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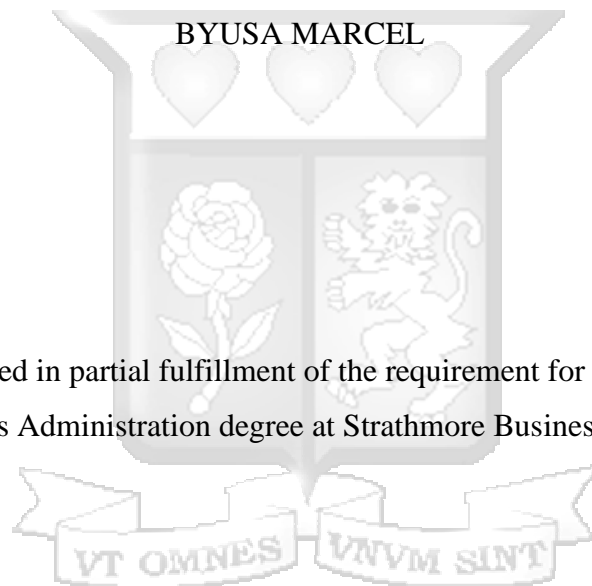
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FACTORS INFLUENCING SAVINGS MOBILIZATION BY COMMERCIAL BANKS IN RWANDA



A dissertation submitted in partial fulfillment of the requirement for the award of Master of
Business Administration degree at Strathmore Business School

April, 2016

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DECLARATION

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April, 2016

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DEDICATION

This dissertation is dedicated to my family, especially my parents for the encouragement and support they rendered to me during my study.



ACKNOWLEDGEMENT

I am very grateful to my supervisor Professor Robert Mudida who guided and supported me right from the inception of this idea to the end. His commitment in assisting me enabled me complete this work in time.

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Finally, I am thankful to the Almighty God who saw me through the toughest moments of this program.

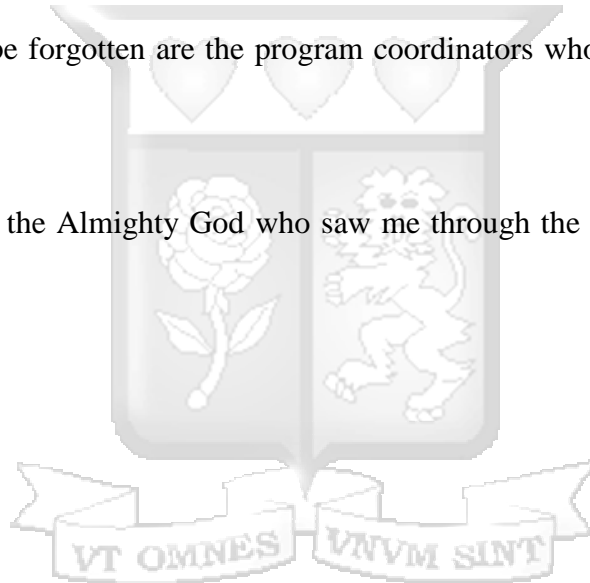


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ACRONYMS

BCR	Rwanda Cooperative Bank
BNR	National Bank of Rwanda
BRD	Rwanda Development Bank
CVR	Content Validity Ratio
GDP	Gross Domestic Product
KCB	Kenya Commercial Bank
MFI	Microfinance Institutions
NISR	National Institute of Statistics of Rwanda
RSSP	Rural Sector Support Program
ROSCA	Rotating Savings and Credit Cooperative Associations
SACS	Savings and Credit Associations
SACCO	Savings and Credit Cooperative Association
SPSS	Statistical Package for Social Scientists



ABSTRACT

This study sought to establish the trends in savings mobilization in Commercial Banks of Rwanda, and establish the extent to which the institutional and external factors influence the savings mobilization function by commercial banks. The study employed a cross sectional research design to gather the views of 35 bank staff directly engaged in the savings mobilization function in 5 commercial banks. The study made use of qualitative and quantitative approaches. The descriptive analysis revealed a decreasing rate of savings mobilization by commercial banks with the current status considered unsatisfactorily. The Correlation and Binary Logit Model results revealed a significant influence of institutional and external environmental factors on savings mobilization. The institutional factors were: inappropriate work incentives characterized by inadequate salary enumeration which does not foster staff motivation and commitment to the savings mobilization function; and inappropriate rewards and sanctions which do not significantly impact on employee motivation, job commitment and performance in savings mobilization. The major external factor was competition with other deposit-taking institutions which is partly attributed to conducive regulatory environment provided by the National Bank of Rwanda which fosters entry of many other players such as Micro Finance Institutions, SACCOs in the financial sector offering similar deposit products and therefore sharing on the clientele base. In light of these findings, the leadership and management of commercial banks need to re-focus their performance management policies and strategies towards improving remuneration of employees to enhance staff motivation and job commitment. The banks should also devise innovative measures to position more strategically and competitively to attract more savings, and thereby mitigate the negative impact of competition with other deposit-taking institutions on their performance in savings mobilization

CHAPTER ONE

INTRODUCTION

1.1 Chapter Overview

This chapter presents the background of the study, statement of the problem, purpose of the study, objectives of the study, research questions, hypothesis, and scope of the study, significance, justification, operational definitions, terms and concepts used in the study.

1.2 Introduction

Real GDP growth for Rwanda slowed down to 4.6% in 2012 from 7.3% in 2012 due to the lower than programmed performance in agriculture and the aid-related delays in the implementation of strategic public investments following the suspension of budget support disbursements in 2012. Growth is projected to recover to 7% and 7.4% in 2014 and 2015 respectively due to the recovery in services, improvement in agriculture productivity and sustained implementation of the public investment programme (NBR, 2014)

1.3 Saving mobilization: relevancy and constraints

Supporting savings mobilization is fundamental to building inclusive financial systems though a majority of funders still focus on scaling up access to credit, rather than savings because credit has been regarded as having the most direct link to increasing incomes (Glisovic, El-zoghbi & Forster, 2011; Maimbo & Mavrotas, 2003). Financial capital flows and foreign aid to developing countries has proven ineffective in reducing credit constraints faced by developing countries

(Addison, 2007). Based on this premise, the need for domestic resource mobilization to fuel domestic investments and economic development has been emphasized in previous studies (Laura, Alfred & Sylvia, 1999; Guha-Khasnobis & Mavrotas, 2008b; Honohan, 2004; Kelly & Mavrotas, 2008;, 2008a; Ang, 2010). Consequently, countries have invested in developing financial systems that can efficiently pool the savings of diverse households and make them available to borrowers. At a micro level, savings offer security of funds, ready access or liquidity, positive real return and convenience in order to meet the various needs of the particular saver. Short of this, individual rely upon inappropriate in-kind savings such as savings in the form of gold, animals or raw Materials (Laura et al., 1999; Glisovic *et al.* 2011). Household studies consistently show that poor people save and that unbanked households already use a variety of informal savings instruments to manage their small and unpredictable incomes. These instruments include saving at home, investing in gold or livestock, or membership in a savings club (Glisovic et al., 2011).

Generally, savings are a source of funds with low financial costs, that is to say interest costs, compared to other commercial funds Bass & Henderson (2000). With regard to financial costs, most of the institutions apply a differentiated interest rate schedule, compensating for the higher administrative costs with no or low interest rates on small savings and increasing them according to the size of the deposit (Elser, Hannig, & Wisniwski, 1999). Bass & Henderson (2000) Brafu- insaidoo and Ahiakpor (2011) on the other hand echoed the significance of savings and deposits in transforming the livelihoods of the poor by stating that deposit services allow low-income households to save for large expenses like dowries or school fees, accumulate funds for future investment such as purchasing a cow, or prepare for periods such as the rainy season when they

may have little or no income. The author added that access to savings services can protect low-income households by making them less vulnerable and giving them the opportunity for a positive real return. In a related study, Dupas and Robinson (2013) found that access to an account had a substantial, positive impact on levels of productive investments among market women and, within six months, led to higher income levels, as proxied by expenditures. However, regardless of the adduced reasons for savings, the poor in society are constrained in accessing savings and credit facilities offered by the formal financial institutions because commercial banks perceive doing business with the poor and microenterprises to be expensive and highly risky (Brafu-insaidoo & Ahiakpor, 2011).

The rural household's decision to consume present or in the future is influenced by the current or permanent income. Therefore, there is need for incentives for such households to save and maintain sizeable amounts of their savings with formal financial institutions. The significance of 'incentives' as a factor influencing savings is that although there has been a long footing fright about the effects of the level of per family income upon proportion of income that is saved (Nayak, 2013).

Despite the relevance of savings, Sub-Saharan African countries experience challenges of saving mobilization. It is generally believed that Low-income countries often lack an appropriate financial sector to provide incentives for individuals to save, and acts as an efficient intermediary to convert these savings into credit for borrowers (Brafu-insaidoo & Ahiakpor, 2011). The low savings phenomenon is believed to be multidimensional with a complex causality structure. The literature on savings mobilization elsewhere rather than Rwanda identifies a variety of factors

likely to influence savings mobilization. These are; the institutional type, governance and organizational structure, appropriateness of savings products and technologies; management capabilities, (with special attention to risk and liquidity management) and the regulatory environment (Maimbo & Mavrotas; 2003; Elser et al., 1999; Ngenadakuriyo, 2014 ; Pearce, Davis, Onumah, & Butterworth, 2004); Tennant, 2007; Dahou, omar and Pfister 2009). These elements have been analyzed and specific strategies on how to successfully mobilize savings identified in the context of financial institutions in other countries. Broadly, the factors are external and internal to the financial institutions. External factors concern the financial regulatory environment such as policies on foreign exchange, the level of competition with other savings mobilization institutions such as insurance companies, employee savings schemes; poverty and unemployment levels (Maimbo & Mavrotas, 2003). The internal factors comprise of internal performance management control measures i.e, governance and management structures, policies, performance standards and incentives.

1.4 The Rwanda context

Banking service operations in Rwanda date back to early 1960, from the oldest banks of BCR and Bank of Kigali respectively. In the last seven years, the government has consistently promoted high savings as part of its national development policy which have culminated into rapid development in the financial sector characterized by a strengthened legal, regulatory and supervisory framework (BNR, 2014). Rwanda's vision 2020 sets the stage for major financial sector reforms, such as the Financial Sector Development Program (FSDP) launched in 2006 with the aim to develop a stable and sound financial sector in Rwanda by enhancing access to affordable financial services and developing financial institutions and market incentives that will

facilitate a culture of savings and long-term investment. The National savings mobilization strategy aims to increase the domestic savings up to 18%, the level necessary to match the required level of investment. The strategy is built on six pillars that is to say macroeconomic stability, development of institutionalized savings, expansion of the financial infrastructure and intermediation, development of secure and diversified means of savings, building capacity and efficiency of intermediation, and increased awareness of tangible benefit of savings. The strategy identifies key constraints to savings mobilization including inadequate capacity to save due low income, the anti-saving mentality, inappropriate savings products, and macro-economic stability issues of high inflation (ROR, 2008).

Rwanda's banking sector is composed of banks (development, commercial and cooperative), thousands of Microfinance Institutions (MFIs) and small Rotating Savings and Credit Associations' (ROSCAs) Aeschliman, Murekezi, and Ndoshoboye (2007) (Aeschliman *et al.*, 2007). It is important to note that in the context of this study, the central bank had by 2015 officially registered 13 commercial banks translating into an increment of 7 commercial banks from 2007. Ideally, the institutions operate under differing internal management policies, regulations and performance control mechanisms. Overall, the banking sub-sector has continued to be profitable, liquid and well capitalized to sustain growth. In fact, almost all performance indicators remained above the regulatory requirements (BNR, 2014).

The national bank of Rwanda has actively engaged in Risk Based Supervision, revised and introduced new regulations such as interest rate liberalization as opposed to controls with the objective of developing a more market-driven financial system. In the face of liberalization,

commercial banks are allowed to set deposit and lending rates freely. As a result of the supportive regulatory environment, the banking sector has expanded with numerous branches of commercial banks established. Alongside, MFIs have sprung up with focus on offering appropriate savings and credit products to the rural population with savings and credit products.

