UNIVERSITY OF CAPE COAST

EFFECT OF MORTGAGE MARKET ON HOUSEHOLD'S FINANCE IN THE CAPE COAST METROPOLIS

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BY

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Dissertation submitted to the Department of Finance of the School of Business, College of Humanities and Legal Studies, University of Cape Coast in partial fulfilment of the requirements for award of Master of Business Administration degree in Finance.

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DECLARATION

Candidate's Declaration

I hereby declare that this dissertation is the result of my own original research work and that no part of it has been presented for another degree in this university or elsewhere.

Candidate's Signature ………………….. Date: …………………………..

Name: Alexander Adjei

Supervisor's Declaration

I hereby declare that the preparation and presentation of the dissertation were supervised in accordance with the guidelines on supervision of dissertation laid down by the University of Cape Coast.

Supervisor's Signature ………………….. Date: …………………………..

Name: Mr. Carl Korkpoe

ABSTRACT

Guided by the mortgage value theory, this study analysed the impact of mortgage market on household finance, with focus on clients who have obtained mortgage products from Republic Bank within the Cape Coast Metropolitan Area. To address this general objective, two specific research objectives were set, namely to: establish the costs borne by clients of Republic Bank when accessing mortgage finance; and examine the impact of mortgage financing cost on household income. Research approach was quantitative, research design was descriptive, and study design was cross-sectional. All salaried workers who have accessed mortgage products at Republic Bank in the Cape Coast Metropolitan Area, numbering 154 formed the study population. Owing to the size of the population, a census was employed. Purposive and convenience sampling techniques were utilised. A semi-structured, validated and self-completed questionnaire was employed. 118 out the 154 targeted mortgage clients responded to the questionnaire, leading to a response rate of 76.62%. The non-response rate was 23.38%. One-sample t-test was conducted using IBM SPSS Statistics software, version 23. This study found that mortgage clients were overburdened with high deposit requirements, extortionate interest rate, standard initial down payment of about 20%, payment facility fees, payment of legal/property title search fees, and pay surveyor's fees. To add, this mortgage financing costs negatively impacted on the income of mortgage clients. The study concluded that fees, charges and payments associated with acquiring residential mortgage was a drain on the income of households in Ghana. Recommendations have been made to improve on the existing situation.

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DEDICATION

To my wife, Mavis and my children, Obed and Dorcas

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LIST OF ACRONYMS

BHC	Bank for Housing and Construction
CEOs	Chief Executive Officers
CFPC	China Family Panel Studies
GDP	Gross Domestic Product
HMF	Housing Microfinance
SHC	State Housing Corporation
SHC	State Housing Company
SIC	State Insurance Corporation
SNNIT	Social Security and National Insurance Trust
TDC	Tema Development Corporation
UK	United Kingdom
US	United State of America

CHAPTER ONE

INTRODUCTION

This chapter presents an overview of the study, the problem the study seeks to solve, study goals, study questions, the importance of the study, as well as a discussion of project delimitation, limitation, and organization of the study. The second chapter dealt with the review of relevant literature where theories about mortgage markets were reviewed. I t also dealt with the empirical and conceptual review. This is also followed by the research methodology chapter where the various methods used in sampling through to analysis. The fourth chapter looked at the results and its discussion whereas the chapter five summaries the entire work, make the necessary conclusion and recommendation based on the results.

Background to the Study

A mortgage is a legal agreement in which a building society, a bank, or a commercial organization lends money to a borrower in exchange for ownership of the borrower's asset, such as a home, on the condition that the loan is repaid and the title is transferred to the borrower (Johnson, 2020). Borrowers gain from the mortgage market in certain ways. Wealth composition via the residential boom, according to Guo and Hardin (2014), is a crucial predictor of household spending. Experiences from industrialized nations such as the United Kingdom (UK), the United States of America (US), and Canada show that the mortgage market is more functional in addressing individual housing difficulties (Choi, Lugauer & Mark, 2017). According to Chen, Hardin, and Hu (2020), mortgage finance may lead to home wealth, which can have a favourable impact on household consumption.

Chen et al., (2020) found that, on average, landlords with joint title to assets had the highest spending propensity, whereas single ownership landowners of assets spend the most on the basis of rises in housing wealth. As a result, mortgage financing may lead to increased housing wealth, which enhances a homeowner's capacity to spend or save. According to Deng, Yan, and Chen (2019), the affordability of local housing is a critical element for beneficiaries of a Housing Provident Fund scheme, a shared reserve system that provides inexpensive loans to members to help them acquire homes.

A home, according to Li and Wu (2014), acts as a significant investment channel as well as a need for marriage. House purchasing is a priority for young people and their parents because to the high return on investment in property and increased marriage market rivalry. House value appreciation has a favourable wealth impact for homeowners, according to Li and Wu (2014). Furthermore, according to Yalta (2016), having a mortgage reduces the household's uncertainty about the amount to put aside monthly in order to own a home. The article goes on to say that mortgage payments act as a deterrent for borrowers to save money for the initial deposit and instalment payments.

According to Guo and Hardin (2017), owning a home provides needed shelter, potential venture earnings, asset appreciation, and leverage against a growth in housing-related monetary settlements. Aside from probable appreciation, families benefit in the long run from housing dividends, which are defined as the difference between the market rent for a family's housing entity and the true expenses of home ownership. Purchasing a home may greatly reduce a family's frequent housing-related expenditure and provide leverage in the form of an implicit housing dividend that grows with ownership duration.

According to Passmore and Sherlund's (2019) research, nations that participated in old-style state mortgage packages benefited economically during the Great Recession. More specifically, the authors claimed that counties with greater levels of involvement in lending experienced less increases in mortgage delinquency rates; fewer drops in purchasing originations, house prices, home sales, and new car procurement; and fewer increases in unemployment rates. These results were true both immediately after the height of the economic downturns and six years afterwards. The ongoing improvement in these nations' financial results is consistent with the argument that mortgage inventors' access to a financing channel is important for sustaining loan inflows and financial development throughout times of economic turmoil.

According to Chen, Zhao, and Shen (2018), in the absence of a mortgage loan, it is critical for a person to save money for an undetermined buying price at an indeterminate acquisition time that will most likely occur decades later in the near future. In the case of a mortgage loan, the purchase price and monthly payments are promptly determined. Fan and Yavas (2020) said that mortgage debt encourages young families to save for the initial down payment necessary to get a mortgage credit. Republic Bank is one of the few banks in Ghana that offers mortgage solutions to its customers. Republic Bank, like other commercial banks, has unrestricted capital (Madestam, 2014), allowing it to offer mortgage products to Ghanaians, notably those in low-income salaried families in the Cape Coast Metropolis.

The Cape Coast Metropolis is one of Ghana's few locations with extreme poverty levels, according to the Ghana Statistical Service. Meanwhile, the Metropolis is predicted to draw a big number of paid workers; yet, the region's high cost of living makes new building difficult, requiring the use of mortgage financing solutions. Republic Bank provides a variety of mortgage services, including home mortgages, home equity mortgages, home finishing point mortgages, and home upgrading mortgages (Aha, Ayitey & Martey, 2016).

Although new lenders such as Barclays Bank and Fidelity Bank are entering the mortgage market, they prefer to lend exclusively to higher-income salaried families, bank employees, or favored clientele (Aha et al., 2016). This research examines the impact of the mortgage market on family finances, focusing on consumers who purchased mortgage products from Republic Bank within the Cape Coast Metropolitan Area.

Statement of the Problem

In the face of ever-rising land and property costs in less developed countries, where saving habits are low owing to low salaries, mortgage lending seems to be the sure way to purchase a property, such as a house (Vinson, 2018). Formal borrowing, such as commercial bank mortgage loans, is often associated with high charges and fees, while informal borrowing is associated with cheap costs (Fan, Wu, & Yang, 2017; Vojtech, Kay, & Driscoll, 2019; Geng, 2018). In Ghana, Aha et al. (2016) discovered that effective demand for residential mortgages is constrained by a number of factors, including low income levels, informal sources of income, high deposit requirements, and exorbitant mortgage interest rates, resulting in high repayment to income ratios, rising house prices, and some negative cultural perceptions (Asante, Quansah, Ayitey & Kuusaana, 2017).

Ghanaian creditors provide conservative mortgages because they expect debtors to make some adjustment to their income requirements and a typical down payment of around 20%, mostly due to the risk of non-payment (Owusu-Ansah, Soyeh & Asabere, 2019). Obtaining the required 20% down payment, according to Aha et al. (2016), is a big challenge for most individuals in Ghana since it is several times their annual salaries.

Furthermore, according to Kopanyl (2015), the interest rate on a mortgage determines the cost of the loan. Interest rates are generally high in developing countries like Ghana due to a paucity of loanable capital (Baffour-Awuah, 2016). The mortgage interest rate, according to Aha et al. (2016), is likely the most significant factor affecting mortgage demand. Families that do not meet these criteria have a difficult time obtaining mortgage financing, and even if they are, they typically come with exorbitant interest rates to compensate for the risk associated (Yalta, 2016). Mortgage funds in Ghana charge an average of 30% interest on cedi loans and 13% interest on dollar loans, illustrating the risk associated with currency fluctuations. In addition to interest rate increases, prospective borrowers incur other costs such as legal/property title search fees, facility fees, and surveyor's fees (Aha et al., 2016).

These fees and charges, when added together, have a negative influence on mortgage demand (Chen & Hu, 2019). Furthermore, impoverished families are turned down for mortgages, leaving them with little choice except to build incrementally. Incremental construction is a step-by-step process in which owner-builders add or improve building components as money becomes available (He, Wu & Li, 2017). This explains why, despite relatively stable macroeconomic conditions and a rise in the number of firms providing mortgage-related services, Ghanaians have lost interest in house mortgages (Owusu-Ansah, Soyeh & Asabere, 2018).

Mortgage debt settlement, according to Tunc and Yavas (2017), has a large negative influence on both private and personal reserve rates. According to the author, a 10% rise in mortgage debt settlement results in a 9.1% decrease in personal reserve rate and a 12.4% decrease in private reserve rate. In addition, Güneş and Tunç (2018) observed that a 1% rise in mortgage settlement led in an 8.8% fall in saving rate. The authors emphasize that even if the mortgage payment is separated into interest and principal dimensions, there is still a considerable constraining effect. Furthermore, according to Vinson (2018), when the price of a property grows, low-income families incur huge costs, but high-income families do not.

