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Savings and Loans Companies in Ghana: The Nexus to Poverty Alleviation and Economic Empowerment of Micro-Businesses

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ABSTRACT: *The main objective of this study is to assess the role of Savings and Loans companies in the alleviation of poverty and how they economically empower micro-businesses in the Ghanaian economic space. The study chose the Cape Coast Metropolitan area, a major economic hub in Ghana as its case study. Using the Sustainable Livelihoods Approach theory, the study also adopted the mixed method in data collection and analysis. A total of 288 respondents were used for the study. The results of the finding include among others that Savings and Loans companies have significantly alleviated poverty in the Metropolis; thereby, lifting the poor segments of the Metropolis from the cycle of poverty through the creation of jobs and the generation of income. Finally, it is recommended among others that due to the nature of the businesses of low-income customers, there should be regular visits by loan officers to customers to strengthen the relationship with the borrower, thereby encouraging repayment while simultaneously gathering information concerning the state of the business and household finances, all of which would promote a lower default rate.*

KEYWORDS: savings, loans companies, Ghana, poverty alleviation, economic empowerment, micro-businesses

INTRODUCTION

In most Western or developed countries, it is relatively easy to obtain credit through large banks or money lending institutions. But in the developing countries, where many people lack steady employment, credit history or collateral, there is often no way for legitimate small businesses to receive loans (Krieger, 2004; Senzu, 2016). In many ways, Savings and Loans companies have changed all of this. Generally defined as small lending institutions that mostly lend to the rural poor in developing countries, Savings and Loans companies have made great strides in the latter half of the 20th century. Today, the World Bank estimates that more than sixteen million people are served by some seven thousand savings and loans institutions all over the world (Crabbe, 2006).

The lack of access to financial services from the formal financial system is quite striking, when one considers that in many African countries, the poor represents the largest share of the population and that the informal sector is an important part of the economy (Senzu, 2016). To meet unsatisfied demand for financial services, many savings and loans institutions have emerged over time in Africa. According to Basu, Blavy and Yulek (2004), Savings and Loans companies provide both deposit and credit facilities and that savings and loan institutions' mechanisms constitute a long-term missing link between the arbitrariness of informal lenders and the problems related to standard banking institutions. The clientele of Savings and Loans companies is essentially urban-based and largely female (Baafi, Owusu, Sarkodie & Boachie, 2019). Savings and Loans companies deal with clients who are able to contribute to their strategy of savings mobilisation. The clientele is made up of people with peculiar financial needs. These are people with relatively low social status and low income. Also, a comparatively large number of the clientele needs to be served for their operations to be profitable. There is a high risk of default which needs to be well managed (Boateng, 2009).

Yunus (2007) argues that global poverty does not emerge from market failures, but from capitalism as a theoretical concept which does not fully model real economic structures in general and economic behaviour of each individual in particular. Access to capital is indeed crucial for development (Yunus, 2007), and the concept of free markets has also the capacity to contribute to poverty reduction. It is argued that savings and loan companies 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 (World Savings Bank Institute, 2010). The assumption is that if one gives more savings and loans services to poor people, poverty will be reduced. According to Appiah (2008), sustainable access to the services of Savings and Loans companies 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. Despite the positive impact of Savings and Loans companies on empowering household economic welfare, some schools of thought remain skeptical about the role of savings and loan companies in alleviating poverty. For example, while acknowledging the role Savings and Loans companies can play in helping to reduce poverty, Basu et al (2004) concluded that most contemporary savings and loan schemes are less effective than they might be. This notwithstanding, services of Savings and Loans companies have 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.

Definition of the Problem

The ability to reach and to demonstrate a positive impact on the poor is now becoming a core business in poverty-focused financial institutions (Senzu, 2016). The 1999 Microfinance Summit Council meeting, for example, set out agenda with keynote papers calling on Microfinance institutions (MFIs) including Savings and Loans companies to meet the challenge of targeting and reaching the poorest (Boateng, 2009) and to develop systems for measuring their impact on their clients. The Ghanaian savings and loans sector, in spite of the reforms, still experiences a gap between the demand for and the supply of financial services (Asiama and Osei, 2007). Generally, since the beginning of government involvement in savings and loans in Ghana, the sub-sector has operated without specific policy guidelines and goals. This partially accounts for the slow growth of the sub-sector, and the apparent lack of direction, fragmentation and lack of coordination (Asiama & Osei, 2007).