However, while the developments are expected to create more incentives to save and a huge potential for increased savings and credit for financing economic development, statistics indicate fluctuating levels of savings mobilization (statistics). For example, between the years 2012 and 2014, deposit resources increased by 30.8% while loans (on-balance sheet) also increased by 14.3%. A recent survey on financial inclusion across the East African Region (Ngendakuriyo, 2014) evidenced that saving mobilization in Rwanda remains significantly lower (67.53%) compared to other countries like Kenya (74.08%), Tanzania (84.8%) and Uganda (91.65%). The study also evidenced disparities in modes of savings but with no account to why individuals prefer a particular mode. Specifically, 21% of savers deal with banks, 30% with MFIs or SACCOs, 49 with ROSCAs. Notably, 30% still save informally in secret places. A similar trend was reported by the Fin scope survey of 2012 (NISR, 2008)

Existence of alternative saving mobilization institutions competing for deposits, the magnitude of interest rates and a variety of economic sectors competing for resources potentially compromises the role of commercial banks in saving mobilization. The savings under the compulsory schemes could overshadow the contribution of commercial banks to aggregate national savings. It is however possible that competition with other deposit-taking institutions could have rendered commercial banks more innovative and performs better in terms of saving mobilization. This is supported by Nayak (2013) who found that 86.7 percent people save in form of cash in hand and

4 percent in form of paddy or cereals measured in terms of sack while 7 percent save in form of animals in a rural setting in India which shows a very big potential for rural savings mobilization.

1.5 Statement of the Research Problem

Commercial banks are believed to play a dominant role of mobilizing financial resources resource for investment and economic growth if they maintain high standards of performance in terms of maximizing the mobilization of savings which is transferable to the real sector. However, Rwanda's financial sector is experiencing fluctuating levels of performance in savings mobilization indicated by low clients' deposits (BNR, 2014; 2013; 2012; 2011; 2010; 2009). In fact, Rwanda's performance in saving mobilization remain lowest on the E.A region standing at (67.53%) compared to 74.08% for Kenya, 84.8% for Tanzania and 91.65% for Uganda ((Ngendakuriyo, 2014 East African Community, 2014). Besides, banks have the least share of clients by savings (21%) compared to other modes like MFIs, ROSCAs. Previous studies like Tennant (2007), Ang, (2011) open insight into institutional and external factors which are likely influencing factors for savings mobilization, although the literature on saving mobilization accessed in this study did not identify the trend in saving mobilization in commercial banks and the influencing factors. Consequently, current strategies to enhance saving mobilization in Rwanda remain deficient of such vital evidence which potentially compromises the prospects for saving mobilization to fuel economic growth. This study therefore set out to investigate the trend and factors influencing saving mobilization by commercial banks.

1.6 Purpose and objectives of the study

The overall aim of the study was to establish the trend and factors influencing savings mobilization by commercial banks for enhanced financial lending in Rwanda.

The specific objectives of the study are:

1. To establish the current status and trend of saving mobilization by commercial banks in Rwanda for the period 2010-2015.
2. To determine the influence of institutional factors on savings mobilization in commercial banks of Rwanda
3. To determine the influence of external environmental factors on savings mobilization by commercial banks in Rwanda

1.7 Research questions

1. What is the current status and trend of saving mobilization by commercial banks in Rwanda?
2. To what extent is the savings mobilization in commercial banks of Rwanda influenced by institutional factors?
3. To what extent do external environmental factors influence savings mobilization in commercial banks of Rwanda?

1.8 Justification of the study

Despite the critical role commercial banks can play in mobilizing savings for investment and economic growth (Guha-Khasnobis & Mavrotas, 2008; Honohan, 2004; Kelly & Mavrotas, 2008; Ang, 2010), the literature on saving mobilization accessed in this study did not identify the trend in saving mobilization in commercial banks and the influencing factors. Consequently, current strategies to enhance saving mobilization in Rwanda remain deficient of such vital evidence which potentially compromise the prospects for saving mobilization to fuel economic growth. This is a critical information gap which this study sought to fill.

The study also expands the existing body of knowledge on drivers of saving mobilization. In the context of Rwanda's financial sectors, the study generates evidences which financial service providers can rely on to develop strategic interventions to promote savings mobilization in the country.

1.9 Scope of the study

In line with the overall theme, the study in terms of geographical coverage extended to all commercial banks which have operated for not less than five years and whose functions involved deposit taking in the last five years (2010-2015). Regarding the time scope, the analysis of savings mobilization extended to the previous five years to understand the trend and draw a more valid inference on performance in savings mobilization. And in accordance with the study objectives, the analysis of savings mobilization influencing factors drew limits to the institutional

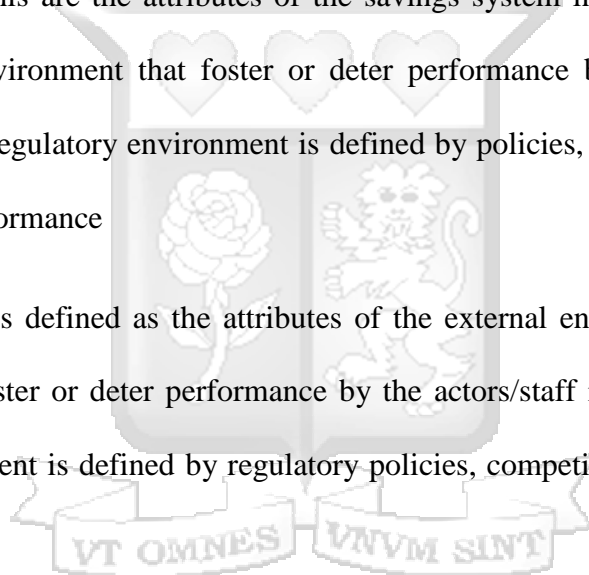
and external environment factors that were hypothesized to influence savings mobilization drawing from the theoretical and conceptual underpinnings gathered from literature.

1.10 Operational definitions

Savings mobilization: This is defined as taking of money from clients for storage into their bank accounts which is later withdrawn for consumption or investment

Institutional factors: These are the attributes of the savings system internal in the commercial banks that create an environment that fosters or deters performance by the actors/staff of the commercial banks. The regulatory environment is defined by policies, strategies, guidelines that create incentives for performance

External factors: This is defined as the attributes of the external environment to commercial banks that create and foster or deter performance by the actors/staff in the commercial banks. The regulatory environment is defined by regulatory policies, competition and income status of potential deposit clients



CHAPTER TWO

LITERATURE REVIEW

2.1 Chapter Overview

This chapter presents the reviewed literature on savings mobilization in accordance with the study objectives. It presents a theoretical conceptualization the role of financial institutions in saving mobilization, saving mobilization in Rwanda, and empirical evidence on factors that influence saving mobilization. The review also extends to empirical literature on savings mobilization influencing factors in developing countries and Rwanda with focus on intuitional and environment factors. Finally, a summary identifying the gaps and justifying the relevancy of this study is presented.

2.2 Theoretical conceptualization of savings

Savings is equated to income minus consumption (Henderson & Poole, 1991). In analysis of the factors influencing saving and investment in Nadowli district in the Upper West region of Ghana, Issahaku (2011) defined savings as income that is not consumed by immediately buying goods and services. The same author asserts that savings is a strategic variable in the theory of economic growth hence its role as a influencing of economic growth has been emphasized by classical economists like Adam Smith and David Ricardo.

The relevance of savings has been broadly articulated in literature. At a micro level, savings offer security of funds, ready access or liquidity, positive real return and convenience in order to meet the various needs of the particular saver. Sort of this, individuals rely upon inappropriate

in-kind savings such as savings in the form of gold, animals or raw Materials while at the macro level, savings are regarded a means of realizing sustainable economic growth without the burden of foreign indebtedness (Laura et al., 1999).

The relevance of savings mobilization to economic development has for long been stressed in a variety of literature. (Lewis; 1954) premises the need for savings mobilization on foreign Aid cuts in developing countries. According to Goldsmith (1969), such countries critically need rapid capital accumulation through creation of liquidity by financial institutions. Broadly, banks have for long been known to play a crucial role of financial intermediation (Khan, 2000; Bencivenga & Smith, 1991; Bagehot, 1986). They attract savings and credit for investment in efficient economic sectors (Levine, 1997). They attract risk averse savers to hold bank deposits rather than physical assets (Bencivenga & Smith, 1991). The role of financial intermediation is not completed without transferring funds to borrowers and investors in the real sectors of the economy through loans or financial investments like bonds notes, and other securities and stocks with effectiveness and efficiency. Rose & Kolari, 1995 observed that financial investments are likely to take a bigger share of the bank funds.

Several theories have been advanced to predict or underscore saving. Popular among the theories include; the life cycle theory (Modigliani & Brumberg, 1954); the permanent income hypothesis (Friedman, 1957); and the absolute income hypothesis (Keynes, 1936). The essential idea of the life-cycle hypothesis is that individuals (or households) try to keep their expenditures constant over the life-cycle. At times in life when income is lower than expected average life-cycle earnings, money would be borrowed; when income is higher than expected, the surplus would be saved. Saving behavior is most often described as a function of income and consumption. The

theory predicts that individuals hold their consumption constant over their lifetime; they save during their working years and draw down their savings during retirement.

The permanent income hypothesis argues that consumption is proportional to a consumer's estimate of permanent income. Money is saved for a period in life where income might be below this personal permanent income level. The underlying motive to save is the desire to smooth out fluctuations in income so that they save during periods of unusually high income and dissave during periods of unusually low income (Friedman, 1957).

The Keynesian theory of absolute Income Hypothesis asserts that the consumption level of a household depends on its absolute level (current level) of income. As income rises, saving increases but only after consumption is satisfied or when basic needs have been met. Building on the weakness of this theory, Katona's theory asserts that simply having money left over after expenditures on necessities does not translate into saving but rather willingness to save is critical. Those who are able to save still need to choose to do so, that is, they have to make a decision that requires some degree of will power.

The life cycle and permanent income theories point to an obvious assumption that individuals will automatically save depending on their level of income as current or anticipated in the future period. This may not be the case, particularly in lieu of the fact that willingness to save is critical as asserted in Katona's theory. Notably willingness to save could be a function of many factors besides consumption fulfillment at a particular level of income and desire to smoothen consumption amidst income fluctuations. It could be a function of availability of appropriate

saving modes, saving products, sensitization about savings. In the context of Rwanda, evidence indicates that individuals prefer saving under different modes (Ngendakuriyo, 2014) while others are not still saving at all. Besides, there are a number of and there a number of challenges from the supply side. It is possible that some individuals may choose not to save because of unfavorable services offered by the provider of saving services like banks in particular, or have not been sensitized enough by the banks. Notably, these services are mainly dependent on the staff and the performance enhancement mechanisms put in place to motivate employees and render them committed to mobilizing savings. From performance management literature, these include salary remunerations, rewards and sanctions, regular monitoring among others,

2.3 Savings mobilization in Rwanda

Saving mobilization is highly underscored under the institutional framework for achieving Rwanda's development aspirations in the vision 2020. The vision sets the stage for major financial sector reforms, such as the Financial Sector Development Program (FSDP) launched in 2006 with the aim to develop a stable and sound financial sector in Rwanda by enhancing access to affordable financial services and developing financial institutions and market incentives that will facilitate a culture of savings and long-term investment. The National savings mobilization strategy aims to increase the domestic savings up to 18%, the level necessary to match the required level of investment. The strategy is built on six pillars: macroeconomic stability, development of institutionalized savings, expansion of the financial infrastructure and intermediation, development of secure and diversified means of savings, building capacity and efficiency of intermediation, and increased awareness of tangible benefit of savings. The strategy identifies key constraints to savings mobilization including inadequate capacity to save due to

low income, the anti-saving mentality, inappropriate savings products, and macro-economic stability issues of high inflation (ROR, 2008). Similar challenges are also identified by the Finscope survey on financial inclusion in Rwanda (NISR, 2008).

Amidst the challenges, there is evidence that Rwanda's financial sector is improving in aspects of coverage with financial services and modernization of the banking sector but not in saving mobilization. For example, the number of banks has increased by 40%, from 10 in 2010 to 14 in 2012; MFIs from 125 in the year 2008 to 491 by the year 2012, including Umurenge SACCOs while insurance companies by 45%, from nine in 2010 to 12 in 2012, and pension providers by 37%, from 41 in 2010 to 56 by 2012 (Proskurovska 2012). In addition, agent banking, mobile banking, ATMs and mobile money have been introduced to drive financial inclusion in Rwanda. The 2008 FinScope Survey revealed that the percentage of Rwanda's population accessing formal financial services has doubled from 21% to 42% and those completely excluded from the formal financial systems dropped by almost half, from 52% to 28% between 2008 and 2012. However, regarding saving mobilization, a recent survey on financial inclusion across the East African Region (East African Community, 2014) evidenced that saving mobilization in Rwanda remains significantly lower (67.53%) compared to other countries like Kenya (74.08%), Tanzania (84.8%) and Uganda (91.65%).