People who have a mortgage spend much more money than those who do not, according to Fan and Yavas (2020). In other words, among individuals with a mortgage, those who spend a big portion of their income on paying the mortgage spend less of their income on consumption, maybe because they have less money to spend on other items. Albayrak (2020) backs up this argument, claiming that household borrowing has a positive influence on household expenditure, putting these families in a worse financial position.

Mortgage financing costs seem to be contributing to a reduction in family savings, particularly in developing countries like Ghana, as a consequence of the high cost of obtaining a mortgage. According to the

Mortgage Value Theory (Greenblatt, 1989), mortgage banks like Republic Bank charge a range of fees on their mortgages in order to make a profit, including high deposit requirements, excessive interest rates, a typical initial down payment, and payment facility fees. Although these prices enable mortgage banks to earn money in this market, they do so at the expense of bank customers, who see these fees as onerous and as a result, their income is reduced.

Despite the fact that there is study on mortgage financing, it was conducted outside of Ghana. The study by Aha et al. (2016) is an exception, despite the fact that their findings were based on insufficient statistical approaches such as diagrams and charts. This study employs an equally strong statistical method, the on-sample t-test, to derive conclusions about the impact of mortgage financing costs on family income. Furthermore, previous research has focused on the impact of mortgage payments on savings (Güneş & Tunç, 2018; Tunc & Yavas, 2017) and consumption rates (Chen et al. 2020; Fan & Yavas, 2020; Fan & Zhao, 2018), while ignoring the impact of mortgage financing costs on household income (Güneş & Tunç, 2018; Tunc & Yavas, 2017), while ignoring the impact of mortgage financing costs on household income (Fan (Chen et al. 2020; Fan & Yavas, 2020; Fan & Zhao, 2018).

Furthermore, earlier studies primarily looked at macro-level data, omitting micro-level data entirely. As a consequence, research of the real impact of mortgage financing costs on family income in Ghana is needed, so specific recommendations concerning the housing funding system may be made to meet the needs of this group of people: middle-to-low-income earners. As a result, the goal of this study is to look at the impact of the mortgage market on household finance in Ghana, with a particular emphasis on Republic Bank customers in the Cape Coast Metropolitan Area.

Purpose of the Study

This study seeks to analyse the impact of mortgage market on household income in Ghana, using responses from clients of Republic Bank in the Cape Coast Metropolitan Area.

Research Objectives

The following specific objectives of the study are taken into consideration:

1. To analyse the costs borne by clients of Republic Bank when accessing mortgage finance in the Cape Coast Metropolitan Area;
2. To examine the effect of mortgage financing cost on household income among clients of Republic Bank in the Cape Coast Metropolitan Area.

Research Questions

The following research questions are considered:

1. What are the costs borne by clients of Republic Bank when accessing mortgage finance in the Cape Coast Metropolitan Area?
2. What is the impact of mortgage financing cost on household income among clients of Republic Bank in the Cape Coast Metropolitan Area?

Significance of the Study

Mortgage financing cost and its impact on household income are significant interrogations for policy creators for diverse explanations. First and foremost, housing covers a huge portion of any nation and it is an important dimension of the expenditure and total wealth of households. Debt on mortgage will affect residential asset, consumption of household, wealth of household, and income of households. In addition, income-deprived household ultimately limits the volume of investment that the economy can accept, since a tight relationship between investment rates and national income.

Therefore, it is not astonishing that policy makers and economist are interested about the well-being repercussions of policies of government that reduce mortgage debt or cost and offer financial encouragements for ownership of houses. More so, mortgage debt is significant for economic policy since the magnitude and rate of development rate mortgage obligation has repercussions for the usefulness of monetary policy. In addition, the results of this study would have consequences for government policies and monetary policy that inspire borrowing of mortgage. Furthermore, this study would improve understanding on household income.

The study will also inspire future research into mortgage market and household finance studies employee training and development at all levels of the institution, especially with regard to relevant recommendations on staff disciplinary problems.

Delimitations

This study seeks to analyse the impact of mortgage market on household finance in Ghana, using responses from clients of Republic Bank in the Cape Coast Metropolitan Area. In line with this purpose, this study is delineated to clients who have obtained mortgage products from Republic Bank Limited in the Cape Coast Metropolitan Area. This study focuses on the costs borne by clients of Republic Bank when accessing mortgage finance in the Cape Coast Metropolitan Area; and the impact of mortgage financing cost on household income among clients of Republic Bank in the Cape Coast Metropolitan Area. This study follows the assumptions of the quantitative research process, wherein the researcher uses statistical tools in drawing conclusions.

Limitations

This study seeks to analyse the impact of mortgage market on household finance in Ghana, using responses from clients of Republic Bank in the Cape Coast Metropolitan Area. The findings of this study apply to Ghanaian clients, who have accessed mortgages at Republic Bank in the Cape Coast Metropolitan Area. Therefore, the findings of this study should be interpreted with caution. Another limitation of the study, like in all survey studies, is that responses from participants are self-reported, therefore, its truth may be somehow questionable. However, the researcher addressed this concern in the questionnaire design, to encourage respondents to provide candid and truthful opinions about the prevailing situation.

Organisation of the Study

This study is structured under five broad chapters. Chapter One offered the introduction, comprising the background to the study, statement of the problem, objectives of the study, hypotheses, significance of the study, delimitations, limitations, and organisation of the study. Chapters Two presented the review of various literature that was relevant to this study and Chapter Three presented the research methods of the study. Chapter Four offered the results and discussion, and Chapter Five finalized this study with the summary, conclusions and recommendations.

CHAPTER TWO

LITERATURE REVIEW

Introduction

This chapter presents the literature review of this study. A literature review is an activity in which the knowledge base is engaged to inform a study. This study's literature review is organised under four headings, namely theoretical review, conceptual review, empirical review, and conceptual framework. This chapter ends with a chapter summary.

Theoretical Review

This section considers the theory that guides this dissertation. The Title theory and the Lien theory of Mortgage was explained.

Title Theory

For the sake of clarity, this implies that your lender will retain ownership of the home while allowing you to live there. The seller actually gives over the property to the lender in a real estate transaction. However, despite the fact that the borrower has an equitable stake in the property, the lender will own it legally. A Deed of Trust is used by the lender to keep the property in the borrower's name. A Deed of Reconveyance is issued by the court when a borrower pays off a loan in full and the debt is formally wiped from public record. When a borrower defaults on their loan, there will be no court hearing to establish whether they have any legal grounds to fight the foreclosure. In non-judicial foreclosures, a default letter is given to the homeowner and a Notice of Default is filed with the court. A Notice of Trustee Sale will be delivered to the homeowner, placed in public areas, documented in public records, and publicized in regional legal periodicals if the default is not remedied within the state-mandated time frame. It is then sold in a trustee auction to the highest bidder.

Lien Theory

The lien theory determines who owns a piece of property. A Deed of Trust acts as a legal lien on the property until the debt is paid off. Mortgages ensure that a property is owned legally and fairly. A release or mortgage satisfaction is recorded in the public record after the mortgage is paid in full. When a debtor fails to pay their debts, lien theory states require foreclosure. During the 2008 housing crisis, borrowers frequently invoked the "produce the note" defense, which required lenders to demonstrate that they had the legal authority and power to execute a defaulted note. If a loan is being sold, the proprietary note and mortgage must be transferred correctly to another company. In some jurisdictions, such as Florida, a solution to this problem has been implemented, but this approach allows homeowners to fight for their property rights and forces lenders to meticulously monitor and submit all necessary paperwork before beginning the foreclosure process. The filing of a Lis Pendens, or a complaint against the borrower, is the first step in a judicial foreclosure. The borrower receives a notice of complaint in the mail, direct service, or newspaper publication, and has the opportunity to respond in court. If the court determines that the debt is real and in default, and that the amount owed includes court costs, it will issue an order of judgment. In contrast to the theory of title, the highest bidder must first obtain court approval before the transaction can proceed. After the board has approved the highest bidder, he or she takes control of the property.

Conceptual Review

The conceptual review explains the study's concepts and variables. It describes the mortgage and mortgage financing concepts, as well as housing finance. It also provides an overview of Ghanaian housing finance.

Concept of Mortgage and Mortgage Financing

The arrangement is legal when a building society, a bank, or a business entity offers funds at interest in exchange for ownership of the borrower's property, such as a house. The conveyance of title, on the other hand, becomes void when the debt is repaid, which is known as the mortgage payoff (Johnson, 2020). Due to the large sums of money required to purchase or construct a home, financing for families to purchase or construct a home is required (Ling & Archer, 2012). As a result, mortgage systems have emerged in which individuals with excess cash (mortgage providing banks) provide credit to families looking to buy or build a home.

People can now buy houses and pay for them with interest over a period of 5 to 30 years thanks to mortgage financing. If mortgage loans are made available, families will be able to purchase homes now and make payments with interest over a period of 5 to 30 years. Mortgage finance has allowed people who could otherwise afford to pay cash for a home to opt for credit instead, saving them the trouble of saving up large sums of money and allowing them to diversify their investment portfolios (Flyod & Allan, 2008). As a result, mortgage finance is the primary instrument used to support private ownership of commercial and residential real estate property assets in a number of highly developed countries.

Demand and supply dynamics are crucial in determining whether or not a mortgage will be required to fund the purchase or construction of a home, as well as the size of the mortgage. The behaviour of these variables is influenced by a variety of institutional, socio-demographic, and cultural factors. The mortgage market, for example, influences the demand and supply of goods and services, as seen in the commodities market. Mortgage investigation has taken a lot of time and effort, with various analysts developing their own methodologies and models to evaluate demand-side variables (Fortin & Leclerc, 2007; Jones, 1994; LaCour-Little & Yang, 2010; Lee, 1963; Si-Ming, 2010).

