

## Despite recent banking shake-up, Ghanaians still see banks as their safest option

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**Afrobarometer Dispatch No. 331 | Samuel Adusei Baaye and Josephine Appiah-Nyamekye Sanny**

### Summary

Ghana's banking sector is the second-largest in the West African Monetary Zone (Frankfurt School, 2015) and recorded a 33.9% increase in total assets between June 2016 (GHS 66.29 billion) and June 2018 (GHS 100.35 billion) (Bank of Ghana, 2018). But during the past two years, the country's financial industry has seen a massive shake-up, resulting in the revocation of licenses of nine universal banks, 347 microfinance companies, 39 microcredit companies/money lenders, 15 savings and loan companies, eight finance house companies, and two non-bank financial institutions (Ghanaweb, 2019a). The Bank of Ghana attributed these structural adjustments to poor corporate governance and risk-management practices, abuse of related-party relationships, and weak supervision, among other factors plaguing the industry (Myjoyonline, 2018).

Although the shake-up led to the loss of thousands of jobs and caused about GHS 8 billion in investments to be temporarily frozen (Citinewsroom, 2019; Myjoyonline, 2019a), some analysts say the resulting clean-up is a step in the right direction, saved 4.6 million depositors' funds, and has helped restore confidence in the financial sector (Ghanaweb, 2019b; Myjoyonline, 2019b).

Against this background, do ordinary Ghanaians still have confidence in the financial sector?

A recent Afrobarometer survey shows that in spite of the recent shake-up, banks are the most trusted financial institution, followed by mobile money services. Far fewer Ghanaians consider savings and loan companies, microfinance companies, and traditional *susu* collectors safe places to keep their money.

### Afrobarometer surveys

Afrobarometer heads a pan-African, nonpartisan research network that conducts public attitude surveys on democracy, governance, economic conditions, and related issues across Africa. Seven rounds of surveys were completed in up to 38 countries between 1999 and 2018. Round 8 surveys are planned in at least 35 countries in 2019/2020. Afrobarometer conducts face-to-face interviews in the language of the respondent's choice with nationally representative samples.

The Afrobarometer team in Ghana, led by the Ghana Center for Democratic Development (CDD-Ghana), interviewed 2,400 adult Ghanaians in September 2019. A sample of this size yields country-level results with a margin of error of +/-2 percentage points at a 95% confidence level. Previous surveys were conducted in Ghana in 1999, 2002, 2004, 2008, 2012, 2014, and 2017.

## Key findings

- More than two out of three Ghanaians (68%) – but only 48% of rural residents – live in zones that have banks, money-transfer points, mobile banking services, or ATMs.
  - Considerably more (94%) reside in areas with mobile phone service.
- Half (50%) of Ghanaians personally own bank accounts, while almost nine in 10 (87%) own mobile phones.
- Banks are the most trusted financial institution, considered “very safe” by a majority (58%) of Ghanaians, followed by mobile money wallets (36% “very safe”).
  - But large majorities say it is not safe to keep their money with traditional *susu* collectors (72%), at home (67%), with microfinance companies (64%), or with savings and loan companies (61%).
- While considered the least safe mode of keeping money, *susu* collectors are more trusted in rural areas than in cities (31% vs. 21%).
- Older citizens have less confidence in mobile money services (65%) than their younger cohorts (73%-74%).

