UNIVERSITY OF CAPE COAST

EFFECT OF ACCESS TO FINANCIAL SERVICES ON POVERTY REDUCTION IN JOMORO MUNICIPALITY

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DECLARATION

Candidate's Declaration

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

Candidate's Signature ---------------------------------- Date ----------------------------

Name: Francis Kofi Assuah

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: Prof. Siaw Frimpong

ABSTRACT

Poverty is a social problem that has eroded the quality of life of people, particularly those in the rural communities. At the same time, rural communities are found to have limited access to financial services such as micro-insurance, savings and remittances, and credit. This study, however, investigated the effect of access to financial services on poverty reduction in the Jomoro Municipality of Ghana. Access to financial services was proxied by three measures including access to credit, access to savings and remittances, and access to micro-insurance. The study employed the quantitative design and used both descriptive and regression analysis to assess the relative and combined effect of access to credit, access to savings and remittances, and access to micro-insurance on poverty reduction. The study obtained primary data from 399 households' members from the Jomoro Municipality in the Western region of Ghana. The main finding obtained from the study was that access to financial services in the form of access to credit, savings and remittances, and micro-insurance contributed to reducing poverty. The study recommends that rural households' members should imbibe the practice of savings while financial institutions such as insurance companies and banks should also assist rural households' members by extending access to credit and insurance to them so as to help reduce poverty.

KEY WORDS

Access to Credit

Household Members

Micro-insurance

Poverty

Remittances

Savings

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DEDICATION

To Mr. Kojo Ebukolo Assuah, My Father and My Wife and Family

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AFS	Access to Financial Services
GSS	Ghana Statistical Service
OECD	Organisation for Economic Co-operation and Development
PHC	Population and Housing Census

CHAPTER ONE

INTRODUCTION

Poverty is one of the major problems faced by many households and communities in Ghana. The high level of poverty is evidenced by lower incomes which has resulted in many households in Ghana not guaranteed food security and basic necessities of life. There is however the argument in literature that the financial sector can contribute to reducing poverty levels in Ghana. Areas by which financial services can help in reducing poverty which has not yet been explored by literature in the context of Ghana include access to credit, savings and remittances and access to microinsurance. This study therefore examined the relationship between access to these financial services and poverty reduction.

Background to the Study

In the year 2000, 189 countries, including Ghana came together to face the future that gave birth to the Millennium Development Goals (MDGs). With eight sets of objectives, the MDGs envisioned a fifteen-year destination for ending poverty. Fifteen years on, extreme poverty fell by almost half. For instance, in Europe and Central Asia, as of 2013 about 6.8 percent of its populace lived in poverty with about 10.3 million living on more than $1.90 a day (World Bank, 2017). For Latin America and the Caribbean, the report indicated that 63.3 million of its populace escaped poverty where the portion of its people living on $3.20 a day or less fell from 24.7 percent in 2003 to 11.6 percent in 2013 (World Bank, 2017).

For Africa, although the proportion of the population living on $1.90 a day or less dropped from approximately 43% in 2012 to 41% in 2013, 389 million individuals were still stacked in extreme poverty (World Bank, 2017). This unacceptably elevated rate of poverty in Africa, particularly in sub-Saharan Africa, has dramatically slowed the Gross Domestic Product (GDP) growth of the sub-region to 4.3 percent in 2016. Development was anticipated to recover moderately to 2.6% in 2017 and 4.3% in 2018. However, recovery continues to be fragile owing to incomprehensive anti-poverty policies.

More so, the World Bank (2018) provided understanding into the most recent trends in global poverty and at the same time it had reported the remarkable progress the world has achieved toward ending extreme poverty by documenting its decline from 1990 to 2015 (World Bank, 2018). In 1990, 36 percent of the world's population lived in poverty (income as less than $1.90 a day) and by 2015, only 10 percent of the world's population lived in poverty" (World Bank, 2018). In raw numbers, that is a decline of over 1 billion people living in poverty (World Bank, 2018). However, when compared to East Asia and the Pacific's contribution to declining global poverty, and more recently South Asia, sub-Saharan Africa's much slower fight against poverty has been unable to match the progress of these other regions (World Bank, 2018). According to the report, people living in poverty in the region grew from 278 million in 1990 to 413 million in 2015 (World Bank, 2018). As of 2015, most of the global poor lived in sub-Saharan Africa (World Bank, 2018). "The average poverty rate for Sub-Saharan Africa stands at about 41 percent, and of the world's 28 poorest countries, 27 are in sub-Saharan Africa all with a poverty rate above 30 percent" (Patel, 2018, p. 12).

Critically, examining the statistics from Sub-Saharan Africa with that of other sub regions (Latin America, Europe and North Africa) in the world shows that more efforts are needed in the fight against poverty in Sub-Saharan Africa. People in this part of the world lack access to fundamental facilities and possibilities in education, employment, health care, and most notably financial services. According to the World Bank (2017), one innovative way to unlock these bottlenecks for this group of people is to bring the 'unbanked' individuals into the formal and regulated financial system (World Bank, 2017).

Moreover, the new set of the 17 goals for the Sustainable Development Goals (SDGs), dare to end poverty and hunger by 2030 (World Bank, 2017, p. 9). Each member state of the United Nations is mandated to end poverty in all its forms everywhere. As noted by the World Health Organisation (WHO) and the United Nations International Children Education Fund [UNICEF] (2017), the 17 set of goals involves a goal of universal access to fundamental facilities, with a specific focus on the poor who are vulnerable groups by 2030. This is to say that everyone, especially the poor, must have equal rights to economic assets such as financial services, including access to credit (UNICEF, 2017).

Reducing poverty is at the heart of every economy and Ghana is no exception. As a result, series of economic reforms have been undertaken focusing on macroeconomic stabilisation since 1983, through policies and programmes aimed at fast-tracking economic growth (World Bank, 2017) and eventually reducing the citizens' poverty rates. By way of example, Ghana Vision 2020, The First Step (1996-2000); the First Medium-Term Plan (1997-2000); Ghana Poverty Reduction Strategy I (2003-2005); Ghana Poverty Reduction Strategy II (2006-2009) as well as the Ghana's Shared Growth and Development Agenda (2010-2013) (World Bank, 2017) are so far the strategies and programmes pursued with differing degrees of achievement for the purpose of reducing poverty rate in Ghana (Gabrah, Mensah & Yidana, 2020).

One cannot leave out Planting for Food and Jobs which is a flagship agricultural Campaign of the Government, with five (5) implementation modules: Food Crops (PFJ), Planting for Export and Rural Development (PERD), Greenhouse Technology Villages (3 Villages), Rearing for Food and Jobs (RFJ), Agricultural Mechanization Services (AMSECs)" (Ministry of Food and Agriculture Repor [MoFA], 2020, p.16). The government of Ghana officially launched this module on 19th April, 2017 to contribute to reduce poverty and create employment opportunities (Ministry of Food and Agriculture, 2020).

It should be noted that, these implemented strategies and programmes have made significant progress towards achieving macroeconomic stability and poverty reduction in Ghana. For example, in the 1990s, Ghana had one of the Sub-Saharan African countries highest growth rates (Coulombe & Wodon, 2007). With the accomplishment of this notable development combined with the discovery of offshore oil reserves, the country's per capita growth has also stayed comparatively high, and severe poverty have fallen from 24.2 percent to 8.4 percent respectively (World Bank, 2018).

However, despite the substantial progresses made in Ghana, poverty remains prevalent in many Ghanaian households (Ghana Statistical Service, 2014; Cooke, Hague & McKay, 2016). Given the Sustainable Development Goal (NAG) on ending poverty in all its forms by 2030 (World Bank, 2018), Ghana needs to put in place effort to achieve the target. For instance, according to the most recent survey (Ghana Living Standard Survey 7) from the Ghana Statistical Service, Ghana's poverty profile indicates that extreme poverty (people unable to meet their basic food needs) declined from 8.4 percent in 2012/13 to 8.2 percent in 2016/17. In absolute terms, more Ghanaians are living in extreme poverty: the number of people living in extreme poverty increased from 2.2 million in 2013 to 2.4 million in 2017 (World Bank, 2018).

Also, in terms of regional distribution of the incidence of poverty, there is a lot of variation. The report posits that the poverty incidence worsened in five out of the ten regions, that is, Western Region, Volta Region, Northern Region, Upper East Region, and Upper West Region, while improved in the Ashanti Region, Brong-Ahafo Region, Eastern Region, Central Region, and Greater Accra Region (World Bank, 2018). Given the statistics and the dynamics of poverty (patterns and trends) in Ghana over the years, it shows that poverty continues to persist and therefore a very critical problem of concern given 2030 as the deadline for achieving the objectives of the sustainable development goals.

Poverty has many dimensions and is characterized by low income, malnutrition, ill-health, illiteracy, insecurity, among others (Khalily & Khaleque, 2013). To address these issues, reliable information is required to develop and implement policies that would have an impact on the lives of the poor and vulnerable (Khalily & Khaleque, 2013). A strong instrument for encouraging empowerment, security, opportunity and equity to accelerate poverty reduction in households is an effective and accessible financial service for households in need (Holden & Prokopenko, 2001; Demirgüç-Kunt, Honohan, & Beck, 2008; Honohan, 2008; Khalily & Khaleque, 2013; Quinones & Remenyi, 2014). These studies have established that households with credit experience more poverty reduction as they are able to acquire/ obtain management skills, create jobs for themselves, and ensure smooth income and consumption flows. In addition to these forenamed advantages, access to financial services for households can also expand and diversify their businesses, leading to household revenue increases, better health care and education than their non-credit counterparts.

The need for credit and other supplementary financial services such as saving, micro-insurance, (Khalily & Khaleque, 2013) among others are therefore essential to a significant decrease in poverty, since the poor, is often stated, as a varied group of vulnerable households with multifaceted livelihoods (Khalily & Khaleque, 2013) that require a complete range of credit and other financial services. This current study therefore examined access to financial services and reduction of poverty in Ghana using Jomoro Municipality as the case study area.

Statement of the Problem

In Ghana, Government measures have played a critical part in poverty reduction phase leading to improvements in important areas of economic such as primary school enrolment and access to preventive health care have been observed. However, Ghana’s poverty is increasingly rural, with 38.2 percent of people in rural areas being poor, compared to 10.4 percent in urban areas (World Bank, 2015). Also, in monitoring poverty patterns in Ghana, two domestic reports: Ghana Statistical Service's GLSS 6 report (2014) and Cooke, Hague and McKay's Ghana Poverty and Inequality Report (2016) reported the need for more attempts to reduce poverty in Ghana. For instance, from the GLSS 6 report (2014), Ghana continues to record an increase in the number of individuals living with poverty in rural areas. In the same, Cooke, Hague and McKay (2016) noted that rural poverty now exceeds urban poverty by four times.

According to the Ghana Living Standard Survey round seven (GLSS 7) poverty profile, “extreme poverty (people unable to meet their basic food needs) declined from 8.4 percent in 2012/13 to 8.2 percent in 2016/17, yet in absolute terms, more Ghanaians are living in extreme poverty. That is, the number of people living in extreme poverty increased from 2.2 million in 2013 to 2.4 million in 2017” (Ghana Statistical Service, 2017, p.8). In addition, a snapshot of the situation of poverty in the Western region, indicates that one-third of the territory of Ghana, provides an illustration of the extent of poverty in one of the country’s poorest regions (Ghana Statistical Service, 2017).