Prior to 1993, the demand for residential mortgages was viewed as a natural extension of the demand for homes. Lee (1963), for example, argued that the decision to buy a house and spend a certain amount of money on it is inextricably linked to the decision to borrow money and the amount borrowed. As a result, the researcher came to the conclusion that the same factors that influence housing demand may also influence mortgage demand. On the other hand, Jones (1994) and Fortin and Leclerc (2007) believe that this assumption is irrational, and that it has contributed to the lack of a comprehensive model for analyzing the amount of demand in the mortgage market.

Mortgage Housing Finance Concept

From a long-term venture perspective, house ownership financing is seen as a significant financial need that cannot be separated from the requirement of raising significant sums of capital over a long period of time. As a result, house finance systems have been established to govern the provision of credit to both home buyers and home builders. Housing finance may vary among landforms, according to Chiquier and Lea (2009), particularly in terms of the area covered by the financing arrangement. According to the author's, housing finance is a scheme that connects complex and multi-sector issues prompted by constantly changing local topographies, such as a country's legal atmosphere or culture, regulatory environment, financial makeup, or political scheme, among others.

According to King (2001), housing finance is what allows people to generate and consume housing in the first place. As a result, housing finance encompasses not only the funds used to build and maintain a country's housing stock, but also the funds needed by families to offset that stock, as evidenced by rentals, mortgage loans, and the settlements of those loans and mortgages. The primary goal of a housing finance system is to provide funds for homebuyers to purchase their properties. Despite the modest nature of this goal, increasingly complex home financing systems have emerged in a number of countries, mostly as a result of government success (Boleat, 1985).

Building societies/Savings and Loan Associations, secondary mortgage markets, primary mortgage markets, specialist mortgage banks, and housing provident funds are some of the institutions that make up this system. The ability of any housing financing system to connect cash from investors to homeowners, however, is the most important feature to consider. In most cases, informal and official lending institutions, as well as financial systems, are the primary sources of home financing. In countries without a well-developed formal housing finance mechanism, small savings, relatives, friends, and housing cooperatives, among other sources, are used to fund informal housing finance mechanisms (also known as incremental housing).

Housing is either self-financed (that is, built with equity built up over several years of prior reserves) or financed directly with credit from small savings, relatives, friends, and lending groups (Lea, 2009).

Although informal housing finance is extremely common in developing countries, it is typically expensive and ineffective due to the wide range of borrowers' and savers' criteria. They also have unequal information sharing, difficulty obtaining large-scale lending, and limited risk management and funding capabilities. Housing is funded by structured financial institutions in countries with a well-developed financial sector, which can be private-sector units, publicly-owned institutions, or government-sponsored organizations. Under the old-style mechanism of formal housing finance, an organization collects savings from savers and lends them to mortgage borrowers; the creditor in this mechanism provides services, funds the loan, and manages the portfolio's risk; the lender in this mechanism provides services, funds the loan, and manages the portfolio's risk (Boamah, 2009).

Secondary Mortgage Market (SMM) is a more competent mode of home financing used by developed countries such as the United States, in which mortgages are created by one party and then transferred to capital market financiers acting on behalf of eventual owners. As a result, long-term housing loans are made up of capital market depositors, avoiding the liquidity, interest rate, and default risks that traditional mortgages entail. Housing microfinance is a reliable source of housing financing, particularly for low-income families with children (HMF). This housing approach is based on the assumption that low- and moderate-income households typically lack the earnings required to purchase a market-rate mortgage for a finished home that meets basic quality standards, and that formal lending is limited to households with upper- and middle-income status, as well as verifiable and consistent sources of income (Daphnis & Ferguson, 2004).

Housing Microfinance is a type of loan designed to help low-income families expand their living space or build a home in stages, using a series of small, consecutive loans (Merril & Mesarina, 2006). The housing finance market, as a critical component of every nation's development, has a wide range of social, economic, and developmental implications, and as a result, its contribution to the advancement of the wider economy should not be overlooked. Housing finance accounts for a larger share of overall production flow in every state due to backward links to land markets, tools, building materials, labor markets, and long-lasting goods (International Finance Corporation, 2007).

Furthermore, as previously mentioned, housing markets have significant forward links with financial markets. Household debt, especially mortgage debt, makes up a large portion of total household debt. Furthermore, through the use of secondary securitization and mortgage markets, the housing market contributes to the well-organized functioning of international and local financial markets. A well-designed housing financing system increases housing ownership, which has significant externalities in terms of expansion, neighborhood development, job creation, political and social stability, and economic return on investment (Chiquier & Lea, 2009). As a result, the growth of the official housing finance industry has a significant impact on all of the country's subdivisions. Money that has been locked up in residences and turned into dead capital can be retrieved when it comes to debt financing for property development (De Soto, 2000). This initiative may benefit both landlords and the country as a whole, as it will aid the government's efforts to combat poverty.

Informal features dominate Ghanaian housing finance, as they do in other less developed African countries. Non-profit organizations, rather than commercial banks, provide the majority of housing financing in Ghana. According to Republic Bank (2007), Ghana's housing additions will be self-financed to the tune of 80% to 90%. Financial institutions that are formal in nature are hesitant to participate in long-term assets like housing due to liquidity issues and the comfort they get from short-term government securities (Ayitey et al., 2010).

In times when credit is plentiful, however, more families are turned down for mortgages due to high mortgage disbursements to income ratios (Asare & Whitehead, 2007). As a result, the housing market and the official financial market are clearly separated. In Ghana, the simplest way to finance a home is to use the individual's own savings to grow over a five to fifteen-year period. This method of increasing the number of dwellings is both ineffective and costly. Because large sums of money that could have been spent on more productive endeavors are locked up in unfinished and unproductive constructions.

To implement a direct involvement strategy in the distribution of housing and finance, the government established the State Housing Corporation (SHC), the Bank for Housing and Construction (BHC), the Tema Development Corporation (TDC), and the State Insurance Corporation (SIC) as soon as Ghana became an independent state in 1957. (Ofori, 1989). Despite these challenges, these creative endeavours were not without merit. Creativity has fallen short of expectations due to the shaky foundation. The governance structure did not include effective delivery mechanisms such as a safe and transparent title, the ability to draw external funding, as well as a means of enforcing payment and long-term financing (Asare & Whitehead, 2007).

As a result, the official housing market in Ghana has become less active, contributing to the country's housing crisis. Separate homes (bungalows), flats and apartments (other kinds), room(s) (other types), room(s) (compound houses), many huts and structures in the same compound, tents/improvised homes, and other types were all classified as semi-detached houses (Chiquier & Lea, 2009). According to the study, 79 percent of households lived in a compound home or another type of housing. Furthermore, 8.6% of households lived in huts and other structures within the same complex. Only about 10% of families in the United States lived in semi-detached houses, bungalows, or apartments. Furthermore, the study discovered that 54 to 63 percent of Ghanaian families lived in single-room abodes, while 26% lived in two-room abodes (Chiquier & Lea, 2009).

According to a UN Habitat assessment, Ghana's housing needs are expected to reach 5.7 million by 2020. (Centre for Affordable Housing Finance in Africa, 2011). A UN report recognized Ghana's housing goal as part of the country's social sector, despite it being largely ignored in the country's national economic framework (Asare & Whitehead, 2007). Housing is delivered by both the private sector and government agencies. Private sector participants in this case include Regimanuel Grey, Trasco Estate Development, Flexcon and Civil Master Company, Devtraco and Lakeside

Estate Ltd., and Salem Investment. Two state entities are the Social Security and National Insurance Trust (SSNIT) and the State Housing Company (SHC) (Ayitey et al., 2010).

Despite successive governments' best efforts, Ghana's mortgage sector is still in its infancy (Ayitey, Gyamfi-Yeboah & Agyei-Mensah, 2010). The mortgage debt to gross domestic product (GDP) ratio has been relatively low (Centre for Affordable Housing Finance in Africa, 2011). When you compare this low figure to the 7 to 15% range for middle-income economies, you'll notice a significant difference (Ayitey-Adjin, 2012). The global economic crisis, as well as the influx of Ghanaian mortgage borrowers from the diaspora, may explain some of the decline (Centre for Affordable Housing Finance in Africa, 2011). Although Ayitey et al. (2010) found that the state's operations were linked to a lack of long-term, balanced financing, uncertainty of land tenure, high property prices, and poverty, they also found that the state's operations were linked to a lack of long-term, balanced financing (Ayitey et al., 2010).

Because Ghana currently has only two major moneylenders (Republic Bank and Ghana Home Loans), the mortgage debt-to-GDP ratio is decreasing. Other new investors are entering the market, including Barclays Bank, Fidelity Bank, Cal Bank, Société Générale Bank, and Standard Chartered Bank. These institutions, on the other hand, tend to focus on higher-income households, favored customers, or bank employees, while ignoring low-income earners (Ayitey et al., 2010).

Empirical Review

This section focuses on the empirical evaluation of the study. Empirical review summarizes and analyses the findings of closely comparable investigations, highlighting the similarities, conflicts, and gaps in these studies, according to the research goals of this study. The empirical evaluation is divided into two sections, based on the study's objectives: the cost of mortgage financing and the impact of mortgage financing costs on family income.

Costs borne by clients when accessing mortgage finance

Aha et al. looked into the demand level mitigating variables in Ghana's mortgage market development (2016). The researchers concentrated on the factors that influence demand for residential mortgages as well as other barriers to family mortgage usage. A survey of 120 private and public sector employees working in the Kumasi Metropolis was conducted using purposive and convenience sample methods to analyse and evaluate the available mortgage packages in Ghana.

High deposit requirements, informal sources of income, low-income levels, and an exorbitant rate of interest on mortgages all stymie residential mortgage demand in Ghana, resulting in high house prices, large resettlement-to-income ratios, and negative cultural perceptions of the practice. Excessive interest rates, high housing values, and low-income families all contribute to large and unsettling mortgage resettlement-to-income ratios. As a result, low-income families are increasingly turning to incremental construction as their only option for getting a mortgage.

It's unfortunate that researchers focused on salaried employees in the Kumasi Metropolis rather than those in Cape Coast, where poverty levels and quality of life are both higher. Furthermore, Aha et al. (2016) used poor statistical methods to derive results in their study, such as graphs and charts. The researchers were able to make inferences about customer expenditures when they applied for mortgages using an on-sample t-test.

