KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY

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COMPETITION IN THE BANKING INDUSTRY OF GHANA

BY

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DECLARATION

I hereby declare that this submission is my own work towards the Commonwealth Executive Masters of Business Administration (CEMBA) and that, to the best of my knowledge, neither contains materials previously published by another person nor materials which has been accepted for the award of any other degree of the university, except where due acknowledgement has been made in the text.

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DEDICATION

I dedicate this work to my wife, Linda Maame Andrews, and children, Nana Kofi Akuffo-Duah, Ohene Akuffo-Duah and Mama Akuffo-Duah with sincere love and profound gratitude.

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To all I say God richly bless you.

ABSTRACT

Competition in the banking sector in Ghana seeks to look at the increased number of banks over the past six years, the paradigm that has occurred in bringing banking to a new level which should benefit the population and the economy. The study examined banking sector competition in Ghana as an objective.

The increase in the number of banks in the Ghanaian banking industry and the liberalisation of the financial market has significant implications for the level of competition as well as the welfare of the customers in the banking sector. This is due to the fact that after the liberalization of the financial market for which banking forms part, only a few of the population can be said to be actively conducting business with the banks and the majority still unbanked. It is essential to tackle a problem like this by first looking at the level of competition and the gap it has created.

The Herfindahl –Hirschman Index, along with the accompanying structural theories, were used to analyse changes in the level of concentration of the various banks and competition in the industry over the period of five years [2003 – 2008] which are having impact on the businesses and the economy as a whole as well as .

It was found that the structural model of competition indicate a significant positive impact of financial liberalization on bank competition. Hence, there is a high level of competition in the banking sector of the Ghanaian economy which is skewed to benefit a minority of the population.

It was generally recommended that Banks should come out innovative with products to attract a larger population of the unbanked into the market.

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CHAPTER ONE

1.0 Background to the Study

Financial institutions are an establishment that focuses on dealing with financial transactions, such as investments, loans and deposits. Conventionally, financial institutions are composed of organizations such as banks, trust companies, insurance companies and investment dealers. Almost everyone deals with a financial institution on a regular basis. Everything from depositing money to taking out loans and exchange currencies must be done through financial institutions [Source: WEB, Google].

Banks may be seen as a subset of the financial institutions, which are retailers of financial securities: they buy the securities issued by borrowers and they sell them to lenders. In view of varied and complex operations of a bank, an operational definition of a bank may be provided as "a bank is an institution whose current operations consist of granting loans and receiving deposits from the public" (Banking Act, 2004 Act 673). Definition of "Banking" as per the Banking Law says-"banking" means the accepting, for the purpose of lending or investment, of deposits of money from the public, repayable on demand or otherwise, and withdraw able by cheque, draft, order or otherwise".

A close examination of banking theories provides insights into why banks exist in the economy. However, over the recent past, financial innovation has greatly changed the business of banking. Instead of just accepting deposits and making loans the old-fashioned way, banks nowadays are increasingly active in lending without putting loans on their balance sheets, through either securitization of their asset portfolio or outright loan sales (bonds/debts) (Murthy and Taru, 2008). Banks also are shifting from interest-based revenues towards fee-based activities, including lines of credit and many types of credit guarantees. Accompanying these innovations is the significant increase in the nature and level of competition.

In the case of Ghana, this dynamics in the banking sector particularly followed the liberalization of the financial sector following the implementation of the various financial sector reforms recommended by the IMF and the World Bank. This financial sector liberalization resulted in the increase in the number of banks locally and the influx of foreign banks with the majority coming from Nigeria. These developments have resulted in considerable competition in the Ghanaian banking sector.

Banking sector competition is expected to provide welfare gains by reducing monopoly rents and cost inefficiencies. A higher degree of banking competition should result in a lower monopoly power of banks, and therefore a decrease in banking prices. Since investment is particularly sensitive to a decrease in commercial interest rates, a reduction of monopoly rents should consequently impact positively on investment and economic growth. These expected gains are a particularly major issue for countries in which bank credit represents the largest source of external finance for companies (Reininger *et al*., 2002).

Heightened competition should also encourage banks to reduce their operating costs, i.e. their cost inefficiencies (e.g. Fries and Taci, 2005), although, some studies emphasize some potential negative effects of growing banking competition through excessive risk-taking by banks, which may hamper financial stability (Allen and Gale, 2004; Carletti and Hartmann, 2002).

The argument for competition and for that matter in the banking sector is premised on the fact that critical to the contestability of any market is the conditions for entry and exit. Restricting entry limits competition and fosters firms' ability to build and maintain dominant positions. Restricting exit also undermines competition. If unsuccessful firms are not allowed to fail, they may distort pricing and so weaken the viability of firms that would otherwise be successful (Huerta, 2008). Competition is important in all industries as it has implications for efficiency, innovation, and pricing, quality of goods and services, and consumer choice. The role of competition in the banking sector is of particular importance, given the central role played by commercial banks in the economy. By resolving the problems of information asymmetries, banks are able to efficiently intermediate the funds from depositors to borrowers, contributing to economic growth. The dynamics of competition and the attendant benefits may even be enhanced when foreign participants (Banks) are introduced into the system.