The importance of the rural communities and the extent of poverty remain very important to the economy of Ghana as well. It should be noted that while several factors may be accountable for the widening poverty gap (Ghana Statistical Service, 2017), the lack of credit accessibility and financial services access in Ghana remains problems towards the agenda of poverty reduction. A strong instrument for encouraging empowerment, security, opportunity and equity to accelerate poverty reduction in households is an effective and accessible financial service for households in need (Holden & Prokopenko, 2001; Demirgüç-Kunt, Honohan, & Beck, 2008; Honohan, 2008; Khalily & Khaleque, 2013; Quinones & Remenyi, 2014). As to whether having access to credit and financial services reduces poverty remains to be proven (Quinones & Remenyi, 2014, p. 17). For instance, according to the most recent study by Ampah, Jagongo, Omagwa and Frimpong (2017), it was found that access to credit and financial services have a significant effect on ability to educate children as poverty indicators.

Also, other studies revealed significant relationship between access to credit, savings, money transfer and insurance as financial products and poverty reduction (Mahember, 2011; Dupas & Robinson 2013). This is because the concept of providing access to credit and other financial services for the poor (Mahember, 2011) can make a significant beneficial difference in enhancing the life of disadvantaged people. However, more research is needed to convince the skeptics (example, Sanya, 2017) that access to microcredit and other financial products such as saving, deposits, and microinsurance, among others are good for multidimensional poverty reduction. According to Sanya (2017), poverty reduction is possible through giving the masses dignified jobs and through increased production which increases the standard of living.

In Ghana, assessing the relative and joint effect of financial services remain mainly unknown in many researches that have discovered beneficial influences of credit, savings, remittances and microinsurance as financial products on households' poverty level, particularly in Ghana. Nevertheless, it has been observed that one question that researchers (Ampah, Jagongo, Omagwa & Frimpong, 2017) in their work did not take into account is whether or not households with credit already receive remittances, microinsurance or do savings. Thus, examination of the complementarities and interactions amongst credit, savings, remittances and microinsurance on household poverty is limited. Given this research gap and the fact that poverty in Ghana is predominantly a rural phenomenon the current study examined access to financial services on poverty reduction in the Jomoro Municipality, in the Western region of Ghana.

Purpose of the Study

The purpose of the study was to assess the effect of access to financial services on poverty reduction in Jomoro Municipality.

Research Objectives

Specifically, the study sought to:

1. examine the relative effect of credit, savings and remittances, and insurance on household poverty in Jomoro Municipality.
2. analyse the combined effects of credit, savings and remittances, and insurance on household poverty in Jomoro Municipality by using correlation.

Research Questions

The study addressed the following questions.

1. What are the relative effects of credit, savings and remittances, and insurance on household poverty in Jomoro Municipality?
2. What are the combined effects of credit, savings and remittances, and insurance on household poverty in Jomoro Municipality?

Significance of the Study

First, the conception of the literature's distinct approaches, which proved clear differentiated alignments around relevant topics, has enabled the literature on financial services to be questioned in a more meaningful manner. This study provides a more in-depth understanding of the different views held by the separate financial products approach and the integrated financial services approach on the effect that credit, savings, remittances and insurance that can play in reducing poverty. Also, the second contribution of this study is the potential for appropriately designed services to reduce risk and vulnerability to poverty, and not just necessarily reducing poverty.

As stated earlier, only a limited number of studies have reported directly on measuring poverty through a multidimensional approach by examining the complementarities and interactions amongst the financial products. Majority of the studies had measured poverty from a uni-dimensional view point. Therefore, the additional attempt to link this to other measures of household poverty level is also distinctive. Finally, this study will contribute to literature by providing a more in-depth understanding of how financial services play in assisting the day to day survival strategies of the very poor people in a much-neglected area of Ghana.

Delimitation

The study is delimited to Ghana, particularly Jomoro Municipality in the Western Region. Again, it will not be possible to examine all the communities across the study area. Therefore, the study will be comprised of only selected communities in the Jomoro Municipality. Finally, the study will use financial products and socio-economic conditions to determine the residents' poverty levels. This is to say that some other factors that may determine household poverty levels will not be considered.

Organisation of the Study

This study was organised into five chapters. Chapter one gave the background of the study, the statement problem, the purpose of the study, objective of the study, and the research questions. Also, it captured the significance of the study, the delimitation, as well as the organisation of the study. The rest of the chapters were organised as follows: Chapter two captured a review of literature related to the study; both theoretical and empirical literatures were reviewed. Next was chapter three which discussed the methodology of the study. In chapter three, the study gave detailed description of the scope of the study, the variables used for the study, and the model specification used for the study. The results and discussions for the study were presented in chapter four. Finally, the study concluded in chapter five where the summary of findings and recommendations were made.

CHAPTER TWO

LITERATURE REVIEW

Introduction

This chapter reviews the related literature of the study. First, the chapter commenced with the theoretical debate which revolves around major competing theories of poverty. After that, the conceptual review where the concept of poverty and its multidimensionality as well as why the need for poverty reduction are discussed. A review of the empirical relationship between poverty and financial services such as credit, savings and remittances, and insurance are also presented in this chapter. The final session of this chapter focus on the presentation of the conceptual framework which provides the linkages among the variables in the study.

Theoretical Review

The theories that underpinned this study were the Transient Theory of Poverty (Jalan & Ravallion, 2000) and the Financial Intermediation Theory (Patinkin, 1961).

Transient Theory of Poverty

Jalan and Ravallion (2000) defined transient poverty as the component of time-mean consumption poverty at household level that is related to falling consumption. "In contrast to that of the non-transient component, the transient theory of poverty depends solely on mean consumption over time, and this is termed as chronic poverty" (Jalan & Ravallion, 2000, p.4). Some of the poverty observed at one date arises from a low long-term level of living standard which is termed as chronic poverty. However, "currently observed poverty is likely to be temporary state due to, for example a negative income shock which is termed as transient poverty. This type of poverty stems from the vulnerability of people to a drop in their living standards; non-poor people at normal times might suddenly fall into extreme poverty" (Ledgerwood, 2013, p.7).

"Households experience transient poverty if and only if two conditions hold: the household must be observed to be poor for at least one date in some period of time for which the data are available. Second, the household's standard of living must be observed to vary over time within that period. It must be noted that this definition does not require that a household that is found to be poor at one or more dates must escape poverty at some time to say that there is transient poverty. Even a household that is found to be poor at all observation dates can experience variability in living standards over time" (Ledgerwood, 2013, p13).

"One persistently poor family may suffer from occasional severe spells of extreme poverty, while another household equally poor on average sees stable consumption. There is transient component to the poverty of the former household that we do not want to ignore. In measuring transient poverty, one must focus directly on the contribution of inter-temporal variability in living standards to poverty" (Ledgerwood, 2013, p.4). The transient poverty theory holds that, microinsurance and income-stabilization schemes such as savings and remittances are more important policy instruments for combating poverty (Lipton & Ravallion, 1995; Jalan & Ravallion, 2000).

In applying this theory to this present study, it is argued that persistently low standard of living is characterised by limited access to financial services (for example, limited access to credit, microinsurance, and savings and remittances). This phenomenon results in the tendency of widening the poverty gap and thereby making households live in the cycle of poverty. From a different perspective, the concept of poverty is transient or temporal as it can be changed with improvement in living standards that can be achieved by improved access to financial services. Based on the transient theory of poverty, poverty is considered as a temporal phenomenon which can be eradicated with improved living standard through mechanisms such as increased access to financial services.

Financial Intermediation Theory

Patinkin (1961) presented a theory of the role of financial institutions in a growing economy. This theory posits that "financial intermediation or the provision of financial products and services such as savings, credit, insurance, credit cards, and payment systems are very crucial for poverty reduction" (Ledgerwood, 2013). Intermediaries such as microfinance institutions; "assist in the efficient functioning of the financial markets, and any factors that affect the amount of credit channeled through financial intermediaries can have significant macroeconomic effects" (Ledgerwood, 2013, p.6). Therefore, it is important, then, to determine whether the introduction of a financial asset rival to money increases the elasticity of the demand schedule. According to the Organisation for Economic Cooperation and Development [OECD] (2015) the role of financial intermediaries is to channel funds from surplus spending units to deficit spending units by intermediating between them. Financial institutions exist to intermediate between surplus spending units and deficit spending units by not only channeling credit to deficit spending units, but also train their clients on the proper use of the funds acquired (Ledgerwood, 2013).

"The intermediation theory is built on the models of resource allocation based on perfect and complete markets by suggesting that it is frictions such as transaction costs and asymmetric information that are important in understanding intermediation" (Carter, 2013, p.8). "Intermediaries assist in the efficient functioning of the financial markets, and any factors that affect the amount of credit channeled through financial intermediaries can have significant macroeconomic effects" (Carter, 2013, p.3). Claus and Grimes (2003) asserted that to reduce agency costs, banks prefer borrowers with assets that can be used as collateral in the unlikely events of the project's failure. This means that poor people who do not have credit ratings are excluded from access to finance in the formal banking set up and such people become worse off and continue to wallow in poverty.

The application of the financial intermediation theory to this study is through the reasoning that financial systems that function efficiently have established financial institutions that provide financial services to household members in the form of microinsurance, microcredit and remittances services. Thus, under the condition of efficient financial system, financial institutions are expected to provide financial services to household members, and these financial services in the long run can help reduce the poverty level of household members.

Conceptual Review

The key concepts reviewed included the concept of poverty and trends of poverty in Ghana.

The Concept of Poverty

The World Bank (1997) defines poverty as hunger, lack of shelter, sickness and inability to attend school, inability to read and write; joblessness, fear for the future, highly infant and child mortality. Aku, Ibrahim and Bulus (1997) defined poverty from five perspectives as personal and physical deprivation experienced as a result of health, nutrition, literacy and educational disability and lack of self-confidence, economic deprivation due to lack of access to property, income assets, factors of production and finance, social deprivation brought about as a result of denial from full participation in social, political and economic activities, cultural deprivation in terms of lack of access to values, beliefs, knowledge, information and attitudes which deprived the people of the ability to control their personal destinies and political deprivation emanating from lack of political voice to participate in decision making that affect their lives.

In addition to the above definitions, poverty can be grouped into four. These are, Absolute, which is otherwise known as object or chronic, relative, disguise and poverty of mind. The term absolute poverty is a generalized terms that is peculiar to developing nations. That is inability to provide the basic necessity of life such as cloth, feeding and shelter. Relative poverty relates to the standard of living of the poor to the standards that holds elsewhere in the society in which they live. Therefore, relative poverty is saying a state of comfort may be a state of discomfort for another. Disguise poverty centres on some individuals using the porous in the system to make a living which cannot be a continuous exercise. A good example of disguise poverty is the case of some politicians, prostitutes, free fraud syndrome, and internet fraud. There is also the poverty of mind which is the inability to be self-contented, that is, to be pleased with what an individual have in hand (Aku, Ibrahim & Bulus, 1997). It is not far-fetched that poverty is a phenomenon in Ghana.