Owusu-Ansah et al. (2018) conducted research to identify the major roadblocks to housing construction in metropolitan Ghana. Purposive sampling was used to collect data from CEOs of private real estate growth organizations in Tema and Accra, using a Likert scale questionnaire to assess the rigor of the dynamics influencing housing development in the selected districts. Real estate development firms, according to their findings, see housing supply issues as a result of both informal and formal institutional factors.

According to Owusu-Ansah and colleagues, a large number of CEOs stated that the lengthy process of obtaining construction licenses, land titles, and the land acquisition and registration procedure in Ghana had a significant impact on the supply of housing in Ghana (2018). Market-based factors such as a lack of expansion funding, a lack of mortgage market development, and high interest rates hampered housing growth. However, Owusu Ansah et a study's focused solely on supply-side constraints on housing growth, ignoring demand-side constraints.

Mortgage financing cost and household income

This section reviews the empirical literature on the impact of financing costs on household income. After controlling for traditional factors, Estrada, Garrote, Valdeolivas, and Vallés (2014) investigated how economic growth influences household consumption in a panel of OECD economies (net financial and non-financial wealth, income, and interest rates). They discovered that, similar to the alleged differences in the delivery of financial hardships across countries, changes in housing liability growth and deleveraging influenced cumulative consumption. The authors, on the other hand, only used macro-level data and ignored micro-level data completely. In addition, the authors neglected to consider the impact of mortgage financing costs on household income. Tunc and Yavas (2016) investigated the factors that affect the Turkish private reserve rate, with a particular focus on the role of mortgage debt. The authors used quarterly data on national savings from Turkey's Ministry of Development. The Turkish Banking Association released quarterly figures on new mortgage originations, non-mortgage consumer credit originations, and household mortgage debt. The enhanced Dickey-Fuller test was used to determine whether the data was stationary. According to the econometric analysis, mortgage credit growth had a robust and strong negative impact on the private reserve rate.

Furthermore, although to a lesser extent than mortgage loan development, non-mortgage customer loan development had a negative and strong impact on the rate of private reserve. The expansion of business loans, on the other hand, had a positive impact on the rate of private reserve. The findings of the authors provided strong evidence that the increase in the growth rate of customer loans was a major factor in the decline in the Turkish private reserve rate. Tunc and Yavas (2016), on the other hand, conducted their research in Turkey, not Ghana. Furthermore, the researchers failed to consider the impact of mortgage financing costs on household income.

Tunc and Yavas (2017) added to the savings literature by scientifically analyzing the factors that influence saving rates in the United States, with a focus on the role of mortgage debt. Based on data from 1987 to 2013, the researchers discovered that mortgage payments had a significant negative impact on the rate of both private and personal reserve in the United States of America. A ten-percentage-point increase in mortgage payments resulted in a drop in individual reserve of 12.4 percent and a drop in private reserve of 12.4 percent.

Furthermore, introducing mortgage debt as an independent latent construct resulted in significant differences in the effect of other latent constructs, supporting their claim that mortgage debt was central to the study of savings rate. When Tunc and Yavas (2017) compared mortgage payments to non-mortgage consumer debt settlements, they discovered that mortgage payments had a significant impact on personal reserve, whereas non-mortgage customer credit settlements did not. Despite the contributions of Tunc and Yavas (2016), their research was conducted in the United States, which is not a Ghanaian context. In addition, the researchers overlooked the effect of mortgage financing costs on household income.

Güneş and Tunç (2018) investigated the impact of mortgage settlements on the rate of saving of US families using instrumental construct-based techniques and the Panel Study Income Variation data from 1999 to 2015. According to the findings, a 1% increase in mortgage settlement resulted in a 0.15 percentage point (equivalent to an actual 8.8%) decrease in savings rate. There was a significant limiting influence even when the mortgage settlement was disintegrated into interest and principal dimensions. Variations in mortgage payment can be explained in part by variations in saving rates among households in the United States of America, according to the study's findings. Güneş and Tunç (2018), on the other hand, conducted their research in the United States, ignoring the Ghanaian context. Furthermore, they did not consider the impact of mortgage financing costs on household income in their study.

Chen et al. (2018) attempted to quantify the extent to which China's massive mortgage debt stifled its aggregate consumption. They first discovered that, on average, consumption increased by up to 57.5 percent of the monthly payment. An analytical calculation based on this figure found that reducing China's total household mortgage stock over the next fifteen years would increase aggregate consumption demand by 0.9 trillion yuan per year, or 1% of GDP.

Second, Chen et al. (2018) discovered that households with lower income, liquidity, or assets have stronger consumption reactions prior to and following the last payment. Third, the size of the monthly payment matters; the consumption response was attenuated and smoothed when the amount was greater than 7067.8 yuan per month. On the other hand, Chen et al. (2018) conducted their research in a Chinese context, ignoring the Ghanaian context. In addition, the authors overlooked the impact of mortgage financing costs on household income.

Vinson (2018) calculated the price elasticity of consumption for a house dwelling using household panel data from the United States of America from 1999 to 2013. The price elasticity of house consumption is positive but moderate on average, according to the author, and it varies by age. When evaluating the elasticity specifically for families with limited credit, the author discovered that huge loan-to-value mortgage households have a huge house price elasticity of consumption of around 0.2. Furthermore, the researcher discovered that when the value of a home rises, low-income households spend more, whereas well-to-do hand-to-mouth families spend less. Nonetheless, Vinson's (2018) research was conducted in the United States in a non-Ghanaian context. Furthermore, the study failed to consider the impact of mortgage financing costs on household income.

The relationship between housing prices and household consumption in China was reexamined by Yang, Fan, and Zhao (2018), focusing on the dual role of housing investment and consumption. Through econometric analysis, the authors discovered that the continued rise in family earnings and the rate of home ownership in China was linked to a decrease in consumption. Furthermore, for both landlords with one and two housing entities, they discovered a negative relationship between house price and family consumption.

Housing serves as both a consumption good and an investment vehicle, according to Yang et al. (2018), who conducted empirical and theoretical research in China. They discovered that rising consumption needs, rather than real investment needs, drive demand for second housing entities. On the other hand, Yang et alstudy .'s was written in a Chinese context, ignoring the Ghanaian context. Furthermore, the researchers failed to consider the impact of mortgage financing costs on household income.

Chen et al. (2020) examined the impact on household spending in urban areas, as well as the value of housing, financial investments, housing equity, and household income in China, using longitudinal data from a survey conducted by the China Family Panel Studies (CFPS). The impact of housing prosperity on household consumption in China was greater than that reported in developed countries, according to Chen et al's findings. Housing's dominant role in household wealth accumulation, as well as operational challenges in investing that support real estate ownership, had a greater impact.

According to Chen et al. (2020), household consumption differed depending on housing tenure. Landlords with shared asset ownership have the highest proclivity to consume, whereas those with individual asset ownership spend more as their housing wealth increases. Nonetheless, Chen et al(2020) wrote their study in a Chinese context, ignoring the Ghanaian context. Furthermore, the researchers failed to consider the impact of mortgage financing costs on household income.

Albayrak (2020) looked into how relative earnings and earnings disparities within reference cohorts affect family consumption. Examining the rationales for consumer behaviour. The researcher used cross-sectional family-level data to see if the relative position of families and disparity in the reference cohorts had an impact on family consumption indicators in Turkey between 2005 and 2012.

Albayrak (2020) found that, after controlling for total earnings, family consumption was negatively related to the relative earning index and positively related to the reference cohort's earning disparity. Furthermore, the author discovered that family indebtedness had a positive effect on household consumption when the disparity in the reference cohort and the relative point of families were taken into account. Albayrak's (2020) study, on the other hand, was written in the context of Turkey, completely ignoring Ghana. In addition, the authors overlooked the impact of mortgage financing costs on household income.

Fan and Yavas (2020) investigated the impact of mortgage loans on family consumption and other aspects of household consumption. Using data from a comprehensive survey of Chinese households, the authors demonstrated that families with a mortgage spend a lot of money.

Conceptual Framework of the Study

This section explains the study's conceptual framework. A conceptual framework depicts the researcher's vision for how a study will be investigated. As a result, a conceptual framework depicts the relationships between the variables of interest, which is in line with the study's research goal. Figure 1 depicts the four dimensions of mortgage financing costs: high deposit requirements, exorbitant interest rates, facility fees, legal/property title search fees, and surveyor's fees. In light of these considerations, the first objective of this dissertation was to determine the costs borne by Republic Bank clients seeking mortgage financing in the Cape Coast Metropolitan Area. Second, the path connecting mortgage financing costs to household income was in line with the research project's second goal.

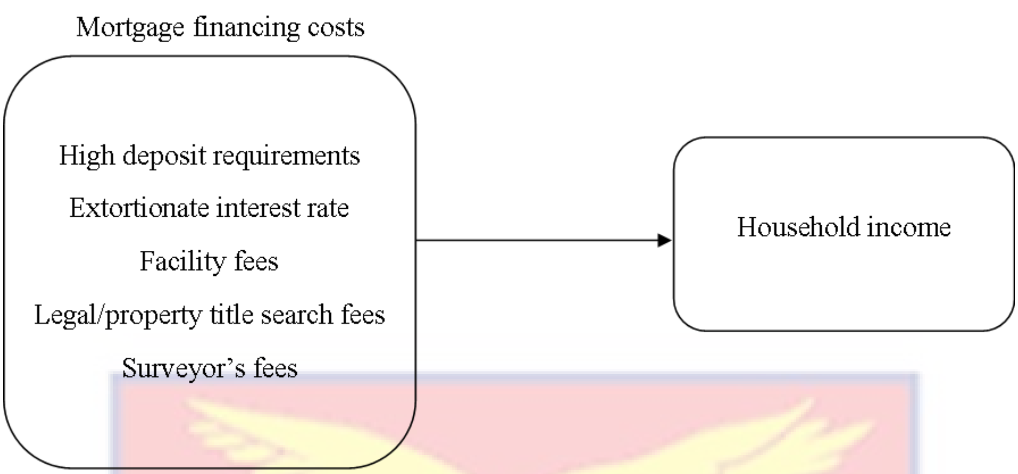

Figure 1: Conceptual framework of the study

Source: Author's construct (2020)

Research Gap

As a result of the high cost of acquiring a mortgage, it seems that the expenses of mortgage financing might contribute to a decline in family savings, especially in developing nations like Ghana. The Mortgage Value Theory (Greenblatt, 1989) states that, in order to earn a profit, mortgage banks like Republic Bank impose a variety of costs on their mortgages, including high deposit requirements, exorbitant interest rates, a standard initial down payment, and payment facility fees. Although these costs allow mortgage banks to make money in this business, they do so at the expense of bank clients who see these fees as onerous, lowering their income.