The study by the Ngendakuriyo(2014) also established a significant difference in modes of savings and underscored the significance of income in influencing savings both in terms of intensity and mode. Specifically, individuals are more likely to save informally in secret places or home and with ROSCAs than with formal financial institutions like banks. This is consistent

with the findings in the Finscope survey of 2012. Figure 2.1 presents percentage distribution of individuals by modes of savings

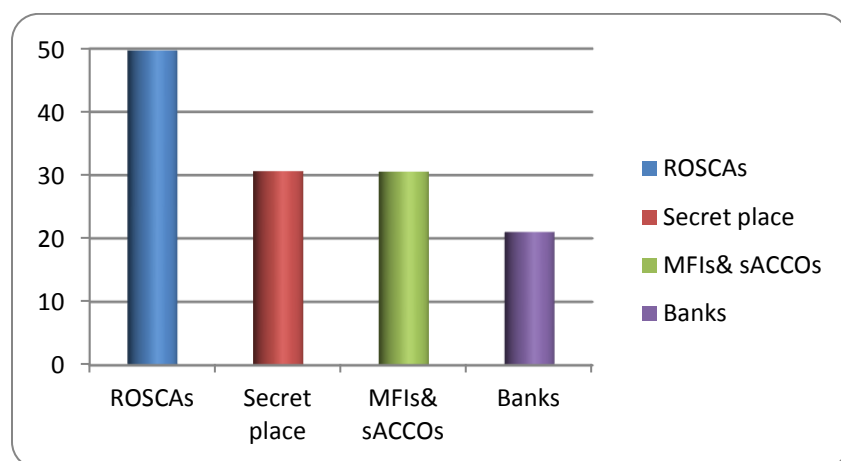


Figure 2.1: Percentage distribution of clients by modes of saving

Source: Extract from Finscope Data (2008) and EAC, (2014)

Regarding the income effect, increase in incomes was observed to bear a high likelihood of increasing saving in banks and a reduced likelihood of saving in ROSCAs and secret places (Ngendakuriyo, 2014). This is consistent with other studies elsewhere regarding the income effect on saving rate and mode (Bayramli & Kostoglou, 2010).

2.4 Factors influencing savings mobilization: Empirical evidence from developing countries

The literature on savings bears a wide focus on influencing factors. The factors identified in these studies basically relates to what influences savers' ability to save. The factors can be perceived in three dimensions. First are the socio-economic attributes of the savers including gender, Age, education, income, and household size; second their willingness, motivation and

opportunity to save; and third are institutional factors such as the regulatory environment characterized by interest rate, inflation rate and government policies; institutional arrangements to incentivize savings such as contractual saving plans, savings products and strategies like such as low minimum balance, interest for even small savings as well as staff performance incentives to improve effectiveness and efficiency including bonuses, rewards, sanctions, training, staff supervision, among others (Laura et al., 1999).

Notably, the institutional factors influence the second category (willingness, motivation and opportunity to save) and are therefore focused on in this study as the primary factors influencing saving mobilization. For example increasing taxation, if direct, reduces available income to household and if indirect, lowers the purchasing power of existing personal incomes, hence reduces the ability to save. In contrast, interest rates may or may not motivate people to save depending on the amount one saves. Where amount saved is small to attract high interest, individuals may prefer saving with indigenous association that grants them security, credit and social standing inside the local community.

The significance of socio-economic attributes of the saver in influencing saving has been underscored in many studies in the Sub-Saharan African and developing countries context. For example in Uganda (Kiiza & Pederson, 2001); Kenya (Kibet et al., 2009); India (Abdelkhalek et al., 2009); Philippines (Rehman et al., 2011) identify the factors that influence savings. Han and Sherraden (2005) noted that institutional model of saving suggests that institutional factors greatly influence an individual's ability to save. In contrast, little attention has been made on exploring the institutional factors including the context of Rwanda's banking sector, yet they

bear potential to influence savers' willingness, motivation and opportunity to save as observed by). For example, banks need appropriate saving products and strategies to attract and motivate savers. They need to reach out to savers and sensitize them about savings and where possible draw services closer to them. However, realizing all these requires a team of adequately motivated, committed and hardworking staff which depends on the performance incentives not only institutionalized by way of policies, standards regulations but also implemented. Sub-chapters 2.1 and 2.2 further analyze empirical studies which have underscored the significance of institutional factors both internal and external to the banks in influencing savings.

2.4.1 Institutional factors and saving mobilization

Laura et al. (1999) argues that people are willing and have capacity to save with commercial institutions but can only do so if the institutions offer appropriate saving products and an appropriate institutional structure and regulatory environment to guarantee safety of their funds, ease of immediate access and positive real returns to savings. A number of empirical literature open insights into crucial factors that are likely to affect the role played by financial institutions in savings mobilization. These are; the institutional type, governance and organizational structure, appropriateness of savings products and technologies; management capabilities, (with special attention to risk and liquidity management) and the regulatory environment. These elements have been analyzed and specific strategies on how to successfully mobilize savings identified in the context of financial institutions in other countries. Similarly, Maimbo and Mavrotas (2003) observed a changing trend in aggregate savings as well as private and government savings in overtime in Zambia. This change was attributed to the financial institutional reforms as well as the decline in government foreign debt.

Institutional type bears a strong impact on customers' perception of a financial institution. In the absence of an official deposit insurance system, public ownership makes financial institutions reliable and secure partners for savers which makes depositors confident that the government will protect them in the case of a severe liquidity or solvency crisis (Elser *et al.*, 1999). On the other hand, Maimbo and Mavrotas (2003) singled out major institutional factors that retard savings mobilization by banks as the poor state of the economy, bank closures, foreign exchange liberalization, the absence of rural financial savings institutions and the parastatal sector reforms instituted by the state.

Bank outreach is also a key factor in savings mobilization. Most savings especially in the rural milieu probably are not efficiently mobilized as a result of factors, which amongst others; include bank spread otherwise referred to as commercial bank branches distribution. The poor bank distribution leads to the development of a strong informal financial sector, which now competes with the formal sector at an almost equal strength (Anza, 2005; Ngendakuriyo *et al.*, 2014).

Performance of commercial banks in saving mobilization can also be linked with the general performance management literature which underscores a significant link between employees' competence, motivation, rewards, remuneration and punitive actions with performance (Chubb, Reilly & Brown, 2011). Strebler, Robinson, & Bevan (2001) observed that organizations can improve performance by adopting either a developmental approach or punitive actions. The former concerns interventions to build staff capacity to perform better through, fitting people to roles that would allow them to perform better, adopting reward system, encouraging and motivating

poor performers (Locke & Latham, 1990; Likert, 1959; Karuhanga, 2010; Chubb *et al.* (2011). The latter entails adoption of more punitive method of identifying and weeding out those who are seen as non-performers.

2.4.2 External environment factors and saving mobilization

Consistently, Laura et al. (1999) articulates the influence of regulatory environment both external and internal to the financial institution. The external environment concerns the policies and regulations set by the regulatory authority in regard to performance standards upon which financial institutions institute internal controls such as policies, regulations and capacity measures to meet the standards. The regulatory environment also partly determines the emergency and growth of financial institutions in saving mobilizations including commercial banks, Microfinance institutions, insurance companies employee savings schemes and which in view of Ang (2011) promotes private investment but also creates competition that compromises the role of other institutions in saving mobilization (Tennant, 2007). The regulatory environment will also determine the internal regulatory policies, regulations, performance control mechanisms and overall performance in savings mobilization. For example, the positive real returns to savings will more likely depend on interest rate charges which in view of (Tennant, 2007) partly determine the efficiency and effectiveness of banks in transferring funds to borrowers for investment. Besides, the external regulatory environment, effectiveness of internal performance management control measures is crucial and depends on the quality of the institution's governance and management system. The expertise of governance and management boards and representation of key stakeholders is likely to differ across financial institutions and determines the effectiveness of decisions taken regarding enhancing savings mobilization.

Among the key external environment factors is supervision from the regulators. This particularly underlines the necessity of developing efficient internal controls because decentralized internal control systems allow operational flexibility while ensuring adequate levels of control (Elser *et al.*, 1999). Furthermore, Dahou *et al.* (2009) also cited inadequate regulatory framework as one which makes for a highly concentrated banking sector, very low intermediation rates, and inefficient collateral registry systems that further impede businesses and individuals' access to savings.

On the part of savings, household or individual, the real per capita income of the individuals proves to be a foremost influence on saving rate. When the income of an individual increases the consumption pattern improves which in the sense some part is left out which goes to saving as to secure one's unforeseen future. In addition, Nayak (2012) pointed out demographic factors such as sex ratio, the age distribution, and the rate of dependant population and social barriers such as variations and distinctness in the age, sex, culture, tradition, social taboos as key factors in determining savings behavior of individuals.

Macroeconomic instability, a vital external force to the bank, often in the form of high inflation, is known to impede financial development (Khan, 2002) as it discourages financial saving. Pearce, Davis, Onumah, & Butterworth (2004) added that monetary policy interventions to contain inflationary pressures, usually through the sale of government debt instruments like treasury bills – tend to reduce the volume of credit available to the private sector as well as raising the cost of borrowing. In addition, other key external factors cited by Maimbo and Mavrotas (2003) were increased levels of poverty and unemployment, increased investment in property for private and

commercial purposes and the HIV/AIDS epidemic. This is in support of what Adenutsi (2007) found that in the long run, improved financial deepening is the only component of financial development that significantly promotes bank savings mobilization specifically, an increase in deepening the financial sector by 100 percent would lead to at least a 21 percent increase in the amount of deposits mobilized by commercial banks as a ratio of GDP.

Another important external environment factor is customer preference and desires. Since customers of the financial institutions are not the same in terms of needs and wants, observing their preferences very often will make it possible for the MFIs to improve on their services and develop suitable products which will eventually ensure increased savings mobilization (Brafu-
insaidoo & Ahiakpor, 2011).

2.5 Overview of and gaps in the literature

From the foregoing discussion, saving mobilization is crucial to economic development particularly in countries like Rwanda that are increasingly becoming reliant on domestically generated revenue to finance investments. The literature opens insight into the factors that influence saving mobilization. The factors have been identified in other countries where the financing environment is likely to differ from that of Rwanda. This implies the institutional and external environmental factors identified elsewhere may or may not determine savings mobilization in Rwanda. This calls for empirical evidence to verify this claim on savings mobilization in Rwanda.

Based on the literature of savings mobilization influencing factors, the study draws two key observations: (i) Savings mobilization in commercial banks of Rwanda influenced by institutional factors; and (ii) External environmental factors significantly influence savings mobilization in commercial banks of Rwanda.