Trends of Poverty in Ghana

According to the Ghana Living Standard Survey (2017), the proportion of the population defined as poor is 23.4 percent in 2016. The report further states that based on the 2010 Population and Housing Census (PHC) projections for 2017, about 6.8 million people in Ghana are poor (PHC, 2010). Similarly, the poverty gap index in Ghana in 2016/17 stood at 8.4 percent, indicating that 8.4 percent of the total expenditure of the poor falls below the poverty line (Ghana Living Standard Survey [GLSS], 2017). Poverty in Ghana is predominantly a rural phenomenon (GLSS, 2017). The poverty patterns show that irrespective of the ecological zone, the incidence of poverty is higher among the rural than urban population. Apart from the coastal belt which exhibits a similar pattern of poverty within rural and urban areas, the patterns of the savannah and forest areas are distinct (GLSS, 2017). For example, the GLSS (2017) reported that the highest poverty headcount in 2016 is found in the rural savannah zone with poverty gap of 67.7 percent. The worsening of poverty in the rural savannah is worrying and it will be important to further analyze the data to identify the determinants and to inform future policies and programmes (GLSS, 2017).

Extreme poverty incidence on the other hand is defined as the state where the standard of living is insufficient to meet the basic nutritional requirements of the household even if they devote their entire consumption budget to food" (GLSS, 2017). According to the GLSS (2017), households whose real welfare falls below the extreme poverty line of GH¢792.2 (in 2012/13 prices) per adult equivalent per year are considered extreme poor. Given the extreme poverty line of GH¢792.2 per adult equivalent per year, an estimated 8.2 percent of Ghana's population is living in extreme poverty (GLSS, 2017). The incidence of extreme poverty has declined since 2005/06. It was 16.5 percent in that year, declining to 8.4 percent in 2012/13 and 8.2 percent in 2016/17. The decline in the incidence of extreme poverty has slowed down. It declined by 8.1 percentage points between 2005/06 and 2012/13 and by 0.2 percentage points between 2012/13 to 2016/17 (GLSS, 2017).

An effective financial systems policies impact economies as it contributes to the reduction of poverty, pro-poor growth and accelerated economic growth (Sanya, 2017). Levine (2005) summits that institutional infrastructure of the financial system contributes to reducing financial information asymmetry, contraction in transaction costs, which in turn reduce poverty and increase the level of economic growth. Onaolupo (2015) found causality between access to a range of appropriate and affordable financial services (such as insurance) and improvement in poor people's welfare and income. To support the previous view on this issue, Demirque-kunt, (2008) reported that access to finance or credit is not only pro-growth but also pro-poor as well as reducing income inequality and poverty.

Access to financial services such as savings and remittances, insurance and credit is essential to put in place inclusive growth and it is a condition for minimizing the incidence of extreme poverty and other social problems (Onaolupo, 2015). Harnessing the power of technology is one of the most effective ways of integrating the all aspect of the population into the financial mainstream (Onaolupo, 2015). Technology can be used to provide host of services from depositing money; accessing micro loans, credit; and micro insurance for returns that can help minimise poverty.

Empirical Review

The study reviewed empirical literature in respect of access to financial services and poverty reduction. Access to financial services was reviewed in terms of access to credit/loan, savings and remittances, and insurance (micro insurance).

Access to Credit and Poverty Reduction

The study of Ampah, Ambrose, Omagwa and Frimpong (2017) examined the effect of access to credit and financial services on poverty reduction in the Central region of Ghana by surveying 370 micro, small and medium scale enterprise owners. The regression result of the study found that access to credit have positive effect on the growth of income, expenditure and the ability of micro, small and medium enterprises to acquire assets for their businesses. There was also evidence that access to credit had significant positive effect on the ability of micro, small and medium scale enterprises owners to educate their children. In this study, the indicators of poverty were the ability to educate one's child or children, income level, ability to spend and buy assets for one's business for growth purposes. The evidence presented based on the study of Ampah, Ambrose, Omagwa and Frimpong (2017) clearly suggested that access to credit contribute directly to reducing poverty in terms of improving the condition of peoples' income, education, and business investment.

The study of Ampah et al (2017) had been empirically supported by Awarwoyi (2014). That is, Awarwoyi (2014) investigated the relationship between access to credit and poverty reduction after having surveyed 595 microenterprises. The study measured poverty in terms of the income generated by microenterprises and in the end the result of the study revealed that a positive relationship exist between access to credit and income (poverty reduction). In other words, access to credit from financial institutions enables firms (and household alike) to increase their ability to trade to mobilise more funds (income) in the short term to the long term which directly improve their living standard and conditions, thereby reducing poverty.

There was however a point where the study of Ampah et al (2017) and Awarwoyi (2014) disagreed. That is, while the study of Ampah et al (2017) reported a significant positive relationship between access to credit and asset acquisition, the study of Awarwoyi (2014) found no relationship between the two variables. The reason for this disagreement had been highlighted by the study of

Cheston, Conde, Bykere and Rhyne (2019) who had argued that access to credit and its influence on asset accumulation depends on the priority of the household or business that borrowed the funds. That is, if the borrower prioritizes spending on non-durables over investing in assets, then access to credit would not affect asset accumulation but could influence consumption expenditure. The study of Cheston, Conde, Bykere and Rhyne (2016) further pointed out that the effect of access to credit on poverty reduction is a function of the value of the money accessed. Thus, smaller credits cannot significantly impact poverty level as do higher credits. Based on the evidence found in literature, this present study expected a positive relationship between access to credit and poverty reduction.

Savings and Remittances and Poverty Reduction

The study of Ivanic (2018) examined the implications of household savings on poverty reduction in the United States of America. This study was underpinned by the evidence that there is a great deal of disparity between income and household expenditure. In other words, there is rising household expenditure against income in many households. Nonetheless, wealth accumulation in a function of savings, and this means that poverty can be minimised through the mechanism of savings and or the receipts of remittances. The result obtained in the study of Ivanic (2018) revealed that a positive relationship exist between savings and poverty reduction. Put differently, households that save are able to lower poverty but not do away with poverty. Thus, households that save were found to have reduction in poverty than those who dissave. Therefore, the relationship between savings and poverty reduction is operation in a direct or positive fashion.

In furtherance of the debate on savings and poverty reduction, Steinert, Zenker, Filipiak, Movsisyan, Cluver, and Shenderovich (2017) conducted a meta-analysis data search on 9330 records and assessed whether savings interventions contribute to eradicating poverty in Sub-Saharan Africa. The study measured savings promotion schemes of households by indicators such as improved food security, household income, total savings, pro-savings behaviour, financial literacy, and investment in household businesses. The result of the study revealed that there was a significant relationship between the respective savings schemes and poverty reduction in Sub-Saharan African households. The results obtained in the study of Steinert, et al (2017) and that of Ivanic (2018) all pointed out that savings are instrumental in minimizing poverty level of households.

In addition to the evidence obtained by the aforementioned studies, the study of Watkins and Biniyam (2017) adopted exploratory methods and assessed the trends in the savings behaviour of the rural Ghanaian communities and poverty reduction. This study was undertaken by interviewing 950 women in the Northern region part of Ghana. The evidence provided by the study of Watkins and Biniyam (2017) revealed that savings culture of poor households in Ghana enabled household members (mostly farmers) to procure fertilizer for their crop farming thereby enhancing their food security and reducing poverty in that respect. There was also the evidence that savings by rural community members in Ghana enabled them to expand their small table top businesses which lead to increase in their incomes. There were some interviewers who also asserted that savings enabled them to make payment for their children school fees. Based on the evidence established, it could be established that lack of savings would worsen the plight of rural household members in terms of food insecurity, lower incomes and illiteracy. Based on the aforementioned evidence, this present study expected a positive relationship between savings and poverty reduction.

Insurance and Poverty Reduction

There is an interesting revelation in literature regarding the role of micro insurance in poverty reduction. The study of Patel (2020) investigated the relationship between insurance and poverty reduction. The study found that the formal insurance organisations do not serve the interest of the rural or poor people largely due to lack of good returns and expectations for higher risk. Similarly, the study found that health insurance schemes are also not functional in rural areas since health facilities are simply not available and access to health care is a major problem to rural dwellers. The study of Patel (2020) concluded that in the study that the relationship between access to microinsurance and poverty reduction is negative; citing that lack of access to microinsurance schemes on health and other assets deteriorate the living standard of rural households and this increase the level of poverty.

From the perspective of Latin America, Dercon, Bold and Calvo (2018) investigated the relationship between microinsurance and poverty reduction. The study argued that insurance is to provide cover against risk; therefore, the absence of it meant that the occurrence of risk or exogenous shocks would make worse the livelihood of those who have no cover against risk. Based on the analysis of the study of Dercon, Bold and Calvo (2018), the extent to which rural household members did nothing to solve crises was reported to be 29 percent compared to 12.5 percent for urban household members. Also, the extent to which informal insurance was prevalent in urban communities was found to be 28.6 percent compared to 13 percent for rural communities. These statistics provide the obvious indication that microinsurance is profound in rural communities and this contribute to explaining the prevalence of poverty in rural communities.

In Ghana, Gabrah, Mensah and Yidana (2020) conducted a qualitative analysis on the role of microinsurance on poverty reduction by interviewing managers of four insurance firms. The result of the study revealed that microinsurance in Ghana provides assistance to the poor in the form of savings mobilization, employment, protection against disaster, and asset accumulation which in the process contribute to reducing poverty among the poor groups and communities. Comparing the study of Patel (2020) to that of Gabrah, Mensah and Yidana (2020), it can be concluded that both arrived at the same conclusion even though in different outlooks. The study of Gabrah, Mensah and Yidana (2020) reported reduction in poverty when microinsurance is reached out to the poor. The study of Patel (2020) also reported that the poor get poorer when they are denied access to microinsurance services. This present study, therefore, expected a negative relationship between access to insurance services and poverty reduction all other factors held constant.

Research Gaps

Based on the empirical literature reviewed, the gaps identified were that access to financial services was narrowly defined and measured by most studies (Ampah et al., 2017; Gabrah & Yidana, 2020; Awarwoyi, 2014). For example, Ampah et al (2017) focused mainly on access to credit as a measure of financial services; Awarwoyi (2014) focused only on savings and remittances as a measure of financial services; while microinsurance as a measure of financial services has only been considered in the context of Ghana from the qualitative point of view (Gabrah & Yidana, 2020). This presents a gap in literature which has implication for developmental research. The implication of the gap to literature is that the term access to financial services is improperly measured and this could account for the reason for contradictory findings in literature in respect of the relationship between access to financial services and poverty reduction. This study therefore considered a broader approach in measuring access to financial services (access to credit, savings and remittances, and access to microcredit) and assessed both the relative and combined effect on poverty reduction.