Although there is research on mortgage finance, they were produced in a non-Ghanaian environment. The research by Aha et al. (2016) is an exception, although their results were reached using inadequate statistical methods such as graphs and charts. In drawing findings on the influence of mortgage finance costs on family income, this research uses an equally powerful statistical approach, the on-sample t-test. Furthermore, previous research has focused on the impact of mortgage payments on savings (Güneş & Tunç, 2018; Tunc & Yavas, 2017) and consumption rates (Chen et al. 2020; Fan & Yavas, 2020; Fan & Zhao, 2018), while ignoring the impact of mortgage financing costs on household income (Chen et al. 2020; Fan & Yavas, 2020; Fan & Zhao, 2018).

Chapter Summary

This chapter presented the literature review of this study. This study's literature review was structured under three broad headings, namely conceptual issues, empirical review, and conceptual framework. The conceptual issues defined and expounded the concept of mortgage and mortgage financing, housing finance, as well as the overview of housing finance in Ghana. The empirical review was structured under two sub-headings, which were consistent to the research objectives of this study, namely the costs borne by clients of mortgage banks; and the impact of mortgage financing cost on household income. Finally, conceptual framework showed the researcher's idea on how the study was explored.

CHAPTER THREE

RESEARCH METHODS

Introduction

This study seeks to analyse the impact of mortgage market on household income in Ghana, using responses from clients of Republic Bank in the Cape Coast Metropolitan Area. This chapter covers the research methods used for this study. It presents the research approach, research design, study design, population, sample size, sampling procedures, data collection instrument, ethical considerations, data collection procedures, and data processing and analysis. The chapter ends with a chapter summary.

Research Paradigm

Philosophical perspectives are defined as frameworks that are shared by all academic researchers. The research paradigm, on the other hand, is defined as a general organizing structure for theory and research that includes fundamental theories, key issues, and high-quality research models and methods for obtaining answers (Neuman, 2006). According to this viewpoint, ignoring philosophical questions and research paradigms has a negative impact on research quality (Amaratunga, Baldry, Sarshar & Newton, 2002).

Epistemology and ontology are the two main philosophical positions in social research (Bryman, 2004). Ontology is concerned with the researcher's views on the global community and what can be learned from it. Ontology is divided into two extremes: realism and relativism.

Epistemology is the study of how a discipline recognizes knowledge. There are two extreme positions in epistemology: positivism and interpretivism. Only objective statements are valid and scientific in the positivist research paradigm. The Positivist model uses a value-free approach to achieve accurate results and ensures that the researcher is separate from the responses of the respondents (Malhotra & Birks, 2007). In the literature, the positivist paradigm is also linked to the quantitative approach to research. Interpretivist research, on the other hand, only accepts the subject's ideas and thoughts as valid. The interpretivist paradigm takes an inductive approach to research theory generation, employing a variety of research methods. In the literature, interpretivist research is also linked to a qualitative research approach. The positivist paradigm is the epistemological philosophy that underpins this research.

Research Approach

Scholars have proposed three main research approaches: quantitative, qualitative, and mixed methods approach. Quantitative studies are usually based on data that can be numerically measured, usually with the help of a standard instrument like a questionnaire (Leppink, 2017). The qualitative research approach is based on systematic protocols and techniques, with the researcher's subjective elements incorporated into the findings and conclusions (Crotty, 1998). In order to aid a deeper study and analysis of the subject at hand, it emphasizes smaller units of sample rather than larger samples. The most common qualitative research instruments are interview guides and focus group discussions (Creswell & Plano-Clark, 2011). Mixed methods research makes use of a variety of approaches to investigate a research problem (Creswell & Plano-Clark, 2011). This study uses a quantitative research approach in accordance with the objectives and nature of the research, in which the researcher collects large amounts of numerically measured data and uses statistical tools to draw conclusions based on the findings.

Research Design

The design entails the researcher's overall strategy for responding to the research questions (Saunders & Lewis, 2012). There are many different types of study design, and many academics classify them in different ways. Case studies, experiments, surveys, action research, ethnography, grounded theory, and archival research are all mentioned by Saunders and Lewis (2012). A study design, according to Bryman and Bell (2015), can take five different forms: cross-sectional or survey design, experimental design, longitudinal design, comparative design, and case study design.

According to Yin (2017), there are three situations to consider when choosing a study design: the extent of control the researcher has over actual social actions, the form of question, and the emphasis on modern versus past actions. The study employs a cross-sectional survey design due to the investigator's limited control over actual social actions and the researcher's high focus on current rather than past actions.

The descriptive research design is used in this study because the nature of the study's objectives necessitates it. Descriptive research is a strategy that is organized and pre-planned so that the data gathered can be statistically analysed on a study population. The basic rationale for using this type of research is to accurately describe an attitude, opinion, or behaviour displayed by a group of people regarding a specific phenomenon (Robson, 1993). Descriptive research is defined as research in which a respondent must choose from a set of predetermined options. Data that can be statistically inferred will result from categorizing the responses into already predetermined selections.

Population

A population is made up of all of the subjects from the cohort on which the study focused its attention. Similarly, Malhotra (1996) argued that subjects of the group should be able to demonstrate physical evidence that is relevant to the research and to the investigator. According to the Branch Manager in charge, all salaried employees who qualify for mortgage products at Republic Bank in the Cape Coast Metropolitan Area, which has a total of 154 branches, have access to them through the bank. This number served as the basis for the study's population. According to information obtained from the Records Division of the Republic Bank in Cape Coast Metropolitan Area on the 27th August, 2020, with permission from the Branch Manager, 154 Republic Bank employees have accessed mortgage products out of a total of 154 Republic Bank employees in the Cape Coast Metropolitan Area.

Sample Size

All of the respondents were chosen through the use of a simple random sampling approach. According to Krejcie and Morgan (1970), a sample of 113 people is required for a population of 160 people. Based on this, the intention is to survey all 154 salaried workers who have obtained mortgage products from Republic Bank in the Cape Coast Metropolitan Area to participate in the study, with the sample size being determined by random sampling. Reality on the ground reveals that only 118 of the 154 ultimately agreed to participate in the study, resulting in a final sample size of 118 participants.

Sampling Procedures

According to Israel, a survey was deemed appropriate because it is appealing for smaller populations, such as those of 200 or fewer people, to participate (2013). Because it appeared to be impossible to obtain a list of mortgage clients' personal data and contact information from Republic Bank in order to ensure that random sampling would be applicable, the researcher made himself available at the bank's headquarters on a number of occasions and used simple random sampling, purposive sampling, and convenience sampling techniques to select participants for this study. As a result of the researcher's interest in soliciting information from Republic Bank clients who have ever accessed mortgage products through the bank, purposive sampling techniques were employed. The study was conducted with bank customers who were available and willing to participate, in accordance with the convenient sampling technique that was used. The primary goal of using convenience sampling was to gather information from participants who were easily accessible to the researcher within a specified period of time and who were located in close proximity to the researcher's location.

Data Collection Instrument

The questionnaire that was used for data collection was self-administered, and the results were analysed. The questionnaire was semi-structured, with open-ended and closed-ended questions and statements interspersed throughout the questionnaire. According to the researcher, the questionnaire was carefully designed in order to ensure that high-quality data was collected. The items on the questionnaire were derived from a review of the relevant literature. The questionnaire was divided into three sections, which were designated as sections A, B, and C. Nominal data on respondents' demographic characteristics were collected in Section 'A,' consisting of four items: gender, age in years, highest educational qualification attained, and the length of time respondents had been mortgaging with Republic Bank.

Section 'B' collected ordinal data on the costs borne by Republic Bank clients when obtaining mortgage financing. It consisted of six items, each of which was measured on a five-point Likert-type scale, with 1 indicating strongly disagree, 2 indicating disagree, 3 indicating neutral, 4 indicating agree, and 5 indicating strongly agree. Finally, Section 'C' collected ordinal data on the impact of mortgage financing costs on household income, which consisted of six items that were scored on a five-point Likert-type scale, with 1 indicating strong disagreement, 2 indicating disagreement, 3 indicating neutrality, 4 indicating agreement, and 5 indicating strongly agreement. The questionnaire had a total of 16 questions on it in total.

Data Collection Procedures

The questionnaire was administered by the researcher who was conducting the study. A self-completed questionnaire is a type of data collection process in which respondents complete the questionnaire on their own, without the involvement of a researcher. An online questionnaire process was used for this study because the targeted sample was made up of salaried workers who had received formal education, putting them in a better position to read and comprehend the statements on the questionnaire and, as a result, to provide candid responses. A pre-test was conducted prior to the main survey in order to gauge participant interest. Using the pre-test, we were able to fine-tune the questionnaire items, making them clearer and easier to understand so that respondents would not have any difficulties during the main survey.

In order to conduct a pre-test, 12 salaried employees who had previously accessed mortgage products at Republic Bank in the Greater Accra Metropolitan Area participated. The sample size for the pre-test met the minimum criterion of ten students established by Saunders, Lewis, and Thornhill (2007) for a pre-test by students. The 12 salaried employees who have taken advantage of mortgage products offered by Republic Bank in the Cape Coast Metropolitan Area were chosen based on the researcher's availability and convenience. Draft copies of the instrument were neatly packaged in brown envelopes with pens and distributed to the salaried employees in an orderly fashion. The questionnaires were given to them with the expectation that they would be returned the same day.

It was possible to recover all 12 of the draft questionnaires that were distributed. Respondents demonstrated less difficulty in responding to the items in the pre-test, indicating that the statements were generally well understood by them. Participants spent an average of 25 to 30 minutes completing the questionnaire, according to the results. At the end of the process, none of the items on the questionnaire were eliminated. Table 1 contains the results of the original Cronbach's Alpha after pre-testing, which includes the results of the pre-testing.