Among other things, the main benefits of foreign bank's entry are higher competition in banking sector, leading to high quality, more variety of services at cheaper prices; this will benefit consumers of banking services. In addition, efficiency of banking services lead to more efficiency of resource allocation and risk management in the economy as a whole, resulting in more efficient and competitive economy. Levine (1996) specifically observes that foreign banks may improve the quality and availability of financial services in the domestic financial market by increasing bank competition and enabling the application of more modern banking skills and technology. This stimulates the development of the underlying banking supervisory and legal framework and enhances a country's access to international capital.

Following the deregulation and subsequent liberalization of the Ghanaian financial system including the banking sector, it is still contestable as to whether the expected competition and associated efficiency envisaged in the reforms have been achieved. Empirical research is therefore required so that relevant empirical information is provided for policy formulation as well as strategy design and implementation by affected parties in the banking sector.

1.1 Statement of the Research Problem

The Bank of Ghana, the main regulator of the banking sector has in the recent past introduced a number of policy reforms. These policy reforms among other things seek to achieve the following objectives: to promote efficiency and competition in the banking system; to ensure financial Deepening; to enhance the transparency and competitiveness of the interbank money market; to enhance the development of the capital market; and to reduce asymmetric information (Bawumia, 2007).

One of the significant consequences of these reforms is the entry of foreign banks, especially Non Ghanaian Banks into the Ghanaian banking environment following the deregulation and financial liberalization measures. The general expectation was that the entry of these new banks will inject competition into the banking system, thereby, lowering the costs of banking services to customers. Yet, cost in this matter is on the high side a good number of individuals and associations such as the Association of Ghana Industries have been advocating for the reduction in the cost of doing business with the banks since inflation has drop significantly and their cost of production has gone up.

However, it is still apparent that access to banking services is still skewed to a few as there are a large number of unbanked populations in the Ghanaian economy. It is most unfortunate that banking had become a preserve of a few, no wonder that only 10% of the Ghanaian population have bank accounts (Ghanaweb, 2007). The costs of banking services to the average customer is very high as expressed by the average interest rate which is in the present region of over thirty percentage points (30%). This study therefore attempts to examine the role of the Nigerian banks in the banking sector of Ghana, and the impact of their entry in the industry.

1.2 Objective of the Research

The general objective of the research is to examine the role of the foreign banks in the banking sector of Ghana, and the impact of their entry in the industry. Specifically to:

(a) Appraise the degree and extent of competition in the banking industry in Ghana

(b) Analyze the basis of the competition.

1.3 Specific Research Questions:

To achieve the broad objective of the study, the following specific questions are to be examined:

1. What is the degree and extent of competition in the banking industry?
2. What is the basis of competition in the banking industry in Ghana?

1.4 Significance of the Study

The study reports on the contribution of the foreign banks with Nigerian banks forming the majority in Ghana which generally would be used as a reference in underscoring the intensity of the competition in the banking industry. In practice, the findings might assist banks in understanding of introduction of strong business practices, technology, products and risk management systems, and innovations that non-Ghanaian banks have brought into the Ghanaian banking market. The lessons drawn from this research can also help financial intermediaries concerning the negative effects of entry of non-Ghanaian banks into Ghana. The study also contributes to this debate by analyzing the impact of banking competition on the development of the Ghanaian banking sector. It complements existing work in the academic literature, which suffers from a number of important gaps and shortcomings. There is surprisingly little work on the role of foreign banks by scholars studying the Ghanaian financial system. Rather, these writers have focused on the decline in domestic banking credit since the financial reforms, exploring causal factors behind the reforms in the 2000s and their effects.

1.5 Scope and Limitation of the Study

The study was limited to 2003 – 2008 and to some extent, 2009. The researcher's attempt to get data for 2009 and 2010 was difficult since research department of the regulator used to format the previous years' data and the issue of postponing dates to come for the data available vis a vis time to complete the thesis made him rather research on the general performance in 2009. The study was further limited to four non-Ghanaian owned banks operating in Ghana and eight other existing banks. The study also relied on the perceptions of contribution of non-Ghanaian Banks and reports of performance of banking sector in the specified period of time. Also, the issue of time constraints for the research was a limitation as a whole.

1.6 Organization of the Study

The study is organized into five chapters. The first chapter comprises the introductory section, which details the background to the study, the problem statement, objectives and significance of the study. The second chapter focuses on the review of relevant literature on causes and effects of entry of foreign banks into host country. The third chapter details the methodology adopted for the study: the population, sample, research design, and instrument for data collection and data collection procedures which would all be secondary. The fourth chapter presents the findings of the current study. The final chapter constitutes the conclusions and recommendations based on the analysis made.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter reviews relevant theoretical and empirical literature on the banking sector and organizational competitiveness. The role of the entry of non-Ghanaian banks is discussed extensively so the research gap is cited in context.