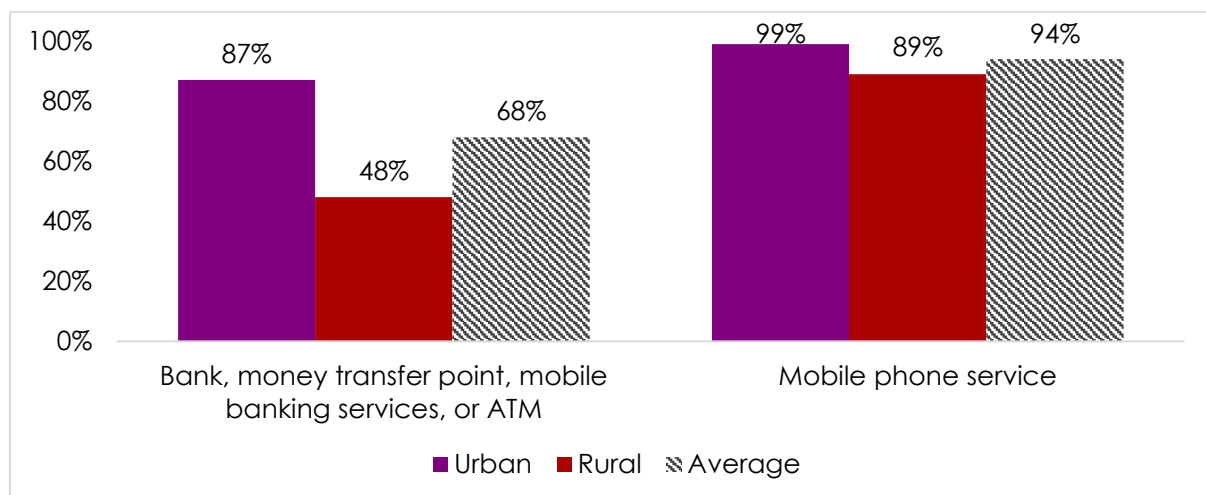
## Access to financial services

Afrobarometer collects data on the presence or absence of basic infrastructure in each survey enumeration area via field team on-the-ground observations confirmed by survey field supervisors. This includes observations on the availability of financial services as well as mobile phone service, which in theory would enable citizens who have mobile phones to take advantage of mobile financial services.

Teams found that more than two-thirds (68%) of Ghanaians live in zones that have banks, money-transfer points, mobile banking services, or ATMs. But rural residents (48%) are far less likely than their urban counterparts (87%) to have access to financial services (Figure 1).

In addition, more than nine out of 10 respondents (94%) live in areas with mobile phone service. Despite a 10-percentage-point disadvantage for rural zones, mobile phone service is widespread both in rural (89%) and urban (99%) areas.

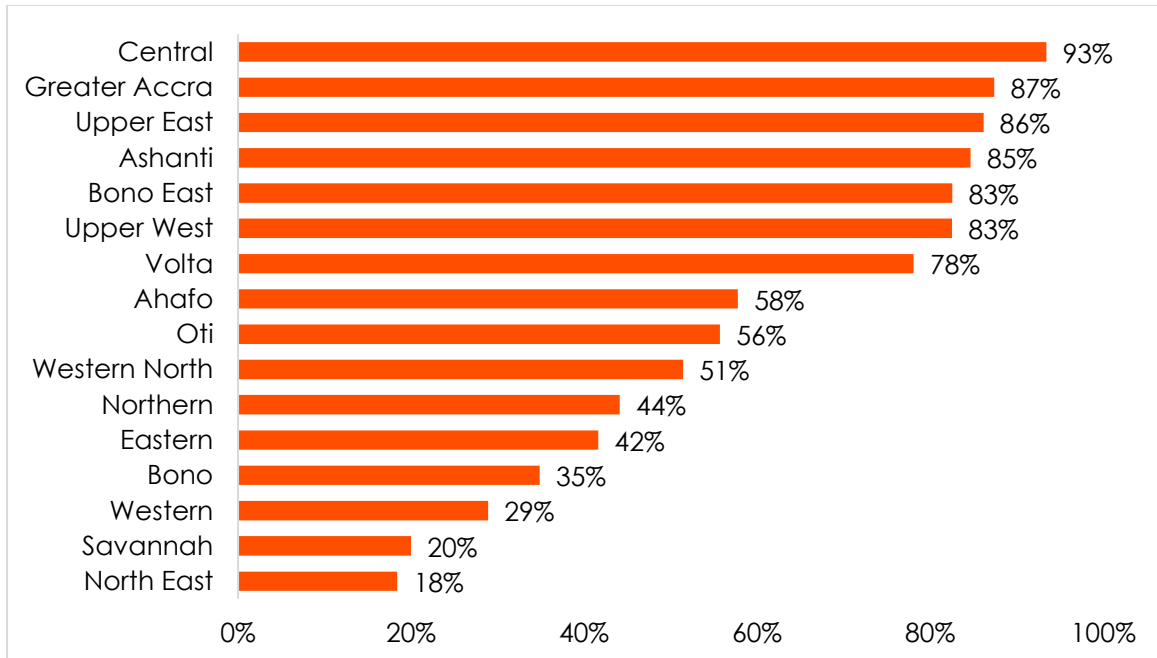
**Figure 1: Presence of financial institutions and cell phone service** | by rural-urban location | Ghana | 2019



**Survey enumerators** recorded the presence or absence in each enumeration area of banks, money-transfer points, mobile banking services, or ATMs, as well as of mobile phone services. (% “yes”)

Central, Greater Accra, Upper East, and Ashanti regions have the highest presence of financial service infrastructure (85%-93%), which is far less present in the North East (18%), Savannah (20%), and Western (29%) regions<sup>1</sup> (Figure 2).

