the study and it is expected to show the role of rotating savings as a means of fund mobilization and credit sourcing. Further, the chapter discusses the findings as to show their consistency or otherwise with empirical literature reviewed in Chapter Two.

Demographic Characteristics of Participants

This section presents the background of the study participants. Accordingly, the age distribution, sex distribution and type of business distribution are presented.

Age Distribution of participants

This section presents data on the age distribution of the study respondents. Table 1 below shows that 27.4% of the respondents fell in the 19-29 years of age group whilst 50.1% of the respondents were in the 30-40 years of age group. Furthermore 17.3% of the respondents were in the 41-51 years of age group. Lastly 5.2% were at least 52 years and above in terms of age. This shows that majority of the contributors are in their youthful age.

Table 1

Age Group of Respondents

Age	Frequency	Percent
19-29	100	27.4
30-40	183	50.1
41-51	63	17.3
Above 52	19	5.2
Total	365	100

Source: Field survey, Osei-Bonsu (2017)

Gender Composition of participants

The second demographic characteristic related to the gender of the respondents. Figure 1 illustrates the gender composition of the respondents in this study. Figure 1 shows that male participants dominated this study. Out of the total respondents, 72.0% of them were male whilst 28% were females.

Occupation of Respondents

Table 2 presents results on the type of people that are engaged in by susu at the bank. The highest percentage (82.50%) were respondents traders, 6.0% of the clients with 22 respondents are in public or civil ventures followed by 25 respondents (6.8%) who are in other trading activities. Seventeen respondents (4.7%) were businessmen. This is shown in the bar chart below.

Table 2
Occupation of Respondents

Occupation	Frequency	Percent
Traders	301	82.5
Public/Civil	22	6.0
Others	25	6.8
Businessmen	17	4.7
Total	365	100

Source: Field survey, Osei-Bonsu (2017)

Years in Business

Table 3 indicates how long respondents have been in business as a result of the support received from the susu scheme of the bank. Majority (n=253) of the respondents indicated being in business for at least one year representing 69.30% of the total number. Eighty out of the total respondents were six to 12 month old in business forming 21.90% while 8.80% of the respondents numbering 32 had been in business below six months which confirm to the fact that the susu scheme of the bank has helped to keep some micro and small enterprises in business.

Table 3

Number of Years Respondents have been in Business

Number of Years	Frequency	Percent
Below 6 months	32	8.8
6-12 months	80	21.9
Above 12 months	253	69.3
Total	365	100.0

Source: Field survey, Osei-Bonsu (2017)

Number of years as a saver

This was to find out from respondents the number of years they have been saving or contributing to the susu scheme of the Otuasekan Rural Bank Limited. It is realized from Table 4 that out of the total number of respondents, 185 representing 50.70 % have been contributors for more than 2 years. Ninety six constituting 26.30% had contributed below 1 year and 84 respondents representing 23.0% had contributed between 1 year and 2 years.

Table 4

Number of Years as Rotational Saver

Number of Years	Frequency	Percent
Below 1 year	96	26.3
1-2 years	84	23.0
Above 2 years	185	50.7
Total	365	100

Source: Field survey, Osei-Bonsu (2017)

Research Question One: Operations of Rotating Saving Schemes for Fund Mobilization

The study set out to investigate the operations of rotating savings schemes as an avenue for accumulation of funds and a source of credit for business and other provident activities. Accordingly a set of statements relating to operations of rotating savings schemes for fund mobilization were administered to participants. Opinions of respondents are used as the basis for analysis and conclusions.