2.1 Developments in the Banking Industry

The banking system in Ghana has seen a wide range of policies implemented to keep up with the western world. 1989 saw the inception of the Ghana Stock Exchange, and Ghana has worked with the IMF (International Monetary Fund between 1989 and 1996) to develop new, progressive policies. The banking industry worldwide is being transformed.

The global forces for change include technological innovation. The deregulation of financial services at the national level which invariably opening-up to international competition due to globalization. Equally important changes in corporate behaviour such as growing financial intermediation and increased emphasis on shareholder value are also part of the financial sector transformation. In the face of these challenges, it is now time for banks to exhibit that they are invaluable to the continued survival and sustenance of the financial sector hence, the growth of businesses through better services. This can best be done by actively marketing their services [in the form of products, turnaround time, and efficient information technology software without compromising on total quality management.

The concept of marketing financial services and its products is catching on in many financial institutions worldwide. It has now been realized that marketing financial services and products is essential for all service providers if they want to exist in the market. This is largely because the high demand for liquidity to boost businesses leading to increases in the demand for its accompanying financial services like business advice, overseeing synergies and mergers of other businesses who want to enjoy economies of scale from both banks and non-bank financial institutions. Fortunately, financial services are a highly marketable commodity and banks are still major sources of financial services provision despite the influx of other non-bank financial institutions.

The phenomenal growth in the Ghanaian banking sector according to the Bank of Ghana, hereafter (BoG) is well capitalized, very liquid, profitable and recording strong asset growth. The total banking system assets at the end of October 2006 was GHS483.53million, representing an annual growth of 35.5%, as against 16.6% as of the end of October 2005 (Daily Graphic, December 19, 2006). The banking sector has emerged from severe financial and reputational damage resulting from economic recession and government debt in the 1980s and 90s, when Ghanaian banks and other financial institutions stopped lending to the private sector. The banking sector has seen major capital injection partly because of the political stability, attainment of micro and macroeconomic stability and the government's desire to make Ghana the "financial hub" of the Sub-region.

The Central bank has promoted the enforcement of statutory requirements, more stringent supervision and increasing capital requirements. The Bank of Ghana has licensed twenty six [26] banks to operate in the country. In addition to the 26 banks, the sector also comprises a range of non-bank financial institutions, including several community banks established to mobilize rural savings. The ARB Apex Bank is the umbrella bank for Rural Community Banks and supervises 123 such banks throughout Ghana. A distinguishing feature of the sector is the level of ownership by the private sector, directly or through the capital market when compared with the level of state ownership seen in the financial sector in other African countries. Further, a large number of these new banks are owned and managed by Africans, and the sector boasts of a number of highly skilled and experienced bankers. The new banks are trying to introduce a new paradigm into access to banking services, hitherto denied the population by the imperialist banks like Standard Bank and Barclays bank. Several banks have already made determined effort to roll out the use of internet banking, smartcard technology, mobile phone banking and the use of biometric technology to cover all their operational areas.

The Bank of Ghana has increasingly exercised its power as a regulator in line with internationally accepted norms, and has implemented a series of tough supervisory measures. For instance, the (BoG) ordered members of the Board of Directors of the Amenfiman Rural Bank who received ¢2.8m as Christmas gift to refund the amount with interest at current commercial rate prevailing at the bank. The Central Bank has also directed that amounts given to retired directors and a director who has resigned be retrieved (GNA, April 12, 2007).

More recently, there is growing introduction of new products by the banks onto the market. Hitherto, banks that served the interest of the few elite and concentrated on investment banking, now facing an increasing competition from these new banks are now opening their doors to the poor in the Ghanaian society. The new banks are now serving all sectors of the Ghanaian society and not an elite few.

2.2 The Relationship between Businesses and the Ghanaian Banking Sector in the Past

Banking transactions in the past used to be very frustrating in particularly the Ghanaian banks if one is not privileged to be a member of one of the few elite banks operating in the country. It was a common thing to see very long and winding queues extending several meters outside the banking halls of especially the Ghana Commercial Bank (GCB), the Social Security Bank (now SG-SSB) and Agricultural Development Bank (ADB). In Ghana as in most parts of Africa, public sector workers receive their pay usually at the end of the month. And with their low bank charges and also been state owned GCB, SSB and ADB were usually very crowded at the end of every month. For example, on the K.N.U.S.T campus, at the Commercial Area, GCB is next-door to Barclays bank, whereas long queues used to be the norm outside the banking hall of the former, the latter's banking hall was (is still) less crowded. The reason is simple. For decades, the banking sector was dominated by Barclays and Standard Chartered banks. Barclays Bank (known as the Colonial Bank) in February of this year celebrated ninety years of its operations in Ghana and Standard Chartered bank (known as the Bank of British West Africa) has been operating in Ghana since 1896. These imperialists' banks exploited Ghanaians by charging exorbitant bank charges for every little service rendered. For example, in 2003 the minimum deposit in a current account acceptable to these two foreign banks was GHS100.

