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Determinants of Customer Deposit Decisions in Ghana: The Case of Bank Customers in Madina Municipality

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Abstract:
This study aims at identifying the factors that influence customers' bank deposit decisions in Madina Municipality of Ghana. In specific terms, the study sought to determine factors influencing customer's decision to operate a bank account with a particular financial institution and also establish the perception of customers on the level of uncertainty in banking industry. In order to achieve these objectives of this study, questions such as; what are the strategies that are being implemented by the financial institutions to attract new customers; what factors are influencing customer's decision to open and operate a bank account with a financial institution; and what extent is the view of customers on uncertainty in the industry affecting their deposit decision were posed to respondents. A sample of 150 customers of various commercial banks was selected in order to identify the factors that determine customer deposit decisions regarding commercial banks in Ghana using questionnaire. The questionnaire was structured along a five Likert scale and analyzed using mean and standard deviations. The findings revealed that the size of the bank, performance and profitability of the bank, the proximity of the bank to customers' residence as well as the cost of operating the bank account does not necessarily influence the customer's decision to operate a bank account. Respondents were indifferent on whether their investments were secured with their banks and the account opening process. The findings however showed that interest rate offered on deposit, the service delivery of banks, friends and relative referrals and the stability of the banking industry in general influence customers' decisions to operate a bank account. The study also revealed generally that customers are not sure whether their investments with the banks are secured or not. It was also revealed from the study that promotional activities were the strategies used by the banks to attract new customers.

Keywords: *Customer deposits, decisions, likert scale, commercial banks*

1. Introduction

Globally, a significant improvement is being made in increasing financial inclusion in all over the world. The total number of individuals having access banking services worldwide grew by almost 700 million between the year 2011 and 2014. The adult population in the world having a bank account is about 62 percent representing an increase from 51% in 2011. We still have about 2 billion adults who remain without a bank account. It is estimated that more than half of adults in less developed and developing countries are still without account in the poorest 40 percent of households as at 2014 (The Global Findex Database, 2014). The concern of unbanked population has become a subject of substantial interest among researchers, policy makers, and other stakeholders all over the world and Ghana is not an exception. Comparing Ghana's unbanked population with global unbanked population, there is a lot of work to be done to be able to bridge this gap. Despite the number of financial institutions in Ghana, the unbanked population in Ghana is still alarming.

Financial inclusion and or banking is significant in many ways; banks stand at the core of the credit cycle, which rotates the economic wheel of the country. Understanding the business activities of banks and their contribution in this cycle is crucial for all policy makers (American Bankers Association 2014). As earlier referred, financial inclusion, in its simple terms begins with having a bank account but that is not the end. After the account is opened, savings or deposit is made into the account. Saving is a word used by people on everyday life. It just means setting aside something for future usage or what will be considered as conceded use (Miller and Van Hoose, 2001). According to, Ahmed (2002) Savings is setting cash aside for future utilization. By depositing money in the bank, customers can earn interest as well as safeguards their investment.

While the legitimate call for financial inclusion due is on the ascendancy, financial institutions are developing strategies and designing new products and service to entice existing and potential customers into the banking industry. Competition is considered normal and inevitable in the industry and one surest way to survive is to increase customer service delivery to attract new clients and also to maintain the existing customers (Kusi, 2014). While the industry outlook is sound and stable in the Bank of Ghana survey reports, there are some incidences of customers losing their life time saving due to some of the financial institutions collapsing and it is estimated according to Bank of Ghana 2018 reports that about 272 out of the total 707 institutions in the sector representing 38.5% are at risk.

In the minds of both existing and prospective customers, what are they looking for in a particular financial institution before deciding to put their live savings in that institution? What would compel a customer to actively operate an account with one institution at the expense of the other? How is the level of the perceived uncertainty affecting their decision to transact with the financial institutions? These and many others compel the researchers to delve into this area to find answers to that would help both the financial institutions, the government and the depositors to make better decisions in their deposit behaviours.

2. Related Literature

Banks can be defined as financial intermediaries permitted to receive deposits from individuals who are surplus spending units and transform the deposits received in the form of loan products to those who need it or the deficit spending units in the economy. The business of banking started in the Gold Coast colonial era with the intention to provide banking services to the enterprises from Britain and the colonial administration. The year 1896, Standard Chartered Bank previously known as the Bank of the British West Africa opened its first branch in Accra. Its accomplishment fascinated other foreign owned banks to start operations in Ghana, the then Gold Coast. The Colonial Bank also started its activities in the year 1918 and subsequently combined its operations with Anglo-Egyptian Bank, the National Bank of South Africa and Barclays Bank and became known as Barclays Bank.

