**Alleviating Rural Poverty in Ghana: The Role of Access to Finance**

**(A Household Level Analysis)**

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# **1.0 Introduction**

Developments within poor countries have received a lot of attention in the world recently. Focus is constantly been drawn to the growing levels of poverty and inequality in developing countries. As a result, international organizations and governments of developed countries have partnered with governments and institutions in developing countries to aid in the eradication of poverty. More specifically, rural poverty has gained a great deal of attention in recent times. This mostly has been due to the rate of rural-urban migration, encouraged by the growing disparity in economic opportunities between rural and urban centers.

Ghana exhibits a large disparity in development and economic opportunities between rural and urban centers. This situation has mostly led to the concentration of poverty in rural areas. The world bank report on poverty reduction in Ghana compiled by Vasco & Pierella (2015) reports that between 1991 to 2012, about 80% of the poor in Ghana lived in rural areas. Though the country has made major strides in reducing poverty since 1990 following the implementation of the structural adjustment program, recent improvements have been minuscule with growing inequality between rural and urban centers. Between 2012 and 2017, the poverty headcount decreased by just 0.8 percentage points. Extreme poverty declined from 8.4% to 8.2%. It is projected that in absolute terms, more Ghanaians are living in poverty in 2017 (2.4 million) than in 2013 (2.2 million). The Gini coefficient increased from 42.3 in 2012 to 43.0 in 2017. As of 2017, five of the predominantly rural regions experienced worsening poverty rates. The Upper West Region was the which is largely rural was the poorest region with a poverty rate of about 70.9%. Overall, poverty incidence is 7.8 for urban centers and 39.5 for rural areas. (Ghana Statistical Service, 2017).

Rural poverty, therefore, presents a major problem to governments who have developed several schemes that are aimed at tackling the problem of rural poverty in Ghana. This includes the Livelihood Empowerment Against Poverty (LEAP), The Capitation Grant, School Feeding Programme, and much more recently, the Free Senior High School program. The impact of these policies is however yet to be seen.

The financial system which comprises banks and other financial markets plays an important role in an economy. This includes resource pooling and allocation between savers and borrowers. A properly functioning financial system can be considered the heart of every economy because it becomes the key to investments and economic growth. Therefore, providing access to financial services is an important way to provide the necessary foundation for individuals to participate effectively in the economy. Making financial services readily available and affordable to households in disadvantaged areas is therefore mostly termed as financial inclusion (Danquah et al., 2017a). Leeladhar (2006) asserts that banking services should be considered a public good and hence improving access to everyone, especially the disadvantaged in the economy should be at the core of public policy, just like any other public good. This is because of the various benefits and positive externalities that banking services provide to such communities. Financial exclusion is not only costly but it is dangerous and could heavily impact growth and development. It increases the travel time required to access financial services and this hampers resource mobilization and allocation. It will affect rural communities’ access to credit facilities for investments, hampers the formalization of rural areas, and could also pose a security threat as holders of cash face high risks of getting robbed. Leeladhar (2006) summarizes the danger of financial exclusion in the statement that “Financial exclusion may well lead to social exclusion”. Financial inclusion is a key factor in the financial development of every country, hence the Millennium Development Goals (MDGs) and the much recent Sustainable Development Goals (SDGs) have stressed the need to enhance financial inclusion especially in rural areas.

While in developed countries, banking and other financial services are largely available for almost the entire population, a greater percentage of the population of developing countries still lack access to formal financial services. This problem is more pronounced in rural communities.

The financial system of Ghana underwent a major structural change under the Financial Sector Adjustment Program (FINSAP) under the economy-wide Structural Adjustment Program (SAP) that was introduced to consolidate the Economic Recovery Program (ERP) introduced in the 1980s. Some of the reforms included the liberalization of interest rates and the establishment of universal banking in 2003 that allowed banks to undertake both commercial, investment, development, and merchant banking without the need for separate licensing (Quartey et al., 2017).

Rural banking started in Ghana in 1976 as an initiative to encourage access to credit facilities in rural areas. This was intended to support farmers. By 1984 the number of rural banks had risen to 106. The economic challenges of the 1980s greatly affected the performance of rural banks. This led to the introduction of interventions by the government with support from the World Bank. These measures included training programs for managers of rural banks. The Rural Financial Services Project was introduced between 2001 and 2007 to help strengthen rural banking. This led to the establishment of the Association of Rural Banks (ARB) Apex Bank as the bank to the rural commercial banks (Nair & Fissha, 2010). These developments have increased the number of rural banks to about 135 as of 2018. These banks are however still inadequate and are mostly situated in district capitals. Poor road networks and other infrastructural challenges make access by rural communities still limited.