The question is how many Ghanaians could afford to lodge GHS100 in a current bank account considering the general low incomes public sector workers were earning? These banks served the interest of the few elite and the expatriate community. The irony is that these imperialist banks have now adjusted to the new rhythm in the financial sector. Their claim to be leaders in the financial sector is seriously threatened. Barclays and Standard Chartered banks are now opening their doors to Ghanaians within the low income group. This group of Ghanaians especially in the informal sector engaged in micro to small scale entrepreneurship business has been neglected by these banks for far too long. The low income group did not matter because with the few elites and other investments, these banks still declared super normal profits annually.

On the other side of the coin were the emerging state owned financial institutions. These banks served the interest of most working class Ghanaians. Most have branches throughout the length and breadth of Ghana. With its 154 branches, GCB is very popular among low income Ghanaians. In most economies, the financial sector plays a central role in enhancing growth and development. For almost a century, the Ghanaian banking sector was dominated by foreign financial institutions. Western businesses usually claim that the cost of doing business in Africa is too great, yet most declare fabulous profits every year. The "quick return" mentality practiced by western financial institutions in Africa in order to satisfy their shareholders, means they usually looked for investments which provide the highest rate of return. This explains the neglect of a larger segment of the Ghanaian society by 'old' Barclays and Standard Chartered Bank. Again, some financial institutions were unwilling to commit to long term financing of development of projects in African countries where there is perceived high political risk. Perhaps, all these are about to end.

2.3 The New Order in the Ghanaian Banking Sector

The Ghanaian banking sector is now very vibrant and modern. According to the former second Deputy Governor of BoG, Dr. Mahamadu Bawumia, bank branches in Ghana increased by 11.3 per cent from 309 to 344 between 2002 and 2004 with 81 new branches springing up from 2004 and 2006 indicating an increase of 23.5 per cent through to about 102 more in 2010 and still counting due to competition. Most banks now employ cutting edge technologies to roll out their products to their Ghanaian customers. Banking halls are housed in ultra modern buildings, staffed with well trained smart looking ladies and gentlemen. Ghanaians living in the big commercial towns are now spoilt for choice.

Twenty five banks are chasing the about 10 per cent of the bankable segment of the population. Nigerian banks are well represented in the new banking sector in Ghana. Nigeria has one of the largest banking sectors in Africa with over eighty banks in operation. And the sector is one of the most competitive among emerging market countries and it's known for its innovation and resilience. According to the African Business Magazine, Nigerian banks make up five of the top twenty banks in Sub-Saharan Africa by capital. Against this brief background, the entry of the number one bank in Africa, Standard Bank of South Africa (Stanbic Bank Ghana) as well as other overseas banks and the Nigerian banks – Guaranty Trust Bank, Zenith Bank, Intercontinental Bank, United Bank for Africa Access Bank into the Ghanaian financial sector has been a welcome development.

The fierce but healthy competition in the banking sector, daily newspapers is adorned with catchy adverts of re-branded or new products all in an attempt to lure new customers to their products and services. Many banks that have branches in the commercial centres now work on Saturdays, thus making it possible for busy workers to access banking services during this period in the weekend.

The Home Finance Company (HFC Bank) last year introduced the "Home save Account", a product which offers prospective homeowners the opportunity to save, in return for a down payment on a new house. In addition, HFC bank also grants long-term mortgage loan to its customers. This means that in the new Ghana one does not need to "burger" (no need to travel to Germany, UK, Italy, Canada or US) before one can own his dream house.

There is an adage that says that "catch them young" and true to this adage CAL Bank invited tertiary students to a job fair. All participants were promised "zero accounts opened at CAL Bank, free ATM cards and SMS sign up". Barclays Bank also introduced a new product called "Aba Pa" savings [for micro entrepreneurs] and current accounts to encourage more Ghanaians to access bank services. The product advert in the Daily Graphic newspaper read like this; "Aba Pa you can also bank with us". The product, which targets the employed with low-income levels below GHS50.00 and the agricultural sector, offers customers low initial deposits, transaction costs and free bank statements to grow their savings balance on a graduated scale. "Aba Pa", which required a minimum opening balance of GHS40.00, would also provide funeral insurance cover, a Visa Electronic Debit card and access to loans for all its customers (GNA, April 16, 2007). GCB has a product whereby money can be deposited at any of its branches and received on the same day anywhere in Ghana.

Now, there is no need for businessmen and women to carry huge sums of cash on business trips. They simply have to carry along electronic cards like the *VISA CARD* or the *MASTER CARD* to transact business anywhere in the world. Ecobank's Auto Leasing promotion says that "walk in with an invoice for a new car from any car dealer of your choice and drive your dream car away at the Ecobank base rate" (Daily Graphic, April 17, 2007). Stanbic bank is also offering car loans, Standard Chartered, ADB and others are all introducing new products for the benefit of Ghanaians. The most significant thing is that whereas African politicians have failed in integrating African economies on the political front, the financial sector is moving closer to full integration. The banks are leading in the economic integration of Africa. Most of these banks are Pan-African in nature with branches in several other African states.