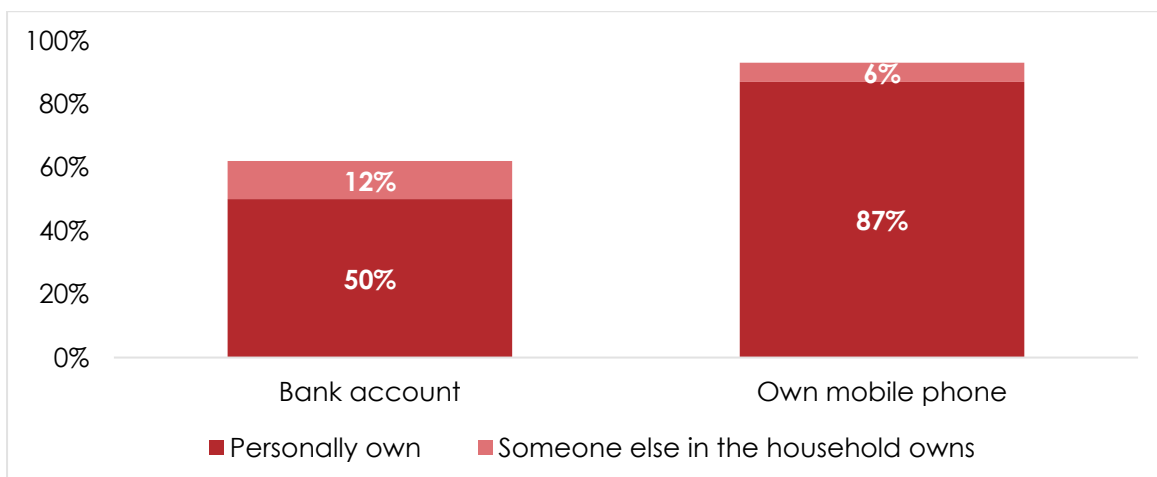
**Figure 2: Presence of financial service infrastructure | by region | Ghana | 2019**



**Survey enumerators** recorded the presence or absence in each enumeration area of banks, money-transfer points, mobile banking services, or ATMs. (% "yes")

Six in 10 Ghanaian households (62%) have bank accounts, including 50% of individuals who personally own the accounts. Far more households (93%) own mobile phones (Figure 3).