Capital Mobilization

In assessing how the susu system operates for capital accumulation and credit sourcing the respondents were asked whether susu helps to accumulate funds. It was revealed from Table 5 below that out of 365 respondents 151 representing 41.4% strongly agreed that susu helps to mobilize capital. 139 of the respondents agreed to the assertion on raising some capital through susu representing 38.1% of the total respondents. A few of the respondents neither agreed nor disagreed the assertion. The findings reported here corroborate with Owusu et al (2013) who found that SME owners in the Kumasi metropolis mainly join ROSCAs for the purpose of expanding their capital base whereas Rangarirai and Edson (2013) reported that business owners in Zimbabwe belonged to one form of informal credit associations or the other especially investment ROSCAs and sustainability of small businesses was linked with being a member of such associations.

Other findings in the literature that the results of the current study lend support to include Madiha and Geoff (2011) who found that individuals participate in ROSCAs with intentions such as raising start-up capital and entrepreneurs considered these associations as cheap sources of financing and Achimba and

Raffey (2015), whose research report indicated that savings mobilization, borrowing and investment levels of members of informal savings associations were high, implying capital accumulation functions of ROSCAs. However, the result obtained in this study contradicts what Adofu et al (2010) observed in their study of informal savings mobilization and investment of ROSCAs in Nigeria. They found that informal savings mobilization had insignificant influence on investment but rather government intervention in the local economy significantly affects savings mobilization and investment drive. It can therefore be concluded that rotating savings schemes operate to serve the capital mobilization and credit sourcing needs of their members. Results are tabulated in Table 5 below.

Table 5

Capital Mobilization

Responses	Frequency	Percent
Strongly Agree	151	41.4
Agree	139	38.1
Neutral	60	16.4
Disagree	15	4.1
Total	365	100

Source: Field survey, Osei-Bonsu (2017).

Daily Rotational Contribution

Table 6 shows the range of amount paid as daily susu contribution by the susu clients. 142 out of the total respondents pay between GHS 5.00 to GHS 20.00. as susu contribution representing 38.9% of the total respondents. 108 respondents representing 29.6% indicated that they pay between GH¢20.00 and GH¢50.00 as daily susu contribution while 20.0% representing 73 respondents pay between

GHS 50.00 and above and 42 respondents representing 11.5% with daily susu contribution below GHS 5.00. Similar observation was made by Adofu et al (2010) who found that savings rate among ROSCA members in Nigeria ranged from N 1000 to more than N 100, 000 and that of Achimba and Raffey (2015) whose study revealed that majority of respondents sampled save above Kshs 50,000. This implies that savings are integral part of operations of the informal credit associations.

Table 6
Daily Rotational Contributions

Contributions	Frequency	Percent
Below GH 5	42	11.5
GH 5-20	142	38.9
GH 20-50	108	29.6
Above	73	20.0
Total	365	100.0

Source: Field survey, Osei-Bonsu (2017)

Investing Total Loan in Business

Table 7 shows how the susu clients responded to a question on whether they invest the susu loan in their businesses. The responses revealed that majority of the susu clients which is 244 out of the total number constituting 66.8% indicated that they invested all the amount into their businesses. Ninety four respondents representing 25.8% indicated that they don't invest all the monies into the business whiles 27 of them representing 7.4% invested part of the funds into the

business. More than half of the participants invested all amount borrowed in their business operations.

Table 7

Investing Total Loan in Business

Responses	Frequency	Percent
Invests	244	66.8
Do not invest	27	7.4
Invests part	94	25.8
Total	365	100.0

Source: Field survey, Osei-Bonsu (2017)

Business Expansion

Table 8 shows that the susu scheme has helped to expand and sustain the Micro and Small Enterprises that have joined the susu scheme of the bank. 164 of the total number of respondents which is 44.90% expressed that they have seen great expansion in their revenue. 111 of the total respondents representing 30.4% indicated that they have seen very great expansion in their sales since they joined the bank's susu scheme. 23.30% of the total respondents numbering 85 indicated a moderate expansion in their assets acquisition as a result of been part of susu scheme of the bank while 5 of the respondents representing 1.4% express that it has helped them to diversify their businesses.