Conceptual Framework

Access to Financial Services

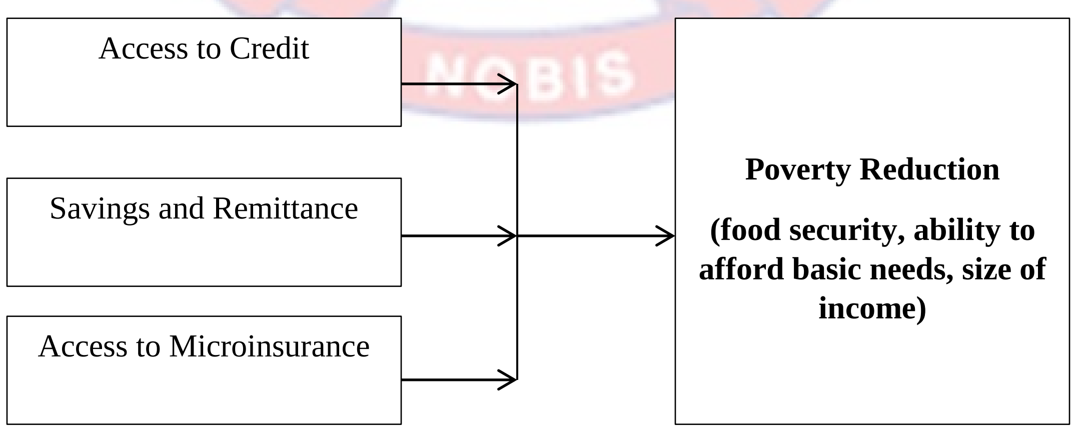

Figure 1: Conceptual Framework

Source: Author's Construct (2022)

Based on the conceptual framework in Figure 1, access to credit, savings and remittances, and microinsurance defined financial services and they also served as the independent variables which influence poverty reduction (dependent variable). The four variables were all measured on a continuous scale and each of the independent variables was examined in terms of its influence on poverty reduction as per Objective 1. Furthermore, the study found the combined effect of the three explanatory variables as per the second objective. Poverty reduction was measured in terms of factors such as food security, ability of household members to afford expenditure on their basic needs, and income size, among other things.

Chapter Summary

In sum, from these previous studies coupled with theoretical perspectives discussed, it is clear that credit, savings, remittance and microinsurance independently are effective channels for reducing household poverty levels. Notwithstanding the relevance of these financial products in reducing household poverty levels, as noted earlier their relative and joint effects remain largely unknown. Previous researchers studied the individual effects of these financial products on household poverty reduction. Again, poverty in most of the studies largely measured from a uni-dimensional approach (income approach). To fill these gaps, the current study will distinct itself by examining not only access to credit as financial service but other financial products such as microinsurance, savings and poverty reduction.

CHAPTER THREE

RESEARCH METHODS

Introduction

This chapter is divided into subsections which discusses the study design, research approach, population of the study, sample and sampling technique, data collection instrument, sources of data, data collection procedure, validity and reliability, pre-testing, data analysis and ethical considerations.

Research Design

The research design is the plan or the blueprint that guides how a study is to be conducted (Welman & Kruger, 1999). For the purpose of this study, the descriptive design was adopted. This design was adopted because, a descriptive study is the design by which information collected is described and analysed in an informative manner without changing any manipulation of the variables. As noted by Amedahe and Gyimah (2005) descriptive research maintains accurate description of activities, objects, processes and persons is objective. Besides, assessing access to financial services and poverty reduction on the residents in the rural communities is a process, and in order to have an objective analysis of the situation on the ground, the study adopted the descriptive survey, which is a type of descriptive research design. The descriptive design also provides the basis for making further statistical analysis about the population of the study in terms of testing hypothesis and drawing inferences about the population. The main disadvantage of the descriptive design is that generalisation is normally not possible as the data collected is analysed to cover only the samples selected.

Research Paradigm

Paradigm in research has to do with the beliefs that underline the gathering of data, and how data is used and analysed. This study was premised on the positivism paradigm which believes that reality is stable and can be observed and described from an objective viewpoint (Levin, 1988). With the positivism research paradigm there is no room for interference from the researcher when studying concepts and the relationships between them. Under the positivism approach, scientific method is followed to measure facts and ascertain data for interpretation devoid of value judgment from the researcher. The positivism paradigm supports the establishment of the causal link between variables and concepts and the measurement of the causality are usually quantitatively assessed.

Research Approach

The quantitative research approach was adopted by this study in achieving its objectives. Quantitative research focuses on gathering numerical data and generalizing it across groups of people or to explain a particular phenomenon (Babbie, 2010). The main objective of quantitative research is to help to assess the relationship between variables of interest. It also underscores how a manipulated variable influences another variable under a defined condition and setting (Mujis, 2010).

Quantitative research deals with numbers, logic, and an objective stance and also focuses on numeric and unchanging data and detailed, convergent reasoning rather than divergent reasoning (Babbie, 2010). The main advantage with the employment of quantitative approach is that it allows for replication of the same phenomenon and therefore has high reliability level. Given the study purpose of assessing the effect of access to financial services and poverty reduction, the quantitative method was considered as ideal.

Study Area

The Jomoro District is one of the 22 districts in the Western Region. The district, which used to be part of the then Nzema District was created by Legislative Instrument 1394 in 1988 with the capital town of the District being Half Assini (GSS, 2018). According to the Jomoro District Medium Term Development Plan (2010), the district has ten area councils.

It shares boundaries with Wassa-Amenfi and Aowin to the North, Nzema East district to the East and La Côte D'Ivoire to the West and the Gulf of Guinea to the South. The district covers a total land area of 1,495 square kilometres. This is about 5.6 percent of the total land area of the Western Region (Population & Housing Census, 2010). The population of Jomoro District, according to the 2010 Population and Housing Census, is 150,107 representing 6.3 percent of the region's total population. Males constitute 49.0 percent and females represent 51.0 percent. There are almost equal proportions of the population living in urban and rural areas.

Study Population

The population for a study is defined as the total elements that are the focus of the study. The target population for the study comprised of all residents of the Jomoro Municipality. The population of Jomoro district is 150,107 (Population and Housing Census, 2010).

Sampling Procedure

"Sampling is concerned with the selection of a subset of individuals from a defined population to estimate characteristics of the entire population. Each individual variable measures one or more properties (such as weight, location, color) of observable bodies distinguished as independent objects or individuals" (Chinelo & Igwenagu, 2016, p.12). "It has been confirmed by some scholars in Social Sciences that for a sample to be representative in a study, it must be a good proportion of the population" (Welman, Kruger & Mitchell, 2005, p.16).

In this study, the selection of respondents was based on the simple random sampling. In statistics, a simple random sample is a subset of individuals (a sample) chosen from a larger set (a population). A simple random sample is an unbiased surveying technique (McLeod, 2014). In order to ensure that every household stood equal chance of been selected, the study use the inclusion or with replacement criteria in selecting samples. The names of households were coded and placed in a basket and the households were selected one after the other with replacement until the total sample size was obtained.

Sample Size

In order to ensure that the sample size is representative of the population, the study adopted the formula given by Israel (2009) as follows indicated by equation (1).

$$n = 1/[1 + N(e^2)] \tag{1}$$

$$n = 150{,}107/[1 + 150{,}107(0.05^2)]$$

$$n = 399$$

From equation (1), n is the sample size, N the population and e the alpha level. Accordingly, the sample size for the study was 399 given a population of 150,107 at a 5% confidence level.

Sources of Data Collection

Data for analysis of the objectives was obtained from primary source through field survey. The primary data was gathered using questionnaire which was administered to the selected respondents in Jomoro Municipality. Other secondary data or information including research reports, annual reports, textbooks, statistical data and journal articles were used for empirical discussions. These sources provided the researcher a sense of direction and information on what had been done in relation to the financial service and poverty reduction.

Data Collection Instrument

Questionnaire was used to gather data for the study. According to Orodho and Kombo (2002) the instruments are most suitable for descriptive research design. Openheim (1992) had maintained that a questionnaire offers considerable advantages in its administration even though it is costly. The questionnaire was made of five sections. Section A dealt with the demographic characteristics of respondents, section B contained information on access to credit, section C contained information on insurance, section D contained information on savings and remittances and section E contained information on poverty as shown in the Appendix I of this study.

Data Collection Procedure

A pre-test of the questionnaire was conducted at Half Assini to ensure the validity of the measurement items. The researcher visited the respondents at their respective homes and the family heads were mostly engaged to provide data. In circumstances where the family heads were not available, the next of kin (such as mothers or elderly siblings) were engaged for the purpose of obtaining data. In all, the data collection stage lasted three months (April to June 2021).

In this study, the Cronbach's alpha coefficient for reliability test was determined after the pre-test. The Cronbach alpha for access to credit was 0.73; savings and remittances was 0.81; insurance was 0.78; and poverty was 0.91. The Cronbach alpha values for the various constructs were more than 0.7, hence the study concluded that the items that measured the various variables were consistent.

Data Analyses

Basically, for the purpose of this study, two methods of data analysis were used: descriptive analysis and multiple regression analysis using ordinary least squares (OLS). There are empirical supports for the use of OLS in this study. For example, Adam and Anokye (2021) argued that a five point likert scale type of questions used for obtaining information about peoples' opinion, interest, attitude, and feelings about a concept is regarded as interval scale.

Furthermore, Mcleod (2019) asserted that five-point likert scale type of questions represent quantitative and continuous type of measuring concepts since the interval between each consecutive numbers is deemed known and equal. Hence, parametric statistical test such as linear regression analysis is permissible for a five-point likert scale questions. Statistical tools such as frequency distribution and percentages were used to describe the democratic characteristics of the respondents. The OLS multiple regression analysis was used to ascertain the effect of the independent variables on the dependent variable. The study organised and processed the data using the Statistical Package for Social Sciences (IBM SPSS) version 25.

Theoretical Model Specification

Following Jung and Smith (2007) and Blank (2003) theoretical framework of poverty, lack of access to credit, bank accounts for savings and receipts of remittances, household size, age and educational level of household head keenly determine the poverty level of the household. The transitory poverty theory holds that, microinsurance and income-stabilization schemes such as savings and remittances are more important policy instruments for combating poverty (Jalan & Ravallion, 2000; Lipton & Ravallion, 1995). Therefore, the poverty model is specified in equation (2) as;

$$\mathrm{Y_i} = \beta_0 + \beta_1 X_\mathrm{i} + \varepsilon_\mathrm{i} \quad \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots \text{(2)}$$

Where for a household i, Y_i is the poverty level; X_i is the determinant of poverty level of the individual i, ε_i is the error term, measured as other factors that determine poverty level. Also, β_0 and β_1 are the coefficients of elasticity for determinants. For the purpose of this study, determinants (X_i) per the theoretical perspectives as mentioned earlier, is assumed as a function of credit, Savings and Remittances, Micro-insurance and other exogenous factors (ε_i). Mathematically, this will be formulated in equation (3) as:

$$X_i = (\text{Credit}_i,\ \text{Savings \& Remittances}_i,\ \text{Insurance}_i,) \ \ldots\ldots\ldots\ldots (3)$$

From this, substitute equation (3) into (2) to obtain (4) was expressed as:

$$Y_i = \beta_0 + \beta_1 \mathit{Credit}_i + \beta_2\, \mathit{Savings\ and\ Remittances} + \beta_4\, \text{Insurance}_i + \varepsilon_i \ \ldots\ldots\ldots\ldots (4)$$

where Y_i is the dependent variable (poverty).