**Figure 3: Own bank account, mobile phone | Ghana | 2019**

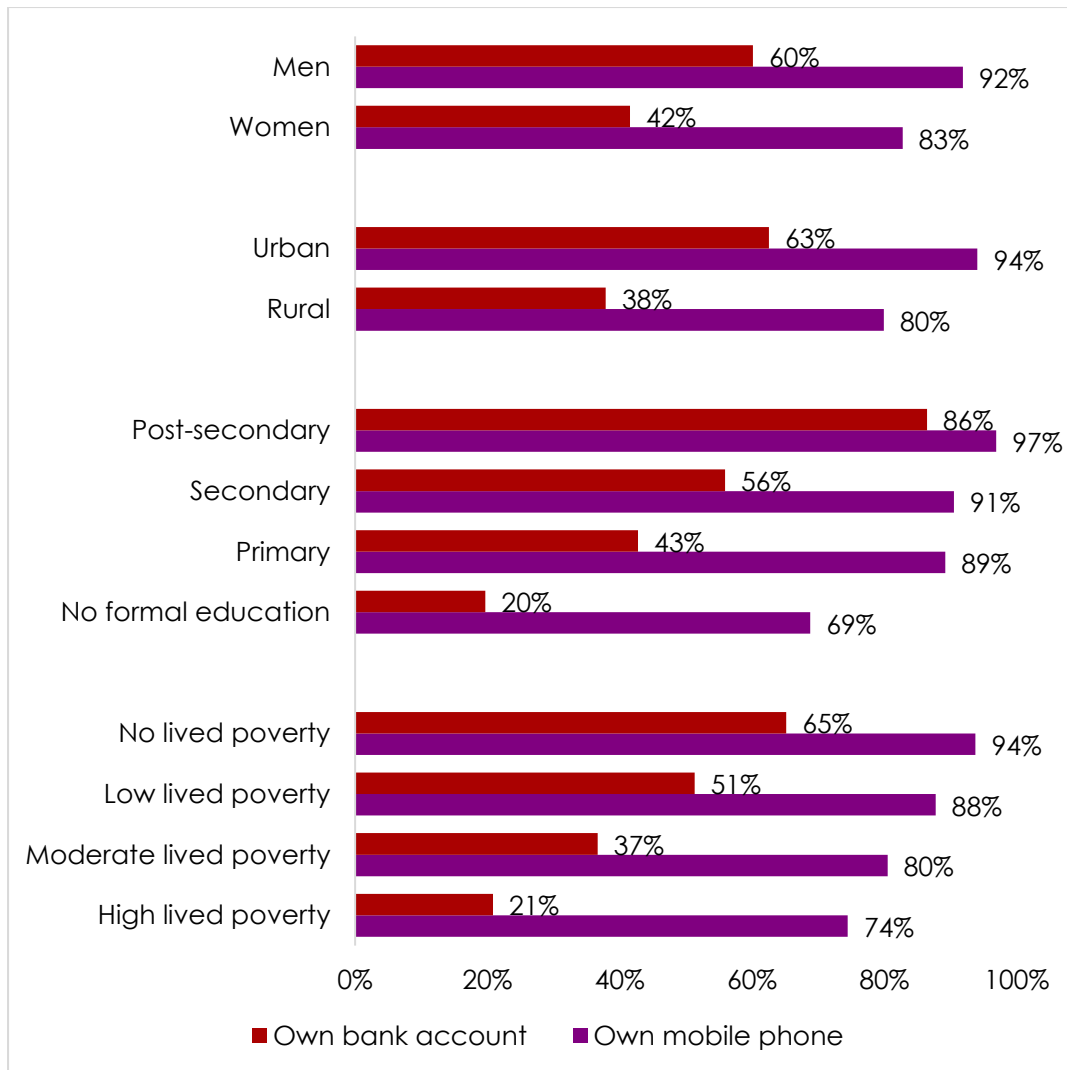


**Respondents were asked:** Which of these things do you personally own?

<sup>1</sup> Small sample sizes in regions with relatively small shares of the national population result in large survey margins of error (i.e. less precise survey findings) in those regions. Findings for North East, Savannah, Ahafo, Upper West, Oti, and Western North regions should be interpreted with care.

Men and urban residents are more likely than women and rural citizens to personally own bank accounts and mobile phones. Ownership of bank accounts and mobile phones is less common among poor<sup>2</sup> and less-educated citizens. Those who are economically best off (i.e. experiencing no “lived poverty”) are about three times as likely to own bank accounts as those with high lived poverty. Similarly, citizens with post-secondary education are about four times as likely to own bank accounts as those with no formal education (Figure 4).

**Figure 4: Own bank account, mobile phones** | by socio-demographic group  
 | Ghana | 2019



**Respondents were asked:** Which of these things do you personally own?

### Confidence in the financial sector

If banks were once the only financial game in town, that has changed. In addition to being supplemented by savings and loans, microfinance companies, and traditional susu collectors

<sup>2</sup> Afrobarometer’s Lived Poverty Index (LPI) measures respondents’ levels of material deprivation by asking how often they or their families went without basic necessities (enough food, enough water, medical care, enough cooking fuel, and a cash income) during the preceding year. For more on lived poverty, see Mattes, Dulani, & Gyimah-Boadi (2016).

(private door-to-door savings collectors often patronized by those in rural areas and the informal sector), banks are now partnering with mobile financial services to provide services such as investment, insurance, savings, and loans at a faster and more convenient pace.

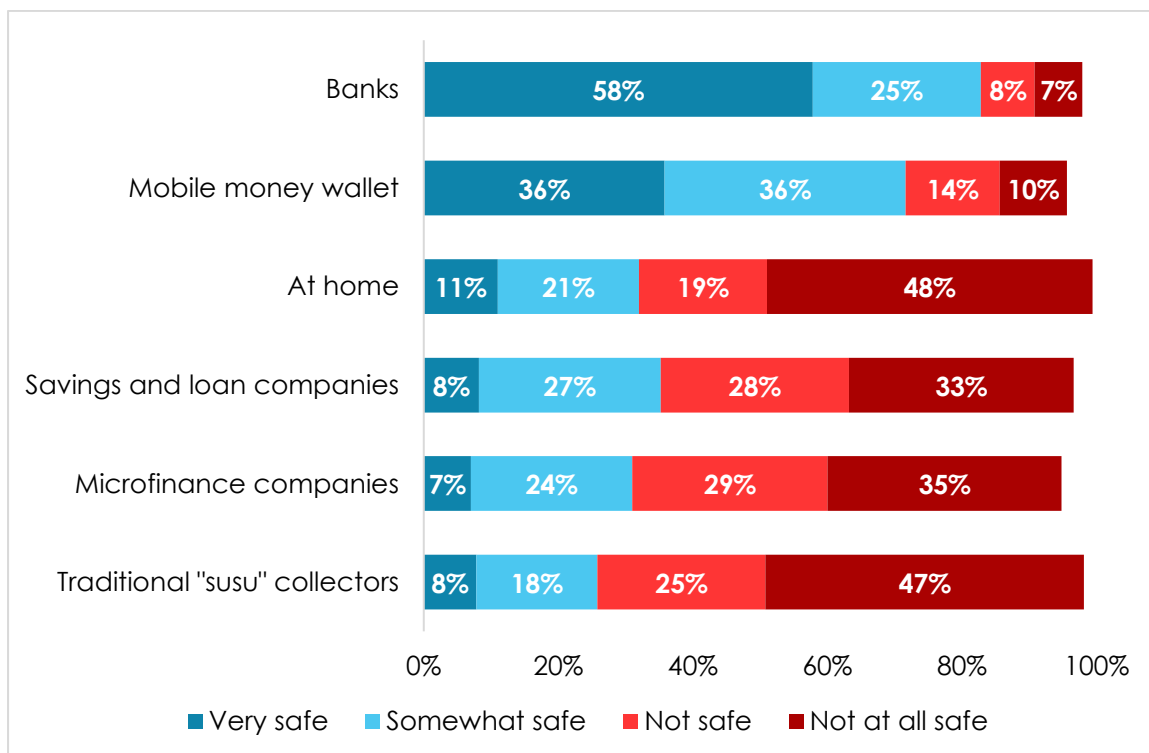
Mobile money services were introduced about 10 years ago to deepen financial inclusion, especially for the unbanked and underserved. Ghana is now touted as the fastest-growing mobile money market in Africa, due in part to the high penetration of mobile phones, which outnumbered the population by 28% as of 2017 (Ozyurt, 2019).