Although some improvements have been made in the quality of savings and loans services delivery in the country, some gaps and challenges seemed to dominate the sector. Issues such as whether or not the savings and loans industry is a panacea for poverty-alleviation, what the prospects are, challenges and their implications are issues that remain unanswered. Additionally, despite the positive impact of Savings and Loans companies on empowering household economic welfare, some Schools of Thought remain skeptical about the role of Savings and Loans companies in alleviating poverty. Firpo (2005) and Senzu (2016), while acknowledging the role Savings and Loans companies can play in helping to reduce poverty, believe that most savings and loan schemes are less effective than they might be. It is, therefore, against these backgrounds that this study seeks to empirically assess the role of Savings and Loans companies (SLC) in poverty alleviation. This will help examine the extent to which Savings and Loans companies in Ghana have emerged as leading and effective strategic agents for poverty reduction with the potential of transforming the lives of poor people.

The major objectives of the study were to examine the role of Savings and Loans Companies in poverty alleviation, to assess their impact in empowering micro businesses economically within the Metropolis and to make recommendations regarding how the prospects associated with Savings and Loans companies can be fully tapped to reduce poverty and further increase their impact in the empowerment of micro-businesses.

Definitions and Concept of Savings and Loans Programmes

The objective of Savings and Loans companies is to generate financial service for people who are away from financial services and to help poor people to pull out from the vicious circle of poverty. Thus, savings and loan programmes focus on expanding local economic activities and improving the standard of living of their clients by providing financial services needed to establish small businesses. Wilson (2003) defined savings and loans services as the provision of banking services such as savings, credit and money transfer to people who cannot access ordinary mainstream banking services. Mohammed, Abdur Raqeeb, & Waheed (2016) further indicated that savings and loans service is comparatively an innovation in financial services for the low-income groups and self-employed persons who have difficulty in accessing banking facilities and services.

Similarly, the Ministry of Finance and Economic Planning of Ghana in 2012, defined Savings and Loans companies as institutions charged with 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. Thus, the provision of small loans and other facilities such as savings and insurance and transfer services to poor low-income household and micro-enterprises is the domain of Savings and Loans companies, and programmes are to lift the poor segment of the society from the circle of poverty. Savings and Loans companies are typically viewed as an economic development strategic institution and are particularly relevant in countries where disadvantaged groups tend not to benefit from involvement in the formal economy (Doocy, Teffera, Norrel & Burnham, 2005). In most developing nations, the majority subsist on income from micro-enterprise activities. The micro-enterprise sector is estimated on the average about 45 percent of all employment in many developing countries, illustrating the importance of the informal economy in the subsistence of impoverished populations throughout the world (Wilson, 2003; Waters, Kombe & Hong, 2001).

The Lending Methods of Savings and Loans Companies

Though all Savings and Loans companies work towards the same goal of poverty reduction and the promotion of economic growth, several different types of lending methods are employed throughout the world. The first approach is individual lending. As the name suggests, this is the provision of credit to individuals who are not members of a group that is jointly responsible for the loan repayment. Each loan is specifically tailored to the individual and the business involved. This approach tends to work best when used with larger urban businesses or small rural farmers, since collateral is generally required. A second model is group lending, a strategy initially developed by the Grameen Bank of Bangladesh. It was designed to serve rural and landless women who wished to finance income-generating activities. The general approach is as follows. Small groups of four to seven unrelated individuals are formed. Before receiving any loans, each member is required to contribute savings for one to two months, and is also required to continue saving throughout the duration of the loan. Additional requirements for loans include prompt repayment, mandatory weekly meetings, and pre-credit orientation and assistance.

After these conditions are satisfied, the credit officer lends money to two individuals. No further lending occurs until the initial loans are repaid. The same process occurs for the remaining members of the group (Mugabi, 2003). This model is especially effective at reaching out to women from low-income groups, since borrowers do not need collateral. Instead, the other members of the group guarantee and are responsible for the loans to all members of the group. In addition, the savings of the group is managed by the group and can be loaned. A third, but similar group approach, is village banking. Fiakpe (2009) recounts the experiences of the Nigerian situation. He explains that village banks are community-managed credit and savings associations established to provide access to financial services in rural areas, build a community self-help group, and help members accumulate savings. Village banks are made up of 25 - 40 women who cross-guarantee each other's loans and self-manage the distribution and collection of funds. Village banks are primarily financed by loans from savings and loan institutions, but forced and voluntary savings collected by the group may also be loaned to finance member and non-members activities. The amount of savings required is either a fixed amount or is based on the size of the loan. Bank members manage the lending of the collected savings and each member receives a proportional share of the interest earned. The deposited funds may also serve as last-resort collateral for the loan.