2.6 Conceptual framework

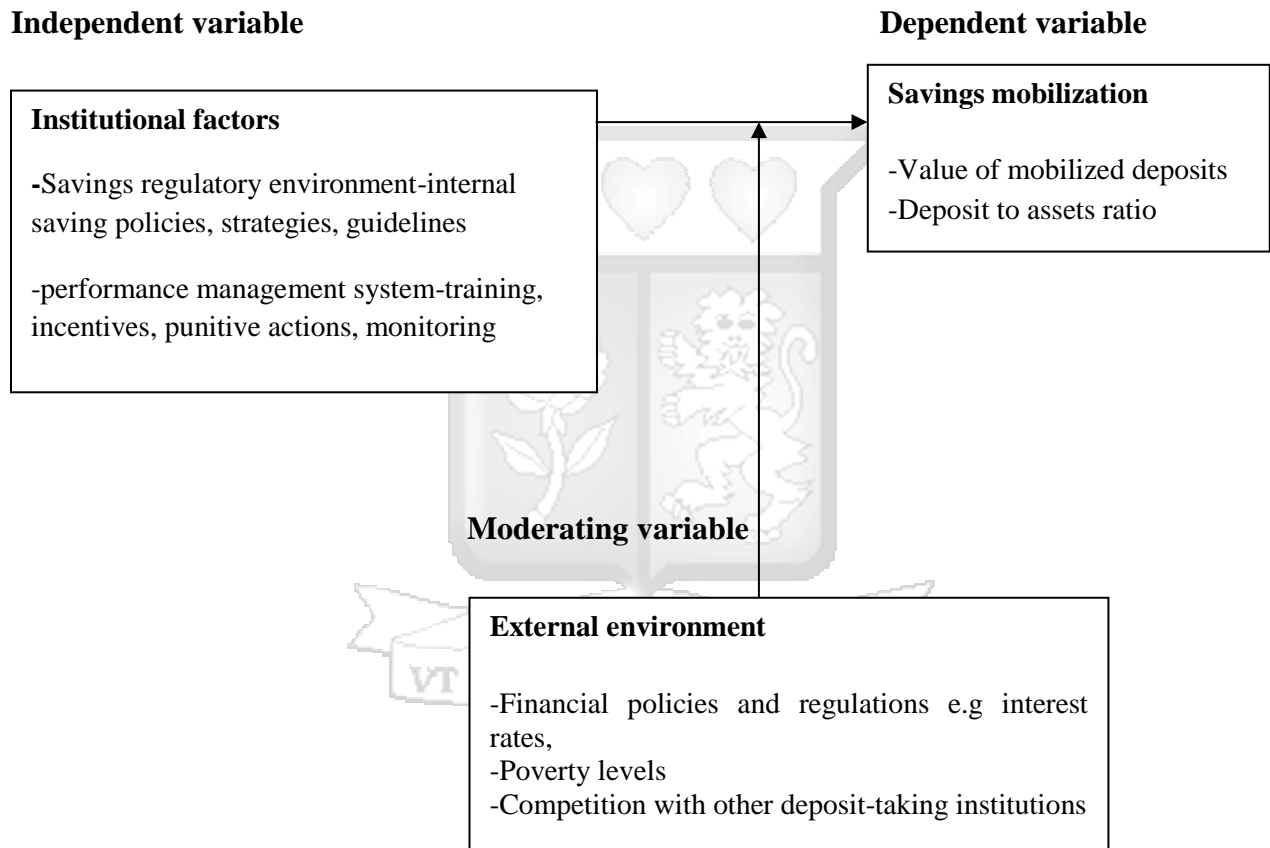
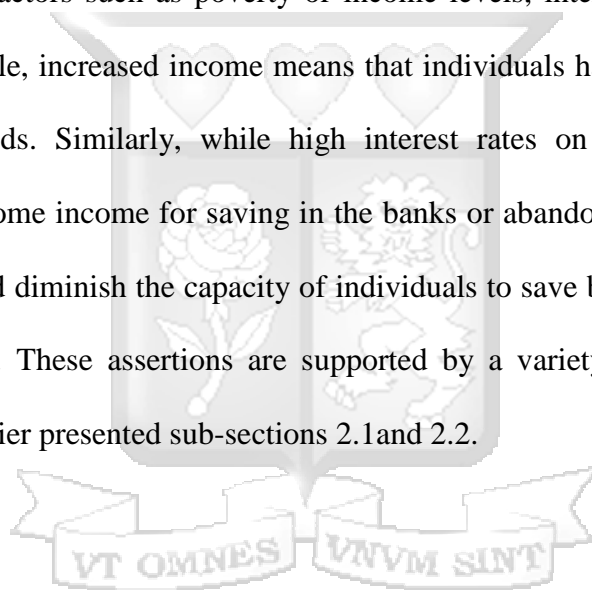


Figure 2.2: Conceptual framework for analyzing saving mobilization influencing factors
Adapted from Ang, (2011) and Tennant (2007)

The conceptual framework in figure above presents a link between institutional factors and saving mobilization and the moderating effect of external environmental factors. Saving mobilization is measured in terms of value of deposits but also important by the ratio of deposits to assets. Ideally the mobilization of savings is a function primarily done by the staff in the banks

who must be regularly monitored and any deviation satisfactory performance motivated with incentives like rewards or better pay and any poor performance sanctioned with punitive actions. However, implementation of these require an appropriate regulatory environmental characterized by incentive systems, training policies, performance procedures and guidelines. These are typically institutional related factors.

On the other hand, performance of banks in saving mobilization can also be dictated by the external environmental factors such as poverty or income levels, interest rates on savings and inflation rate. For example, increased income means that individuals have capacity to save after meeting their basic needs. Similarly, while high interest rates on savings could motivate individuals to sacrifice some income for saving in the banks or abandon saving in secret places. High inflation rates could diminish the capacity of individuals to save by spending more of their income on consumption. These assertions are supported by a variety from a theoretical and empirical orientation earlier presented sub-sections 2.1 and 2.2.



CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Chapter Overview

This chapter presents the methodology that was used to obtain primary and secondary qualitative and quantitative data for the study. It presents the focus of the study, sampling techniques and sample size, data types and collection methods. The chapter further presents the data analysis procedures employed to generate results upon which inferences were made on the entire population under study.

3.2 Research design

The study adopted an exploratory design since the research objectives sought to explain the trend in savings mobilization by commercial banks. The design was applied to explore the influence of factors related to the commercial banks (institutional) and the external regulatory environment. A survey was conducted on collecting quantitative and qualitative data on a sample of commercial banks and banking staff respectively. According to Amin (2005), cross-sectional surveys are used to gather data from a sample of a population at a particular time. This design was appropriate as it would enable gathering data to establish and account for the current observed state of savings mobilization by commercial banks. However for the purpose of understanding how saving mobilization has evolved in the recent period, a trend analysis of savings data in the last five years (2010-2015) was done. The data was subjected to quantitative and qualitative analysis to generate results upon which inferences were drawn in respect to the study objectives.

The choice of this approach was premised on the study objective that sought to establish the trend of savings mobilization and account for the trend from a stakeholders' perspective.

3.3 Study population

The study targeted a population of all 13 commercial banks which were centrally located in the capital of Kigali and have operated for at least five years. Further, the banks chosen were those that had kept records of performance data in savings mobilization that would be utilized in analysis for the trend analysis. The banks include: Bank of Kigali; Rwanda Development Bank (BRD); EcoBanque-Rwanda; Commercial Bank of Rwanda (BCR); Equity Bank; Cogebank; Banque Populaire du Rwanda ; Finabak; KCB; Access Bank; Agas Bank; Unguka Bank; Urwego Opportunity (BNR, 2014). However for the interest of analyzing the trend in saving mobilization for the last five years, the study focused on 5 commercial banks which had operated for at least five years.

Within the banks, the study was conducted on staff engaged in the savings mobilization function. The staffs were expected to be knowledgeable on issues concerning the savings mobilization function in their respective banks upon which they could provide useful information. The population of these staff is estimated to be 40 (8 per commercial bank) as summarized in Table 3.1

Table 3.1: Categories of staff in saving mobilization in the selected 5 commercial banks

Staff category	Staff number in each bank	Staff population in 5 banks
Bank Manager	1	5
HR Manager	1	5
Customer Relations Officer	1	5
Credit Manager	1	5
Operations Manager	1	5
Financial manager	1	5
Head Treasury	1	5
Head Corporate services	1	5
Total	8	40

Source: Extract from Banks' Annual report (2014)

3.4 Sample size and determination

The study utilized a sample size of 5 commercial banks over 5 years. The choice for taking a sample of commercial banks was based on the fact that they would validly be used to infer on the rest of the commercial banks which collectively had no unique attributes of interest. Besides, a sample of the banks would minimize costs to ensure that the study is conducted more efficiently. For the category of staff, the study utilized data from a sample of 35 staff determined using the approach recommended by Krejcie & Morgan (1970) presented in Appendix 1. This sample size was appropriate to carry out the analysis and generate precise evidence.

3.5 Sampling techniques and procedure

Purposive sampling was used to select commercial banks with an objective of ensuring that only those which had operated for at least five years are included in the study to allow analysis of trend in saving mobilization for the last five years. In contrast, the staff were selected using random sampling from the different categories by role played in saving mobilization in the banks. The categorization was meant to ensure representation of views of staff in different positions across the banks since, based on diversity of their job position, the staff would share multidimensional views vital to create a more robust and correct understanding of the factors influencing savings mobilization in the banks. The staff from each of the five selected banks were identified by their positions and polled together. Different staffs were selected by position or categories with keen to equally represent all categories of staff.

Based on the above criteria, 5 banks and 35 staff, 7 from each bank were selected. The banks are: Bank of Kigali; Commercial Bank of Rwanda (BCR); Finabank; Equity Bank and Urwego Opportunity Bank; while the sample of staff included; bank/general managers, operations managers, Heads of Treasury, Credit Managers, Customer Relations Officers, Human Resource Managers and Heads of Corporate Services.

3.6 Data types, collection methods and instruments

The study utilized mainly primary data. To a minimal extent, secondary data was mainly used to analyze the savings mobilization trend. Specifically, this category of data entailed volume of deposits (demand and time deposit by public and private clients) mobilized, poverty levels,

inflation and bank interest rates over the years 2009-2014. Data on poverty levels and interest rates helped to compare the trend in savings mobilization between commercial banks and other deposit taking financial institutions. The data was obtained from annual performance reports of the banking sector obtainable from BNR and NISR databases and reports. This category of data was gathered through review of relevant documents that was guided by a standard checklist (Appendix 3).

Data on institutional factors and saving mobilization entailed the regulatory environment including internal saving policies, strategies and guidelines. It also entailed performance management system- savings mobilization knowledge and skills gaps among staff, performance incentives and sanctions, monitoring etc. Of interest was to establish their availability, strength in terms of addressing the savings mobilization barriers such as those concerning safety and confidence to clients, low returns due to low deposit rates as well as their overall supportiveness to savings mobilization based on the perceptions of staff.

This category of data was collected using a semi structured questionnaire designed with both open and close ended questions (Appendix 3). According to Amin (2005), the open ended questions are items which call for a free response in the respondent's own words, without clues to the answers given. They provide for greater depth of responses where respondents give their personal views and attitudes about the objectives of the research. The latter are questions for which possible alternative short answers are pre-determined purposely to keep responses within certain limits which can be coded and analyzed quantitatively. The views of staff were triangulated with statistics analyzed from the quantitative data gathered from relevant documents

such as trends in interest rates, poverty levels, the trend in other deposit-taking institutions regarding saving mobilization.

3.6.1 Validity and reliability of research instruments

Validity of an instrument is the extent to which a research instrument measures what it is supposed to measure. The study strived to ensure that the data collection instruments were well designed to gather relevant and accurate data. The questions were checked for ambiguity, clarity, and relevance to ensure construct, content and face validity. To achieve this, the questionnaires were reviewed by the supervisors to this research study and pre-tested on target respondents prior to data collection.

Content validity was measured by the Content Validity Ratio (CVR). The CVR was expressed as $(ne - N/2) / (N/2)$: Where CVR= Content validity Ratio, ne = number of subject matter panelists indicating “essential”, and N = total number of subject matter panelists. The magnitude of index exceeding 0.6 will indicate a valid instrument as recommended by Nunnally (1967) cited by Kent (2001).

3.7 Data analysis

Data was entered into SPSS from where it was analyzed using descriptive and inferential statistics. The analysis of the trend in as well as the current status of savings mobilization by commercial banks utilized descriptive statistics. The average annual savings across the five commercial banks were expressed as a percentage of average planned deposits and also as a percentage of total assets. The percentages or scores were categorized into unsatisfactorily (for

scores of 0-60) and satisfactorily (for scores 61-100) and the percentage distribution of the two categories obtained.

3.7.1 Descriptive analysis

The semi-structured qualitative responses on factors influencing saving mobilization coded in SPSS, descriptive statistics mainly percentages were generated. Depending on whether the respondents agreed or disagreed with the statements elicited in the questionnaire, the percentages of respondents who perceived the bank to be offering an environment of factors that can favor savings mobilization was generated. To affirm the influence of a particular institutional factor on savings mobilization, correlation and regression analyses were used. The strength of relationship or influence was tested at 5% significance level. Findings were presented in graphs and tables to ease visualization and interpretation.