Validity and Reliability Test

Since the Cronbach Alpha values of the Scales were above the benchmark of 0.7, the questionnaire was deemed to be valid.

Table 1: Validity and Reliability Test

Scales	Number of Items	Cronbach's Alpha
Costs of Mortgage Financing	6	0.82
Mortgage Financing Cost on Household Income	6	0.98

Source: Field Survey (2021)

Based on the validity of the questionnaire, the researcher proceeded with the main survey. Data collection for the main survey lasted for two weeks from the day the questionnaires were administered (5th October, 2020) to the day they were retrieved (19th October, 2020). The data was collected by the researcher with the help of three field assistants, who were trained by the researcher before the data collection exercise. At the end of the main survey, 118 out the 154 targeted mortgage clients of Republic Bank in the Cape Coast Metropolitan Area responded to the questionnaire, leading to a response rate of 76.62%. The non-response rate, therefore, was 23.38%.

Data Processing and Analysis

Upon data collection, the completed questionnaires were exposed to verification to make sure that any likely errors emanating from incorrectly filled questionnaires were reduced. The error-free questionnaires were cautiously inputted and edited to prevent missing figures, after which the data was processed. IBM SPSS Statistics Software for windows, version 23 is the software to be used for the data analysis. All the two objectives of the study were analysed using one-sample t-test. High score indicated *agreement* to questionnaire items, while low scores suggested *disagreement* to questionnaire items. Prior to analysing the research objectives of this study, a test of normality of the data was conducted, using Kolmogorov-Smirnov test in order to inform the appropriate measure of central tendency and measure of dispersion to be employed so as not to bias the results.

Ethical Considerations

Research by Patten and Newhart (2017) disclosed the main ethical factors that require consideration in every study. These main ethical factors are right to privacy, voluntary participation, confidentiality of information, and anonymity. Therefore, the researcher ensured that all these factors are considered prior to data collection. As an illustration, for voluntary participation, all respondents were permitted to participate in the data collection exercise on their discretion, without any form of cohesion or duress. Besides, the possible matters of right to privacy were taken care of by permitting respondents to respond the questionnaires themselves and ambiguous questions were properly addressed via their appropriate medium.

Furthermore, anonymity was addressed to by limiting respondents from offering in-depth personal data on the questionnaire, such as names, personal addresses, and contact numbers. In addition, respondents were guaranteed that none of their personalities would be disclosed to the general public nor utilized for undertakings other than this research. Last, but not the least, the study guaranteed confidentiality of information by promising respondents that their information would be kept confidential. They were also guaranteed that none of the information they have offered would be used against them or found in the public domain.

Chapter Summary

The chapter covered the research methods of the study. This chapter presented the research approach, research design, study design, population, sampling procedure and sample size, sampling procedures, data collection instrument, ethical considerations, and data analysis procedure.

CHAPTER FOUR

RESULTS AND DISCUSSION

Introduction

This study sought to analyse the impact of mortgage finance on household income, with focus on clients who have obtained mortgage products from Republic Bank within the Cape Coast Metropolitan Area. To begin, this chapter presents and discussed the results on the demographic characteristics of respondents. Next, a test for normality is conducted to inform the appropriate measure of central tendency and dispersion that has been recommended by scholars. Subsequently, the first objective of the study, which sought to establish the costs borne by clients of Republic Bank when accessing mortgage finance in the Cape Coast Metropolitan Area is analysed. Successively, the second objective, which sought to examine the impact of mortgage financing cost on household income among clients of Republic Bank in the Cape Coast Metropolitan Area is analysed. The chapter continues with a summary of key findings, and ends with a chapter summary.

Demographic Characteristics of Respondents

Eventually, 118 questionnaires were completed and they were deemed valid and usable for the purposes of data analysis. Of the 118 responses, 83 were males (70.34%) and the remaining 35 were females (29.66%), suggesting that the respondents were dominated by males. Considering the ages of respondents, the study considered the age classifications proposed by Yarlagadda, Murthy and Prasad (2015), namely young adults (18 to 30 years), middle-aged adults (31 to 50 years), and senior adults (>50 years). It came to light that majority of the respondents were middle-aged adults (n=61, 51.69%), with the remaining being senior adults (n=57, 48.31%). This result insinuates that the respondents were matured to make informed contributions to the study. These findings were displayed in Table 2.

Table 2: Demographic Characteristics of Respondents

SN	Details	Frequency	Percentage
1	*Sex*:		
	Male	83	70.34%
	Female	35	29.66%
2	*Age in years*:		
	18 to 30 years	-	-
	31 to 50 years	61	51.69%
	> 50 years	57	48.31%
3	*Level of education*:		
	Basic	-	-
	Secondary	-	-
	Tertiary	118	100.00%
4	*Years of experience*:		
	Less than 5 years	15	12.32%
	6 to 10 years	44	37.44%
	11 to 15 years	34	28.57%
	> 15 years	25	21.67%

Source: Field survey (2021)

Regarding respondents' highest educational qualification attained, the results showed that all the respondents have attained tertiary level qualifications (n=118, 100.00%), denoting that the respondents have enough knowledge needed to make informed contributions to this study (Table 2). Finally, it was revealed that majority of the respondents have been mortgaging with Republic Bank for more than 5 years (n=103, 87.68%), signalling that they have enough mortgaging experience at Republic Bank and, therefore, they were in a good position to make valuable contributions to this study (Table 2).

Test of Normality

In selecting the suitable measure of central tendency and measure of dispersion to analyse the objectives of this study, the investigator tested for normality in the data, employing the Kolmogorov-Smirnov test of IBM SPSS Statistics for windows, version 24. The Kolmogorov-Smirnov test was preferred over Shapiro-Wilk test, since the dataset used was larger than 50 elements: n=118. The Kolmogorov-Smirnov test calculated the probability that the sample was drawn from a normal distribution. It required the specification of a guess statement, as shown below:

H_0: The sample is not significantly different from a normally distributed data or the sample data is normally distributed.

H_1: The sample is significantly different from a normally distributed data or the sample data is not normally distributed.

Regarding the decision rule, if the Kolmogorov-Smirnov test yields a significance level less than the alpha level (0.05), it means that the distribution is not normal. Nevertheless, if the Kolmogorov-Smirnov Z test yields a significance level greater than the alpha level (0.05), it means that the distribution is normal. As depicted in Table 3, the Kolmogorov-Smirnov Z test indicated that the *p*-values for cost of mortgage financing, and impact of mortgage financing cost on household income were greater than the alpha level of 0.05, hence, the analyst failed to reject the null hypothesis and concluded that the datasets for the cost of mortgage financing, and impact of mortgage financing cost in household income were normally distributed.

Table 3: Tests of Normality

	Kolmogorov-Smirnov[a]		
	Statistic	Df	Sig.
Cost of mortgage financing	0.045	118	0.200*
Impact of mortgage financing cost in household income	0.053	118	0.214*

Source: Field survey (2021)

The test of normality result informed the analyst to use the mean, as the measure of central tendency and standard deviation, as a measure of dispersion, recommended by Adam (2018), in analysing the two objectives of the study.

Cost of Mortgage Financing

For the purpose of establishing the costs borne by clients of Republic Bank when accessing mortgage finance in the Cape Coast Metropolitan Area, six indicators/statements were measured on a five-point Likert-like scale with 1=strongly disagree, 2=disagree, 3=neutral, 4=agree, 5=strongly agree. These scores were generalised based on respondents' views regarding each of the positive statements under "Cost of Mortgage Financing" on the questionnaire. The cut-off point for the scale was arrived at using the mean of the scale minus 0.1, as used by earlier researchers (Koomson, 2017; Otopah, 2019). As such, a mean range of 1.0 to 2.9 suggests *disagreement* from respondents, while a mean range of 3.0 to 5.0 suggests *agreement* from respondents.

As indicated in Table 4, it was revealed that the statements that measured the costs borne by clients of Republic Bank when accessing mortgage finance were within the mean range of 3.493 to 3.877, signalling respondents' *agreement* to those statements. At the same time, the standard deviation of the statements ranged from .853 to 1.297, suggesting *low variability* in respondents' opinion. In addition, Table 4 showed that all the statements that measured the costs borne by clients of Republic Bank when accessing mortgage finance were statistically significant at a confidence level of 95%, because, the t-values were greater than 1.96. In other words, the p-values were less than 0.05.

Table 4: One-Sample T-Test of Cost of Mortgage Financing

SN	Statements/Indicators	Mean	SD	*t*-value	Df	*p*-value
CO01	I am burdened with high deposit requirements on my mortgage product obtained at Republic Bank.	3.795	1.297	35.356	118	.000*
CO02	I am hit with extortionate interest rate on my mortgage product obtained at Republic Bank.	3.740	1.115	40.544	118	.000*
CO03	I am required to make a standard initial down payment of about 20% on my mortgage product obtained at Republic Bank.	3.493	1.140	37.019	118	.000*
CO04	I am expected to pay facility fees on my mortgage product obtained at Republic Bank.	3.644	.853	51.622	118	.000*
CO05	I have been burdened with the payment of legal/property title search fees on my mortgage product obtained at Republic Bank.	3.534	.941	45.394	118	.000*
CO06	I have been asked to pay surveyor's fees on my mortgage product obtained at Republic Bank.	3.877	1.162	40.312	118	.000*

Source: Field survey (2021)

The specifications of the statements are: (1) I am burdened with high deposit requirements on my mortgage product obtained at Republic Bank [M=3.795, SD=1.297, $t(118)= 35.356$, $p=.000$, 2-tailed]. This result implied that respondents showed an affirmative response to the assertion that they were overstretch with high deposit obligation on their mortgage product obtained at Republic Bank. This finding was consistent to the outcome of the study by Aha et al. (2016) in Ghana, in which the investigators found that Ghana's residential mortgage demand was challenged by high deposit requirement.