One of the ways of empowering rural communities is the provision of access to finance and credit facilities. This has mostly been considered an effective way of tackling the problem of rising poverty. Access to finance allows rural dwellers to effectively participate in the economy, enabling them to make long term consumption and investment decisions. This creates wealth and significantly affect economic wellbeing. Both theoretical and empirical evidence leans to this argument. Baye (2013) for instance finds that access to financial services improves the economic well-being of households, irrespective of the measure of household wellbeing used. Sackey (2005) also recommends the provision of institutional credit facilities as a means to curbing poverty in rural areas.

The goal of this paper, therefore, will be to access the impact of access to finance on rural poverty. The goal will be to make a case for the expansion of banking and credit facilities to rural areas. The analysis will follow a similar work done by Quartey et al. (2017). This paper, however, uses the 7th round of the Ghana Living Standards Survey (GLSS 7), which offers an updated data compared to the GLSS 6 that was used by Quartey et al. (2017).

# **2.0 Literature Review**

Financial inclusion and access to finance are considered an important factor in enhancing the economic growth prospects of every economy. This is because extending financial services to more people implies better resource mobilization and allocation for investment purposes. Sharma (2016) in studying the nexus between financial inclusion and economic growth argues that financial inclusion plays a key role in the development of a strong economy because it aids in the development of a strong financial infrastructure necessary to support economic activities. Sethi & Acharya (2018) support this claim in their study on the dynamic linkages between financial inclusion and economic growth for a sample of 31 countries from 2004 to 2010. They find a positive long-run relationship between financial inclusion and economic growth. Causality tests also show a bidirectional relationship between these countries.

Several papers have investigated the impact of access to finance on poverty across the world. While some authors limit the analysis to microfinance companies, other authors have extended the analysis to other broader forms of financial services. Some authors do not find a clear relationship between access to credit and poverty. For instance, Al Mamun et al. (2013) studied the correlation between microfinance and poverty in Bangladesh. They argue that though microfinance contributes significantly to the mobilization of savings, its impact on poverty is not clear. Bhandari (2009) also finds that access to financial services, measured by the number of people who have access to bank accounts, has no significant effect on poverty. They argue that developing a more inclusive financial system should be given priority in tackling poverty in rural areas.

Ho & Odhiambo (2011) also study the impact of finance on poverty reduction in China. Using domestic credit to the private sector as a proxy for financial development, they find a bidirectional causal relationship between financial development and poverty reduction.

Using data from 1983 to 2005, Ayyagari et al (2013) study the impact of financial deepening on rural poverty in India. Using instrumental variable estimation techniques, they find that financial deepening and financial inclusion contribute to poverty alleviation by fostering rural entrepreneurship activities. Similarly, Geda et al. (2008) employ a household-level panel data from 1994 to 2000 to study access to finance and poverty in Ethiopia. Their findings show that access to finance is an important factor in consumption smoothening and poverty reduction. Reyes (n.d.) also studies access to finance and poverty in Bolivia. Their findings show that access to finance is an important factor in spurring economic growth and poverty reduction.

Dimova & Adebowale (2018) also study the effect of access to formal financial services on household welfare in Nigeria. Using household-level survey data, they find that access to finance improves household welfare. It, however, increases inter-household inequality and reduces the inequality gap between urban and rural centers. (Danquah et al., 2017b)also study how access to financial services through rural community banks affects the poverty of rural households in Ghana. They utilize the sixth round of the Ghana Living Standards Survey, and by applying instrumental variable techniques, they find that the living standard of rural households is improved significantly by the presence of rural community banks.

Aliero & Ibrahim (2012) also study the role of access to finance in reducing rural poverty in Nigeria with a focus on rural areas in Katsina state. A cross-sectional survey data was utilized and multinomial logit techniques were employed. The findings suggest that access to financial services in rural areas reduces poverty. Quach (2005) studies the impact of access to finance on poverty in rural Vietnam. They also find that improving access to finance to rural areas reduces poverty and improves welfare.