The GCB bank was formed in 1953 as the premier financial institution to decrease the dominance of the sector by foreign banks. In 1957 after the independence of the Republic of Ghana, the Bank of Ghana was formed to take ownership and control over the country's currency. In the year 1974, other government owned banks and Development Financial Institutions were also established to improve the financial sector by providing banking services in the country. Banks formed between 1960s and the 1970s were mostly wholly owned by the government or the government has majority stakes in them. The Government began to privatize some banks that were previously owed by the state in order to liberalize the financial sector which led to the entrance of so many foreign owned banks into the banking industry and increase in the number of local banks.

There was enhanced savings, deepening of financial services, higher deposit mobilization and competition in the banking industry after the liberalization of the financial sector. Strategic Plan (FINSSIP) and Financial Sector Adjustment Programme (FINSAP). The rate at which banks were lending however was relatively high with wide spread between lending rates and deposits. When the banking Act was introduced in 2004, it led to the removal of secondary reserves and adjustments in the requirement of the minimum capital. Minimum capital of banks was increased to GHS 60 million in 2007, increased to GHS100 in 2013, GHS 120 million in 2015 and finally increased to 400 million by end of 2018.

The new banking Act introduced the issuance of the Universal banking licenses to banks, this permits banks to provide wide variety of banking services to clients. Acquisitions and Mergers of some the banks also emerge in an attempt to meet the minimum capital requirement. Currently, there are 35 universal banks operating in the country with 18 foreign-owned and 17 Ghanaian-own. It is anticipated that more banks would merge because they may not be able to meet the new capital requirement of GHS400 million before end of December 2018.

Banking Act, 2004 Act 673 also permitted banks to provide safe custody of valuables for their clients. Banks provides custody services when they take care of vital documents or other valuable belongings for someone in return for a regular charge. (Wang, 2010) argued that it is not only valuables, properties and documents that are kept at the bank. Keeping money at the bank also protects the money from burglary, fire, flood and even misplacement. Banks therefore keeps safe your money for future use.

In July 2016, the Deposit Protection Bill, 2015 was passed to protect customers and depositors from unanticipated situations that may lead to loss of customer deposits. In general, the law aimed to establish two different entities, The Deposit Protection Corporation essentially is to manage the scheme effectively and efficiently. The Deposit Protection Fund creates the resources needed for the running of the scheme. The Bill is fundamentally an insurance scheme that entitles depositors to amount GHS6,250.50 in compensation for deposits made with banks and an amount of GHS1,250.50 also for depositors with specialized deposit taking organizations. Amongst agitations for an upward review of the compensation that is available to depositors in times of crisis, the scheme is regarded as a commendable step in instituting a scheme for depositors and introducing confidence in the country's banking sector. The scheme is however yet to completely operationalized.

Bank of Ghana conducted a thorough Asset Quality Review (AQR) in 2016, it has shown severe worsening in the quality of asset in many banks in the sub-sector. The Asset Quality Review revealed substantial provisioning deficits in a subset of banks. These toxic balance sheets of banks have a role in the decline of credit to the private businesses and rates for lending rates and spreads, undermining the influence of monetary policy rate to the whole economy through market rate. The Bank of Ghana's supervisory reports also revealed that some of the banks lacked good corporate governance structures and more troublingly, was the interference of board and management responsibilities which significantly weakened risk management and credit policies of the banks. It is evidence that there were several management/owner conflicts in a number of banks, in addition to related lending practices without due processes and laid down procedures.

Despite the relative stability of the banking industry, several of these institutions have collapsed over the period endangering depositor's funds. The problem reflected in the Microfinance subsector including MFCs, RCBs, FNGOs and MLCs and the level of distress in the subsector has been characterized by severe impaired capital; failure to meet regulatory capital adequacy requirements; poor asset quality and worsening liquidity issues. These have led to threats of depositors' funds resulting eroding public confidence in the banking sector and undermining all efforts to encourage financial inclusion. From the 566 licensed MFIs in 2018, 211 representing 37.28% are active but distressed or in some cases folded up. Again, about 141 RCBs, 37 representing 26.24% are active but distressed and in some cases folded up. In summary, it is projected that from the total 707 organizations in the sub-sector, 272 constituting 38.5% are probably at risk of collapsing. The above development indicates that, about GH₵740.5 million is owed to an approximately 705,000 customers of the distressed or folded up institutions. In significance terms, the deposits under distress constitutes 8.81 percent and 52.4 percent of industry total deposits (State of the bank, 2018).