(2) I am hit with extortionate interest rate on my mortgage product obtained at Republic Bank [M=3.740, SD=1.115, $t(118)= 40.544$, $p=.000$, 2-tailed]. This outcome indicated that respondents agreed to the proclamation that they were burdened with extortionate interest rate on their mortgage product attained at Republic Bank. This finding looked similar to the result of the study by Aha et al. (2016) in Ghana, wherein the investigators unveiled that Ghana's residential mortgage demand is challenged by exorbitant rate of interest on mortgages for individuals. Similarly, this finding compared well with the study by Owusu-Ansah et al. (2018) in Ghana, where the investigators discovered that huge rates of interest in the mortgage market was one of the dynamics militating against the development of housing.

(3) I am required to make a standard initial down payment of about 20% on my mortgage product obtained at Republic Bank [M=3.493, SD=1.140, $t(118)= 37.019$, $p=.000$, 2-tailed]. This finding denoted that respondent concurred to the declaration that they were expected to pay a standard initial down payment of about 20% on their mortgage product at Republic Bank. This outcome agreed well with the result of the study by Aha et al. (2016) in Ghana. In Aha et al. (2016) perspective, obtaining this required 20 percentage down payment was a big challenge for most individual in Ghana, as it represented several multiples of their annual earnings.

(4) I am expected to pay facility fees on my mortgage product obtained at Republic Bank [M=3.644, SD=.853, *t*(118)=51.622, *p*=.000, 2-tailed]. This finding denoted that respondent concurred to the declaration that they were expected to pay facility fees on their mortgage product at Republic Bank. This outcome agreed well with the result of the study by Aha et al. (2016) in Ghana, in which the authors uncovered that, aside interest rate hikes, facility fees were smashed on the face of forthcoming borrowers in the market.

(5) I have been burdened with the payment of legal/property title search fees on my mortgage product obtained at Republic Bank [M=3.534, SD=.941, *t*(118)=45.394, *p*=.000, 2-tailed]. This result suggested that respondents confirmed that they were saddled with the payment of legal/property title search fees on their mortgage product at Republic Bank. This finding looked consistent to the result of the study by Aha et al. (2016) in Ghana, wherein the investigators found that, aside interest rate hikes, legal/property title search fees are smashed on the face of forthcoming borrowers. In the same vein, this finding mirrored the result of the study by Owusu-Ansah et al. (2018) also in Ghana, where the researchers discovered that obtaining permits for building, arrangements with land titles, and land purchase and registering procedure were the main mitigating determinants that meaningfully impacted the supply of housing.

(6) I have been asked to pay surveyor's fees on my mortgage product obtained at Republic Bank [M=3.877, SD=1.162, *t*(118)= 40.312, *p*=.000, 2-tailed]. This result indicated that respondents were affirmative to the assertion that they were made to pay surveyor's fees on my mortgage product acquired at Republic Bank. This finding resembled the outcome of the study by Aha et

al. (2016) in Ghana, wherein the investigators found that, aside interest rate hikes, the payment of surveyor's fees is smashed on the face of forthcoming borrowers in the mortgage market. Likewise, this finding compared well with the result of the study by Owusu-Ansah et al. (2018) also in Ghana, where the researchers discovered that obtaining permits for building, arrangements with land titles, and land purchase and registering procedure were the main mitigating determinants that meaningfully impacted the supply of housing.

Therefore, in responses to the first objective of this study, which sought to establish the costs borne by clients of Republic Bank when accessing mortgage finance in the Cape Coast Metropolitan Area, this study found that mortgage clients of Republic Bank in the Cape Coast Metropolitan Area are overburdened with high deposit requirements, extortionate interest rate, standard initial down payment of about 20%, payment facility fees, payment of legal/property title search fees, and pay surveyor's fees.

Effect of Mortgage Financing Cost on Household Income

The second objective of this research project sought to examine the impact of mortgage financing cost on household income among clients of Republic Bank in the Cape Coast Metropolitan Area. To achieve this objective, six indicators/statements were measured on a five-point Likert-like scale with 1=strongly disagree, 2=disagree, 3=neutral, 4=agree, 5=strongly agree. These scores were generalised based on respondents' views regarding each of the positive statements under "Impact of Mortgage Financing Cost on Household Income" on the questionnaire. The cut-off point for the scale was arrived at using the mean of the scale minus 0.1, as used by earlier researchers (Koomson, 2017; Otopah, 2019). As a consequence, a mean range of 1.0 to

2.9 suggests *disagreement* from respondents, while a mean range of 3.0 to 5.0 suggests *agreement* from respondents.

Table 5: One-Sample T-Test of Impact of Mortgage Financing Cost on Household Income

SN	Statements/Indicators	Mean	SD	*t*-value	*df*	*p*-value
IM01	The high deposit requirement associated with mortgage product at Republic Bank acquisition is a drain on my household income	3.932	1.235	38.452	118	.000*
IM02	The extortionate interest rate accompanied with mortgage product acquirement at Republic Bank leaves me with less income to cater for other expenses.	3.808	1.283	35.869	118	.000*
IM03	The payment of facility fees on my mortgage product at Republic Bank makes me worse off financially.	4.027	1.037	46.933	118	.000*
IM04	The payment of legal/property title search fees on my mortgage product at Republic Bank reduces my disposable income.	4.000	1.209	39.972	118	.000*
IM05	The payment of surveyor's fees on my mortgage product at Republic Bank negatively affects my income level.	3.055	1.437	25.680	118	.000*
IM06	The costs associated with obtaining a mortgage at Republic Bank has adverse effects on my income left to be spent or saved.	3.288	1.281	31.012	118	.000*

Source: Field survey (2021)

From Table 5, it can be observed that all the six statements/indicators that measured the impact of mortgage financing cost on household income were within the mean range of 3.055 to 4.027, connoting *agreement* from respondents. Meanwhile, the standard deviation of the statements/indicators ranged from 1.034 to 1.437, insinuating that respondents' views were *relatively wide-ranging*.

Besides, Table 5 displayed that all the statements/indicators that measured the impact of mortgage financing cost on household income were statistically significant at a confidence level of 95%, because, the t-values were greater than 1.96. In other words, the p-values were less than 0.05.

The details of the statement/indicators are: (1) The high deposit requirement associated with mortgage product acquisition is a drain on my household income [M=3.932, SD=1.235, t(118)= 38.452, p=.000, 2-tailed]. The mean of 3.932 suggested that respondents agreed to this declaration. (2) The extortionate interest rate accompanied with mortgage product acquirement at Republic Bank leaves me with less income to cater for other expenses [M=3.808, SD=1.283, *t* (118) = 35.869, *p*=.000, 2-tailed]. The mean of 3.808 implied that respondents concurred to this assertion.

(3) The payment of facility fees on my mortgage product at Republic Bank makes me worse off financially [M=4.027, SD=1.037, *t*(118)= 46.933, *p*=.000, 2-tailed]. The mean of 4.027 indicated that respondents agreed well with this proclamation, (4) The payment of legal/property title search fees on my mortgage product at Republic Bank reduces my disposable income [M=4.000, SD=1.209, *t* (118) = 39.972, *p*=.000, 2-tailed]. The average value of 4.000 signalled that respondent consented to this statement.

(5) The payment of surveyor's fees on my mortgage product at Republic Bank negatively affects my income level [M=3.055, SD=1.437, *t*

(118) = 25.680, *p*=.000, 2-tailed]. The medium of 3.055 insinuated that respondents' gave an affirmative response that, indeed, the payment of surveyor's fees on their mortgage negatively affected their income level, and, finally, (6) The costs associated with obtaining a mortgage at Republic Bank has adverse effects on my income left to be spent or saved [M=3.288, SD=1.281, *t*(118)= 31.012, *p*=.000, 2-tailed]. This outcome showed that respondents agreed to this assertion.

It can be observed from the deliberations above that respondent agreed to all the statements put forward to them regarding the impact of mortgage financing cost on household income. Therefore, in line with the second objective of this study, which sought to examine the impact of mortgage financing cost on household income among clients of Republic Bank in the Cape Coast Metropolitan Area, this study found that the mortgage financing cost borne by mortgage clients at Republic Bank in the Cape Coast Metropolitan Area negatively impacted on their income.

This finding looked similar to the result of the study by Estrada et al. (2014), who revealed that cumulative consumption was also driven by the variations of housing liability growth and deleveraging. In like manner, the negative influence of mortgage financing cost on income of households compared well with the result of the study by Tunc and Yavas (2016) in Turkey, in which the researchers showed a robust and strong negative impact on private reserve rate by of mortgage credit growth. Equally, the negative influence of mortgage financing cost on income of households was in line with the result of the study by Tunc and Yavas (2017) in the United States of America, in which the investigators found that a hike of 10% points in the payments of mortgage resulted in a 9.1%-point fall in the rate of individual reserve and a 12.4% fall in the rate of private reserve.

In the same way, this finding confirmed the result of the study by Güneş and Tunç (2018) in the United States of America, in which the researchers discovered that a 1 percentage rise in the settlement of mortgage resulted to a 0.15%-point (amounting to an actual 8.8 percentage) reduction in the rate of saving. This substantial limiting influence also existed even at the time where settlement of mortgage was disintegrated into interest and principal dimensions. In a similar fashion, the negative influence of mortgage financing cost on income of households mirrored the result of the study by Fan and Yavas (2020) in China, where the researchers uncovered that families with a mortgage spend huge share of their earning than those without a mortgage.

Chapter Summary

This chapter covered the results and discussion. To begin, this chapter presented and discussed the results on the demographic characteristics of respondents. Next, a test for normality was conducted to inform the appropriate measure of central tendency and dispersion that has been recommended by scholars. Subsequently, the first objective of the study, which sought to establish the costs borne by clients of Republic Bank when accessing mortgage finance in the Cape Coast Metropolitan Area was analysed. Successively, the second objective, which sought to examine the impact of mortgage financing cost on household income among clients of Republic Bank in the Cape Coast Metropolitan Area was analysed. The chapter ended with a summary of key findings.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Introduction

This chapter presents the summary of the study, including major findings derived from the study. Conclusions arrived and recommendations arising from the findings are also provided in this chapter. The chapter ends with a suggestion for future research.