Table 8

Business Expansion through Rotating Savings

Responses	Frequency	Percent
Increase in sales	111	30.4
Asset acquisition	85	23.3
Increase in revenue	164	44.9
Diversification	5	1.4
Total	365	100.0

Source: Field survey, Osei-Bonsu (2017)

Research Question Two: Benefits from Rotating Savings Contribution

A question was asked about whether susu clients have benefited apart from their normal contribution from ORB. From Table 9 majority of the respondents expressed that apart from the normal contribution they have also benefited from the bank which has helped them to sustain their businesses. Two hundred and one (201) respondents of the total number constituting 55.1% affirmed this whereas one hundred and thirty-four (134) of the respondents representing 36.7% benefited from safe keeping of their deposits. 5.5% representing 20 respondents also indicated that they have also received education to increase their daily business. However, 1.4% representing 5 respondents each have also benefited through interest on deposits and bonanza respectively as represented in the figure below.

The results obtained from field data analysis are comparable with literature. Onyina (2012) reported that the benefits of introducing rotating savings tools include customers' ability to save to raise lump sum and that the institutions can use such funds for expansion of operations. It was also reported that poor

households use susu or the ROSCA savings systems because it is easy to save with these associations. Rangarirai and Edson (2013) observed that attractiveness of ROSCAs as a funding strategy lies in the fact that there are variations in their formation that can serve funding needs of different entrepreneurs. Achimba and Raffey (2015) also cited borrowing opportunities members enjoy as a benefit package of rotating savings associations. Madiha and Geoff (2011) further found from interview analysis that entrepreneurs regard ROSCAs as important avenue for maintaining profitability of their micro businesses as well as providing a learning environment where participants share information on market trends and learn the skills and techniques of efficient business management. Kabuya (2015) discovered the welfare gains members of ROSCAs enjoy. According to his research report, improvement in welfare, measured in terms of changes in household consumption pattern, can be possible as members of rotating savings associations.

Table 9

Benefits from Rotating Savings Scheme

Benefits	Frequency	Percent
Education	20	5.5
Loans	201	55.0
Interest on deposit	5	1.4
Safety of deposits	134	36.7
Bonanza	5	1.4
Total	365	100

Source: Field survey, Osei-Bonsu (2017)

Access to Loans

Table 10 shows how clients responded to whether they have ever accessed loan facility from the bank as a result of being susu contributors. The finding indicated that 87.30% of the clients have accessed and benefited from the susu loan facility before as against 12.70% of the total number of susu clients who have not accessed the susu loan facility as shown in the pie chart below. It is evident from the chart that more than two-thirds of the participants confirmed, through their statements that they have accessed a loan facility before.

Table 10

Assessing Rotational Savings and Loans

	Frequency	Percent
Yes	320	87.7
No	45	12.3
Total	365	100

Source: Field survey, Osei-Bonsu (2017)

Loan Application Processes

The research sought to establish whether rotational savers were satisfied or not satisfied with the bank's loan application processes. It is shown in Table 11 that majority of the respondents 232 (62.7%) were satisfied, 59 forming 15.9% were neutral. Thirty six respondents representing 9.7% were strongly satisfied, 7.3% constituting 27 respondents were dissatisfied about the process while 16 respondents representing 4.3% were strongly dissatisfied. As established by majority of the participants, it is certain that most rotational savers were satisfied with loan process. This is represented in Table 11 below.

Similar findings on operational activities of rotating savings associations and loan application processes in particular have been recorded in the literature. For instance Onyina (2102) observed that poor households use susu or the ROSCA savings systems because they require less documentation as opposed to the formal banking saving structures. Survey findings of Rangarirai and Edson (2013) also revealed that operations of ROSCAs in Zimbabwe were very flexible; they had no written or legal contracts and they operated informal and manual bookkeeping systems.