Beside the above observations, there has been a collapsed of major financial institutions. Akrong, 2018 is of the view that at the moment, there is no banking crisis. What we are experiencing now is asset quality crisis which is under a manageable scale. In his research, there are about nine banks with comparable problems largely because their assets have been written down as a resulting from high asset quality problems.

A significant indicator of the efficiency and success of any financial institution is the degree to which it is able to attract and mobilize the savings of the public in the form of deposit. However, deposit mobilization is very difficult task. Factors which influence customer deposits decisions could be classified into two, namely exogenous and endogenous factors. Exogenous factors are the general economic environment of the region that the bank operates in. These factors are not within the control of the institutions. Those factors that are within the control of the bank specific are termed endogenous (Desinga, 1975).

One effective factor that is influencing customers to deposit funds in banking system is the rate of interest being offered on the deposit. It is mentioned that interest is one of the major determining factors for deposits in commercial banks deposits (Mohammad and Mahdi, 2010). Philip (1968), also indicated that when attractive interest rate on bank deposits is offered, it may be considered to have had a beneficial outcome and attracts more customers to deposit more funds. All things being equal, a high deposit rate higher deposit compared with lower interest rate. Herald and Heiko (2009), indicated that inflation is one of the key factors that determine commercial banks deposits. Inflation in the persistence increase in the price of a commodity over a given period of time. As price increases, household expenditure increases and thereby reduces their amount of savings hence deposit. In like manner, a price reduces, household expenditure reduces and household are able to save more that affects their deposit. High inflation rates reduce the real value of deposits (Baqui et al, 1987)

Economic performance of an entity for example a nation is normally measured through Gross Domestic Product (GDP), an important indicator that has become the de facto universal metric for measuring 'standards of living (Yanne et al, 2007). According to Herald and Heiko (2009), economic growth influences customer's deposit decisions into bank accounts. GDP is calculated by adding all the value added at each stage of production value chain (deducting the impute cost and materials purchased cost from an industry's suppliers). Research indicates that increase in economic growth is positively related to bank deposits. Aggregate shocks in the general economy affect the level deposits and interest rates offered on deposits. In crises period, regardless of the fundamentals of the bank and its investors' risk-taking responsiveness of the bank increases in the aftermath crises (Maria and Sergio, 2001). Therefore, given all other variables, the shocks that happened in the economy can influence the customers deposit making decisions. In a volatile period in global financial markets or lower global liquidity has the tendency to render probable international depositors more unwilling to deposit funds in the country.

Liquidity management of banks involves having enough liquid asset in the form of cash to meet the bank's obligation to depositors when they are fall due (Voon-Choong et al, 2010). Banks that are liquid as well as those with a higher loan exposure are connected with higher deposit growth. Herald and Heiko (2009), indicated that the liquidity condition of the bank plays a significant role in influencing banks deposit growth and customers decision to transact business with these banks. Liquidity measures the ability and affluence with which assets can turned into physical cash. Asset that are liquid are the once that are convertible into physical cash swiftly to meet the banks financial commitments if needed. In order to continue to be viable as a financial institution, it must be a considerable liquid asset to counter its near-term financial commitments like customers withdrawals. A liquid bank attracts more deposit that illiquid bank.

According to Baqui et al (1987), it is argued that demand for deposits is greatly influenced by education that is the people being aware of banking services. Since the study of Baqui et al (1987) conducted by taking rural area as its base it is obvious that it considers the awareness as a factor of deposit mobilization. The study found that awareness and proximity about banking services positively influence deposits. Erna and Ekki (2004) found out that there is a long-term relationship between deposit of commercial banks and the profitability of the banks. Higher profits declared by bank would tend to signal that the bank is sound, this could make it easier for these banks to attract more deposit from clients (Herald and Heiko, 2009). As banks profit increases, it sends an indication that the bank is strong and that influences to some extent customers decision to deposit their funds in that bank. Low profit on the other hand negatively affects customer deposit.