The Contribution of Savings and Loan Institutions to Poverty Reduction

According to Asiama and Osei (2007), Savings and Loans companies play three broad roles in poverty reduction: help very poor households to meet basic needs and protect them against risks, are associated with improvements in household economic welfare, and help to empower women by supporting women's economic participation and so, promote gender equity. Available literature put forward, especially by Goldstein, Barro and Gentil (1999) indicates that Savings and Loans companies create access to productive capital for the poor. Together with human capital, it is addressed through education and training, and social capital which is achieved through local organizations and people to move the ordinary citizenry out of poverty. By providing material capital to a poor person, his/her sense of dignity is strengthened and this can help empower the person to participate in the economy and society (Anin, 2001). He further indicated that the aim of Savings and Loans companies is not just about providing capital to the poor to combat poverty on an individual level, but they also play a unique role at an institutional level. He explained that Savings and Loans companies seek to create institutions that deliver financial services to the poor who are continuously ignored by the formal banking sector. Littlefield and Rosenberg (2004) argued that the poor are generally excluded from the financial services sector of the economy, so Savings and Loans companies have emerged to address this market failure.

Savings and Loans companies and Household Economic Welfare Improvements

It is argued that Savings and Loans companies 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 (World Savings Bank Institute, 2010). The assumption is that if one gives more savings and loan services to poor people, poverty will be reduced. Annan (2003) also indicated that sustainable access to the services of Savings and Loans companies help 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. Despite the positive impact of Savings and Loans companies on empowering household economic welfare, some Schools of thought remain skeptical about the role of micro-credit in development. For example, while acknowledging the role Savings and Loans companies play in helping to reduce poverty, Littlefield and Rosenberg (2004) concluded from their research on micro-finance that most contemporary savings and loans schemes are less effective than they might be. That notwithstanding, services of Savings and Loans companies have emerged globally as leading and effective strategies for poverty reduction with the potential for far-reaching impact in transforming the lives of poor people.

The Sustainable Livelihoods Approach Theory

Sustainable Livelihood Approach theory dates back to the work of Robert Chambers in the mid-1980s. In realising that conventional development concepts did not yield the desired effects and that humankind was additionally facing an enormous population pressure, Chambers developed the idea of "Sustainable Livelihoods" with the intention to enhance the efficiency of development cooperation. His concepts constitute the basics for the Sustainable Livelihoods Approach (SLA), as it was developed by the British Department for International Development (DFID, 2000). The livelihood framework is intended as an analytical/operational structure for coming to grips with the complexity of livelihoods, understanding influences on poverty and identifying where interventions can best be made. Through the 1990s, livelihood largely replaced employment to make space for the actual complexity and diversity of how most poor people gain a living. It seeks to present a graphic representation of the main factors that underpin, and/or influence, the creation of livelihoods. It is also systems-oriented in that it attempts to make explicit the nature of the relationships, and inter-relationships, between different factors. The Sustainable Livelihood Framework can be used both as a conceptual tool for improving scholastic understanding of livelihoods and/or as an applied tool to aid the identification of appropriate entry points for support of livelihoods (Morse and McNamara, 2013).

According to Morse and McNamara (2013), the sustainable livelihoods approach (SLA) is a way to improve understanding of the livelihoods of poor people. It draws on the main factors that affect poor people's livelihoods and the typical relationships between these factors. It can be used in planning new development activities and in assessing the contribution that existing activities have made to sustaining livelihoods. The SLA framework places people, particularly rural poor people, at the centre of a web of inter-related influences that affect how these people create a livelihood for themselves and their households. Closest to the people at the centre of the framework are the resources and livelihood assets that they have access to and use. These can include natural resources, technologies, their skills, knowledge and capacity, their health, access to education, sources of credit, or their networks of social support. The extent of their access to these assets is strongly influenced by their vulnerability context, which takes account of trends (for example, economic, political, and technological), shocks (for example, epidemics, natural disasters, civil strife) and seasonality (for example, prices, production, and employment opportunities). Figure 1 shows the Sustainable Livelihood Approach framework for the study.