2.4 Deregulation and Opening-up to Foreign Competition

Prior to the 1990s, banking in the emerging economies of the world including Ghana, was traditionally a highly protected industry, living off good spreads achieved on regulated deposit and lending rates and pervasive restrictions on domestic and foreign entry. For many years, there was little pressure to disturb this cozy and wasteful world (Murthy and Taru, 2008).

However, global market and technology developments, macroeconomic pressures and banking crises in the 1990s have forced the banking industry and the regulators to change the old way of doing business, and to deregulate the banking industry at the national level and open up financial markets to foreign competition. As a result, borders between financial products, banks and non-bank financial institutions and the geographical locations of financial institutions have started to break down. These changes have significantly increased competitive pressures on banks in the emerging economies and have led to deep changes in the structure of the banking industry. One of the main catalysts for increased competition at the domestic level has been the removal of ceilings on deposit rates and the lifting of prohibitions on interest payments on current accounts. These are generally termed as deregulation.

These deregulation measures have reduced sources of cheap funding for many banks and put pressure on their profits. Intensified competition has made it harder for banks to cross-subsidise different activities and has forced them to price risks more realistically and to charge explicitly for previously "free" services. This has been unpopular and poses considerable public relations challenges for banks. Banks also increasingly face competition from the non-bank financial industry, especially for lending to large companies. Accompanying deregulation has been greater emphasis on capital adequacy, which has encouraged banks to securitize some assets, generate more fee-based income, and try to improve efficiency. These changes act not only to intensify the competition but make it extremely rigorous and vicious.

2.5 Competition in the Banking Industry

During the last decades, service organizations have been undergoing considerable transformations at the macro and micro level, mainly due to the rapid development, proliferation and business applications of technological advances as well as the requirements and implications of the knowledge and experience-based economy. As a result, customers are becoming less loyal, more price sensitive and discerning which brings one of Michael Porter's forces of consumer power into play. To address such challenges and satisfy the continuous changing customer needs, exploitation of information technology capabilities in changing business processes and creating business value has become a business norm. These current developments not only require service organizations to transform their business operating models, but also to redefine their strategic scope and role. Service organizations are currently challenged to redefine themselves as "experience creators and stagers" in order to create long-term customer relations and enhance customer patronage and loyalty (Pine and Gilmore, 1999; Kandampully and Duddy, 1999).

The overall, within this turbulent economic environment, business competitiveness and performance is currently being related with issues such as service quality, experiences adding customer value, exploitation of information and communication technologies, customer relationship management, personalization and customization of services, cross-cultural understanding and eventually satisfaction of customer needs. However, not all service firms as well as business transformation efforts have been successful so far. Professional experience and academic research have identified the failure and/or the inability of financial services firms including banks to achieve better performance in the face of stiff competition that appears to be escalating by the day.

2.6 Imperatives for Banking Sector Competition

Financial services and particularly banks develop varying services for their customers. When designing these services, businesses must evaluate their client needs, study competitive practices, conceptualize how the service should be presented and, prior to launching a new service, and verify how well it will function. This might be the case when introducing automatic teller machines, an electronic payment service, and many others. Once the service has been developed, they should check carefully how it will be delivered.

For counter service, employees should be informed about the product being sold and about procedures that have been established for presenting the product to customers. Controls should be introduced to verify whether the new product increases waiting time for those clients in line. Inspection and testing are very prevalent in banks for verification of banking transactions, losses, and non-recoverable accounts and so on. Complaint analysis is documented, particularly in cases of fraud or errors at the transaction level.

2.7 Service Quality and Bank Competition

The term quality has been variously defined by different texts writers; each emphasizing the attributes a product or service should possess to be useful. However, the definition given by Peter and Donnelly (1998) appears to be somewhat all-embracing. They define quality as the degree of excellence or superiority that an organization's product possesses. It encompasses both the tangible and intangible aspects of a firm's product or services and could refer to such traits as features, performance, reliability, durability, aesthetics, serviceability and conformance to specifications. They emphasized that although quality can be evaluated from different perspectives, the customer is the key perceiver of quality as it is his/her purchase decision that determines the success of an organizations product or service and even the fate of the organization itself. This definition of quality appears to encompass the delivery process in addition to the features and performance of a product. Thus there must be a model designed to ensure the continuous delivery of high quality services to meet the needs of customers. The consumer, who appears to lack the technical knowledge involved in assess the quality of services relies on the aspects that is experienced such as that associated with personal contact.

2.8 Technology, Service Delivery and banking Competition

One of the major issues in the current practice of service delivery is the extensive use of and reliance on information technology. Critical about new IT is its impact on the processing of information, this is the very essence of the banking business. Perhaps the most significant innovation has been the development of financial instruments such as derivatives that enable risk to be reallocated to the parties most willing and able to bear that risk, thereby inducing more investment in real assets and fostering the development of banking and financial markets in general. The use of such instruments is not the preserve of industrial countries: with their increasingly sophisticated IT applications, banks in the emerging economies use new financial instruments daily in their transactions.