3. Data and Methodology

The target population for the study consisted of all individuals inMadina Municipality of Ghana who owned bank account or otherwise. Madinawas selected because it is a cosmopolitan with diverse backgroundof people. It is an area with several commercial banks and other smaller financial institutions. It was therefore easier to get lot of people with accounts and those without accounts that provided necessary information for the research. The researchers employed the probability sampling method by selecting 150 randomly from different households. The research made use of both primary and secondary data for the study. Business magazines, brochures, journals, internet, relevant articles, newspapers and other long essays, which covered the area research were properly referenced. Primary data were gathered from respondents through questionnaire. The rationale of employing the above techniques was to collect enough information for the research problem. The procedure adopted in the study was to solicit data by the usage of interviews and questionnaires that were structured. The systematic gathering of questions directed to a sampling of population from which information is desired is kwon as questionnaire (Barr et al, 2010). The questionnaire included both open-ended and close-ended questions. The researcher used Microsoft Excel to code and analyzes the collected responses from questionnaires. Descriptive statistical techniques are adopted for analysis of data collected from questionnaire responses of respondents. In so doing frequency tables and percentages were applied. Data collected from interview discussion was organized as per the questions designed and are incorporated in the data discussion and interpretation part of the study. Conclusions and recommendation were drawn based on the data analysis and interpretation using Statistical Package for Solutions and Services (SPSS) and google forms.

4. Results and Discussion

4.1. The Type of Financial Institution.

From the below table, a total of 96 respondents making up to about 66% of the respondents have account with Universal banks, 23% with Savings and Loans Companies, 6.9% bank with Microfinance companies with only 4 respondents representing 2.67% of respondents have account with Rural Banks.

	Frequency	Percentage
Microfinance Company	10	6.90
Rural Bank	4	2.67
Savings and Loans	35	23.33
Universal Bank	96	66.70
Total	150	100.00

Table 1: Type of Financial Institution
Field work 2018

4.2. Number of Banks Respondents Operate Account With

On the quest above, most respondents indicated that they operate accounts with 1 institution. This was made up of 43.33% of the respondents as indicated in table 4 below. Moreover, about 41.3% indicated that they operate with two banks. 17 respondents representing 11.33 % indicates they operate accounts with 3 different institutions whiles 6 respondents operates with 4 or more institutions. It can be said that there might be some underlining factors why respondent may have account with several institutions.

	Frequency	Percentage
One	65	43.33
Two	62	41.33
Three	17	11.33
Four and Above	6	4.00
Total	150	100.00

Table 2: Number of Banks Respondents Operates Accounts with
Field Work 2018

4.3. Types of Accounts Owned with Banks

Enquiries on respondents' type of accounts they operate with their banks indicated in the table below shows that most respondents have either saving or fixed deposits account. This is probably because they are interest bearing compared with the current account holders which is 23.33% of the total respondents. 5% however had more than one account.

	Frequency	Percentage
Savings and Investment	60	40.00
Current	35	23.33
Fixed Deposit	50	33.33
More than one type.	5	3.33
Total	150	100.00

Table 3: Type of Accounts Owned with Banks
Field Work 2018

4.4. Strategies Used by Banks to Attract Customers

	Frequency	Percentage
Through an agency of the bank	5	3.33
Though public audio or visual communication in the media by the bank (advertisement)	38	25.33
Face to face presentation of the products and services by a staff of the bank	32	21.33
Recommendation from a friend and or family member.	28	18.67
Promotional activities that attract customers	47	31.33
Total	150	100

Table 4: Strategies Used by Banks to Attract Customers
Field Work 2018

From the above, 5 respondents representing only 3.33 got attracted to their banks through an agent. 38 representing 25.55 establish their banking relationships with their banks through an advertisement in the media. 21% of respondents through face-to-face presentation with a bank staff, 18.67 through recommendations through friends and family members and the majority through promotional activities of their banks that is 47 respondents representing 31.33%

Table 5 presents results on customers' responses on factors that affect their decision to operate a bank account with a particular financial institution. Table 9 specifically presents results on the effect of six variables, interest rate offered on deposit, service delivery of bank, size of bank, profitability and performance of the bank, proximity of the bank to customer residence and friends in the bank on customer decision to operate an account in a bank.

From Table 5 the total number of responses (N) is 150 for all questions. The mean response to the assertion that the interest banks offer on deposit influence customer decision to operate an account with a bank is 2.22 and the standard deviation associated with the mean is 1.128. The mean response of 2.22 suggests that respondents generally are of the view that interest on deposits influences their decision to operate a bank account with a particular bank. However, the standard deviation of 1.128 is high. This is corroborated by the large range of 4 and therefore suggests that the mean response of 2.220 is not by consensus as a large number of respondents selected other options other than influence. The results on the assertion that service delivery of banks influence decision to operate of bank account revealed a mean response of 2.167 and a standard deviation of 1.24. This means that on the average, respondents suggest service delivery influence but the standard deviation 1.24 is high and therefore suggest that a large number of respondents stated something else other than what the mean suggest. The range of 4 confirms the fact that a large number of responses differed from 2.167.