Still, banks remain the most trusted financial institutions in Ghana – even after the turmoil of the past two years. More than eight in 10 citizens consider it “very safe” (58%) or “somewhat safe” (25%) to keep their money in banks (Figure 5).

Mobile money has earned second place in popular trust: More than seven in 10 Ghanaians say it is “very safe” (36%) or “somewhat safe” (36%) to keep their money there.

Far fewer have confidence in other financial institutions. Large majorities of Ghanaians say it is not safe to keep their money with *susu* collectors (72%), at home (67%), with microfinance companies (64%), or in savings and loans (61%). Remarkably, more people consider their money “very safe” at home (11%) than with savings and loan companies, microfinance companies, or *susu* collectors (7%-8%).

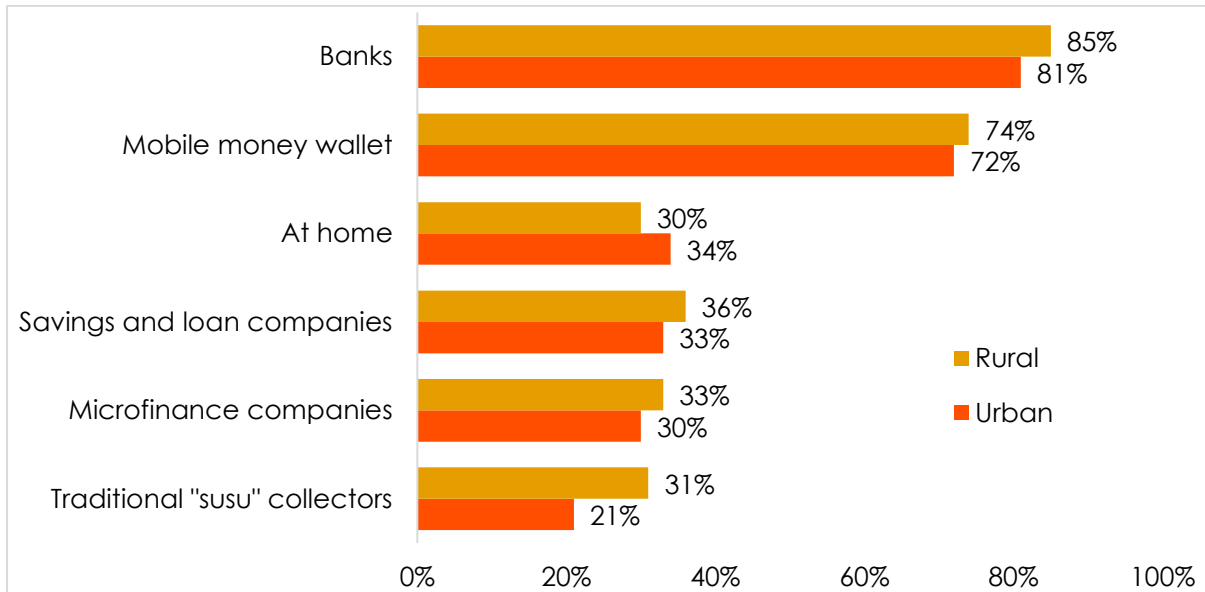
**Figure 5: Confidence in financial institutions | Ghana | 2019**