Ethical Considerations

In order to ensure credibility, dependability, transferability and conformability, the data collection process sought for informed consent of the respondents beforehand. In this regard, the study ensured confidentiality and anonymity of respondents such that the names of respondents were not taken and all filled questionnaires were kept in a secure location with restricted access. The researcher accordingly acknowledged all scholarly work relied upon for the writing of this study report.

Post Diagnostic Test

For the models' estimates to be efficient and consistent ε must be normally distributed. To test for this, homoscedasticity, serial correlation and multicollinearity test, and the normality tests were performed. These tests were performed because they constitute the basic assumptions that underline the ordinary least square linear regression model. Until these assumptions are satisfied the regression result becomes spurious and invalid.

Homoscedasticity Test

The homoscedasticity test is a test which requires the residuals of the regression model to have constant variance. The homoscedasticity was tested using the Levene's test under the null hypothesis that the residuals of the error term have constant variance.

Serial Correlation Test

The serial correlation test requires that the residuals in the regression model should be uncorrelated. The Durbin Watson test was used to test the serial correlation in the residual, and a precursor a Durbin Watson of 2.0 is indicative that no serial correlation exists in the residual of the regression model.

Multicollinearity Test

The multicollinearity test also requires that there should be no significant correlation among the independent variables in the regression model. The multicollinearity test was tested using the variance inflation factor (VIF) and as a rule of thumb, VIF of less than 5 is indicative that there is no multicollinearity among the independent variables.

Normality Test

To test the normality of the error term, the study used the Kolmogorov Smirnov statistic under the null hypothesis that the data on the error term of the dependent variable is normally distributed against the alternative hypothesis that the data is not normal. Thus, the probability value of the test score of more than 5% implies that the data on the residual is normal.

Chapter Summary

The study examined access to financial services and poverty reduction in Jomoro Municipality. This chapter presented the methods that were used to address the various research questions of the study. The study employed the multiple regression model (OLS) to examine the relationship between access to financial services and poverty.

CHAPTER FOUR

RESULTS AND DISCUSSIONS

Introduction

This chapter presents the results and discussions based on the data collected from respondents. The main areas of data analysis which have been presented in this chapter are in respect of the demographic characteristics of the respondents, and the relationship between the financial services indicators (savings and remittances, insurance, and access to credit) and poverty reduction.

Demographic Characteristics of Respondents

The study collected data on access to financial services and poverty from 399 households in the Jomoro Municipality of Ghana. The key demographic features which this study captured included the sex of respondents, age (in years), the level of respondents' education, and the employment status of respondents. The results of these socio-demographics were important for this study in that they contributed by way of obtaining key information on the social and demographic settings within which the study was conducted. The result of the demographic data is presented in Table 1. From Table 1, there were a total of 399 respondents surveyed and out of this number, 229 representing 57.4% were males and 170 representing 42.6% were female. This reveals that male household heads are more than female household heads. In terms of the age distribution of respondents, 46 of the respondents representing 11.6% were 11 to 25 years; 79 of the respondents representing 19.9% aged between of 26 to 33 years; those within the 34 to 41 years age bracket were 91 representing 23%; 85 of the respondents representing

21.5% were within the 42 to 49 years age bracket; 77 of the respondents representing 19.4% were within the 50 to 57 years age bracket; and 18 respondents representing 4.5% were 58 years and above.

Table 1: Demographic Characteristics of Respondents

Demographics	Categories	Frequency	Percentage
Sex	Male	229	57.4%
	Female	170	42.6%
Age (in years)	18-25	46	11.6%
	26-33	79	19.9%
	34-41	91	23.0%
	42-49	85	21.5%
	50-57	77	19.4%
	58+	18	4.5%
Level of Education	No Formal Education	98	24.6%
	Primary	127	31.8%
	Secondary	104	26.1%
	HND	48	12.0%
	Graduate	14	3.5%
	Post Graduate	8	2.0%
Employment	Unemployed	138	34.6%
	Part Time Worker	167	41.9%
	Full Time Worker	94	23.6%

Source: Field Data (2022)

The results on the distribution of the ages of the respondents clearly indicate that household members with varied years were all included in the data collection stage, making the results of this study reflective to the state of the population. The results as shown in Table 1 further revealed that 98 of the respondents representing 24.6% had no formal education, 127 representing 31.8% had attained school up to the primary level, 104 of the respondents representing 26.1% had attained secondary level education, those with highest national diploma certificate were 48 representing 12% of the respondents, graduates were 14 representing 3.5%, and only 8 of the respondents representing 2% had schooled up to the post graduate level. The results indicated that most household members in the Jomoro Municipality had low educational background relative to those with higher educational level.

With respect to the employment status of respondents, as many as 138 representing 34.6% of the respondents indicated that they had no job, hence no employment; those with only a part time job constituted 167 representing 41.9%; with those with full time job being only 94 and this represented 23.6% of the total respondents. Based on the results of the employment distribution, it could be inferred that a sizable number of the respondents had no job and hence are more likely to be subjected to poverty in the Jomoro Municipality.

Poverty Level in the Jomoro Municipality

The study further reported on the level of respondents' responses to specific questions asked on the level of poverty in the Jomoro Municipality of Ghana. The result of respondents' level of poverty was indicated in Table 2. With respect to the question "I am unable to always afford three square meals per day", 116 of the respondents representing 29.1% did not agreed with the statement; 74 (18.5%) slightly agreed with the statement; 74 (18.5%) moderately agreed to the statement; 46 (11.5%) highly agreed to the statement; and 89 (22.3%) strongly agreed with the claim of not being able to afford a three square meals per day.

Table 2: Household Poverty

Statement	Not Agree	Slightly agree	Moderately Agree	Highly Agree	Strongly Agree
I am unable to always afford three square meal per day	116 (29.1%)	74 (18.5%)	74 (18.5%)	46 (11.5%)	89 (22.3%)
The high cost of living makes very difficult to cater for my basic needs	95 (23.8%)	91 (22.8%)	110 (27.6%)	28 (7.0%)	75 (18.8%)
I do not have constant source of income on which I depend for my livelihood	79 (19.8%)	81 (20.3%)	84 (21.1%)	57 (14.3%)	98 (24.6%)
I sometimes borrow money from friends to buy food and other items I desperately need	133 (33.3%)	49 (12.3%)	84 (21.1%)	54 (13.5%)	79 (19.8%)
I sometimes buy foods and other items on credit because I have no money	98 (24.6%)	84 (21.1%)	66 (16.5%)	78 (19.5%)	73 (18.3%)
I am most often denied of basic essential services such as health care, education, shelter, and food because I have little or no money	106 (26.6%)	83 (20.8%)	64 (16.0%)	65 (16.3%)	81 (20.3%)
The income I earn from my work is very insufficient to meet my spending on basic needs	89 (22.3%)	60 (15.0%)	133 (33.3%)	69 (17.3%)	48 (12.0%)

Source: Field Data (2022)

With regards to the question "The high cost of living makes very difficult to cater for my basic needs", 95 (23.8%) did not agree that there is high cost of living in the Jomoro Municipality; 91 (22.8%) of the respondents slightly agreed with the statement of high cost of living; 110 (27.6%) moderately agreed that the cost of living is high in Jomoro Municipality; 28 respondents representing 7% highly agreed while 75 (18.8%) further showed strong agreement that the cost of living is high and this has made it problematic to be able to afford their basic economic needs. Furthermore, the study inquired from respondents on the statement “I do not have constant source of income on which I depend for my livelihood” and the results revealed that 79 (19.8%) did not agree to the statement; 81 (20.3%) slightly agreed; 84 (21.1%) moderately agreed; 57 (14.3%) highly agreed; while 98 (24.6%) of the respondents strongly agreed that they do not have constant source of income to sustain their livelihood.

Moreover, the result indicated in Table 2 revealed the result on the statement that “I sometimes borrow money from friends to buy food and other items I desperately need”. On the basis of this statement, 133 (33.3%) of the respondents did not agree to the statement; 49 (12.3%) slightly agreed to the statement; 84 (21.1%) moderately agreed to the statement; 54 (13.5%) highly agreed to the statement; and 79 (19.8%) of the respondents strongly agreed that they borrow to consume hence living a practice of dissavings. Coupled with the above assertion, the study put forward another statement that inquired that “I sometimes buy foods and other items on credit because I have no money”. This inquiry revealed that 98 (24.6%) of the respondents did not agree to the statement; 84 (21.1%) of the respondents slightly agreed; 66 (16.5%) moderately agreed; 78 (19.5%) highly agreed with the statement; while 73 (18.3%) strongly agreed that they sometimes buy food on credit due to having no money. The total number who agreed and strongly agreed indicated that poverty is quite prevalent in the Jomoro Municipality of Ghana.

The study further inquired from the respondents the state at which they are denied the access to basic and essential services such as health care, education, shelter, and food due to having little or no money. The responses from this inquiry revealed that 106 (26.6%) of the respondents disagreed with the statement reflecting that they are denied of basic essential services; 83 (20.8%) slightly agreed that they are denied of essential services; 64 (16%) moderately agreed; 65 (16.3%) slightly agreed that they were denied of basic essential services in the community due to lack of money; while 81 (20.3%) further provide strongly agreement that they are denied of basic and essential services due to having no money.

The above submission was further augmented with the statement inquiring that respondents earn insufficient income which largely could not support expenditure on their basic needs. Based on this statement, 89 (22.3%) showed disagreement to the statement; 60 (15%) showed slight agreement; 133 (33.3%) moderately agreed; but 69 (17.3%) indicated high agreement; while 48 (12%) of the respondents further indicated strong agreement to the assertion that income earned from their work is not sufficient to meet their spending needs.

Level of Access to Financial Services

The study defined access to financial services by three key indicators namely savings and remittances, microinsurance, and access to finance. The study further asked respondents specific questions about the level of access to financial services with respect to the three indicators and the results were presented as follows.

Table 3: Access to Finance in Jomoro Municipality

Statements	Not Agree	Slightly agree	Moderately Agree	Highly Agree	Strongly Agree
I am able to acquire credit from financial institutions	97 (24.3%)	107 (26.8%)	84 (21.1%)	68 (17.0%)	43 (10.8%)
I am able to obtain credit by financial institutions without any collateral backing whenever I seek for credit	117 (29.3%)	92 (23.1%)	81 (20.3%)	58 (14.5%)	51 (12.8%)
Interest rate on credits are reasonable for me	81 (20.3%)	112 (28.1%)	90 (22.6%)	75 (18.8%)	41 (10.3%)
I am able to obtain the full sum of credit/loan needed at a time	44 (11.0%)	110 (27.6%)	98 (24.6%)	96 (24.1%)	51 (12.8%)
I am usually approached by financial institutions and am encouraged to take up loans from their outfits	54 (13.5%)	113 (28.3%)	100 (25.1%)	76 (19.0%)	56 (14.0%)
I am able to acquire credit from financial institutions without any delay at all	53 (13.3%)	86 (21.6%)	110 (27.6%)	88 (22.1%)	62 (15.5%)
Financial institutions offer assistance/advice to me regarding how best I can make repayment of the loan/credit	93 (23.3%)	130 (32.9%)	82 (20.6%)	58 (14.5%)	36 (9.0%)

Source: Field Data (2022)

The study examined the level of access to finance by inquiring from respondents their opinion on the statement "I am able to acquire credit from financial institutions". Based on this statement 97 (24.3%) of the respondents answered in disagreement while 107 (26.8%) slightly agreed implying that they slightly have access to credit from financial institutions. There was 84 (21.1%) of the respondents who moderately agreed; 68 (17%) highly agreed that they have access to credit from financial institutions while 43 (10.8%) of the respondents indicated that they strongly agree that they have access to credit from financial institutions.