The results on the analysis of size of bank as a determinant of customer decision to operate a bank account showed that the customer is indifferent with the assertion that bank size is important in customer decision to operate a bank account. This is evident by the mean response of 3.267. however, the standard deviation of 1.522 suggest that the mean response which suggest that respondents were indifferent the statement that bank size influence customer decision to operate an account is not by consensus as a large number of respondents also selected other options.

The study also analysed the effect of profitability and performance of bank on customer decision to operate a bank account. The results as presented on Table 4 suggests a mean response of 3.8 which indicates that on the average, respondents are of the view that profitability and performance of a bank does not influence customers to operate a bank account with a bank. However, the standard deviation of 1.08 is large and therefore suggests that even though profitability and performance of a bank does not influence customer decision to operate a bank account, there are outlier responses to suggest that the mean response is not by consensus.

Table 4 also analysed the effect of proximity of the bank to customer residence on customer decision to operate bank account. The results of the analysis revealed a mean response of 3.3 which suggests that respondents were indifferent. However, the standard deviation is as high as 1.329 which suggests that there are a large number of respondents whose responses deviated from the mean response. This is evident by the range of 4, a minimum of 1 and a maximum of 5 responses.

Table 4 also presents results on the effect of friends a customer has in the bank on customer decision to operate a bank account. The results revealed a mean response of 2.97 which suggests that respondents were indifferent. The standard deviation of 1.4 is high and therefore indicates that the mean response that suggests respondents were indifferent was not by consensus.

	N	Minimum	Maximum	Mean	Std. Deviation
The relative(s) you have in the bank	150	1.00	5.00	2.7467	1.33204
The account opening process	150	1.00	5.00	2.8867	1.45416
The cost of operating the bank account	150	1.00	5.00	3.5067	1.23019

Table 5: Factors Influencing Bank Customers Decision to Operate a Bank Account
Field work 2018

Table 5 also presents effect of a relative in the bank, account opening process and the cost of operating the bank account. The result reveals a mean response of 2.74 which suggests that on the average respondent believe relatives in the bank influence their decision to open bank account. However, the standard deviation of 1.33 is high enough to suggest that the mean response of 2.74 is not representative enough. Table5 also presents results on the effect of account opening process on customer decision to open bank account. The analysis revealed a mean response of 2.88 which suggests that on the average respondents are of the view that account opening processes influence customer decision to operate account. The standard deviation associated with the mean response of 2.88 is 1.45 is high to suggest that there are some outlier responses which means the mean response is not representative enough. Table 5 also presents results on the effect of cost of operating the bank account on customer decision to operate bank account. The analysis revealed a mean response of 3.51 which suggests that respondents were indifferent. However, the standard deviation of 1.23 which is high and suggest that there are outlier responses which means the mean response may not be representative enough. The findings of the study to the extent that interest rate offered on deposit is a determinant of customer decision to operate a bank account is consistent with authors such as Mohammad and Mahdi (2010) who found that interest offered on deposit is a critical element that influence customer decision on whether or not to operate a bank account. It is important to note that generally in the face of high inflation as is the case of Ghana, you require deposit interest rate high enough to offset the losses resulting from high inflation, hence the probable reason why interest on deposit is key in determining whether or not a person operates a bank account.

Customers of banks generally expect to be served to satisfaction. The positive relationship between service delivery quality and bank customers' willingness to operate a bank account (Baqui et al, 1987) is confirmed in the current study. This is also in tandem with expectation especially in a competitive banking sector where customers have a lower switching cost. A country like Ghana with several banks offering homogeneous services, what makes the difference to get a customer to operate and retain the account is certainly the quality of service being delivered. It is therefore in agreement with logic and empirical findings. The revelation that the size of bank is not an important variable suggests that the asset base or size of a bank asset is not an important variable customer consider in operating an account with a bank. This is against expectation as smaller banks are generally prone to liquidity risk relative to bigger banks. What probably has resulted in this anomaly is the general lack of financial literacy to understand the benefit of banking with a big bank relative to a small bank.