Pitt & Khandker (1998) also employ quasi-experimental techniques to estimate the impact of group-based credit programs on poor households in Bangladesh. They find that the provision of credit to households increases household expenditures and reduces poverty. Roodman & Morduch (2014) in replicating the work of Pitt & Khandker (1998) found that the finding that microcredit reduces poverty disappears when outliers are dropped or when robust estimators are used.

Park & Mercado (2015) also study financial inclusion, poverty, and inequality for a sample of 37 Asian countries. They construct an index of financial inclusion and estimate its effect on poverty and inequality. They find that financial inclusion significantly reduces poverty and inequality.

Quach et al. (2005) also estimate the impact of access to credit on poverty for Vietnam using household surveys conducted in 1993 and 1998. They find that access to credit reduces poverty significantly. This finding holds irrespective of whether the households are more or better-off. Similarly, Duong & Nghiem (2014) estimated the effect of microcredit on poverty in Vietnam. They utilize the Vietnam Living Standards survey covering the period 1992-2010. They find that the provision of micro-loans significantly reduces poverty in Vietnam.

# **3.0 Data and Methodology**

## 3.1 Data

The study employs a data set extracted from the 7th round of the Ghana Living Standards Survey (GLSS). The GLSS survey data was gathered between 2016 and 2017. It is a periodic household survey data that is collected to help assess the welfare of citizens. Since the focus of the paper is on rural access to financial services, the data consists of only respondents from rural communities in Ghana. The dataset consists of 7913 respondents.

## 3.2 Methodology and Variable Description

To begin the analysis, the general model is specified as :

|  |  |  |
| --- | --- | --- |
|  |  | (1) |

The functional form of the model is specified as

|  |  |  |
| --- | --- | --- |
|  |  | (2) |

Where is the dependent variable the represents poverty. It is a dummy variable that is equal to 1 if the individual is not poor and zero otherwise. In the GLSS survey, the poverty status of individuals is categorized into three’ very poor, poor, and non-poor. Those categorized as very poor and poor are put together and are treated as the control group. Since the poor are the reference category, a positive coefficient will be interpreted as a decrease in the probability of being poor while a negative coefficient implies an increase in the probability of being poor. represents access to credit facilities. The survey asks respondents if they have a bank account or are contributing to a loan/savings scheme. This is used to measure access to financial services. This is also a dummy variable that represents 1 if a respondent has a bank account or has contributed to a savings and loan scheme. This is expected to have a positive coefficient or reduce poverty.

represents a vector of control variables the are used in the model with their respective coefficients . These variables are described below:

* Age of the respondent: Expected to have a positive coefficient. As people grow, they can work more and hence are expected to be less poor.
* The squared of age: Expected to have a negative coefficient. This is to capture nonlinearities in the effect of age on poverty.
* Years of education: Expected to have a positive coefficient. More years of education presents better labor market opportunities and hence lower poverty.
* Squared term of years of education: This is expected to be negative. It also captures the possibility of nonlinearity in the returns to education.
* Whether the spouse present: This is a dummy variable representing 1 if the spouse is present and 0 otherwise. This is expected t have a positive coefficient or reduce poverty.
* Religious affiliation. Thre dummy variables are specified to represent the three major religious affiliations in Ghana. That is; Christianity, Islam, and Traditional. Those without religious affiliations are the control group.
* Marital status: A dummy variable is created for married with the unmarried being the reference category
* Whether or not the respondent is in the labor force: This is a dummy variable equal to 1 if the respondent is in the labor force and 0 otherwise. This is expected to have a positive coefficient.
* Gender: A dummy variable for males is created with females as the reference categories.
* Household size: This is a measure of the number of people in a household. It is expected to have a negative coefficient. Larger family sizes will increase poverty.
* Regional dummies: Dummy variables are generated for nine regions, with the Greater Accra region as the reference category.

## 3.3 Estimation Techniques

Since the dependent variable is binary, limited dependent variable techniques should be applied. In this case, probit estimation techniques are applied. The probit model will be preferred to the logit model because it follows the standard normal probability distribution.

A major concern with this estimation is the possibility of access to credit facilities is endogenous. That is, there may be reverse causation between access to credit facilities and poverty. The poverty status of people may influence their access to credit. Also, the availability of credit facilities can influence the poverty status of individuals. This makes access to credit endogenous in this model. Hence, the use of the basic probit model may result in biased estimations. Under such cases, instrumental variable estimation techniques are mostly applied. The limitation of these procedures, however, is that the endogenous variable must be continuous. In this case, access to credit facilities is a binary variable, hence basic instrumental variable techniques cannot be applied (Geda et al., 2008).