Table 11

Loan Application Process

Responses	Frequency	Percent
Strongly Satisfied	36	9.7
Neutral	59	15.9
Satisfied	232	62.7
Dissatisfied	27	7.3
Strongly Dissatisfied	16	4.3
Total	365	100

Source: Field survey, Osei-Bonsu (2017)

Research Question Three: Challenges in Rotating Savings

The researcher solicited views on the challenges that contributors face in their contribution. Results of field survey are submitted in Table 12. It can be observed that the highest percentage of 85.8% was given by 313 respondents who strongly claim that they do not face any challenges in contribution while 52 respondents (14.2%) also claims they face certain challenges. It is evident from the table below that more than two thirds confirmed through the statement that they do not face challenges in rotational savings contribution.

This finding contradicts what Achimba and Raffey (2015) reported in the literature. They found that obstacles confronting the operations of ROSCAs in rural areas include lack of adequate and timely financial information, lack of formal education and training, lack of managerial skills and lack of collateral security to access credit. Again, contrary to the results of the present study, Adofu et al, (2010) reported that perceived problems facing the operation of ROSCAs in Nigeria include lack of trust or fear of default, methods of savings mobilization,

leadership structure, death of member and lack of participation in decision making.

Table 12

Challenges in Rotational Savings and Loans

Number of Years	Frequency	Percent
Yes	52	14.2
No	313	85.8
Total	365	100

Source: Field survey, Osei-Bonsu (2017)

Loan Requested and Granted

The researcher went further to ascertain whether the amount of loan requested and the duration were approved. It was revealed from Table 13 that 299 respondents representing 80.81% stated yes that their request were met while 9.73% with 36 respondents posed neutral whiles 35 respondents (9.46%) responded no to the question as indicated in the bar chart below.

Table 13

Challenges in Rotational Savings and Loans

Number of Years	Frequency	Percent
Neutral	36	9.9
Yes	299	81.9
No	30	8.2
Total	365	100

Source: Field survey, Osei-Bonsu (2017)

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

Introduction

This final chapter of the study is in three sections: summary of the findings, conclusions and recommendations. It summarizes the outcomes of the study emphasizing on the findings in relation to the specific objectives set out prior to the commencement of the study. The chapter also presents the conclusion drawn out of the findings. Finally recommendations aimed at helping to improve the rotation of savings as a means of fund mobilization; are captured as well in this chapter.

Summary of Findings

The study examined the role of rotating savings as a means of funds mobilization, a case of Otuasekan Rural Bank Limited. The issues studied included evaluating the operations of rotating savings schemes, examining the benefits derived from contributors and the bank, identifying the challenges confronting rotational savers as well as the bank in respect to operating the scheme. The study was based on the uses of questionnaires. Primary and secondary data were used in course of the study. In selecting the respondents, purposive and simple random sampling techniques were used. Three hundred and sixty five (365) respondents were selected for the study. The major findings are as follows;

1. Operations of Rotating Savings Schemes

It was realized from the study that the operation of rotating savings schemes at Otuasekan Rural Bank included susu saving scheme as a means of savings through which contributors can access facilities for their businesses while the bank can also save more for further investment. It was found that ORB opted Rotating Savings as a product because it wanted to bring deposit and lending to the door step of its customers who could not leave their business premises and come to bank branches.

2. Benefits of Rotating Savings

The study revealed that most susu clients agreed that susu scheme operation has helped them to mobilize some capital for their businesses through susu loan facility and some savings through continuous susu contribution to the susu scheme. It was further established that most of the susu clients have benefited from the susu loan facility on several occasions towards the development and sustenance of their micro enterprise businesses.

The study, accordingly, found that the susu scheme had helped most of the susu clients to remain in business for several years not only have they remained in business over the years, but majority of the susu clients confirmed that their Micro and Small Enterprises have been expanded through the role the susu scheme of the bank.

The research also revealed that apart from the normal contribution of the contributors, they have also benefited from education and seminars, loan facility, safe keeping of deposits and interest on deposits as shown in the analysis above.