3.7.2 Regression analysis

A Binary Logit Model Logistic was fitted to determine the factors that influence performance in savings mobilization by commercial banks. Binary logistic regression is widely regarded appropriate for predicting the outcome of a categorical variable (usually dichotomous) variable from a set of predictor variables which are either categorical or mixed with continuous variables (Hosmer and Lemeshow, 2000; Peng, Lee & Ingersoll, 2002; Cook *et al.*, 2000; Park, 2003). The categorical variable in this study is dichotomous that is to say mobilizing savings and not mobilizing them otherwise.

Logistic regression analysis was preferred over the Convention Ordinary Least Squares model because it is able to predict more valid estimates regardless of study design (Collet, 1991;

Harrell, 2001). The model expresses the dependent variable as a function of the probability that a particular subject will be in one of the categories or a particular event will occur. The model was therefore suitable for the study as it would (i) identify the variables that significantly predict the likeliness of banks' satisfactory or unsatisfactory performance and; (ii) further estimate the odds ratio which would indicate the magnitude of influence of each significant factor/variable.

The binary Logistic regression model was estimated using the maximum likelihood estimation method. The model generates a chi-square (χ^2) statistic and respective significance level upon which adequacy of the model in predicting the factors were determined. Alongside, a Cox & Snell R² statistic was generated indicating the amount of variation in savings mobilization explained by the model. The model further generated the odds which indicated the likeliness of performing satisfactorily in savings mobilization at a particular level of an independent variable e.g. for the effect of staff motivation and job commitment, the likeliness that banks with motivated and job committed staff will perform satisfactorily than those with staff who lacked motivation job commitment.

Finally, the binary logit model for predicting performance of commercial banks in savings mobilization was fitted with savings mobilization as a dependent variable and the institutional as well as external regulator environment factors as independent variables. A summary of the variables fitted in the model is provided in table 3.2.

Table 3.2: Variables fitted in the model and their measurements

Variable	Measurement
Dependent variable: Savings mobilization performance	1= satisfactorily (for scores of 61-100) 0=unsatisfactorily (for scores of 0-60)
Independent variables: Availability of supportive savings mobilization strategies, policies	1=available; 0=unavailable
Strength of performance incentives	1=strong; 0= weak
Adequacy of salary remuneration	1=adequate; 0=inadequate
Compliance with the savings mobilization policy, strategies	1=comply satisfactorily; 0=comply unsatisfactorily
Staff motivation and commitment	1=adequately motivated; 0=inadequately motivated
Conduciveness of the savings regulatory environment	1=conducive; 0=unconducive
Human resource adequacy and competence	1=adequate; 0=inadequate
Strength of performance M&E	1=strong; 0=weak

The trend of savings mobilization was measured in two dimensions i.e. the average annual savings across the five commercial banks was expressed as a percentage of average planned deposits and also as a percentage of total assets. The current state of savings mobilization was measured by staff's rating on a scale of 1-10, the extent to which they considered their commercial banks to be effective in mobilizing savings.

The independent variables including institutional and external environmental factors were measured from a stakeholders' perspective. Respondents were asked to indicate the extent to which they agree or disagree with some statements testing institutional factors that could potentially influence savings mobilization. The responses for each of the statements on institutional and external environment factors were measured on a 5-point likert scale. According

to Mugenda and Mugenda (1998), this scale is suitable for surveys questions measuring attitude, opinion and other factors. The scale running from 1 to 5 (*1= strongly disagree, 2= disagree, 3 =neither agree nor disagree, 4=agree, 5=strongly agree*), could accommodate every respondent's position regarding constructs tested in the statements built in the questionnaire. Depending on the construct measured for each variable such as availability, conclusiveness and adequacy, the responses on the 5-point scale were then converted into binary for entry into the logistic regression model as indicated.

3.7.3 Qualitative analysis

For qualitative data which was collected concurrently with the quantitative information in the questionnaire, the initial stage was a quick analysis of data on emerging issues. The hand-written notes were assembled together and typed into a word processing program-Microsoft word. The data was thoroughly read and manually analyzed for content and recurrent themes in the texts based on the key themes, phrases, quoted verbatim or statements were derived in accordance with the objectives of the study and used to build arguments or explain the quantitative responses.

3.8 Ethical considerations

Prior to every interview, the respondent was assured that participation in the study was voluntary and all information collected would be handled with utmost confidentiality and also put to use for the intended purpose to the benefit of the researcher and the respondent. The respondent was also made aware and appreciate the potential benefits from the study. The participants also had the freedom to quit the interview process at any stage with no terms and conditions.

CHAPTER FOUR

FINDINGS AND DISCUSSION

4.1 Chapter Overview

This chapter presents and discusses results. It is divided into three subsections. The first subsection profiles the data by presenting a description of the respondents in the sample by education, work experience and role played in savings mobilization. The second sub-section presents results on the trend and current status of savings mobilization by commercial banks while the last sub-section elicits the factors influencing savings mobilization including analysing results of institutional and external factors. Specifically, descriptive statistics on savings mobilization and their influencing factors as well as the binary logit model results are presented.

4.2 Description of respondents in the sample

4.2.1 Respondents' Education level

The education status of stakeholders bears an implication on their understanding of and competence in savings mobilization that would affect their capacity to execute the savings mobilization function. Education level would further determine respondent's interpretation and answering of questions during the interviews. Figure 4.1 presents the status of education among the stakeholders interviewed.

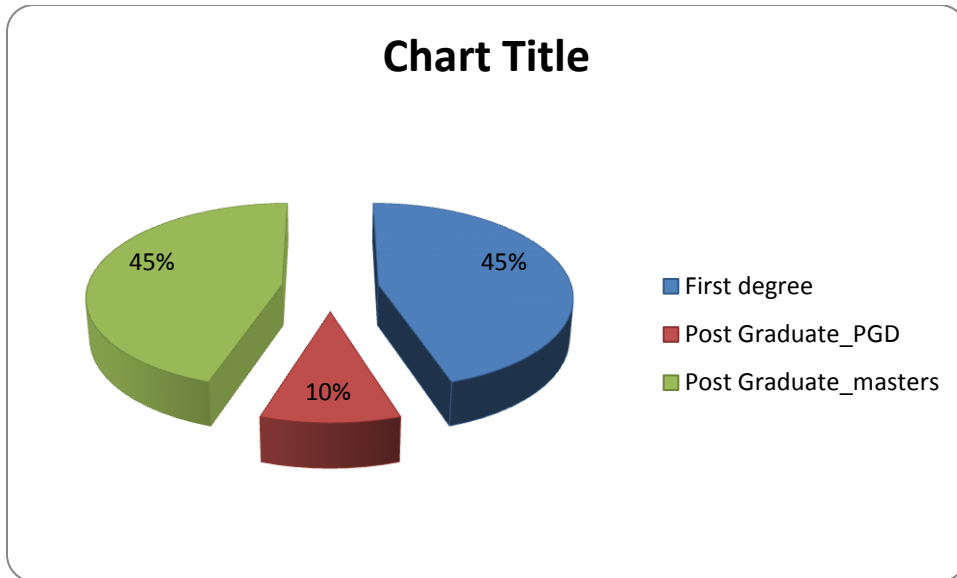


Figure 4.1: Percentage distribution of respondents by education level

The majority (45%) of stakeholders had attained either bachelor's or Master's degree demonstrating higher education endowment among stakeholders to the savings mobilization function. This result is consistent with the qualification requirements of positions held by most stakeholders in the savings mobilization function. Stakeholders at managerial level in the banks are recruited to the respective positions on the basis of possession of a first degree among other requirements.

4.2.2. Respondents' experience in savings mobilization

Experience on the job is associated with on job skills and understanding of tasks which are vital to enhance competence in executing the savings mobilization tasks and responsibilities compliance. On the other hand, experience would determine the correctness of stakeholders' opinion/arguments during interviews. The status of experience among the studied respondents is presented in Figure 4.2

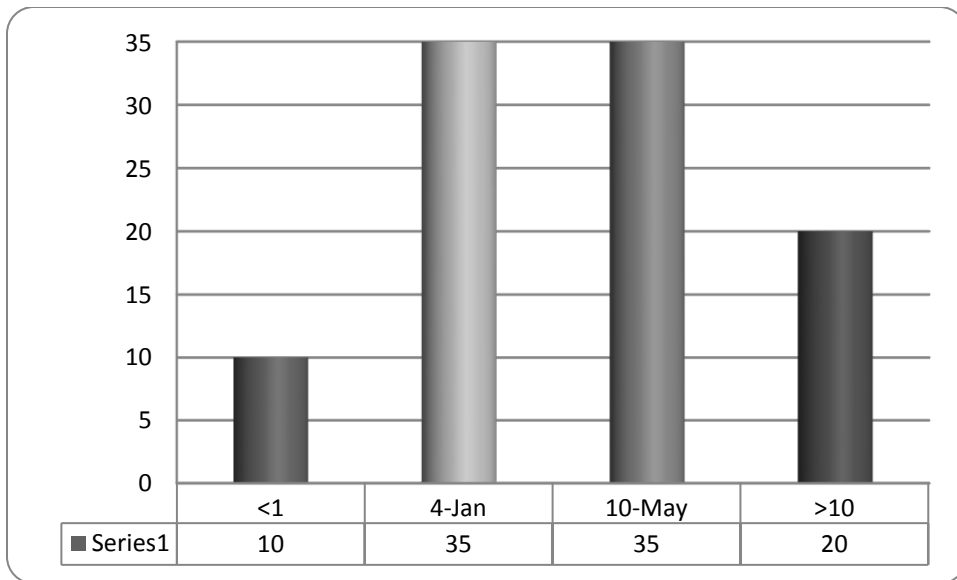


Figure 4.2: Percentage distribution of respondents by experience in savings mobilization

The majority (70%) of stakeholders had been engaged in the record keeping function for 4-10 years. This result demonstrates endowment of districts with adequately experienced savings mobilization staff that would potentially on one hand, translate into higher individual capacity to execute the savings mobilization tasks and manage the entire savings mobilization function. On the other hand, the observed high experience among respondents translates into a high possibility for correctness of opinion/ arguments gathered during interviews in the study.

4.2.3 Respondents by role played in savings mobilization

Different stakeholders play different roles in the savings mobilization function and would therefore provide diverse views on the factors influencing savings mobilization. Consequently, the evidences generated would be representative of the different groups of stakeholders in the savings mobilization function. The percentage distribution of stakeholders by post held was established (Figure 4.3)



Figure 4.3: Distribution of by categories of respondents

The sample constituted of more bank managers than all other categories of savings mobilization stakeholders. Next to this were human resource managers and customer relations managers both with an equal distribution in the sample. This can be attributed to the fact that the bank managers, by nature of their position were readily available and would easily respond to the call for interviews. In contrast, the other managers being under the bank manager would wait for instructions of the bank manager and sometimes would be reluctant to act due to heavier workloads.

4.3 The trend and current status of savings mobilization by commercial banks

The analysis of performance of commercial banks established trend in as well as the current status of savings mobilization in the commercial banks. In the former, the rate of savings mobilization was established in two dimensions. i.e. the average annual savings across the six

commercial banks was expressed as a percentage of average planned deposits and also as a percentage of total assets (Figure 4.4). In the latter, the respondents ratings of their commercial banks on savings mobilization were categorized into unsatisfactorily (for scores of 0-60) and satisfactorily (for scores 61-100) and the percentage distribution of the two categories obtained (Figure 4.5).