The study further inquired whether respondents access credit without collateral requirement by financial institutions. The result as indicated in Table 3 revealed that 117 (29.3%) of the respondents disagreed to the statement reflecting that access to credit is linked up with collateral requirement; 92 (23.1%) of the respondents also slightly agreed to collateral free requirement; 81 (20.3%) moderately agreed; 58 (14.5%) highly agreed that collateral free requirement was possible in their case; and yet another 51 (12.8%) of the respondent strongly agreed that the collateral is not a requirement whenever they seek for credit from financial institutions.

In respect of the level of affordability of the interest rate charged on loans applied for, 81 (20.3%) of the respondents disagreed that interest rate is reasonably low; 112 (28.1%) slightly agreed with the claim of lower interest rate; 90 (22.6%) moderately agreed; 75 (18.8%) of the respondents highly agreed that interest rates were reasonably low; while 41 (10.3%) strongly agreed that interest rate is reasonable on loans they apply for. The study further found out from respondents on the statement "I am able to obtain the full sum of credit/loan needed at a time". The result on the statement revealed that 44 (11.0%) disagreed, 110 (27.6%) slightly agreed; 98 (24.6%) moderately agreed; 96 (24.1%) highly agreed to statement while 51 (12.8%) of the respondents strongly agreed that they are able to obtain the full value of the loan they apply for. With regards to the statement “I am usually approached by financial institutions and am encouraged to take up loans from their outfits” 54 (13.5%) of the respondents disagreed with the statement; 113 (28.3%) slightly agreed with the statement meaning that financial institutions somewhat encourage households to take up credit from them. The number of the respondents who moderately agreed to the above statement was 100 (25.1%); 76 (19.0%) highly agreed to the statement; while 56 (14.0%) strongly agreed to the statement.

With respect to whether or not households could acquire loans without delay in the process of acquisition, 53 (13.3%) disagreed to the claim that there is not delay in the loan acquisition process; 85 (21.6%) of the respondents slightly agreed that no delay exist; 110 (27.6%) moderately agreed; 88 (22.1%) highly agreed that the loan acquisition process is without delay; while 62 (15.5%) of the respondents strongly agreed that the process of acquiring loan from financial institutions is without delay. The study also inquired whether financial institutions after granting loans to household offer some form of financial advisory services to household to as to how they could make good use of the loan to ensure easy repayment.

On the basis of this statement, 93 (23.3%) of the respondents disagreed that no financial advisory services are provided; 130 (32.9%) slightly agreed to the statement of provision of financial and advisory services; 82 (20.6%) moderately agreed; 58 (14.5%) highly agreed that they receive financial/advisory service support from financial institutions; while 36 (9.0%) strongly agreed to the same claim.

Micro-Insurance

The study inquired from respondents on their level of access to micro-insurance by asking them to provide responses to 7-point likert scale items. The result for each of the seven statements on micro-insurance was provided in Table 4.

Table 4: Access to Micro-Insurance in Jomoro Municipality

Statements	Not Agree	Slightly agree	Moderately Agree	Highly Agree	Strongly Agree
I have adequate knowledge and information about insurance	74 (18.5%)	122 (30.6%)	96 (24.1%)	70 (17.5%)	37 (9.3%)
I have strong desire and willingness to purchase insurance product	68 (17.0%)	121 (30.3%)	106 (26.6%)	57 (14.3%)	47 (11.8%)
I perceive the premium/price on insurance product as affordable	60 (15.0%)	129 (32.3%)	99 (24.8%)	72 (18.0%)	39 (9.8%)
Insurance companies are always on time in processing claims and whenever I need to be compensated	85 (21.3%)	98 (24.6%)	80 (20.1%)	57 (14.3%)	79 (19.8%)
There are a number of insurance companies available in my municipality/district from which I can seek for insurance advice	89 (22.3%)	102 (25.6%)	96 (24.1%)	43 (10.8%)	69 (17.3%)
Insurance companies take time to explain the terms and conditions of the insurance contract to me prior to the purchase of insurance product	112 (28.1%)	102 (25.6%)	58 (14.5%)	39 (9.8%)	88 (22.1%)
There are a number of insurance products available that suit my taste and preference for risk reduction	94 (23.6%)	134 (33.6%)	80 (20.1%)	16 (4.0%)	75 (18.8%)

Source: Field Data (2022)

Based on the statements on micro-insurance whose result is displayed in Table 4, respondents were asked if they have adequate knowledge and information about insurance. The result revealed that 74 (18.5%) disagreed that they have adequate information and knowledge about insurance; 122 (30.6%) slightly agreed; 96 (24.1%) moderately agreed; and 70 (17.5%) highly agreed; while 37 (9.3%) of the respondents strongly agreed that they have adequate knowledge and information about insurance.

Respondents were also asked if they have strong desire and the willingness to purchase any insurance product and the result revealed that 68 (17%) of the respondents disagreed; 121 (30.3%) slightly agreed that they have desire to purchase insurance; 106 (26.6%) moderately agreed; 57 (14.3%) highly agreed and 47 (11.8%) strongly agreed that they have the willingness to purchase insurance product.

With respect to the perception of respondents regarding the premium charged by insurance companies on insurance products, the study inquired about the affordability of the insurance premium and the result showed that 60 (15%) disagreed that insurance premium is affordable; 129 (32.3%) slightly agreed to the affordability of insurance premium; 99 (24.8%) moderately agreed; 72 (18%) highly agreed that insurance premium were affordable while 39 (9.8%) strongly agreed that insurance premium charged by insurance companies is affordable.

The study further inquired about the opinion of respondents with respect to the speed with which insurance companies process claims due to policy holders. The result showed that 85 (21.3%) disagreed that claims were paid on time; 98 (24.6%) slightly agreed that claims were paid on time; 80 (20.1%) moderately agreed; 57 (14.3%) highly agreed that claims were paid on time; and 79 (19.8%) strongly agreed that claims were paid on time.

Regarding the sufficiency of the number of insurance companies in the Jomoro Municipality, 89 (22.3%) of the respondents disagreed that insurance companies within the municipality is sufficient; 102 (25.6%) disagreed to the sufficiency of the number of insurance companies; 96 (24.1%) of the respondents moderately agreed; 43 (10.8%) were in high agreement that the number of insurance companies in the Jomoro Municipality is sufficient while 69 (17.3%) strongly agreed to same assertion.

However, majority of the respondents (112 [28.1%]) disagreed that insurance companies do not take time to explain the terms and conditions of the insurance policies to them while 102 (25.6%) also slightly agreed to same question. Even though 58 (14.5%) moderately agreed, 39 (9.8%) of the respondents highly agreed that insurance companies take time to explain the terms of the insurance policy to them while 88 (22.1%) of the respondents strongly agreed to same statement.

Finally, 94 (23.6%) of the respondents strongly disagreed that the number of insurance products available suits their tastes and preferences while a majority of 134 (33.6%) slightly agreed that insurance products available suit their tastes and preferences. There were 80 (20.1%) of the respondents who moderately agreed to the claim of suitability of insurance products; 16 (4.0%) highly agreed that insurance products suit their tastes and preferences; and 75 (18.8%) of the respondents strongly agreed to the same claim.

Savings and Remittances

The study provided ten statements on a likert scale to ascertain respondents' accessibility to savings and remittances.

Table 5: Access to Savings and Remittances

Statements	Not Agree	Slightly agree	Moderately Agree	Highly Agree	Strongly Agree
I always save a fraction of the income I obtain for tomorrow's consumption and needs	124 (31.1%)	71 (17.8%)	51 (12.8%)	53 (13.3%)	100 (25.1%)
My income is relatively high so I am able to save most of the time	90 (22.6%)	88 (22.1%)	79 (19.8%)	43 (10.8%)	99 (24.8%)
I have developed the habit of minimizing my spending so that I can channel the remaining income into savings	102 (25.6%)	97 (24.3%)	70 (17.5%)	32 (8.0%)	98 (24.6%)
I have complete access to my savings account	111 (27.8%)	90 (22.6%)	66 (16.5%)	45 (11.3%)	87 (21.8%)
There are completely no deductions or charges on my savings account(s)	102 (25.6%)	109 (27.3%)	66 (16.5%)	40 (10.0%)	82 (20.6%)
Savings enable me to meet adequately most of the needs	136 (34.1%)	64 (16.0%)	59 (14.8%)	58 (14.5%)	82 (20.6%)
I sometimes receive financial support from local government in the form of aids	103 (25.8%)	88 (22.1%)	71 (17.8%)	45 (11.3%)	92 (23.1%)
I receive financial support from my family and friends outside and within Ghana	116 (29.1%)	93 (23.3%)	116 (29.1%)	30 (7.5%)	44 (11.0%)
The remittances received from various sources enable me to save money	165 (41.4%)	45 (11.3%)	37 (9.3%)	54 (13.5%)	98 (24.6%)

Source: Field Data (2022)

The study inquired from respondents if they save a fraction of their money for their future needs. The results showed that 124 (31.1%) of the respondents revealed that they disagreed that they save; 71 (17.8%) slightly agreed that they save; 51 (12.8%) moderately agreed; 53 (13.3%) highly agreed that they save a portion of their income; and 100 (25.1%) strongly agreed that they save a portion of their income for tomorrow's consumption.

The study also found that 90 (22.6%) of the respondents disagreed to having high income level; 88 (22.1%) slightly agreed to having high income level; 79 (19.8%) moderately agreed; 43 (10.8%) highly agreed to having high income level and 99 (24.8%) strongly agreed to having high income level and this enable them to save. With respect to the statement that "I have developed the habit of minimizing my spending so that I can channel the remaining income into savings", 102 (25.6%) of the respondents disagreed; 97 (24.3%) slightly agreed; 70 (17.5%) moderately agreed; 32 (8.0%) highly agreed; and 98 (24.6%) strongly agreed.

When asked whether respondents have complete access to savings account at the financial institutions, 111 (27.8%) disagreed; 90 (22.6%) slightly agreed; 66 (16.5%) moderately agreed; 45 (11.3%) highly agreed that they have access to savings account at the financial institutions while 87 (21.8%) strongly agreed that they have complete access to savings account. With respect to the deduction made to savings account, the study inquired from the respondents if deductions were made in respect of their savings account. There were 102 (25.6%) of the respondents who disagreed that deductions were not made to their savings account; 109 (27.3%) slightly agreed; 66 (16.5%) moderately agreed; and 45 (11.3%) highly agreed while 87 (21.8%) of the respondents strongly agreed that no deductions are made to their savings account.