Erna and Ekiki (2004) have shown that profit of a bank signals sound of a bank and therefore as profit rises, customer is willing to operate an account with the bank. The finding of the study is however at variance with Erna and Ekiki (2004). Financial illiteracy as in the case of bank size is the most likely reason for this anomaly. Herald and Heiko (2009) showed that large profit is what attracts customers but the finding suggests otherwise. In an economy where most people are not financially literate and where bank do not disclose it financials profit of a bank may not communicate anything to the customer or the customer may not even be aware of the bank's profit.

Proximity and friends that a customer has in a bank were found to be irrelevant to customer decision to operate a bank account. Referrals are general one-way banks win customers. In the banking sector, because of the effect of trust and security of deposit customers' referrals through trusted people such as relatives is usually a dominant determinant of customer decision to operate an account. This is however, in agreement with the findings of the study. Information flow from bank to customers is important to arm relatives who have an association with a bank to influence others to open an account.

Cost of operating a bank account and security of bank premises which are expected to be a cardinal factor in determining whether or not a customer will operate a bank account. However, findings of the current study have suggested otherwise. The findings of the study saw stability of bank as an important determinant of a customer decision to operate a bank account. This is supported by studies by the Bank of Ghana (2016) which showed bank asset deterioration is a source of bank collapse which potentially discourages customers from operating bank account.

4.5. View of Customers on Uncertainty in the Banking Sector

Table 5 also presented results on the view of customers on the security of their investment with their banks. The analysis revealed that customers are not sure whether their investment with the banks are secure or not that is about 48.67% of the respondent are neutral. 37 respondents representing 24.67 are uncertain that their investments are secure with their banks. Only 40 respondents representing only 26.67 percent are certain that their investments are safe with their banks. If the 24.67% of the bank customers decides to troop to their banks to withdraw their money because they are not sure their monies are secure with their banks, it can lead to a panic withdrawal forcing banks into insolvent. This is likely to affect the majority 48.67 percent that are neutral.

5. Conclusions and Recommendations

The study revealed that the size of the bank, performance and profitability of the bank, the proximity of the bank to the customer's residence and the cost of operating the bank account does not necessarily influence the customer's decision to operate a bank account with a particular institution. Respondents were indifferent on whether their investments were secure with their banks and the account opening process. The findings however showed that there are numerous factors that influence customer decision to operate an account. This includes:the interest rate offered on deposit, the service delivery of banks, friend(s) and relative referrals and the stability of the banking industry in general. The study also shows generally that customer are not sure whether their investment with the banks is secure or not. It was also revealed from the study that promotional activities were the strategies used by the banks to attract new customers. It was revealed from the study that customers were not sure whether their investments are secure with their banks or not.

This could undermine the government attempt to increase financial inclusion in the country. The study has also revealed the lack of appreciation of financial information by the respondent. Important variable like the cost of operating the bank account does not affect influence customers decision to operate a bank account. Profitability and performance of the banks that primarily determine whether the bank is sound or not do not also influence customer's decision to operate a bank account. The study however revealed that interest rate for example significantly influences customer's decision regardless of the performance and profitability of the bank. This is a major risk to the nation since any firm offering high interest rate is likely to attract deposit form individuals. It was noticed from the study that promotional activities were the strategies used by the banks to attract new customers. Cheaper strategies like agency banking are not being used by the banks to win new customers.

The researchers' recommendations from the study are directed to the three major stakeholders that this study has identified. These stakeholders are the government, the banks and the customers. Based on the findings, the researchers suggest that the government takes steps to regulate interest rate offered on deposit. Proper analysis of the banks to ensure that they do not offer rates that would eventually collapse the sector. If institutions only offer high rate to customers only to attract new clients, that institution may not be able to repay the principal with the interest should customers demand for that. We further suggest that the government and the central bank take to bring stability to the industry since customers are not sure whether their investment is safe with the banks. This would further undermine all efforts to increase financial inclusion if the citizens do not trust the banking sector. The governments should increase financial literacy to the citizens on the indicators of soundness of the bank. In this regard, citizen would not be sworn away by higher interest rate being offered by smaller institutions.

The researchers also suggest that the banks adopt cheaper client's acquisition strategies like agency banking that shifts most of the cost to the agents. Promotion strategies and advertisements are generally higher that would erode the profit of the banks. Banks should educate their clients on all other benefits of having a bank accounts apart from interest earned on the investments. This would prevent them from losing their clients to other competitors offering higher rates on deposits. Finally, it was also recommended that all bank customers should take keen interest in the cost of operating their bank accounts. Bank customer should find out from their bankers on the charges on services like ATM charges, Account maintenance fee, cheque book ordering fee etc. They should compare their service fee with other banks because this can significantly affect their investment if not managed

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