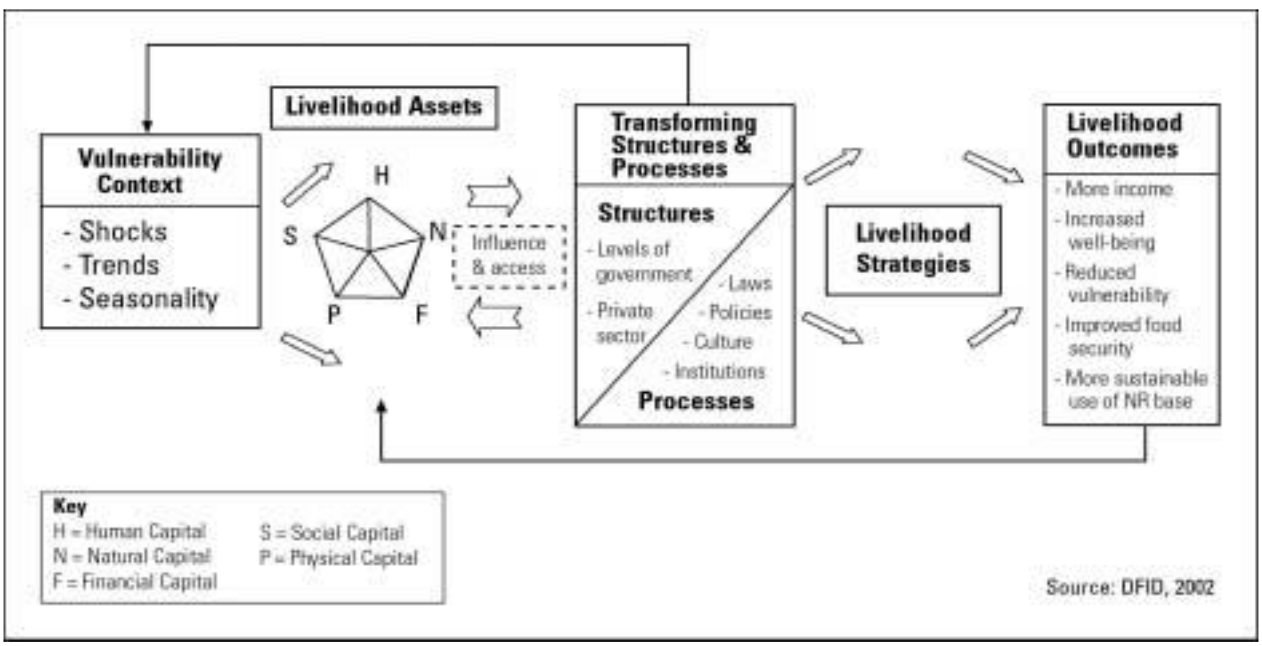

Figure 1: Sustainable Livelihood Approach framework (Source: DFID, 2002.)

METHODOLOGY

The study population included savings and loan institutions in the Cape Coast Metropolis. For an institution to qualify for participating in this study, it should have been in operation for at least three years. This is to help identify the challenges such companies encounter and the impact being made in empowering households and micro-business economically to alleviate poverty. Specifically, the study's units of analysis included Credit Officers and Management of these institutions and their clients. Available data from the Cape Coast Metropolitan Assembly show that there are eleven duly recognized Bank of Ghana-approved Savings and Loans companies currently operating in the metropolis. These are Bayport Financial Services, Izwe, Letshego, Star Financial Services, Best Life Financial Services, S.A. Financial Services, Cran Microfinance, Express Link, First National Savings and Loans, First Capital Plus, and First Allied Savings and Loans.

Since it was not necessary to collect data from everyone in the target population in order to get valid findings, the study resorted to using sampling (Tannor, 2011). To effectively sample the study population, the study employed both the simple random and purposive sampling methods. The purposive sampling method was used to sample Management personnel of the participating savings and loans institutions. The purposive sampling method was considered the most appropriate for sampling Managers since they were directly involved in the lending process and the management of these institutions. All the eleven savings and loan companies in the Metropolis were selected purposively for the study. This was based on the fact that the study population's units of analysis were found across all the eleven Savings and Loans companies. In relation to the sampling of the customers, a sampling frame which contained the names of the customers of each company was obtained from the Records Division of each of the participating company. In all, eleven sampling frames were used. Systematic sampling was then applied on each sampling frame which involved the selection of every K^{th} element on the frame based on a sampling interval. Companies with large customers had the larger number of customers selected from the sampling frame. On the average, 18 customers were sampled from each sampling frame. As such, 288 made up the total number of respondents contacted for the distribution sample. Of this, two hundred and seven (207) were customers of the various companies, seventy-five (75) were staff and six (6) were Management members who took part in the study.