Regarding the rewards for savings given to the respondents by the financial institutions, 106 (26.6%) disagreed that the interest rate on savings is satisfactory. There was also 71 (17.8%) of the respondents who slightly agreed to having satisfactory interest rate on savings; 93 (23.3%) moderately agreed; 57 (14.3%) were in high agreement to having satisfactory interest on savings while 72 (18.0%) strongly agreed to having satisfactory interest rate on savings.

The study further found that 136 (34.1%) of the respondents disagreed that savings enable them to meet their future needs; 64 (16.0%) slightly agreed; 59 (14.8%) moderately agreed; 58 (14.5%) highly agreed that savings enable them to meet their future needs; while 82 (20.6%) strongly agreed that savings enable them to meet their future needs. There was 103 (25.8%) of the respondents who disagreed that remittances or financial support come to them from the local government in the form of aid. Eighty eight (22.1%) of the respondents further slightly agreed that they receive remittances or aid from the government; 71 (17.8%) moderately agreed; 45 (11.3%) of the respondents highly agreed that they receive financial support in the form of aid from government; while 92 (23.1%) strongly agreed to receiving aids from the government.

There was also evidence from 116 (29.1%) of the respondents who disagreed that they receive financial support (remittances) from family and friends; 93 (23.3%) slightly agreed; 116 (29.1%) moderately agreed; 30 (7.5%)

highly agreed; while 44 (11.0%) strongly agreed that they receive remittances from family and friends. Respondents were also asked whether the remittances they receive from family and friends and the government enable them to save money for future use. Based on this inquiry, 165 (41.4%) of the respondents disagreed; 45 (11.3%) slightly agreed; 37 (9.3%) moderately agreed; 54 (13.5%) highly agreed; while 98 (24.6%) of the respondents strongly agreed that their savings are supported by the remittances they receive from the government and family and friends.

Validity and Reliability Test

The study performed factor analysis using the principal component analysis to ascertain the validity of the research instrument. The main indicators that were used to ascertain the validity of the data obtained included the Kaiser-Meyer Olkin (KMO) measure of sample adequacy, the Bartlett Test (BT) of sphericity, the factor loading of the indicators of each construct, and the total variance explained (TVE) by the optimal factors selected. The study further used the Cronbach Alpha (CA) to measure the level of reliability of the research instrument. From the above indicators, KMO of 0.6 and above confirms adequacy of sample size; Bartlett test with probability values of less than 5% confirms that there is not identity matrix in the correlation matrix for the various loadings; and a CA of 0.7 and above confirms the reliability of the research instrument. The results of the validity and reliability tests are displayed in Table 6.

Table 6: Validity and Reliability Tests

Variable	Factor Loading Items	KMO	BT (P-value)	TVE	CA
Credit Access	5/7	0.814	0.000	20.72%	0.72
Insurance	4/7	0.844	0.000	17.61%	0.79
Savings	6/10	0.741	0.000	25.11%	0.74
Poverty	5/7	0.643	0.000	37.66%	0.79

Source: Field Data (2022)

Based on the result in Table 6, it can be seen that 5 out of the 7 items measuring access to credit loaded well on the optimal factor. Regarding insurance as a constructs, 4 out of the 7 items loaded well on the optimal factor; 6 out of 10 items loaded well on the optimal factor for savings and remittances; while 5 out of 7 items loaded well on the optimal factor for poverty reduction. All the items that loaded well on the respect construct were used to calculate indices so that quantitative assessment could be performed to ascertain the effect of each independent variable (access to credit, savings and remittances, and insurance) on the dependent variable (poverty reduction). Furthermore, the study found that there was sample adequacy for the measurement of all the constructs since the KMO value for each construct exceeded 0.6. More so, there was no identity matrix obtained in relation any of the variables since the probability value of the BT for each variable was less than 5%. In addition, the total variance explained by the optimal factor for access to credit was 20.72%; 17.61% for insurance; 25.11% for savings and remittances; and 37.66% for poverty reduction. Meanwhile, the study obtained high level of reliability given the CA value of 0.72 for access to credit, 0.79 for insurance, 0.74 for savings and remittances, and 0.79 for poverty reduction.

Relative Relationship between Access to Credit, Savings and Remittances, and Insurance on Poverty Reduction

The study employed the least square simple regression model to assess the effect of access to credit, savings and remittances, and insurance on poverty reduction and the result is produced in Table 7. The three key indicators (access to credit, savings and remittances, and insurance) were used to measure access to financial services. The diagnostics with respect to each of the regression models were also produced in Table 7.

Table 7: Effect of Access to Financial Services on Poverty Reduction

	Model 1	**Model 2**	**Model 3**
Independent Variable:	Access to Credit	Savings	Insurance
Coefficient (β)	-0.177	-0.186	-0.188
Standard Error	(0.064)	(0.079)	(0.079)
T-statistic	[-2.752]	[-2.341]	[-2.362]
P-value	0.000	0.020	0.019
Constant: Coefficient (α)	3.361	3.280	3.170
Standard Error	(0.183)	(0.201)	(0.216)
T-statistic	[18.373]	[16.343]	[14.706]
P-value	0.000	0.000	0.000
Diagnostics:			
R-square	0.321	0.412	0.426
F-statistic (P-value)	7.571(0.006)	2.973 (0.032)	3.259 (0.022)
Kolmogorov-Smirnov	0.912 (0.055)	0.166 (0.442)	0.900 (0.084)
Durbin-Watson	1.858	1.912	1.915

Source: Field Data (2022)

The regression result produced in Table 7 revealed the relationship between access to credit, access to savings and remittances, and access to micro-insurance on poverty. The coefficients for access to credit was β = -0.177 with standard error = 0.064, t-statistic = -2.752, and p-value = 0.000 < alpha level of 5%. This figures meant that access to credit buy households significantly reduce poverty by 0.177 units. Similarly, the coefficients for savings and remittances was β = -0.186 with standard error = 0.079, t-statistic = -2.341, and p-value = 0.020 < alpha level of 5%. By implication, a unit increase in savings and remittances of households will lower poverty level by 0.186 units. The result further showed the coefficient of micro-insurance to be β = -0.188 with standard error = 0.079, t-statistic = -2.362, and p-value = 0.019 < alpha level of 5%. This result showed that a unit increase in access to micro-insurance by households will decrease the level of poverty by 0.188 units. In effect, access to financial services in the form of credit, savings and remittances, and insurance reduces household poverty.

The post-statistical diagnostics indicated in Table 7 revealed goodness of fit in each of the three regression models. The R-square for model 1 being 0.321 meant that access to credit explained the variation in poverty level by 32.1% and this figure is significant given the F-statistic of 7.571 and p-value of 0.006 < 5%. In similar vein, the R-square for model 2 was 0.412 and this meant that access to savings and remittances explained the variation in poverty level by 41.2% and this figure is significant given the F-statistic of 2.973 and p-value of 0.032 < 5%.

Furthermore, model 3 produced an R-square of 0.426 reflecting that micro-insurance explains up to 42.6% of the variation in poverty of households.

The F-statistic value of 3.259 with a p-value of 0.022 < 5% add credence that the R-square value was significant hence there is goodness of fit in the regression model. The Durbin-Watson values of 1.858, 1.912, and 1.915 for the three models respectively indicated that there was no serial correlation in the residual of the various regression models. In sum, the post statistical diagnostics performed pointed to the fact that the regression results were valid. The probability value of more than 5% for the Kolmogorov-Smirnov statistic indicated that the residual of the dependent variables is normally distributed.

This present study found the relationship between access to credit and poverty to be negative implying that increased access to credit reduces poverty level. This evidence has the support of the study of Ampah, Ambrose, Omagwa and Frimpong (2017) who clearly revealed that access to credit contribute directly to reducing poverty in terms of improving the condition of peoples' income, education, and business investment. In other words, access to credit enable households to educate their members and also to engage in petty trade which raises additional income to support the needs of the household, hence contributing to alleviating poverty. This evidence can further be compared to the findings obtained in the study of Awarwoyi (2014) whose study revealed that a positive relationship exists between access to credit and income which serve as pass through to poverty reduction. In other words, access to credit from financial institutions enables firms (and household alike) to increase their ability to trade, mobilise more funds (income) in the short term to the long term which directly improve their living standard and conditions, thereby reducing poverty.

There is also the evidenced that savings and remittances reduce poverty in the Jomoro Municipality of Ghana. This evidence obtained added to the result obtained in the study of Ivanic (2018) who examined the implications of household savings on poverty reduction in the United States of America and found that savings contributed to the process of wealth accumulation which is indirectly related to poverty. Thus, households that save are able to lower poverty than those who dissave.

The result on savings and poverty reduction obtained in this study also is in agreement to the findings of the study of Steinert, Zenker, Filipiak, Movsisyan, Cluver, and Shenderovich (2017) revealed that there was a significant relationship between savings schemes and poverty reduction in Sub-Saharan African households. Savings reduce poverty among rural household members in the sense that monies saved are usually used to procure fertilizer for their crop farming thereby enhancing their food security and reducing poverty in that respect. Watkins and Biniyam (2017) expand the argument with the evidence that savings by rural community members in Ghana enabled them to expand their small “table top” businesses which lead to increase in their incomes and thereby reducing poverty.

Based on the evidence produced in this study that insurance reduce poverty level, the study of Dercon, Bold and Calvo (2018) have provided justification for the relationship by arguing that insurance provide cover against risk; therefore, the absence of it meant that the occurrence of risk or exogenous shocks would make worse the livelihood of those who have no cover against risk.

Based on the analysis of the study of Dercon, Bold and Calvo (2018), it can be deduced that insurance provide compensation for household members against risk of loses; therefore accessibility to insurance products is a way to minimise poverty among rural household members. The study of Gabrah, Mensah and Yidana (2020) provide further justification that microinsurance in Ghana provides assistance to the poor in the form of savings mobilization, employment, protection against disaster, and asset accumulation which in the process contribute to reducing poverty among the poor groups and communities.

Combined Relationship between Access to Credit, Savings and Remittances, and Insurance on Poverty Reduction

In order to assess the combine effect of access to credit, savings and remittances, and micro-insurance on poverty reduction, the study multiple regression analysis to examine the relationship. The result of this analysis was produced in Table 8.

Table 8: Combined Effect of Access to Financial Services on Poverty Reduction

Variable	Coefficient	Standard Error	T-statistic	P-value	VIF
Constant	3.097	0.263	11.786	0.000	
Savings	-0.143	0.071	-2.030	0.043	1.031
Insurance	-0.122	0.035	-3.487	0.001	1.992
Access to Credit	-0.170	0.057	-2.997	0.003	1.006
Diagnostics:					
R-square		0.504			
F-statistic (P-value)		14.692 (0.000)			
P-value		0.000			
Durbin-Watson		1.814			
Kolmogorov-Smirnov		0.453 (0.342)			

Source: Field Data (2022)

The result in Table 8 revealed that access to financial services indicators put into one model does not change the effect which each indicator has on poverty. In other words, the model in Table 8 indicated a negative relationship between savings and poverty reduction with effect size of -0.143; insurance and poverty with effect size of -0.122; and access to credit and poverty with effect size of -0.170. The relationship between each indicator of financial services and poverty was found to be significant given the p-values of each variable being less than 5% alpha level. Access to credit reduces poverty by a greater margin (17.0%), followed by access to savings and remittances (14.3%) and then micro-insurance (12.2%).