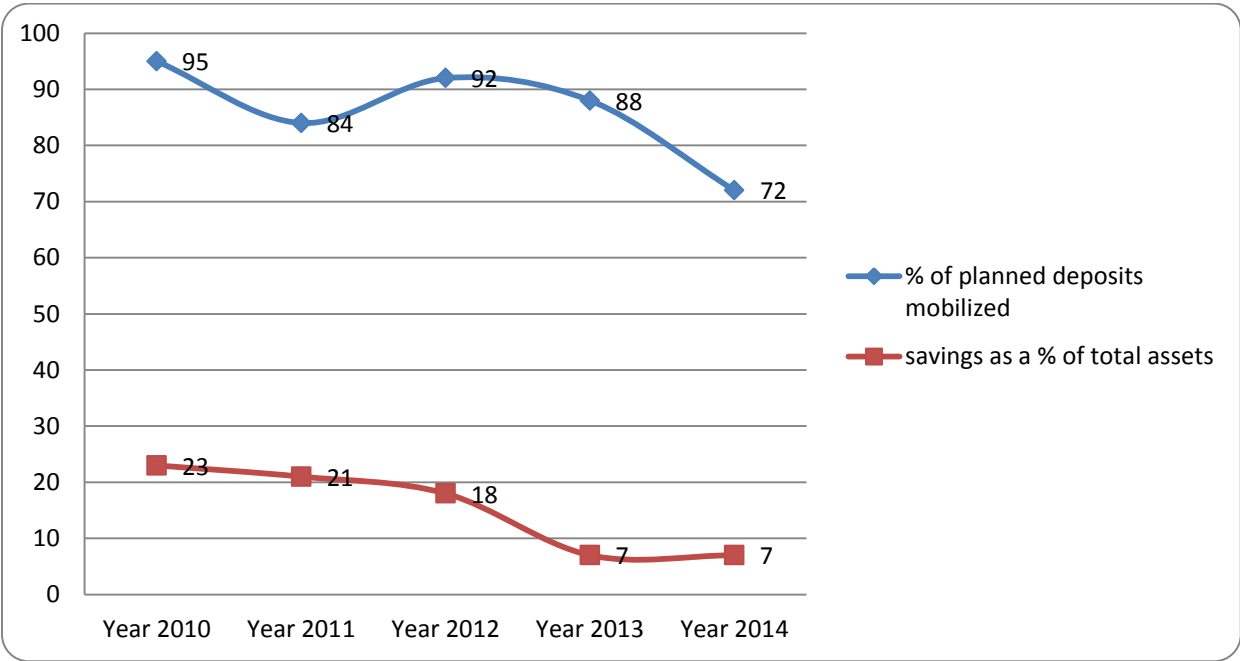


Figure 4.4: Savings as a percentage of planned and total deposits

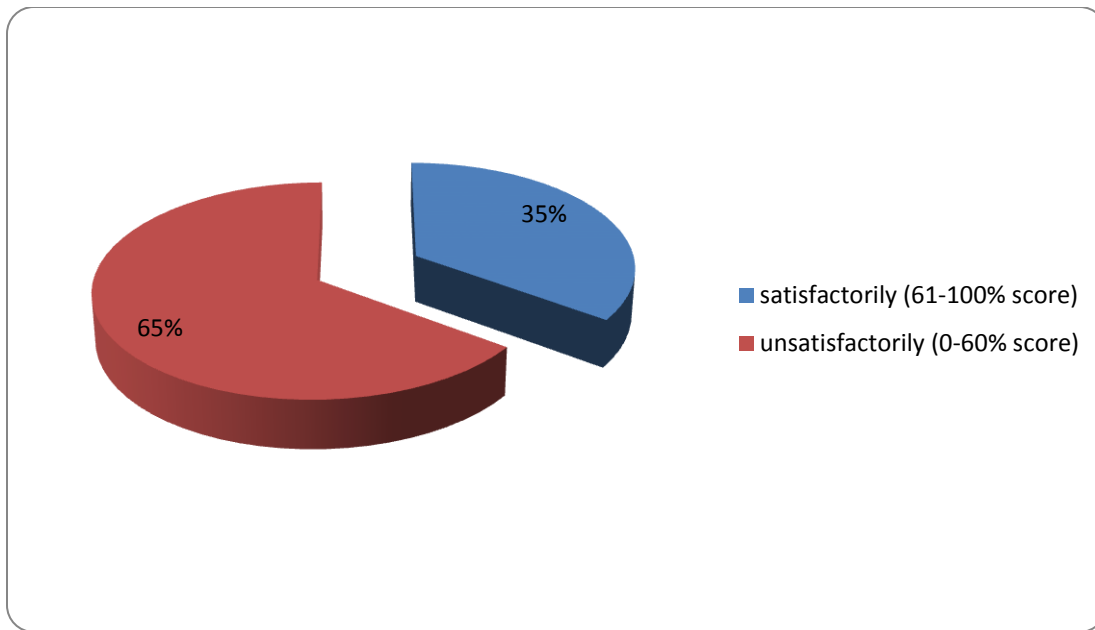


Figure 4.5: Percentage distribution of scores on performance in savings mobilization

As indicated in figure 4.4, savings mobilization decreased tremendously between 2010 and 2014. For example, as a percentage of planned deposits, the actual savings realized across the six commercial banks decreased from averagely 95 to 84% translating into an 11 percentage slide in savings mobilization. There were attempts to increase the savings in the following two years though could not hit the initial average, after which it declined once again between the period 2012 and 2014 by a higher magnitude (16%) compared to the period 2010-2011.

Similarly, as a percentage of total assets of the bank, a decline in savings was observed between the period 2010-2014. The statistics generally translates into a decreasing rate of savings mobilization by commercial banks which the analysis in this study went further to account for. This situation in Rwanda's commercial banks is similar to that in other countries such as Zambia where a decreasing trend in savings mobilization was observed (Maimbo & Mavrotas, 2003).

In view of the internal stakeholders in the savings mobilization function i.e. staff in the banks, the current status of savings mobilization is unsatisfactorily with the majority of respondents (65) rating the banks to not more than 60% in savings mobilization (Figure 4.5). On average, the banks were rated at 58% in savings mobilization

4.4 Factors influencing of savings mobilization by commercial banks

The analysis established the trend in savings mobilization and accounted for the trend by establishing the institutional and external environmental factors perceived by stakeholders to influence savings mobilization in the commercial banks under study. Embedded in the analytical approach of this study, the percentage distributions of responses below and above 3 on a 5-point ordinal scale are presented in tables 4.1 and 4.2. They indicate respondents' disagreement or agreement with the statements measuring prevalence or institutional challenges and external impediments to the savings mobilization functions respectively as hypothesized in the study.

4.4.1 Influence of institutional factors on savings mobilization

The analysis of institutional factors was obtained and compared the percentage of respondents' ratings of staff motivation, performance incentives such as salary enumerations, rewards and sanctions, strength of the internal savings regulatory environment characterized by availability and implementation of savings policy and strategies, strength of the internal monitoring and evaluation system characterized by availability and implementation of the monitoring and evaluation measures and resource input into the savings mobilization function characterized by

adequacy of staff and competence, availability of tools and financial resources to effectively run the savings mobilization operations. Results are presented in Table 4.1.

Table 4.1: Descriptive statistics of institutional factors

Statement	% of respondents on 1-5 scale of agreement				
	1	2	3	4	5
The savings mobilization staff are motivated and job committed	20	60	0	20	0
The banks have instituted strong performance incentives	15	65	0	15	5
The savings mobilization staff are adequately remunerated	20	60	0	20	0
The banks are fond of rewarding performance excellence in savings mobilization	10	15	0	45	30
The banks are fond of sanctioning poor performance in savings mobilization	10	20	0	40	30
The banks bear supportive savings mobilization strategies and policies	0	10	0	50	40
The bank generally complies with savings mobilization policy, strategies	0	20	0	40	40
The banks facilitate savings mobilizations staff with adequate tools/resources	10	5	0	60	25
The banks have strong monitoring and evaluation systems	5	5	0	50	40
The banks have adequate and competent staff	5	10	0	75	10
The savings mobilization staff in the banks are highly coordinated	10	0	0	80	10

1=Strongly disagree, 2=Disagree, 3=Neither agree nor disagree, 4=Agree, 5=Strongly agree

The banks were found to have instituted a strong institutional framework for enhancing savings mobilization. This was characterized by availability and implementation of appropriate policies and strategies to enhance performance of employees in savings mobilization as indicated by 90%

of respondents. Characteristic of this included the provision for performance incentive structures such as rewards and sanctions as well as adequate staff tooling and facilitation to enable effective execution of performance mobilization tasks as indicated by 70-85% of respondents.

The banks had also made significant efforts to monitor and evaluate the savings mobilization function which is essential to draw lessons and inform management decisions for enhanced performance. This fact alludes from availability and implementation of a monitoring and evaluation system of the savings and mobilization operations in the banks as indicated by 90% of the respondents.

However, the institutional environment presented significant negatives regarding staff motivation / job commitment as well as salary remuneration which constrained the effective implementation of the savings mobilization function. The majority (80% of respondents) indicated that the savings mobilization staffs were not motivated and job committed. The same percentage of respondents indicated that the staffs in the savings mobilization function were not adequately remunerated. In light of these findings, it was imperative to explore the association between these institutional factors to determine the extent to which they influenced savings mobilization. This finding is consistent with a variety of literature on performance management which observes that workers' remuneration and motivation remain critical challenges which consequently affect performance of employees and organizations (Chubb *et al.*, 2011; Locke & Latham, 1990; Likert, 1959; Karuhanga, 2010). Results are presented in table 4.2;

Table 4.2: Pearson chi-squared correlation analysis results for institutional factors and savings mobilization

Variable	Savings mobilization		Staff motivation/commitment		performance incentives	
	Coefficient	P-value	Coefficient	P-value	Coefficient	P-value
Staff motivation and commitment	.706**	.001				
Strength of performance incentives	.687**	.001	.911**	.000		
Adequacy of salary remuneration	.599**	.005	.572**	.008	.688**	.001
Rewards to performance excellence	.329	.157	.247	.294	.437	.054
Sanctions against poor performance	.015	.948	.084	.725	.211	.373
Availability of supportive savings mobilization strategies, policies	.312	.180	.425	.062	.421	.064
Compliance with the savings mobilization policy, strategies	.000	1.000	.120	.585	.000	1.000
Adequacy of facilitation with tools and financial resources	.187	.431	.161	.499	.425	.062
Strength of performance M&E	.221	.348	.063	.791	.329	.157
Human resource adequacy and competence	.306	.189	.277	.237	.542*	.014
Level of coordination and interaction	.257	.274	.107	.655	.458*	.042

* indicate significant at 95% level and ** indicate significant at 99%

The p-values in respect to the correlation coefficients for Staff motivation/commitment and savings mobilization, strength of performance incentives and savings mobilization as well as adequacy of salary remuneration and savings mobilization were positive and statically significant ($p < 0.005$) indicating a significant relationship between these variables.

Notably, there was no significant correlation between strength of performance and incentives with rewards systems or sanctions. This implied that savings mobilization was significantly influenced by staff motivation/commitment which depends on strength of performance incentives determined by salary remuneration to staff. The banks with staff who are adequately remunerated were likely to be more motivated, committed and perform better in savings mobilization. In contrast, there was no sufficient evidence to conclude that banks which implemented performance rewards and sanctions would have their staff perform better in savings mobilization. This finding underscored the relevance of salary remunerations to employ motivation/commitment and ultimately better performance. In further affirmation of this, respondents had this to say

“In my view, this is more likely true to other staff, what matters is the monthly take home “salary” It would be every one’s wish to excel in savings mobilization to strengthen their job position in the bank if the remuneration is motivating but not because it comes with a prize”. Similarly, one would be motivated to strive to perform satisfactorily and avoid the risk of being sanctioned if the bank can pay a motivating salary. This is not to say that rewards and sanctions are not good but the salary is what really matters”.

“Generally jobs in banks are quite demanding in terms of time. One works full day and non-stop but the payment is quite lower compared with that of employers in other sectors. Though you would for example equate the salary for bankers with that of civil servants, the workload for the civil servants is far less in my view”

4.4.2 Influence of external factors on savings mobilization

The analysis further established the influence of external factors on savings mobilization. Results in table 4.7 indicates the opinions of respondents regarding the extent to which they consider the banks' savings mobilization to be affected by incomes of clients, the extent to which the external environment offers a conducive regulatory environment for savings mobilization and the extent to which banks' savings mobilization is affected by competition with other deposit-taking institutions

Table 4.3: Descriptive statistics of external factors

Statement	% of respondents on 1-5 scale of agreement				
	1	2	3	4	5
Banks' savings mobilization is affected by incomes of clients	0	0	0	65	35
Banks operate under a conducive savings regulatory environment	0	5	0	80	15
Banks' savings mobilization is affected by competition with other deposit-taking institutions	5	10	0	50	35

1=Strongly disagree, 2=Disagree, 3=Neither agree nor disagree, 4=Agree, 5=Strongly agree

Generally, the majority of respondents (over 85%) considered savings mobilization by commercial banks to be affected by incomes of clients and competition with other deposit-taking institutions. However, they recognized institution like National Bank of Rwanda to have played a significant role in offering a conducive environment for savings mobilization through institution and monitoring implementation of appropriate policies. This finding is consistent with that of Ang (2011) and (Tennant, 2007) regarding the effect of regulatory environment on savings mobilization in The Asian and Caribbean Commercial banks respectively. As observed in this study, these authors notes that a favorable regulatory environment is likely to foster emergency

of other financial institutions in saving mobilizations including, Microfinance institutions, insurance companies, employee savings schemes all which compete with commercial banks diminishing their potential to mobilize savings.