The bivariate probit estimation technique becomes the best option in dealing with the issue of endogeneity. Ladenburg (2006) argues that the maximum likelihood estimator of the bivariate probit model produces estimators that are asymptotically efficient in the presence of endogeneity.

The bivariate probit model is specified as:

|  |  |  |
| --- | --- | --- |
|  |  | (3) |

|  |  |  |
| --- | --- | --- |
|  |  | (4) |

Where is a set of variables that affect access to credit facilities. The model is identified if there is at least one variable in the vector which is not in the vector . These variables serve as the instrumental variables for the estimation. In the survey, respondents are asked what transaction products that they use. The response to this question is used as the instrument for this estimation. Dummy variables are created for the various transactions, mainly; Checks, ATM, and E-banking services. These three dummy variables are introduced as instruments.

If the covariance of the two error terms () is significantly different from zero, it implies that the errors are correlated and hence endogeneity exists.

Since both poverty status and access to financial services are binary, four decision-making cases can occur from these combinations The focus will, however, be on analyzing the conditional probability of not being poor, given that an individual has access to financial services (. All estimations will be done with the robust standard errors to correct for possible heteroscedasticity.

# **4.0 Descriptive Statistics**

Table 1 presents the descriptive statistics for the variables used in the estimations. The sample size is 4907 respondents from rural areas in ghana. A total of 4727 respondents are classified as not poor. Out of the total, only about 2901 respondents have a bank account or are contributing to a savings and loan scheme. Per our definition of access to financial services, we can conclude that this is the number of respondents in the sample that have access to financial services. The average age of the respondents is about 47 years with a standard deviation of 16.3. The minimum age is 15 and the maximum age is 97. About 5683 of the respondents are male. The average years of education is 8 years with a standard deviation of 3.7. The highest number of years of education in the sample is 19 years. About 4689 respondents are married and 4535 respondents have their spouses present. About 4958 of the respondents identify as Christian, 1396 identify as Muslim, and 991 identify as traditional worshippers.

## Table 1: Summary statistics

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  | Mean | Std.Dev | Min | Max | Obs |
| Not poor | 0.598 | 0.490 | 0 | 1 | 4727 |
| Access to financial services | 0.367 | 0.482 | 0 | 1 | 2901 |
| Age | 47.368 | 16.273 | 15 | 97 | 7907 |
| Male | 0.719 | 0.450 | 0 | 1 | 5683 |
| Education | 8.441 | 3.706 | 0 | 19 | 4588 |
| Spouse present | 0.833 | 0.373 | 0 | 1 | 4535 |
| Married | 0.593 | 0.491 | 0 | 1 | 4689 |
| Christian | 0.627 | 0.484 | 0 | 1 | 4958 |
| Islam | 0.177 | 0.381 | 0 | 1 | 1396 |
| Traditional | 0.125 | 0.331 | 0 | 1 | 991 |
| Household size | 4.695 | 3.113 | 1 | 28 | 7907 |
| Labor Force | 0.879 | 0.326 | 0 | 1 | 6952 |
| **Regions** |  |  |  |  |  |
| Western | 0.100 | 0.300 | 0 | 1 | 792 |
| Central | 0.086 | 0.280 | 0 | 1 | 680 |
| Greater Accra | 0.016 | 0.125 | 0 | 1 | 126 |
| Volta | 0.113 | 0.316 | 0 | 1 | 892 |
| Eastern | 0.100 | 0.299 | 0 | 1 | 787 |
| Ashanti | 0.087 | 0.282 | 0 | 1 | 687 |
| Brong Ahafo | 0.094 | 0.291 | 0 | 1 | 740 |
| Northern | 0.137 | 0.344 | 0 | 1 | 965 |
| Upper East | 0.122 | 0.327 | 0 | 1 | 1087 |
| Upper West | 0.146 | 0.353 | 0 | 1 | 1151 |
| *N* | 7907 |  |  |  |  |

The average household size is 4 with a standard deviation of 3.1. The minimum value is 1 and the maximum value is 28. About 6952 respondents are in the labor force. About 792 of the respondents are from the Western Region, 680 are from the Central Region, 126 are from the Greater Accra,892 are from the Volta Region, 787 from the Eastern Region, 687 from the Ashanti Region, 740 from the Brong Ahafo, 940 from the Northern Region, 1087 from the Upper East Region, and 1151 are from the Upper West Region. The poorest regions in the country are those with a higher number of rural dwellers. The distribution above clearly reflects the poverty status of the regions, with more weight on the poorer regions and less weight on the richer regions.