Additionally, the potential for rapid development of commercial banking functions offered by alternative delivery channels such as ATMs, debit cards, telephone, internet and electronic banking should not be underestimated. Despite the still low level of usage of such channels (with the exception of ATMs, which are now very widespread), the vast majority of banks in the emerging economies see such channels as a must for their industry. Banks fighting for some important part of the retail market believe that they have to offer such services as an essential marketing tool, although the true demand for them has so far been limited. As in advanced economies, new technology is affecting the structure and performance of the banking industry in the emerging markets mainly through its impact on the costs and the determination of optimal scale.

More fundamentally, banks are increasingly losing their privileged access to information about investment opportunities, and are thus under pressure to merge or build alliances with domestic or foreign-owned banks and technology companies in order to share the costs and exploit the benefits of the development of new IT applications. According to this view, better educated and more affluent customers will be able to obtain improved service from banks through the internet over the medium to long term. Not only is there a greater need for IT as a means of improving the quality of service delivery, but the IT use also increases consistency in services delivery.

2.9 Changes in Corporate Behavior

As a result of the fierce competition introduced into the banking and non bank-financial service industry due to the deregulation of the industry coupled with relative micro and macroeconomic stability and a very few banking population ready for grasp, financial institutions have adopted new but service focused behavior with the view of meeting the needs of customers. This is being fostered by the globalised phenomenal shift to the use of ICT in service delivery and transaction processing. The spread of information technology has affected the banking industry both directly, through IT applications in risk management and marketing of financial products, and indirectly, through its impact on corporate behavior and the development of financial markets, especially in the area of financing new capital investments. This impact is most clearly felt in the case of technology firms, which are more or less forced to turn to capital markets to finance their projects because banks are not prepared to deal with the high level of uncertainty associated with the development of new technologies.

However, disintermediation is not limited to new economy firms; it is also beginning to be felt in the more traditional “old economy” sectors. Bonds outstanding (in domestic and international markets combined) have risen strongly in almost all emerging economies over the past few years, and are now more important than borrowing from domestic banks. Many large firms can now raise funds by issuing securities more cheaply than they can borrow from banks.

Indeed, many large companies can borrow more cheaply in the capital markets than the banks themselves, given their better credit ratings. Non-bank funding sources are not open to all companies, in particular small and medium-sized firms.

However, deep and liquid markets for non-bank funding are not developed in many countries (except for the highly developed ones like the United States) for example, a large market for high-yield corporate bonds. Nonetheless, banks are under increasing pressure to keep their customers, and to the extent that more and more creditworthy firms turn to alternative funding sources and the proportion of higher-risk bank customers’ increases, banks, especially in the emerging economies, are forced to develop techniques for better pricing and provisioning of credit risks. Because of economies of scale in the management and diversification of credit risks, banks have an incentive to merge with other institutions, including foreign banks, which in turn leads to consolidation and a growing presence of foreign banks in the banking industry.

Another implication of these developments is that commercial banks in bank-centred financial systems can no longer maintain their traditional, close relationships with corporate customers. Because of pressure from alternative funding sources and other domestic and foreign banks, there is growing emphasis on shareholder value as the sole commercial objective of banks. Banks in industrial countries such as Germany and Japan and in many emerging economies with bank-based financial systems are therefore increasingly divesting their non-financial shareholdings, establishing arm's length relationships with their traditional corporate customers, cutting operating costs, and concentrating on core activities where they can generate the highest rate of return. As with new IT applications, risk management and risk diversification, the achievement of these cost benefits often provides incentives for privatisation, mergers and the entry of foreign banks.

2.10 Corporate Profile of Some Selected Non-Ghanaian Banks

2.10.1 Zenith Bank Limited

Zenith Bank (Ghana) Limited ("Zenith"), a financial services provider, was incorporated in April 2005 under the Banking Act 2004 (Act 673) as a private limited company and commenced universal banking operation in September 2005. It is a subsidiary of Zenith Bank Plc, one of the largest banks in Nigeria by market capitalization, assets and profitability with "AAA" risk ratings, and among the foremost on the African continent. Zenith currently operates eight branches, connected online, real time and each with ATM facilities. It operates with the objective of making banking easier and better than anything customers have ever experienced. Among its most distinguishing traits are its cutting edge ICT platform which sets it apart from competitors, its passionately aggressive staff and its devotion to the development of systems and products to satisfy customer specifications.

2.10.2 United Bank of Africa (UBA)

United Bank for Africa (Ghana) Limited was initially incorporated and registered as Standard Trust Bank Ghana Limited at the Registrar General's Department. In December 2004, the Bank of Ghana issued the then Standard Trust Bank Ghana Limited with a license to operate as a universal bank making us the first bank to be licensed under the Banking Act 2004 (Act 673) and the nineteenth bank to be licensed in Ghana. Their value propositions are geared towards identifying customer needs and expectations and providing value adding solutions for those needs. The overriding goal is to be in the forefront of banking innovation, defining the industry landscape and creating value for all our stakeholders, thereby positioning us as a "role model for African Businesses." United Bank for Africa (Ghana) Limited is a subsidiary of the African Banking giant – United Bank for Africa Plc, Nigeria which has presence in Cayman Islands and New York – USA. It is jointly owned by Ghanaian and Nigerian individual and corporate investors. The bank started with the initial capital base of US $10,000,000 (ten million US dollars), which is far in excess of the Bank of Ghana requirement for a Universal Banking.