Since the study made use of both the qualitative and quantitative research methods to improve the validity of the results, different instruments were used for gathering data relevant to answering the research questions. Structured questionnaires were used to obtain quantitative data while in-depth interviews were used for gathering qualitative data. Two questionnaires were used in the gathering of data both from the institutions and the customers' level. Regarding the structure of the questionnaires to meet the research questions and objectives of the study, both questionnaires were structured into parts. The first part of each questionnaire investigated the demographic characteristics of the respondents including age, gender, educational background, occupation and the number of years of being in business (for customers), number of years of working with the

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company and department (staff of savings and loans institutions). The second section of the customers' questionnaire investigated some basic characteristics of respondents' businesses including type of business, years of being in business, sources of funding for the business among others, while that of the staff focused on the impact of savings and loans in alleviating poverty among the poor. However, section three examined the impact of savings and loan companies on the development of micro-business with emphasis on the access to micro-credit.

Results and Discussions

The results are presented in four (4) parts where each part focused on one of the objectives of the study: the demographic characteristics of the respondents; the business characteristics of the respondents; results on the impact of Savings and Loans companies on poverty reduction; and the impact of Savings and Loans companies on the development of micro businesses.

Demographic Characteristics of the Respondents

In all, there were 288 respondents who were made up of 207 customers of Savings and Loans companies, 75 staff of Savings and Loans companies and 6 management staff of savings and loan companies in the Cape Coast Metropolis. In examining the demographic characteristics of respondents, the following variables were analysed: age, gender, educational background, marital status, number of dependents, occupation and years of working with the institution. These demographic variables are to enhance the analysis in performing relationships across the objectives of the study. Table 1 shows the results of the gender analysis of the respondents.

Table 1: Gender of Respondents

Gender	Customers		Staff	
	F	%	F	%
Male	143	69.1	45	60.0
Female	64	30.9	30	40.0
Total	207	100.0	75	100.0

Source: Field work, 2021

Table 1 shows that majority (69.1%) of the customers and the staff (60.0%) who participated in the study were males. Generally, it could be deduced that majority of the respondents were male. The ages of the respondents were also analysed as shown in Table 2.

Table 2: Descriptive Statistics of the Ages (Years) of Respondents

	Mean	Minimum	Maximum	Standard Deviation
Customers	34.09	25	41	5.804
Staff	29.47	25	38	4.303

Source: Field work, 2021

ECRTD-UK: https://www.eajournals.org/
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Descriptive statistical analysis performed showed that staff who responded to the study had the average age of 30 years. Further assessment on the dispersed nature of respondents' age showed that the minimum and maximum ages among the staff were 25 years and 38 years, respectively with a standard deviation of 4.303. On the other hand, the average age noted among the customers was 34 years with minimum and maximum ages of 25 years and 41 years, respectively. Thus generally, the respondents were young, energetic and could be economically active to contribute to development of the savings and loans industry. In relation to the educational background of the respondents, the results were shown in Table 3.

Table 3: Educational background of Respondents

Education	Customers		Staff	
	f	%	F	%
Secondary	75	36.2	12	16
Diploma	75	36.2	24	32
First degree	57	27.6	36	48
Second degree	-	-	3	4
Total	207	100.0	75	100.0

Source: Field work, 2021

As shown in Table 3, none of the respondents (both customers and staff) had no formal educational background as well as primary education. However, slightly over half (52%) of the staff had university degree while the second commonest educational background among the staff was Diploma (32%). In relation to the customers, the most prevalent educational backgrounds were Secondary and Diploma (36.2%), respectively. Generally, it can be deduced from Table 3 that the staff who responded to the study had a higher educational background as compared to the customers. The study also analysed the occupation of the customers. The results are shown in Figure 2.

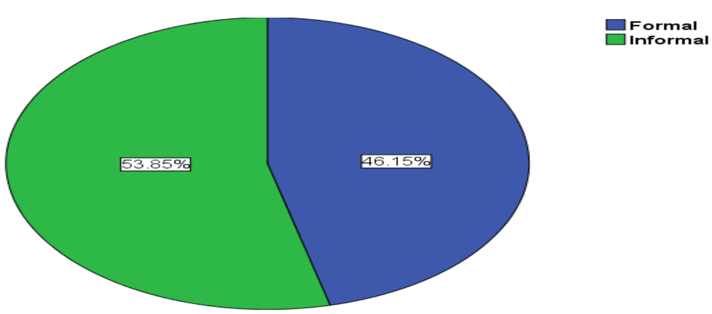

Figure 2: Occupation of Customers
Source: Field work, 2021

More than half (53.85%) of the customers in Figure 1 were employed in the informal sector. Thus, the proportion of the customers who were employed in the informal sector was about eight percent