# **5.0 Estimation Results.**

Table 2 below presents the results for the bivariate probit model. Column one is the results of the main equation (equation 3). Column two presents the results for equation 4. Column 3 presents the marginal effects of the model. Columns one and three are the results of interest. Column one presents the coefficients for the maximum likelihood estimations for the bivariate model. The marginal effects are most preferred for interpretation because they are the change in the probability of not being poor. Hence only the marginal effects are interpreted. For the sake of clarity, since the dependent variable has poverty as the reference category, a positive coefficient implies a reduction in the probability of being poor while a negative coefficient implies an increase in the probability of being poor.

The value of rho is -0.442 and is statistically significant at 1%. This implies that the error terms from equations 3 and 4 are correlated, and hence endogeneity is a problem. This justifies the need for the use of the bivariate model.

## Table 2: Regression Results

|  |  |  |  |
| --- | --- | --- | --- |
|  | (1) | (2) | (4) |
| VARIABLES | Non-poor | Access | Marginal effects |
|  |  |  |  |
| Access | 1.043\*\*\* |  | 0.127\*\*\* |
|  | (0.108) |  | (0.0120) |
| Age | 0.00539 | -0.00880 | -0.000592 |
|  | (0.0128) | (0.0134) | (0.00225) |
| Age squared | 1.49e-05 | 1.14e-06 | 1.97e-06 |
|  | (0.000132) | (0.000140) | (2.36e-05) |
| Male | 0.00402 | -0.000963 | 0.000351 |
|  | (0.110) | (0.117) | (0.0192) |
| Education | 0.0320\*\*\* | 0.0590\*\*\* | 0.0122\*\*\* |
|  | (0.00889) | (0.00938) | (0.00174) |
| Spouse present | -0.193\* | 0.153 | -0.00179\* |
|  | (0.102) | (0.108) | (0.0179) |
| Married | -0.172\*\* | 0.0832 | -0.00905\*\* |
|  | (0.0734) | (0.0742) | (0.0128) |
| Christian | 0.199\*\* | 0.309\*\*\* | 0.0679\*\*\* |
|  | (0.0984) | (0.111) | (0.0179) |
| Islam | 0.399\*\*\* | 0.350\*\* | 0.0979\*\*\* |
|  | (0.124) | (0.138) | (0.0226) |
| Traditional | 0.232\* | -0.0526 | 0.0207\* |
|  | (0.136) | (0.157) | (0.0243) |
| Household size | -0.146\*\*\* | 0.0243\* | -0.0143\*\*\* |
|  | (0.0134) | (0.0130) | (0.00237) |
| Labor force | 0.186 | 0.186 | 0.0489 |
|  | (0.114) | (0.122) | (0.0203) |
| Check |  | 7.403\*\*\* | 1.047\*\*\* |
|  |  | (0.0969) | (0.0384) |
| Atm |  | 7.116\*\*\* | 1.007\*\*\* |
|  |  | (0.146) | (0.0408) |
| E-zwich |  | 6.908\*\*\* | 0.977\*\*\* |
|  |  | (0.188) | (0.0430) |
| E-banking |  | 6.764\*\*\* | 0.957\*\*\* |
| **Regional Dummies** |  | (0.121) | (0.0375) |
| Western | -0.581\*\* | -1.094\*\*\* | -0.225\*\*\* |
|  | (0.281) | (0.220) | (0.0464) |
| Central | -0.313 | -0.688\*\*\* | -0.135\*\*\* |
|  | (0.285) | (0.221) | (0.0459) |
| Volta | -0.814\*\*\* | -0.840\*\*\* | -0.218\*\*\* |
|  | (0.282) | (0.217) | (0.0461) |
| Eastern | -0.452 | -0.951\*\*\* | -0.189\*\*\* |
|  | (0.281) | (0.217) | (0.0461) |
| Ashanti | -0.330 | -1.184\*\*\* | -0.208\*\*\* |
|  | (0.289) | (0.227) | (0.0475) |
| Brong Ahafo | -0.631\*\* | -0.918\*\*\* | -0.206\*\*\* |
|  | (0.283) | (0.221) | (0.0466) |
| Upper East | -1.445\*\*\* | -0.459\*\* | -0.240\*\*\* |
|  | (0.286) | (0.229) | (0.0467) |
| Northern | -1.184\*\*\* | -1.224\*\*\* | -0.317\*\*\* |
|  | (0.296) | (0.243) | (0.0501) |
| Upper West | -1.625\*\*\* | -1.252\*\*\* | -0.374\*\*\* |
|  | (0.292) | (0.236) | (0.0495) |
| Constant | 0.958\*\* | -0.396 |  |
|  | (0.427) | (0.377) |  |
| Rho (ρ) | -0.442\*\*\* |  |  |
|  | (0.0972) |  |  |
| Observations | 3,172 | 3,172 | 3,172 |
| Wald Chi2 | 20.622\*\*\* |  |  |
|  |  |  |  |
|  |  |  |  |