2.10.3 Guaranty Trust Bank Limited

Guaranty Trust Bank (Ghana) Limited was registered in Ghana in October 2004 and obtained its universal banking license from the Bank of Ghana on 23rd February, 2006, thereby paving the way for the commencement of operations. The Bank is a subsidiary of Guaranty Trust Bank Plc, one of the foremost banks in Nigeria with a Triple A rating; the first indigenously owned sub-Saharan bank to be quoted on the London Stock Exchange and the first new generation indigenous African bank to obtain a banking license in 2008 to carry out full fledged commercial banking activities in the United Kingdom. GT Bank Plc, Nigeria, currently owns 96% of the issued share capital of the Bank with Nederlandse Financierings-Maatschappij Ontwikkelingslanden N.V. (FMO) holding 2% and Alhaji Yusif Ibrahim, a Ghanaian business entrepreneur, holding the remaining 2%. It recently increased its paid up capital from GHS10 million to GHS76 million well ahead of the Bank of Ghana's deadline of December 31st 2009. Apart from giving the Bank a competitive advantage in terms of business capacity, meeting the new capital requirement early is a reflection of the Bank's belief in the Ghanaian environment and its readiness to contribute meaningfully to the country's development.

Good Corporate Governance remains high on the Bank's agenda. GT Bank is governed by a framework that facilitates checks and balances and ensures that appropriate controls are put in place to facilitate best practices for the Board of Directors and senior management in order to maximize stakeholder value. The Bank is built on the strengths of its staff, its structures, policies and procedures. Of total staff strength of 250 people, only two members are Nigerian, the rest are all Ghanaian, reflecting the bank's preparedness to invest and develop the country's human capital.

The Bank leverages on its robust IT infrastructure to roll out customized e-banking products and services to meet its Ghanaian customer needs, anytime and anywhere within and outside Ghana. The architectural presence and serene ambience of our banking premises is a hallmark of the Guaranty Trust brand and is a reflection of the care they take of our environment and of course, our customers and other stakeholders. Within this short period of our existence, they now have 12 branches covering Accra, Tema, Kumasi and Takoradi. They intend to spread to other regions and increase our brand network to a minimum of 20 by end of 2009. The Bank also has an open door policy. This reinforces the informal atmosphere and breeds a feeling of equality. Everyone is accessible and approachable, working in open offices alongside their colleagues. In addition, they have a flat organizational structure that engenders effective communication and prompt decision-making. The bank was adjudged the best bank for the year 2009.

2.10.4 Intercontinental Bank Ghana Limited

Intercontinental Bank Ghana Limited received its Universal Banking License from the Bank of Ghana in October 2006 and commenced business in the same month. As part of its entry strategy, it acquired the erstwhile Citi Savings & Loans Company Limited – a Micro Finance Non-Banking Financial Institution in February 2006. Currently, Intercontinental Bank is rated as the fifth bank in Africa and the world's second fastest growing bank. Intercontinental Bank Ghana Limited (a Bank jointly owned by Ghanaian and Nigerian interest) is a subsidiary of Intercontinental Bank Plc (the third largest bank in Nigeria in terms of Market Capitalization, Asset Base of over US$ 1.7 billion in shareholder funds. It has a network of about 300 business offices). In 2005, Intercontinental Bank Plc executed a seamless merger with three closely associated banks under the just concluded re-capitalization and consolidation programme of the Central Bank of Nigeria. The Bank is today rated by the Financial Times of London as the 16th largest bank in Africa and among the top 500 banks in the world; with an AA++ rating by Global Rating Agency.

The Bank in partnership with BNP Paribas (the 7th largest Bank in the world) was recently appointed one of the banks to manage Nigeria's external reserves in excess of US$45billion. Intercontinental Bank Ghana Limited has its corporate office located in Osu, opposite the Ohene

Djan Sports Stadium, Accra and currently has a network of twenty (20) Business Offices located in the major commercial and industrial metros of Accra and in Tamale, Kumasi, Tarkwa, Takoradi and Techiman. In Greater Accra Region they are located in Tema Fishing Harbour Road, Kantamanto, Abossey Okai, Head Office, opposite the Ohene Djan Sports Stadium, Osu La Road, Madina, Agbogbloshie, Ashiaman, Abeka Lapaz, Kaneshie Post Office. North Industrial Area and Ring Road Central. In Tamale they are located on the Bank Street. All their Business Offices are linked online, real-time. The Bank is vigorously pursuing the twin strategy of customer service and innovative banking to gain competitive advantage. To meet these challenges, they have recruited a crop of young, talented and experienced staff duly empowered and adequately resourced to deliver quality service.