Regarding the poverty effect on savings mobilization, no significant relation was observed. As indicated in figure 4.6, between the period 2010-2012, savings were decreasing at increasing poverty levels after which, savings continued to decrease further than this at decreasing poverty levels this time round. This implies that poverty had no significant effect on savings mobilization. However this insignificant effect of poverty on saving mobilization disagrees with the findings in other studies like that of Nayak (2013) where poverty was observed to bear a significant effect on household savings behavior. Specifically, it is assumed that when the income of an individual increases the consumption pattern improves which in the sense some part is left out which goes to saving as to secure one's unforeseen future (Nayak (2013)). In this study, the insignificant effect of income on savings mobilization underscores the influence of other factors such as the increasingly conducive regulatory environment that has given rise to other deposit taking institutions taking a share of the savings. For example, it is likely the increase in income of potential savers will affect commercial banks on account that the extra income can be saved in other deposit taking institutions like MFIs which have sprung up in the country in the recent past.

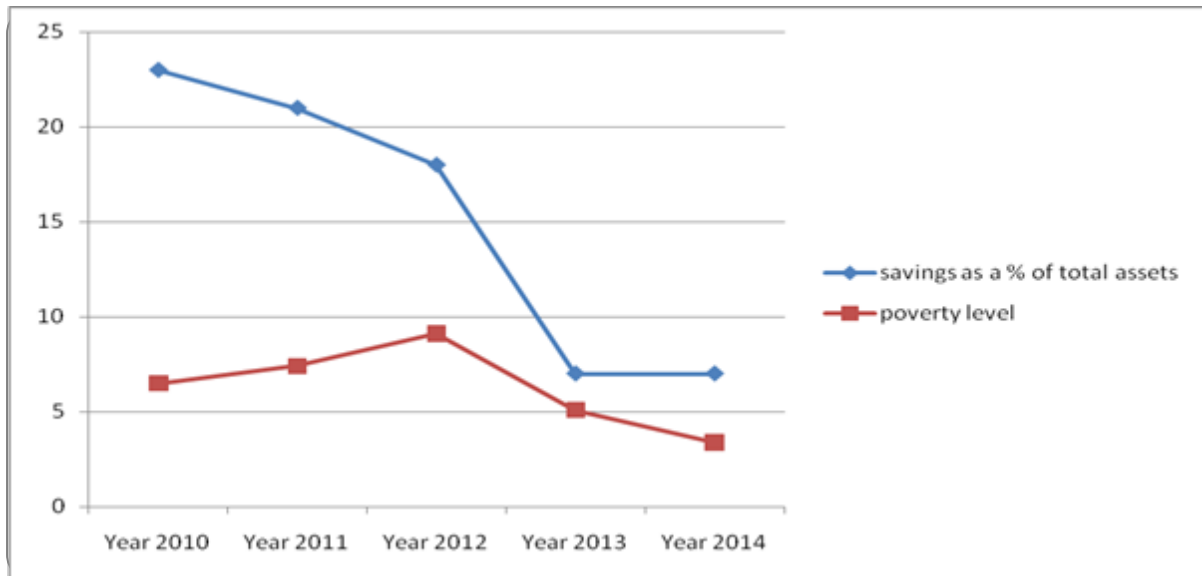


Figure 4.6: The trend in savings mobilization vis-a-vis poverty level

4.4.3 Binary logistic regression model results

The model predicted the factors that influence performance in savings mobilization by commercial banks. The Binary Logit Model generated a chi-square (χ^2) statistic and respective significance level upon which adequacy of the model in predicting the factors were determined. Alongside, a Cox & Snell R² statistic was generated indicating the amount of variation in savings mobilization explained by the model. The model further generated the odds which indicated the likeliness of performing satisfactorily in savings mobilization at a particular level of an independent variable e.g. for the effect of staff motivation and job commitment, the likeliness that banks with motivated and job committed staff will perform more satisfactorily than those with staff who lacked motivation job commitment. A summary of these results is presented in table 4.4.

Table 4.4: Binary logistic model results: factors that influence savings mobilization by commercial banks

	B	Sig.	Exp(B)
Availability of supportive savings mobilization strategies, policies	1.489	.126	4.432
Strength of performance incentives	2.158	.011	8.654
Adequacy of salary remuneration	2.079	.012	7.997
Compliance with the savings mobilization policy, strategies	-.423	.641	.655
Staff motivation and commitment	2.276	.005	9.740
Competition with other deposit taking institutions	1.527	.043	4.603
Conduciveness of the savings regulatory environment	1.725	.044	5.615
Human resource adequacy and competence	.206	.810	1.228
Strength of performance M&E	1.93	.052	6.24
Constant	-5.414	.000	.004

χ^2 statistic= 57.23; Cox & Snell $R^2=0.61$

The chi-square (χ^2) statistic for the model was 57.23 and statistically significant indicating that the model was significant for predicting the likeliness of performing satisfactorily in savings mobilization. The Cox & Snell R^2 statistic was 0.61 indicating that the variables in the model explained up to 61% of the difference in savings mobilization performance. The specific variables that significantly influenced savings mobilization were obtained basing on the significance of the odds ratios.

The odds ratios for staff motivation and commitment; strength of performance incentives; adequacy of salary remuneration; competition with other deposit taking institutions and conduciveness of the savings regulatory environment were positive and statistically significant

($p < 0.00$). This implied that as hypothesized, these factors significantly influenced savings mobilization by commercial banks. The magnitude of influence for these variables is further elaborated basing on the odds ratios.

The odds ratio for the staff motivation and commitment variable was positive and indicated that the staff who were motivated and job committed were 10 times more likely to perform satisfactorily in regard to savings mobilization than those who were not motivated and lacked job commitment.

Similar results were observed in regard to strength of performance incentives. The odds ratio indicated that banks which offered strong performance incentives were 9 times more likely to perform satisfactorily in savings mobilization than those which offered weak performance incentives and vice versa. In terms of motivating factors, the odds ratio for adequacy of salary remuneration indicated that banks that have staff who are adequately remunerated were 8 times more likely to perform satisfactorily in savings mobilization than those where the staff were less remunerated. This finding is consistent with the general performance management literature which identifies a significant link between employees' competence, motivation, remuneration and punitive actions with performance (Chubb *et al.*, 2011; Locke & Latham, 1990; Likert, 1959; Karuhanga, 2010). The literature generally asserts that remunerating workers well, and motivating or sanctioning poor performers is likely to improve their performance. Regarding conduciveness of the savings regulatory environment to the savings mobilization, the odds ratio indicated that banks which perceived the regulatory environment to be conducive perceived were 6 times more likely to perform satisfactorily in savings mobilization than those which perceived the regulatory environment to be unconducive. In terms of competition with other deposit taking institutions, banks which were more affected by competition were 6 times less likely to perform

satisfactorily in savings mobilization than those which were less affected by savings mobilization.



CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Chapter Overview

This chapter presents the summary of the study findings, discussion, conclusion and recommendations. It also presents implications of the findings, scientific contribution of the study, and suggests areas for further study. The summary, discussion of the findings, conclusion and recommendation are presented objective by objective in the proceeding sections.

5.2 Summary of results

This study sought to establish the trend in savings mobilization in commercial banks of Rwanda and establish the extent to which the institutional factors and external factors influence the savings mobilization function by commercial banks. The research questions and hypothesis were developed in line with these objectives. The study employed a cross sectional research design to gather the views of 30 bank staff directly engaged in the savings mobilization function in 6 commercial banks. The collection and analysis of data made use of qualitative and quantitative approaches. In accordance with the study objectives a summary of findings is presented hereunder.

5.2.1 The trend and current status of savings mobilization by commercial banks

The statistics generally indicated a decreasing rate of savings mobilization by commercial banks which the analysis in this study went further to account for. For example, the commercial banks realized an 11% and 16% slide in savings mobilization between the periods 2010-2011 and 2012-2014 respectively. Consistently, stakeholders viewed the current status of savings mobilization unsatisfactorily with the majority (65%) rating the banks to not more than 60% in savings mobilization and at an average of 58% across the surveyed banks.

5.2.2 Factors influencing savings mobilization by commercial banks

The banks were found to have instituted a strong institutional framework for enhancing savings mobilization (90% of respondents), though emphasis is on rewards, sanctions, staff re-tooling and facilitation (70-85% of respondents) which are however ineffective in contributing to staff motivation creating a gap in savings mobilization. Notably also, though doing quite well in monitoring and evaluation of the savings mobilization function which is essential to draw lessons and inform management decisions for enhanced performance (90% of the respondents), this, drawing from correlation results, bears no significant relation with performance in saving mobilization.

Drawing from the descriptive analysis and correlation results, the gap in staff motivation and commitment is widened by inability of the banks to provide adequate salary remunerations (80% of respondents), which is however a significant positive influence on staff motivation, job commitment and ultimately performance in savings mobilization by commercial banks. The results open insight into what banks can do to fill the motivation and job commitment gap which bear significant impact on savings mobilization.

Regarding external factors, the majority of respondents (over 85%) considered savings mobilization by commercial banks to be affected by incomes of clients and competition with other deposit-taking institutions. Besides, they considered the banks to be operating under a conducive environment for savings mobilization offered by the National Bank of Rwanda through appropriate policies of interest rates.

5.3 Conclusion

Despite the critical role commercial banks can play in mobilizing savings for investment and economic growth in Rwanda, the level of saving mobilization remain low necessitating empirical evidence to establish the contribution of commercial banks in savings mobilization and the influencing factors. The study therefore sought to establish the trend in savings mobilization in commercial banks of Rwanda and establish the extent to which the institutional factors and external environmental factors influence the savings mobilization function by the banks. The objectives of the study are derived from extensive review of accessible literature from a theoretical and empirical orientation on savings mobilization and their influencing factors in developing countries and specifically in Rwanda.

Methodologically, the study adopted an exploratory design. A survey was conducted to collect quantitative and qualitative data on a sample of 35 banking staff across 5 commercial banks. The analysis of data employed descriptive statistics to explore the data and inferential statistics to draw conclusions on the factors influencing saving mobilizations. More specifically, the binary logit model was fitted expressing saving mobilization as function of institutional factors.

Findings indicated a decreasing rate of savings mobilization by commercial banks with the current status considered unsatisfactorily. The declining trend is attributed to institutional factors particularly inappropriate incentive structures particularly inadequate salary remunerations which does not foster staff motivation and commitment to the savings mobilization function. Further analysis of the institutional factors revealed that the commercial gaps have emphasized implementation of rewards and sanctions which do not hold significance in enhancing employee motivation, job commitment and performance savings mobilization. In the face of missing employee motivation and job commitment, banks do not meet desired performance targets in savings mobilization no matter how much of other performance enhancement measures they boost such as strong monitoring and evaluation system, a highly tooled and facilitated staff etc.

Besides, the institutional factors which are internal in the commercial banks, performance of commercial banks in savings mobilization was observed to be constrained by external factors particularly competition with other deposit-taking institutions. This situation prevails in the face of a favorable regulatory environment provided by the National Bank of Rwanda which partly contributes to entry of many other players such as Micro Finance Institutions, SACCOs in the financial sector offering similar deposit products and therefore sharing on the clientele base.

5.4 Recommendations

- i. The leadership and management of commercial banks need to re-focus their performance management policies and strategies by placing more emphasis on improving remuneration of employees to enhance staff motivation and job commitment alongside strengthened monitoring and evaluation system and highly tooled and facilitated staff.

- ii. Premising on the study findings, improving staff remuneration will more likely contribute significantly to staff motivation commitment to perform better in regard to savings mobilization. Or else, even when other factors remaining positive, performance in savings mobilization will stagnate or backslide further. The negative impact of competition with other deposit taking institutions on performance of commercial banks in savings mobilization calls for innovative measures by commercial banks to position more strategically and competitively to attract more savings.