The post-statistical diagnostics in Table 8 revealed an R-square of 0.504 indicating that savings and remittances, insurance and access to credit jointly explain the variation in the level of poverty of household by 50.4% and this level of explanatory power is significant given the F-statistic value of 14.692 with p-value of 0.000 < 5%. The Variance Inflation Factors (VIF) for each of the explanatory variables was found to be less than 5 and this indicated that there was no multicollinearity in the independent variables. Furthermore, the Durbin-Watson statistic of 1.814 which is closer to 2 also indicated that the error term of the regression model had no serial correlation; hence the regression result is valid. The probability value of more than 5% for the Kolmogorov-Smirnov statistic indicated that the residual of the dependent variable is normally distributed.

From the results obtained in Table 8, the combined effect of access to credit, microinsurance, and savings and remittances was negative, and the implication is that increased access to these financial services reduces poverty. The negatively relationship found between access to financial services and poverty reduction is supported by several studies such as Steinert, Zenker, Filipiak, Movsisyan, Cluver, and Shenderovich (2017); Gabrah, Mensah and Yidana (2020); and Watkins and Biniyam (2017). Access to micro credit from financial institutions enables households to mobilise financial resources to invest in petty trades such from which they generate profit, and out of which they are able to save to meet future contingencies (Gabrah, Mensah & Yidana, 2020).

By savings, the implication to household members is that they are able to afford basic needs of life such as food, water, clothing and shelter and this contributes to the reduction of poverty among household members (Steinert, Zenker, Filipiak, Movsisyan, Cluver & Shenderovich, 2017). Reduction of poverty among household members is also made possible as household members obtain credit to set up businesses that enable them to provide insurance to safeguard against losses in the future. As noted by Watkins and Biniyam (2017), provision of insurance allows people to prevent undue hardship when unexpected loses occur. This help to reduce poverty among people who have microinsurance.

Chapter Summary

This chapter dealt with the analysis of the data and the discussion of the results obtained. The main results obtained from this study was that access to financial services in the form of savings and remittances, access to credit and insurance contributes to reducing poverty among households in the Jomoro Municipality of Ghana.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Introduction

This chapter presented the summary of the entire study including the key findings, the conclusions made and the recommendations suggested for policy direction.

Summary of the Study

The study investigated the effect of access to financial services on poverty reduction in the Jomoro Municipality of Ghana. Access to financial services was proxied by three measures including access to credit, access to savings and remittances, and access to micro-insurance. Each of these three measures was measured on a continuous scale by asking respondents to provide responses to series of statements that reflects the respective concepts. Poverty reduction as a dependent variable was also measured on a continuous scale. The study design was quantitative and both descriptive and regression analysis were performed to assess the relative effect of and combined effect of access to credit, access to savings and remittances, and access to micro-insurance on poverty reduction. The study was also underpinned by the transient theory of poverty and the financial intermediation theory which provided the theoretical link between access to financial services and poverty reduction. The study further obtained primary data from 399 households' members from the Jomoro Municipality in the Western region of Ghana. The main finding obtained from the study was that access to financial services contributes to reducing poverty. Based on the objectives of the study, the specific findings were as provided below.

Summary of Key Findings

1. With regards to the first objective which assessed the relative effect of access to credit, savings and remittances, and micro-insurance on poverty reduction, the study found that access to credit by household members contributes to reducing poverty with an increase in access to credit causing poverty level to reduce by 0.177 units. Thus, access to credit and poverty reduction is inversely related. Access to savings and remittances negatively related to poverty reduction with the effect size of -0.186 implying that a unit increase in access to savings and remittances reduces poverty level by 0.186. Similarly, micro-insurance contributed to reducing poverty levels with a unit increase in access to micro-insurance leading to 0.188 unit reduction in poverty level.
2. With regards to the second objective which examined the combined effect of access to credit, savings and remittances, and micro-insurance on poverty reduction, the study found that access to credit, savings and remittances, and micro-insurance reduce poverty level by 0.143, 0.122 and 0.170 respectively. In order words, access to financial services by household members contributes to reducing poverty.

Conclusions

Based on the findings obtained from the study, the following conclusions were made. Firstly, access to financial services by household members reduces poverty level. In order words, access to any of the financial services (that, savings and remittances only, micro-insurance only, or access to credit only) contribute to reducing poverty levels of household members. The second conclusion made by this study was that when household members have access to savings and remittances, micro-insurance, and access to credit at the same time, poverty level reduces. Based on the above specific conclusions, the study made the overall conclusion that access to financial services by household members contribute to reducing poverty level of household members.

Finally, the result of this study confirmed the theory of financial intermediation and the transient theory of poverty which suggests that access to financial services is a key driver to improving the financial wellbeing of people and thereby reducing poverty. On the basis of the first research question which sought to look at the relative effect of access to credit, microinsurance and savings and remittances on poverty, the study concluded that each of the indicators to access to financial services reduces poverty. Also, on the basis of the second research question which sought to look at the combined effect of access to credit, microinsurance and savings and remittances on poverty, the study concluded that the three indicators to access to financial services together reduce poverty.

Recommendation

Based on the conclusions made by the study, the following recommendations were made. On the basis of the fact that each of savings and remittances, access to microcredit, and microinsurance reduces poverty level, the study recommended that financial institutions should assist household members to acquire credit which they can rely on to trade in order to improve their living standard. Also, household members should save out of the income they generate and also purchase insurance policies that will help them to insure themselves against future lose arising out of unexpected fatalities.

On the evidence that savings and remittances, microcredit and microinsurance together reduce poverty, this study recommends that households that have access to microcredit should endeavour to use such credit wisely so as to be able to generate multiple incomes to be able to save and purchase insurance at the same time. This will help them to reduce the poverty level.

Suggestions for Further Studies

This study was conducted in only one municipal assembly and hence, the study suggests that future studies should focus on investigating the problem further by considering more than one municipal assembly so as to add to the robustness and the generalisation of the evidence obtained in this present study.

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APPENDIX

UNIVERSITY OF CAPE COAST
COLLEGE OF DISTANCE EDUCATION

QUESTIONNAIRE SURVEY

TOPIC: EFFECT OF ACCESS TO FINANCIAL SERVICES ON POVERTY REDUCTION IN JOMORO MUNICIPALITY

Introduction: I wish to introduce myself to you as a Master of Business Administration (MBA) student of the College of Distance Education, University of Cape Coast, Ghana. As part of the program, I am required to write a thesis whose title is "Effect of Access to Financial Services on Poverty Reduction in Jomoro Municipality". I will be most grateful if you could spare some few minutes of your precious time to answer all the questions before you. You are assured that all the data/information you provide would be treated with utmost confidentiality. I thank you in advance for your co-operation.

Instruction: Please tick (√) the option that meet your judgment

Section A: Socio-Demographic Data of Respondents

1. **Gender**:
   (a) Male [ ]
   (b) Female [ ]

2. **Age in years:**
   (a) 18-25 [ ]
   (b) 26 – 33 [ ]
   (c) 34 – 41 [ ]
   (d) 42 - 49 [ ]
   (e) 50 – 57 [ ]
   (f) 58 and above [ ]

3. **Level of Education**
   (a) No formal Education [ ]
   (b) Primary [ ]
   (c) Secondary [ ]
   (d) HND [ ]
   (e) Graduate [ ]
   (f) Post Graduate [ ]

4. **Employment status**
   (a) Unemployed [ ]
   (b) Part time worker [ ]
   (c) Full time worker [ ]

Section B: ACCESS TO CREDIT/LOAN

Please indicate your preference for the following statement by ticking or selecting (√) an option for each of the statements. *NA [Not Agree]; SA [Slightly Agree]; MA [Moderately Agree]; HA [Highly Agree]; SA [Strongly Agree]*

No.	Statements	NA	SG	MA	HA	SA
1	I am able to acquire credit from financial institutions					
2	I am able to obtain credit by financial institutions without any collateral backing whenever I seek for credit					
3	Interest rate on credits are reasonable for me					
4	I am able to obtain the full sum of credit/loan needed at a time					
5	I am usually approached by financial institutions and am encouraged to take up loans from their outfits					
6	I am able to acquire credit from financial institutions without any delay at all					
7	Financial institutions offer assistance/advice to me regarding how best I can make repayment of the loan/credit					

Section C: INSURANCE

Please indicate your preference for the following statement by ticking or selecting (√) an option for each of the statements. *NA [Not Agree]; SA [Slightly Agree]; MA [Moderately Agree]; HA [Highly Agree]; SA [Strongly Agree]*

No.	**Statements**	NA	SG	MA	HA	SA
1	I have adequate knowledge and information about insurance					
2	I have strong desire and willingness to purchase insurance product					
3	I perceive the premium/price on insurance product as affordable					
4	Insurance companies are always on time in processing claims and whenever I need to be compensated					
5	There are a number of insurance companies available in my municipality/district from which I can seek for insurance advice					
6	Insurance companies take time to explain the terms and conditions of the insurance contract to me prior to the purchase of insurance product					
7	There are a number of insurance products available that suit my taste and preference for risk reduction					

Section D: SAVINGS AND REMITTANCES

Please indicate your preference for the following statement by ticking or selecting (√) an option for each of the statements. *NA [Not Agree]; SA [Slightly Agree]; MA [Moderately Agree]; HA [Highly Agree]; SA [Strongly Agree]*

No.	Statements	NA	SG	MA	HA	SA
1	I always save a fraction of the income I obtain for tomorrow's consumption and needs					
2	My income is relatively high so I am able to save most of the time					
3	I have developed the habit of minimizing my spending so that I can channel the remaining income into savings					
4	I have complete access to my savings account at the bank/financial institutions					
5	There are completely no deductions or charges on my savings account(s)					
6	My bank provide me with satisfactory interest/reward for savings with them					
7	Savings enable me to meet adequately most of the needs I must meet in the near future					
8	I sometimes receive financial support from local government in the form of aids					
9	I sometimes receive financial support from my family and friends outside and within Ghana					
10	The remittances received from various sources enable me to save money for tomorrow					

Section E: HOUSEHOLD POVERTY

Please indicate your preference for the following statement by ticking or selecting (√) an option for each of the statements. *NA [Not Agree]; SA [Slightly Agree]; MA [Moderately Agree]; HA [Highly Agree]; SA [Strongly Agree]*

No.	Statement	NA	SG	MA	HA	SA
1	I am unable to always afford three square meal per day					
2	The high cost of living makes very difficult to cater for my basic needs					
3	I do not have constant source of income on which I depend for my livelihood					
4	I sometimes borrow money from friends to buy food and other items I desperately need					
5	I sometimes buy foods and other items on credit because I have no money					
6	I am most often denied of basic essential services such as health care, education, shelter, and food because I have little or no money					
7	The income I earn from my work is very insufficient to meet my spending on basic needs					