Robust standard errors in parentheses

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

The results show that access to finance significantly increases the probability of not being poor. The marginal effect shows the probability of not being poor increases by about 12.7% if rural dwellers are given access to financial services, the other variables held constant. This is significant at 1%. This result is as expected. Age and the squared term are found to increase the probability of not being poor but are not statistically significant. Males are found to be less likely to be poor than females even though the coefficient is not statistically significant. As expected, education is found to increase the probability of not being poor. An additional year of education increases the probability of not being poor by 1.2%, ceteris paribus. Unexpectedly, the presence of a respondent's spouse reduces the probability of not being poor (increases the probability of being poor). The presence of the spouse increases the probability of being poor by 0.12%, other variables held constant. Even though this is generally unexpected, for rural dwellers, the presence of spouses may likely increase the burden on the family head and hence makes it more likely that the household will be relatively poorer. Married people are on average more likely to be poorer compared to others. This includes divorced, separated, and singles. On average, married people are 0.9% more likely to be poor compared to others, the other variables held constant.

On average, Christians are 6.8% less likely to be poor, compared to those without any religious affiliation. Muslims are also about 9.8% less likely to be poor compared to those without religious affiliations. Traditionalists are also about 0.2% less likely to be poor compared to those without religious affiliations. As expected, a larger household size increases the probability of being poor. One additional household member increases the probability of being poor by about 1.4%, other variables held constant. Labor force participation reduces the probability of being poor. The coefficient is however not statistically significant.

For the regional dummies, the Greater Accra region is the reference category. As expected, every region is found to be relatively more likely to be poorer compared to the Greater Accra region. All the marginal effects are statistically significant. This is expected because the region houses the country’s capital and hence is significantly richer than other regions in the country.

The Wald’s chi-square measure of overall statistical significance is significant at 1%, implying that overall, the model is statistically significant.

# **6.0 Summary, Conclusions, and Recommendations**

The study set out to investigate the role of access to financial services in alleviating rural poverty in Ghana. The study utilized household survey data extracted from the Ghana Living Standards Survey (GLSS 7). Access to financial services was measure based on whether respondents owned a bank account or if they contributed to any savings and loans scheme. Other household characteristics such as gender, marital status, age, religious affiliation, labor force participation, and region of residence are also controlled for in the estimations. A binary dependent variable is generated to represent the poverty status of households. As a result, limited dependent variable estimation models were utilized in the analysis. Specifically, the study uses the bivariate probit model. This is because access to financial services is assumed to likely be endogenous.

As expected, the results show that access to finance increases reduces the probability of being poor. Education is also found to significantly decrease the probability of being poor. Other variables such as the presence of a spouse, being married, religious affiliation and household size are found to increase the relative probability of being poorer. All the regions are also found to be relatively poorer, compared to the Greater Accra region.

Based on the findings of this study, the following recommendations are made;

* The government should prioritize the expansion of access to credit facilities to rural areas in a bid to fight rural poverty.
* Credit facilities can range from small savings and loan schemes to the provision of rural banks. Innovative lending measures should be created, taking into account the particular characteristics of rural dwellers.
* Increasing educational opportunities for rural dwellers should also be prioritized as a means to reduce poverty.
* Small family sizes should be encouraged in rural areas. This will reduce the financial burdens on families and reduce poverty.
* The effect of access to financial services on poverty reduction could depend on the level of education of the rural public. For further research, therefore, the paper suggests expanding the analysis to see how access to final and education interact to alleviate poverty.

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