Summary of the Study

This study analyses the impact of mortgage market on household finances, with focus on clients who have obtained mortgage products from Republic Bank within the Cape Coast Metropolitan Area. To address this general objective, two specific research objectives were set, namely to: establish the costs borne by clients of Republic Bank when accessing mortgage finance in the Cape Coast Metropolitan Area; and examine the impact of mortgage financing cost on household income among clients of Republic Bank in the Cape Coast Metropolitan Area.

This study is structured under five broad chapters. Chapter One offered the introduction, comprising the background to the study, statement of the problem, objectives of the study, hypotheses, significance of the study, delimitations, limitations, and organisation of the study. Chapters Two presented the review of various literature that was relevant to this study and Chapter Three presented the research methods of the study. Chapter Four offered the results and discussion, and Chapter Five finalized this study with the summary, conclusions and recommendations. This study is guided by the Mortgage Value Theory.

Research approach was quantitative, research design was descriptive, and study design was cross-sectional. All salaried workers who have accessed mortgage products at Republic Bank in the Cape Coast Metropolitan Area, numbering 154 formed the population of this study. Data on the number of salaried workers who have accessed mortgage products at Republic Bank in the Cape Coast Metropolitan Area was sourced from the Records Division of the bank as at 27th August, 2020, with permission from the Branch Manager. A census was employed to select all 154 salaried workers who have accessed mortgage products at Republic Bank in the Cape Coast Metropolitan Area to serve as sample size for the study. Purposive and convenience sampling techniques were used to select members for this study.

A questionnaire was the instrument used for data collection and it was self-administered. The questionnaire was semi-structured, comprising of a blend of open-ended and closed-ended questions/statements. The questionnaire was carefully designed to ensure the collection of good quality data. Items on the questionnaire were sourced from the literature review. The questionnaire was made up of three sections, namely sections A, B and C. Section 'A' collected nominal data on the demographic characteristics of respondents, consisting of four items, namely sex, age in years, highest educational qualification attained, and how long respondents have been mortgaging at Republic Bank.

Section 'B' collected ordinal data on the costs borne by clients of Republic Bank when accessing mortgage finance, consisting of six items, which were measured on a five-point Likert-type scale, ranging from 1=strongly disagree, 2=disagree, 3: neutral, 4=agree to 5=strongly agree.

Finally, Section ‘C’ collected ordinal data on the impact of mortgage financing cost on household income, consisting of six items, which were measured on a five-point Likert-type scale, ranging from 1=strongly disagree, 2=disagree, 3: neutral, 4=agree to 5=strongly agree. Overall, the questionnaire was made up of 16 items. Ethical considerations were right to privacy, voluntary participation, confidentiality of information, and anonymity.

A self-completed questionnaire process was used for data collection. Prior to the main survey, a pre-test was conducted. The purpose of the pre-test was to fine-tune the questionnaire items and make them clearer and understandable so that respondents do not have challenges during the main survey. The pre-test revealed that the statements were generally clearly understood by respondents, by demonstrating less difficulty in responding to the items. Respondents spent about 25 to 30 minutes in completing the questionnaire. In the end, none of the items on the questionnaire was dropped.

Based on the validity of the questionnaire, the researcher proceeded with the main survey. Data collection for the main survey lasted for two weeks from the day the questionnaires were administered (5th October, 2020) to the day they were retrieved (19th October, 2020). The data was collected by the researcher with the help of three field assistants, who were trained by the researcher before the data collection exercise. At the end of the main survey, 118 out the 154 targeted mortgage clients of Republic Bank in the Cape Coast Metropolitan Area responded to the questionnaire, leading to a response rate of 76.62%. The non-response rate, therefore, was 23.38%.

Upon data collection, the completed questionnaires were exposed to examination to make sure that any likely errors emanating from incorrectly filled questionnaires were reduced. The error-free questionnaires were cautiously inputted and edited to prevent missing figures, after which the data was processed. IBM SPSS Statistics Software for windows, version 23 is the software used for the data analysis. All the two objectives of the study were analysed using one-sample t-test. High score indicated *agreement* to questionnaire items, while low scores suggested *disagreement* to questionnaire items. Prior to analysing the research objectives of this study, a test of normality of the data was conducted, using Kolmogorov-Smirnov test in order to inform the appropriate measure of central tendency and measure of dispersion to be employed so as not to bias the results.

Summary of Key Findings

In line with the stated objectives of this study, this study found that

1. Mortgage clients of Republic Bank in the Cape Coast Metropolitan Area are overburdened with high deposit requirements, extortionate interest rate, standard initial down payment of about 20%, payment facility fees, payment of legal/property title search fees, and pay surveyor's fees; and
2. The mortgage financing cost borne by mortgage clients at Republic Bank in the Cape Coast Metropolitan Area negatively impacted on their income.

Conclusions

This study sought to analyse the impact of mortgage market on household finances, with focus on clients who have obtained mortgage products from Republic Bank within the Cape Coast Metropolitan Area. Regarding the first research finding which revealed that mortgage clients of

Republic Bank in the Cape Coast Metropolitan Area are overburdened with high deposit requirements, extortionate interest rate, standard initial down payment of about 20%, payment facility fees, payment of legal/property title search fees, and pay surveyor's fees; this study concluded that individuals in the mortgage market are saddled with a number of charges, fees and payments during their quest to secure a residential mortgage. Considering the second research finding which showed that the mortgage financing cost borne by mortgage clients at Republic Bank in the Cape Coast Metropolitan Area negatively impacted on their income, this research concluded that the fees, charges and payments associated with acquiring residential mortgage was a drain on the income of households in Ghana.

Recommendations

This study sought to analyse the impact of mortgage market on household finances, with focus on clients who have obtained mortgage products from Republic Bank within the Cape Coast Metropolitan Area. Based on the first conclusion of this study which stipulated that individual in the mortgage market are saddled with a number of charges, fees and payments during their quest to secure a residential mortgage; this study recommends that Government of Ghana through the Lands Commission and Department of Works and Housing should consider easing the charges and fees associated with land registration and building permit acquisition for Ghanaians.

Based on the second conclusion of this study which specified that fees, charges and payments associated with acquiring residential mortgage is a drain on the income of households in Ghana, this study recommends that, for Ghanaian households to be encourage to patronise residential mortgage, Republic Bank should consider easing the payment plan to make residential mortgage it more appealing for individual Ghanaians to patronise.

Suggestion for Further Studies

Further studies should extend the population to cover other geographical areas to confirm the results in order to make generalizability robust.

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APPENDIX

A: QUESTIONNAIRE FOR CLIENTS

THE IMPACT OF MORTGAGE MARKET ON HOUSHOLD'S FINANCE IN THE CAPE COAST METROPOLITAN AREA

Dear Respondent,

My name is Alexander Adjei, a Master of Business Administration student at the Department of Finance, School of Business, University of Cape Coast. This study forms part of the requirement for the award of my Master of Business Administration Degree in Finance and it seeks to analyse the *Impact of Mortgage Market on Household Income the Cape Coast Metropolitan Area*. "I am writing to ask for your help with my research. I would be grateful if you could spare about 25 minutes of your time to answer these questions or response to these statements for the research, with all honesty". There is no right or wrong answer. "Your questionnaire is strictly anonymous and will only be read and used by myself". Participation is voluntary. "In the event that anything is published from this research, no information supplied will be identifiable to you since only aggregated data will be reported in this study".

It is expected that the findings of this research provide guidelines for crafting government and monetary policies that favour the borrowing of mortgage. "I would be very grateful if I could get the completed questionnaire within a week". If you need any clarification on this questionnaire, its nature or its purpose, or you wish to be informed on the results of the study, do not hesitate to contact me on *024-398-8670* or email: lexjei2006@gmail.com.

Questionnaire Sections

Section A: Demographic Characteristics

A1. Sex: a. Male [ ] b. Female [ ]

A2. Age in *years*: ________________

A3. Highest education qualification attained: a. Basic [ ] b. Secondary [ ] c. Tertiary [ ]

A4. How long have you been on the mortgage product at Republic Bank?

……………………………………….

Section B: Costs Borne by Clients of Republic Bank when Accessing Mortgage Finance

Please indicate your *agreement* or disagreement to each one of the following proclamations that link to the costs borne by clients of Republic Bank when obtaining of mortgage finance, by **ticking** the correct number, on the scale: 1=strongly disagree, 2=disagree, 3: neutral, 4=agree, 5=strongly agree

Cost of Mortgage Financing						
CO01	I am burdened with high deposit requirements on my mortgage product obtained at Republic Bank.	1	2	3	4	5
CO02	I am hit with extortionate interest rate on my mortgage product obtained at Republic Bank.	1	2	3	4	5
CO03	I am required to make a standard initial down payment of about 20% on my mortgage product obtained at Republic Bank.	1	2	3	4	5
CO04	I am expected to pay facility fees on my mortgage product obtained at Republic Bank.	1	2	3	4	5
CO05	I have been burdened with the payment of legal/property title search fees on my mortgage product obtained at Republic Bank.	1	2	3	4	5
CO06	I have been asked to pay surveyor’s fees on my	1	2	3	4	5

	mortgage product obtained at Republic Bank.					

Section C: Impact of Mortgage Financing Cost on Household Income

Please indicate your *agreement* or *disagreement* to each one of the following declarations that link to the impact of mortgage financing cost on household income, by **ticking** the correct number, on the scale: : 1=strongly disagree, 2=disagree, 3: neutral, 4=agree, 5=strongly agree

Impact of Mortgage Financing Cost on Household Income						
IM01	The high deposit requirement associated with mortgage product acquisition is a drain on my household income.	1	2	3	4	5
IM02	The extortionate interest rate accompanied with mortgage product acquirement at Republic Bank leaves me with less income to cater for other expenses.	1	2	3	4	5
IM03	The payment of facility fees on my mortgage product at Republic Bank makes me worse off financially.	1	2	3	4	5
IM04	The payment of legal/property title search fees on my mortgage product at Republic Bank reduces my disposable income.	1	2	3	4	5
IM05	The payment of surveyor's fees on my mortgage product at Republic Bank negatively affects my income level.	1	2	3	4	5
IM06	The costs associated with obtaining a mortgage at Republic Bank has adverse effects on my income left to be spent or saved.	1	2	3	4	5

Thank you for partaking in this study