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higher than the proportion employed in the formal sector. The results suggested that although the Savings and Loans companies served the informal sector more, people in the formal sector also benefited from their services. In relation to the staff, the study also analysed the number of years for which the staff had worked with the Savings and Loans companies. The available information showed that the staff had worked in their respective institutions for an average period of two years while the minimum and maximum years were three and seven years, respectively. Generally, it could be deduced that the staff have not had longer working experiences with their companies. This could have some implications for the study since the staff might not be well informed about the industry. However, that limitation was addressed by obtaining the views of Management who had been in business for a longer period. The study further examined how respondents obtained their start-up capital for their businesses. Since the sources of start-up capital could be multiple, the variable "sources of funding for capital to start the business" was treated as a multiple response. In other words, a respondent could have more than one source of capital. Depicted in Table 4 are the sources of respondents' start-up capital.

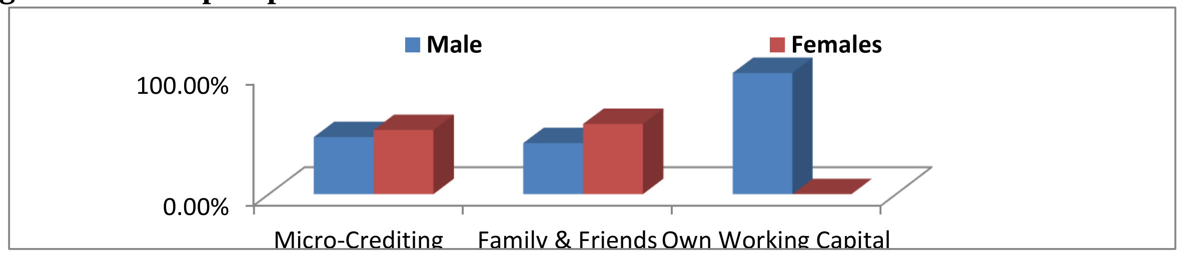
Table 4: Major Sources of Start-up Capital

Source	Frequency	Percentage
Micro crediting	143	49.8
Family and friends	48	16.7
Own working capital	64	22.3
Bank	32	11.2
Total	287	100.0

Source: Field work, 2021

The major source of start-up capital was noted to be from micro- crediting (49.8%) followed by own working capital (22.3%). Generally, it can be deduced that micro-crediting through Savings and Loans companies have been the major source of capital for the businesses of the respondents. The banks were the least source of start-up capital for the respondents. This result is similar to Boateng (2009), Murdoch (1999) and Senzu (2016) all of whom indicated that savings and loans institutions provide small-scale financial services to poor people who are otherwise excluded from the formal banking sector and standard financial systems. In other words, the banking sector contributes insignificantly to the start-up working capital of the respondents. This confirms the assertion of the United Nations (2005) that micro-businesses are often neglected from the formal banking sector, since they are most of the times unable to offer sufficient collateral.

Figure 3: Start-up Capital across Gender



Source: Fieldwork, 2021

Management who responded to the study also affirmed that Savings and Loans companies seemed to benefit women more than men. One of the members of Management stated that *Savings and Loans companies have helped a lot of market women to establish themselves in micro-businesses.* According to Sarumathi and Mohan (2011) and Baafi, Owusu, Sarkodie & Boachie, (2019), majority of microfinance programs target women with the explicit goal of empowering them. It can, therefore, be deduced that Savings and Loans companies have been a tool of extraordinary power to lift poor people especially women out of poverty, by funding their micro-enterprises and raising their incomes as indicated by CGAP (2012). Additionally, if the results showed that women were more likely to benefit from micro-finance as compared to men, then by logical extension and by the assertion of Asiama and Osei, (2007), it can be stated that Savings and Loans companies could empower women by supporting women's economic participation and so promotes gender equity. As part of exploring the business characteristics of the respondents, the study also examined how much income the respondents generate from their businesses monthly. Descriptive statistical analysis of their monthly income presented an average amount of GH₵ 720.00 with the minimum and maximum amounts of GH₵ 300.00 and GH₵ 1500.00, respectively. In addition, a standard deviation of GH₵458.40 was obtained. On the average the respondents made GH₵60.00 daily.