**Respondents were asked:** *In Ghana today, people have different ways of saving their money. In your opinion, is it very safe, somewhat safe, not safe, or not at all safe to keep your money in the following places?*

Rural and urban residents hold fairly similar views on the trustworthiness of financial institutions except with regard to *susu* collectors, who are somewhat more trusted – though still largely mistrusted – in rural areas (31% somewhat/very safe vs. 21% in cities) (Figure 6). Perhaps counterintuitively, rural residents repose slightly more confidence in banks, while urbanites are slightly more likely than rural residents to say it is safe to keep their money at home.

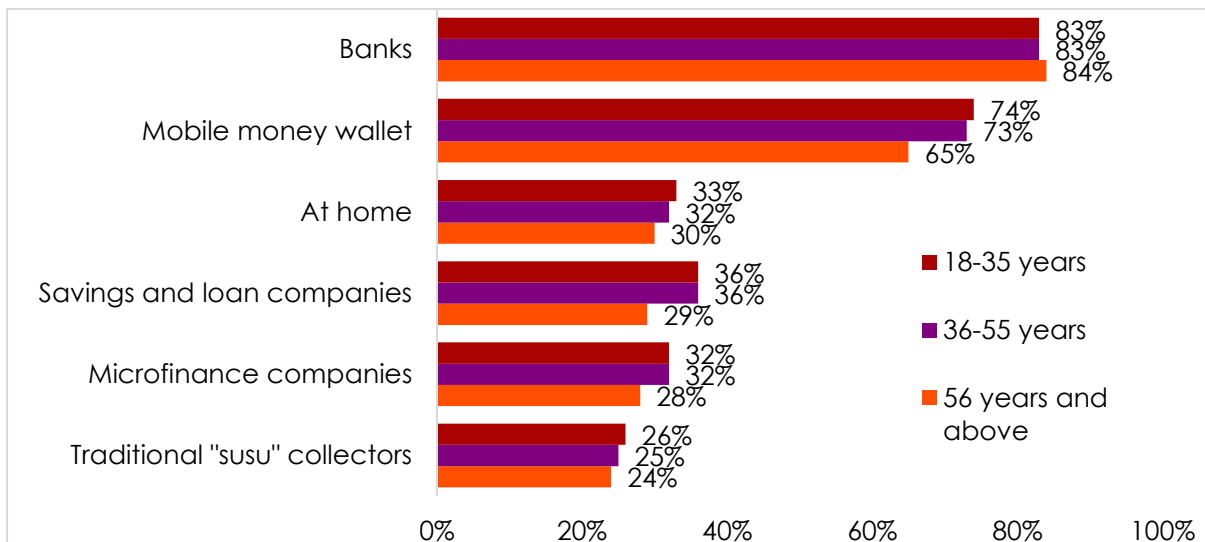
**Figure 6: Confidence in financial institutions | by location | Ghana | 2019**



**Respondents were asked:** In Ghana today, people have different ways of saving their money. In your opinion, is it very safe, somewhat safe, not safe, or not at all safe to keep your money in the following places? (% who say "somewhat safe" or "very safe")

Confidence in banks and mobile money services is widespread across all age groups. However, older citizens express less confidence in mobile money services (65% among those aged 56 and above, compared to 73%-74% among younger respondents), as well as in savings and loans and microfinance companies (Figure 7).