The bank has also benefited from the operation of the scheme like interest income from lending and investment activities which enhances operational and financial sustainability of the bank. It has also helped in the expansion of clients' outreach of other products or services of the bank; it's also relatively low cost of funds to the bank, improves liquidity management of the bank and also increases deposits for lending and investment activities.

3. Challenges Confronting Rotational

The study revealed some challenges contributors face as far the susu schemes are concerned. The study revealed that some respondents fail to the amount of loan demanded or required.

To the bank, embezzlement of customers funds by the officials which eventually lower the confidence customers have in the bank, inadequate personal data on customers and its operational risk because most of the accounts are opened on the field, changes in government policies and programs (for example, demolishing of road side shops) which force customers to relocate business premises and relatively high labour turnover of personnel in-charge of Rotating Savings operations. Again, some susu clients do not invest all the susu loan facility into the businesses they operate for which they applied for the loan and this affects the development of their businesses and therefore their repayment behavior.

Conclusion

The susu system has over the years been one of the strong strategies for saving mobilization clients towards the development and sustenance of micro and small enterprises in the informal sector (Adofu et al 2010; Owusu et al 2013; Rangarirai

& Edson, 2013). The susu schemes operated by a bank have served as one of the strategies for credit sourcing for micro and small enterprises in the informal sector. Most susu clients see the susu scheme operated by a bank as more reliable. Susu collectors have over the years played a facilitating role as far the susu collection and susu loan facility for susu clients towards the development of micro and small enterprises in the informal sector are concerned. Fund mobilization is crucial for financial institutions as without it they cannot operate or serve their clients. Rotation savings schemes are therefore paramount in the operations of rural banks in this case Otuasekan Rural Bank Limited.

The study revealed that the operations of the scheme at Otuasekan Rural Bank Limited are through susu collection done through susu collectors. Contributors had benefited from the scheme which includes diversification of their business, access to loan facilities and interest on savings. Despite these important benefits, the scheme is faced with some challenges that militate against its smooth running. This includes failure of clients to get the amount of facilities they need, high default rate and misappropriation or embezzlement on the part of the bank.

Recommendations

Based on the findings and conclusions of the study, the following recommendations are made:

1. It was realized from the study that most clients do not get the required amount of loan or facility they demand or require. It is recommended that the bank put in place proper measure to educate clients on the ways of acquiring larger facilities if its through contributing more or by requiring

collateral. This will prepare the minds of clients on the amount of facilities they can access.

2. The susu scheme operators should educate micro enterprises entrepreneurs on the need to invest the susu loan facility into the business and not to divert it into other businesses since it was revealed in the study that some susu clients did not invest all the susu loan facility into their businesses and makes repayment very difficult.
3. Otuasekan Rural Bank should embark on an education campaign in order to win more clients as competition in the financial market is very keen and competitive. The susu scheme operators especially those run by the banks should educate micro enterprises entrepreneurs that it is safer and reliable to join susu schemes operated by a recognized financial institution so that in the event of susu clients being defrauded by a susu collector, the institution can be called upon to settle any outstanding amount.
4. The study revealed that some susu clients were not fully satisfied with the loan application process which even lead to not getting the full required amount. It is therefore suggested that the collectors be motivated to visit the clients regularly so as to educate them on the loan application processes, terms and conditions, borrower obligations and other relevant requirements as well as address any other challenges they may have regarding the entire susu scheme.

Suggestions for further studies

The following areas are recommended for further research work.

1. The study primarily focused on the role of susu savings as a microfinance product for funds and capital formation, further studies is required to explore other sources of funds for small and medium enterprises (SMEs).
2. Further research work is required to examine financial management practices SMEs adopt to run their businesses as well as risk management practices they employ to safeguard their assets.
3. Further research is required to investigate operational and financial activities of other rotating savings and credit associations (ROSCAs) which are not customers of any microfinance institution.

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