Business Characteristics

The study further examined the business characteristics of the customers with specific focus on the number of years they had been in business, their source of start-up capital as well as the monthly income generated from their businesses. The number of years for which the respondents had been in business was on average a period of 7 years with the minimum and maximum years being 2 and 15 years, respectively. Generally, the respondents have had long period of managing their businesses. This is expected to reduce any risk in relation to business management which could off-set the payment of any loan. The study further examined how respondents obtained the start-up capital for their businesses. Since the sources of start-up capital could be multiple, the variable "sources of funding for capital to start the business" was treated as a multiple response. In other words, a respondent could have more than one source of capital.

The views of the staff and Management who responded to the study also showed that Savings and Loans companies had helped developed entrepreneurs through the giving of working capital. One of the members of Management indicated that *Savings and Loans companies made small businesses to develop in their own way through the giving of start-up business without help from*

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friends and families. Further analysis performed showed that more than half (52.9%) of the females who responded to the study had their start-up capital through micro-crediting, whereas 47.1% of the men also had their working capital through micro-crediting. Thus, the proportion of females who had their start-up capital through micro-crediting was 5.8% higher than the males. Again, in relation to family and friends, women had the highest (57.9%) support. A significant proportion (76.9%) of the respondents who used their own start-up capital were men. In other words, the proportion of males who used their own capital to start their businesses was over 53.8% higher than that of females who also used their own capital to start their businesses.

Savings and Loans Companies and Development of Micro Businesses

One area of importance that was explored by research question 2 is the impact of Savings and Loans companies in empowering micro-businesses economically. To this end, the study examined the extent to which the Savings and Loans companies have helped the businesses of the customers.

Table 6: The Extent of Help by Savings and Loans companies on Micro-Business

Response	Frequency	Percentage
Very high	16	7.7
High	127	61.4
Moderate	64	30.9
Total	207	100.0

Source: Field work, 2021

In Table 6, it is noted that all of the customers favourably rated the extent to which Savings and Loans companies have helped the growth of their businesses. Indeed, more than half (61.4%) were of the view that Savings and Loans companies have helped their businesses to a high extent. This result was further supported by the management who participated in the interviews. It was noted from the interviews that Savings and Loans companies have helped expand many of the micro businesses as they have given customers loans to expand their businesses. One of the operations managers stated that: *Savings and loan companies have provided initial capital for the start of many micro businesses in the Metropolis as well as funds which customers might not get from the commercial banks. These are made readily available for them by the Savings and Loans companies.* Further analysis showed that Savings and Loans companies have helped the businesses of women more than men. Majority (61.4%) of the respondents who indicated that Savings and Loan companies have helped their businesses to a high extent were females. This result could be linked to the earlier findings that majority of the women had their start-up capital through micro-financing. The findings are also consistent with the position of Senzu (2016) that Savings and Loans companies have contributed significantly to small business development and the empowerment of people, particularly women and other poor people in the minority brackets of the economy.

As part of examining the impact of Savings and Loans companies on the empowering of micro-businesses, the study also investigated whether or not the existence of micro-finance has made access to financial service easy for micro-businesses.

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Table 7: Access to Financial Service Made Easy

Response	Frequency	Percentage
Strongly agree	44	21.3
Agree	148	71.5
Neutral	15	7.2
Total	207	100.0

Source: Field work, 2021

From Table 7, it is clear that none of the respondents disagreed with the notion that the existence of Savings and Loans companies has made access to financial services very easy for micro-businesses. Over 90 percent (92.8%) of the respondents were of the view that the existence of Savings and Loan companies has made access to financial services easy for micro-businesses. This result was also supported by the staff who responded to the study. About 71.5% of the staff also indicated that Savings and Loans companies have made access to credit facility by the poor easy. According to one of the Credit Officers: "the *stress of getting financial service for micro business is now becoming a thing of the past as there is the proliferation of Savings and Loans companies"*. This result confirms what Asiama and Osei (2007) mentioned in their paper that Savings and Loans companies in Ghana provide easy-access financial services to the country's largely unbanked population.