**Figure 7: Confidence in financial institutions | by age | Ghana | 2019**

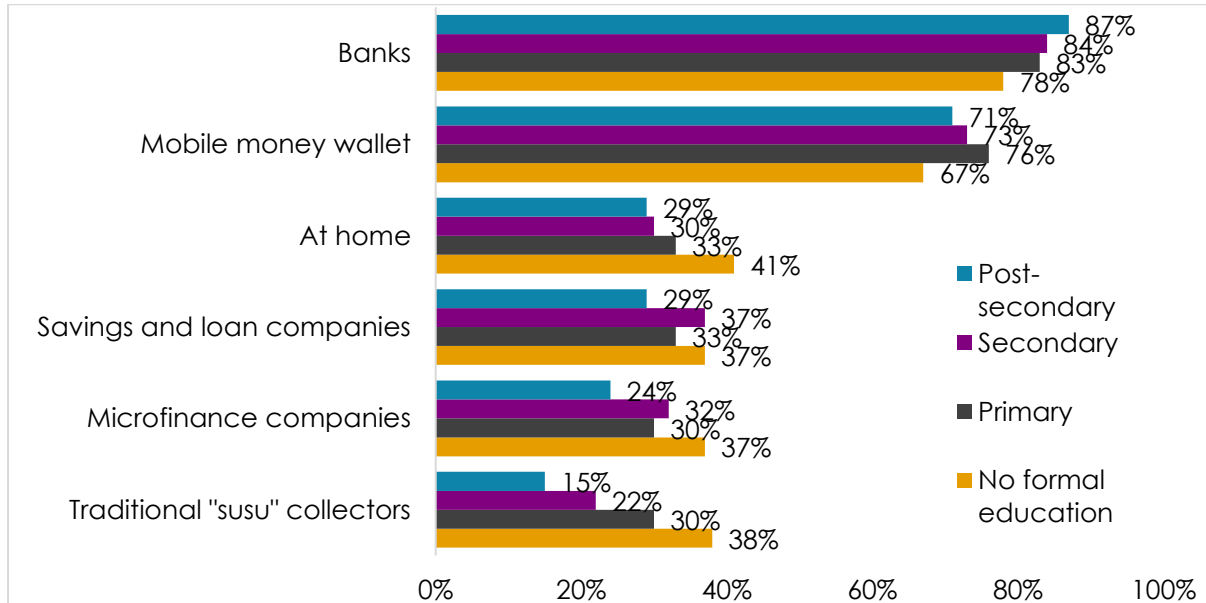


**Respondents were asked:** In Ghana today, people have different ways of saving their money. In your opinion, is it very safe, somewhat safe, not safe, or not at all safe to keep your money in the following places? (% who say "somewhat safe" or "very safe")

Compared to the educated, citizens with no formal education are less likely to trust banks and mobile money services but significantly more likely to trust susu collectors and microfinance companies. In fact, citizens with no formal education are more than twice as

likely as those with post-secondary qualifications to consider it safe to keep money with susu collectors (38% vs. 15%) (Figure 8).

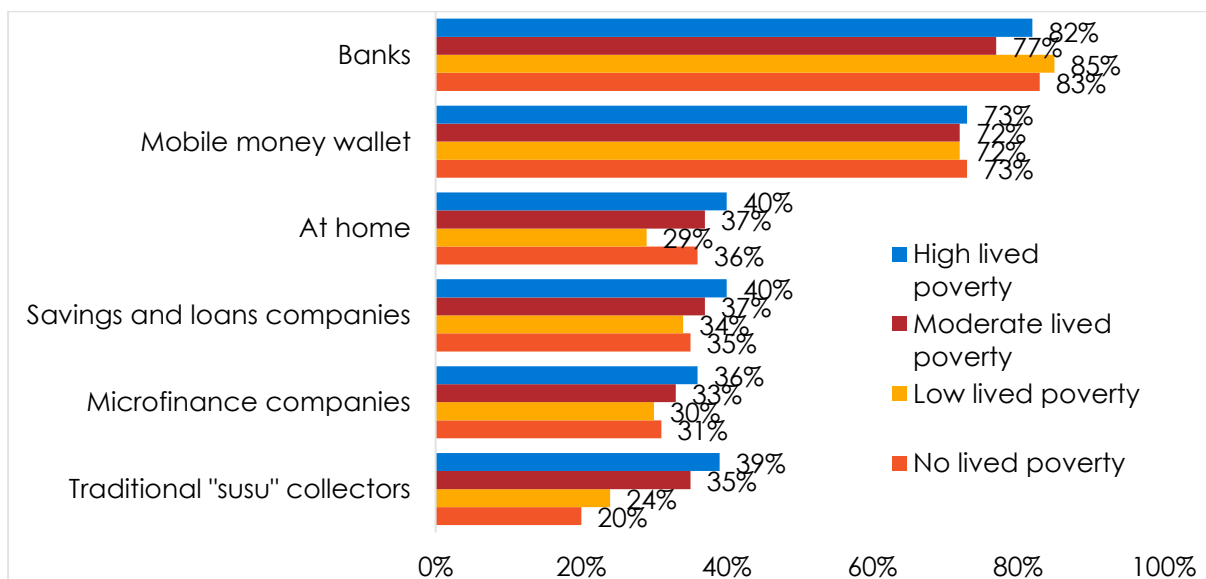
**Figure 8: Confidence in financial institutions | by education level | Ghana | 2019**



**Respondents were asked:** In Ghana today, people have different ways of saving their money. In your opinion, is it very safe, somewhat safe, not safe, or not at all safe to keep your money in the following places? (% who say "somewhat safe" or "very safe")

Confidence in saving and loan and microfinance companies is somewhat higher among poorer individuals than among their better-off counterparts. And the poor are considerably more likely to trust susu collectors (39% among those experiencing high lived poverty vs. 20% of those with no lived poverty) (Figure 9).