5.5 Limitations of the study

This study focused on factors influencing saving mobilization by commercial banks focusing on the factors specific to the banks and those external. Methodologically, due to constraint of time and resources, the analysis of external factors could not extend to the views of the savers or clients of the banks which could have expanded the understanding of how factors like income or poverty affects the ability to save in commercial banks or how client's perceptions towards saving in commercial banks than elsewhere affects saving mobilization.

A more meaningful way of better understanding the effect of commercial banks' competition with other deposit taking institutions would have been a comparison of the clients' choice and intensity of saving in commercial banks relative to other modes. However, the study could not take this direction owing to the limited time and financial resources. To link with the institutional factors, the analysis would estimate the extent to which institutional factors influence individual's choices to save through other modes rather commercial banks. This would be justified by the assumption that the role of commercial banks on mobilizing savings is not only

influenced by the institutional attributes of the banks but also those of other banks. Ideally, if commercial banks improved institutionally, the extent to which they would perform better in mobilizing savings would also depend on the institutional terrain of the competitors.

5.6 Areas for further Research

Drawing from the limitations of the study in 5.4, the following areas are recommended for further research.

- i. There is need to explore the influence of views or perception of the savers or clients on their choice to save in commercial banks than other modes in Rwanda. This will broaden the understanding of how external factors like poverty, convenience as banks specific factors like service quality influence saving mobilization by commercial banks of Rwanda.
- ii. The institutional environment such as performance incentives, motivation, service quality in commercial banks need to be examined in comparison with that of other deposit institutions like MFIs, ROSCAs and the extent it influences clients choice to choose saving with other deposit taking institutions in competition with the commercial banks in Rwanda. This will provide a broadened understanding of the effect of the institutional factors and competition with other deposit taking institutions on saving mobilization by commercial banks.

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APPENDICES

Appendix 1: Table for determining sample size from a given population

N	S	N	S	N	S	N	S	N	338
10	10	100	80	280	162	800	260	2800	341
15	14	110	86	290	165	850	265	3000	246
20	19	120	92	300	169	900	269	3500	351
25	24	120	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	357
35	32	150	108	360	186	1100	285	5000	361
40	36	160	112	380	181	1200	291	6000	364
45	40	180	118	400	196	1200	297	7000	367
50	44	190	123	420	201	1400	302	8000	368
55	48	200	127	440	205	1500	306	9000	373
60	52	210	122	460	210	1600	310	10000	375
65	56	220	126	480	214	1700	312	15000	377
70	59	230	140	500	217	1800	317	20000	379
75	63	240	144	550	225	1900	320	30000	380
80	66	250	148	600	234	2000	322	40000	381
85	70	260	152	650	242	2200	327	50000	382
90	73	270	155	700	248	2400	331	75000	384
95	76	270	159	750	256	2600	335	10000	338

“N” is population and “S” is the respective sample size

Source: Krejcie and Morgan, 1979

Appendix 2: Survey Questionnaire: Factors influencing savings mobilization by commercial banks in Rwanda

Introduction

I am a university student pursuing a Masters degree in Business Administration. In partial fulfillment for the award, I am conducting a survey to identify the factors influencing savings mobilization by commercial banks in Rwanda. You have been selected to participate in this study as your contribution will be important. The study seeks to:

1. Establish the trend of saving mobilization by commercial banks in Rwanda
2. Determine the influence of institutional factors on savings mobilization in commercial banks of Rwanda
3. Determine the influence of external environmental factors on savings mobilization by commercial banks in Rwanda

I request you to spare a few minutes of your busy schedule to fill this questionnaire. Your responses are highly appreciated and will be treated with utmost confidentiality. Thank you for your cooperation.

PART A: Respondent details [*Use code provided to indicate response and write in the unshaded space*]

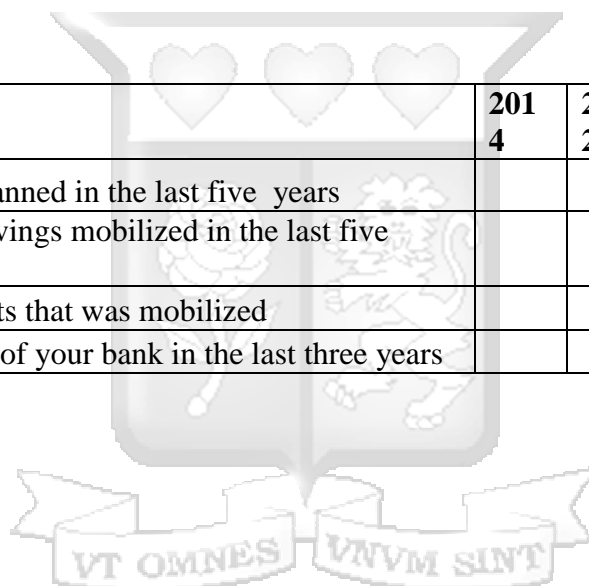
A.1	A.2	A.3	A.4	A.5	
Resp. ID No.	Respondent category	Duration on job (yrs)	Age category (yrs)	Highest Education qualification	Gender
	1=Bank manager 2=Credit manager 3=Operations manager 4=Customer relations manager 5=HR manager 6=Others (specify)	1= <1 year 2= 1-4 years 3= 5-10 years 4= > 10 years	1=20-30 2=31-40 3=41=50 4=> 50	1=Bachelors degree 2=Post graduate – PGD 3=Postgraduate-Maters 4=Postgraduate-PhD	1= Male 2= Female

No	PART B: Factors influencing savings mobilization: For all categories of staff in A.2 above (Please indicate the extent to which you agree on the following statements)						
		(1) Strongly Disagree	(2) Disagree	nor disagree	(4) Agree	Agree	Comments
A: Institutional factors: Savings regulatory environment-internal saving policies, strategies, guidelines performance management system-incentives, punitive actions, monitoring							
A. 1	Our bank has a policy, strategy or operation guidelines with emphasis on savings						
A. 2	The savings mobilization policy, strategy or operation guidelines are satisfactorily complied with or implemented						
A. 3	Our bank has instituted strong incentives towards enhancing performance of employees in savings mobilization						
A. 4	Our bank has often rewarded employees for performance excellence						
A. 5	Our bank has often sanctioned/punished employees for poor performance						
A. 6	I consider the salary of employees in the savings mobilization function to be adequate enough to render them highly motivated and job committed						
A. 7	Employees in the savings mobilization function are highly motivated and job committed						
A. 8	Employees in the savings mobilization function are adequately facilitated with tools and financial resources to do their job						
A. 9	Our bank has instituted employee supervision, performance monitoring and evaluation measures e.g regular supervision or monitoring schedules						
A. 10	The savings mobilization operations in our bank are adequately supervised, monitored or evaluated						
A. 11	The savings mobilization function is adequately supported with competent staff						
A. 12	The bank often provides staff with specialized trainings to continuously cope up with the dynamic work environment						
A. 14	There is a high level of coordination and interaction between staff engaged in savings mobilization function						
A. 15	The savings mobilization function in our bank is highly influenced by the institutional environment/factors						
B EXTERNAL ENVIRONMENTAL FACTORS							

:							
	The savings mobilization function in our bank is affected by the incomes of our potential clients						
	BNR has offered a favorable regulatory environment to enhance savings mobilization						
	There is high competition with other deposit taking institutions that affects our bank's performance in terms of saving mobilization						
	On a scale of 1-10 how effective do you rate your bank in savings mobilization	Indicate the Score here:					

C. Savings mobilization statistical data: *(To be filled by the bank manager or representative of every commercial bank under study)*

C	Variable	2014	2012	2012	2011	2010
	Value of deposits planned in the last five years					
	Value of deposits/savings mobilized in the last five years					
	% of planned deposits that was mobilized					
	Value of total assets of your bank in the last three years					



Appendix 3: Correlation results of institutional factors and savings mobilization

			score_rating	Motivated_committed	Salary_enumeration	Rewardperformance_lasttwoyears	Punishment_lasttwoyears	Bankpolicyemphasis	Savingsmobilisationsatisfactory	Adequate_facilitation	Performance_monitoring_evaluation	Bankmonitoring_evaluation	Levelofcordition_staffengaged	Strong incentives
score_rating	Pearson Correlation	1	.706**	.599**	.329	-.015		.312	.000	.187	.221	.305	.257	.687**
	Sig. (2-tailed)		.001	.005	.157	.948	-.015	.180	1.000	.431	.348	.191	.274	.001
	N	35	35	35	35	35	35	35	35	35	35	35	35	35
Motivated_committed	Pearson Correlation	.706**	1	.688**	.437	.211	.20	.421	.000	.425	.329	.423	.458*	.911**
	Sig. (2-tailed)	.001	.005	.001	.054	.373	.211	.064	1.000	.062	.157	.063	.042	.000
	N	35	35	35	35	35	35	35	35	35	35	35	35	35

Salaryren umeration	Pearson Correlation	.688**	1	.281	.060	.20	.187	-.140	.292	.159	.222	.302	.572**
	Sig. (2- tailed)	.001		.230	.801	.060	.429	.557	.211	.504	.348	.196	.008
	N	35	35	35	35	35	35	35	35	35	35	35	35
Rewarded perfomanc e_lasttwo years	Pearson Correlation	.437	.281	1	.693**	.20	.360	-.314	.767**	.501*	.562**	.539*	.247
	Sig. (2- tailed)	.054	.230		.001	.693**	.119	.177	.000	.024	.010	.014	.294
	N	35	35	35	35	35	35	35	35	35	35	35	35
Punishme nt_lasttwo years	Pearson Correlation	-.211	.060	.693**	1	.20	.194	-.101	.473*	.344	.262	.316	.084

	Sig. (2-tailed)	.373	.801	.001		1	.411	.672	.035	.127	.265	.175	.725
	N	35	35	35	35	35	35	35	35	35	35	35	35
Bankpolic yemphasis	Pearson Correlation	.421	.187	.360	.194	20	1	.366	.378	.051	.126	.105	.425
	Sig. (2-tailed)	.064	.429	.119	.411	.194		.112	.100	.831	.568	.658	.062
	N	35	35	35	35	35	35	35	35	35	35	35	35
savingmo bilisations atisfactory	Pearson Correlation	.000	-.140	-.314	-.101	20	.366	1	-.158	-.101	.000	-.186	.120
	Sig. (2-tailed)	1.000	.557	.177	.672	-.101	.112		.505	.670	1.000	.432	.585
	N	35	35	35	35	35	35	35	35	35	35	35	35

Adequate _facilitati on	Pearso n Correl ation	. 1 8 7	.425	.292	.767**	.473*	20	.378	-.158	1	.526*	.790**	.815**	.161
	Sig. (2- tailed)	. 4 3 1	.062	.211	.000	.035	.473*	.100	.505		.017	.000	.000	.499
	N	2 0	20	20	20	20	.035	20	20	20	20	20	20	20
Performan cemonitor ing_evalu tion	Pearso n Correl ation	. 2 2 1	.329	.159	.501*	.344	20	.051	-.101	.526*	1	.608**	.692**	.063
	Sig. (2- tailed)	. 3 4 8	.157	.504	.024	.127	.344	.831	.670	.017		.004	.001	.791
	N	2 0	20	20	20	20	.127	20	20	20	20	20	20	20
Bankmoni toring_eva lution	Pearso n Correl ation	. 3 0 5	.423	.222	.562**	.262	20	.126	.000	.790**	.608**	1	.836**	.145
	Sig. (2- tailed)	. 1 9 1	.063	.348	.010	.265	.262	.568	1.000	.000	.004		.000	.542
	N	2 0	20	20	20	20	.262	20	20	20	20	20	20	20

	N	20	20	20	20	.265	20	20	20	20	20	20	20
Levelofcondition_statusengaged	Pearson Correlation	.458*	.302	.539*	.316	.20	.105	-.186	.815**	.692**	.836**	.1	.107
	Sig. (2-tailed)	.042	.196	.014	.175	.316	.658	.432	.000	.001	.000		.655
	N	20	20	20	20	.175	20	20	20	20	20	20	20
Strongincentives	Pearson Correlation	.911**	.572**	.247	.084	.20	.425	.120	.161	.063	.145	.107	.1
	Sig. (2-tailed)	.000	.008	.294	.725	.084	.062	.585	.499	.791	.542	.655	
	N	20	20	20	20	20	20	20	20	20	20	20	20