To further explore how the existence of micro-finance has made access to financial services easy for micro-businesses, the study examined whether or not access to financial services differs across the number of years for which respondents have been in business. About 80 percent of the respondents who had been in business for 2-6 years indicated that the existence of micro-finance has made access to financial services easy while more than half (55.6%) of those who had been in business for 7-11 years were uncertain as to whether indeed the existence of micro-finance has made access to financial services easy. All the respondents who had been in business for 12-15 years indicated otherwise (disagreed). It can, therefore, be concluded that respondents who had been in business for lesser years seemed to have easy access to micro-finance than those who had been in business for a longer period. This result was surprising since it was expected that those who had been in business for a longer period may rather have easy access to financial services as compared to the newer ones. The differences in results could be explained by the fact that probably, the period for which respondents had been in business is not a key determinant to their access to financial service but rather factors like profit and sales made during the period in question.

As part of exploring the impact of Savings and Loans companies on micro-businesses, the study examined the increment in sales since respondents started patronizing the services of their savings and loans institutions.

Table 8: Increase in Sales Since Customers Started Patronizing the Services of Savings and Loans Institutions

Response	Frequency	Percentage
Very significant	44	21.3
Significant	119	57.4
Marginally significant	44	21.3
Total	207	100.0

Source: Field work, 2021

None of the respondents rated the increase in sales since they started patronizing the services of Savings and Loans institution as insignificant. More than half (57.4%) rated the increase in sales as significant. Generally, an assessment of the results in Table 8 implies that there has been significant increase in sales since the respondents started patronizing the services of Savings and Loans companies. The results from staff of the participating institutions also affirmed the views of the customers. A significant proportion (78.7%) of the staff indicated that Savings and Loans companies have contributed, to a large extent, the development of businesses through making easy access to credit to help many businesses expand, although sometimes access to credit becomes a challenge; improved the capital base of businesses; and empowered micro-business economically.

FINDINGS

The first objective of the study examined the impact of savings and loans companies in poverty alleviation in the Metropolis. The key finding made is that Savings and Loans companies have significantly alleviated poverty in the Metropolis; thereby, lifting the poor segments of the Metropolis from the cycle of poverty through the creation of jobs and the generation of income.

The second objective of the study examined the impacts of savings and loans companies within the Metropolis on empowering micro businesses economically. The key finding was that Savings and Loans companies have had a higher impact on the growth of micro-businesses and has empowered micro-business economically. It was also noted that women were more likely to benefit from the services of savings and loans companies than men since majority of savings and loans companies' programmes targeted women with the explicit goal of empowering them. The banking sector, however, contributed insignificantly to the growth of micro-business, it was revealed.

CONCLUSION

Generally, savings and loan companies have significantly alleviated poverty in the Metropolis by lifting the poor segments of the Metropolis from the circle of poverty through the creation of jobs and the generation of income. This study further concluded that when savings and loans companies are properly harnessed, they can make sustainable contributions through financial investment leading to the empowerment of micro-business and development of people in generally. Despite some difficulties in accessing micro-credit such as high interest rate and the demand for collateral, this study concludes that Savings and Loans companies have promoted confidence and self-esteem among owners of micro-businesses particularly women by increasing their profitability, making access to working capital quite easy although much needs to be done to improve the capital base of businesses.

Recommendations

Based on the major findings from the study, the following recommendations are suggested for major decision making and policy:

1. There is the need for creation of greater legitimacy, accountability and transparency since this will not only enable Savings and Loans companies to source adequate debt and equity funds, but could eventually enable them to take and use savings as a low-cost source for on-lending. Foreign investors can also help the Savings and Loans companies to access local capital by issuing a guarantee in favour of local banks or bond buyers that reduce their risk, thereby, making them more willing to lend to Savings and Loans companies.

2. There should be regular visits by loan officers to customers to strengthen the relationship with the borrower, encouraging repayment while simultaneously gathering information concerning the state of the business and household finances, all of which would promote a lower default rate. Also, more frequent visits should be made when borrowers are experiencing repayment difficulties.

3. Savings and loans companies should adapt information technology in providing information to clients and support staff like automatic reminders to clients at every month ending on their mobile phones. Such messages should be designed both in English and the predominant local languages such as Akan, Ga, Ewe to cater for the uneducated.

4. There is the need for regulatory measures on the activities of savings and loans companies. The central bank which is the Bank of Ghana should regulate the operations of savings and loans companies effectively. The effective monitoring would keep them on their toes to do the right thing and not to take advantage of the poor and loot them of the little they have by charging unreasonable interest rates. The Metropolitan assemblies should make sure that all savings and loans companies in the metropolis are duly registered and have been given license by the Bank of Ghana to carry out business. Ghana Micro-Finance Institutions Network (GHAMFIN), for instance, needs to be strengthened to ensure the transfer of best practices and setting of standards for the industry.

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