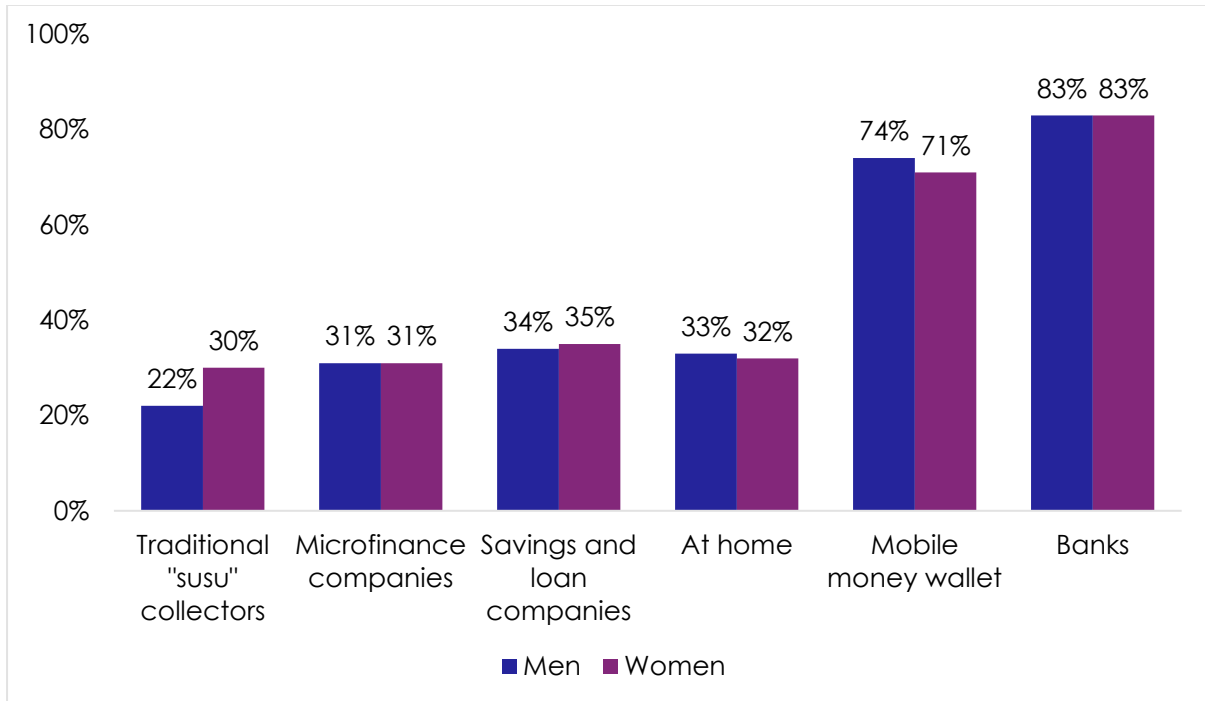
**Figure 9: Confidence in financial institutions | by poverty level | Ghana | 2019**



**Respondents were asked:** In Ghana today, people have different ways of saving their money. In your opinion, is it very safe, somewhat safe, not safe, or not at all safe to keep your money in the following places? (% who say "somewhat safe" or "very safe")

Finally, men and women express similar levels of confidence in financial institutions except with regard to *susu* collectors, who are more trusted by women (30%) than men (22%) (Figure 10).

**Figure 10: Confidence in financial institutions | by gender | Ghana | 2019**



**Respondents were asked:** *In Ghana today, people have different ways of saving their money. In your opinion, is it very safe, somewhat safe, not safe, or not at all safe to keep your money in the following places? (% who say "somewhat safe" or "very safe")*

## Conclusion

The recent Afrobarometer survey shows that despite the banking shake-up, Ghanaians have greater confidence in banks than in other financial services. Mobile money services, which became part of the financial mix relatively recently, make a strong second-place showing, earning greater popular trust than savings and loan and microfinance companies that have been in existence much longer. For the most part, different demographic groups vary only modestly in their perceptions of how safe their money is at various financial institutions.

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Afrobarometer, a nonprofit corporation with headquarters in Ghana, heads a pan-African, non-partisan research network. Regional coordination of national partners in about 35 countries is provided by the Ghana Center for Democratic Development (CDD-Ghana), the Institute for Justice and Reconciliation (IJR) in South Africa, and the Institute for Development Studies (IDS) at the University of Nairobi in Kenya. Michigan State University (MSU) and the University of Cape Town (UCT) provide technical support to the network.

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