They have also deployed top-of-the-range Information and Communication Technology in our Branch Network. Their drive to make our customers the focus of our marketing thrust in Ghana is encapsulated in our pay-off/mantra: ‘’Happy Customer, Happy Bank

2.10.5 Access Bank Limited

Access Bank Plc is the Bank of best practice with consistent growth in all key performance indicators over the past 7 years. We serve over two million customers from 130 branches located in all major commercial centres and cities across Nigeria, eight other African countries (Burundi, Cote D’Ivoire, Democratic Republic of Congo, Ghana, Rwanda, Sierra Leone, The Gambia, Zambia), the United Kingdom, and three non-banking subsidiaries- United Securities Limited, Access Homes and Mortgages Limited, and Access Investment and Securities.

We are currently one of the largest banks in Nigeria with shareholder's funds in excess of N185billion, Assets and Contingents in excess of N850billion, and a deposit base in excess of N450billion. Our bank has a national risk assessment rating of: BBB- by Fitch Ratings Ltd (New York); A- by Standard & Poors; AA- by Global Credit Rating (GCR –South Africa) and Bbb by Agusto & Co (Nigeria). As an emerging leader in Africa; Access Bank seeks not only to rank amongst the top 3 Nigerian Banking Groups by 2012 but also to become a major catalyst for growth across the African continent.

2.11 Conclusion

Since 2002, five new Banks mostly Nigerian Banks have entered the Ghanaian banking market. They are: Zenith Bank Limited, United Bank of Africa (UBA), (which acquired Standard Trust Bank Limited), Guaranty Bank Limited, Intercontinental Bank Limited and Access Bank

Other foreign Banks include; Bank of Baroda, Sahel Sahara Bank and Energy Bank.

The influx of these foreign Banks has engendered such keen competition as never experienced in the annals of the Ghanaian banking industry. The new phenomenon introduced by the new banks is their concept of door-to-door banking. Banks are now ‘running after’ customers trying to persuade them to open accounts or take loans.

These days it is a common sight to see neatly dressed men and women wielding briefcases popping into offices, shops, hairdressing saloons, Makola market, etc with long lists of banking products on offer. Quality is a race to excellence, not to perfection. The difference is that excellence is a relative measure that involves continuous effort and many strategic adjustments over time. Perfection, on the other hand, is a static target by virtue of its absoluteness. In today's market, nothing is static and all organizations are in a time warp seeking stimulating ideas every day to strengthen their competitive status and attract more potential customers.

It is important therefore to establish a quality program that stems from the dynamics of today's competitive market. The idea here is that your quality would mean very little to the customer, no matter how good it is, if there is another competitor that can offer a better quality at a cheaper price to the same customer. Furthermore, your dominance in today's market could become history in tomorrow's market if you make no efforts to maintain it or strengthen it.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

The methodology of every research is very important as not only do the validity and reliability of the results of the study depend on it, but also the extent of replication and generalization of the findings. The method adopted for this study is scientific as it is systematic, rigorous, conventional and unbiased. This was to ensure that relevant and reliable data were gathered as well as the application of appropriate statistical analysis techniques with the view to controlling potential statistical errors. This chapter therefore presents the detailed and systematic research processes that have been employed in the conduct of the study and also discusses the techniques applied for the analysis of the data gathered. The study sought to explore banking industry competition in the Ghanaian business and economic environment.

3.1 Research Design

The design of this study followed the survey method. A survey is defined as a method of primary data collection based on communication with a representative sample of individuals as well as gathering of a secondary source of data to back the primary source so as to entrench the position and the purpose of the research work. One of the main features of the method involves designing and administering a questionnaire to the subjects of interest in the research. The Survey method is very useful in the examination of many social topics and can be particularly effective when used in conjunction with other methods. Typically, the survey method has overtime proven to be very useful in examining a sample from a population. The main purpose of using the survey method is to ensure that any subsequent assessment of the attributes of that sample population are accurate, and the findings can be generalized. In other words, they have population validity.

It promotes replication later by other researchers and/or among other samples and subgroups. In this manner, the ability of generalizing the findings can be tested and retested. For the purposes of this research, it would entail most of analysis from a collection of secondary data and a little of one on one discussions to ascertain the trends of competition and possible new ways which are peculiar to one or two Banks. This option was adopted based on the opportunity it created for eliciting more and vigorous analysis.

3.1.1 Research Instrument

A research instrument is a testing device for measuring a given phenomenon, such as a paper and pencil test, a questionnaire, an interview, a research tool, or a set of guidelines for observation. A content analysis method was used in collating information from the historical financial statements of the banks for the quantitative analysis. Much of the data collected from this source largely directed the conclusions, as this provided the bulk of the empirical evidence.

3.1.2 Study Population

The population of a research applies to the collection of all possible individuals, objects or measurements of interest (Mason *et al*, 1999). The identification of the population of the research in question will help in narrowing down to the specific objects that are the subject matter of the investigation. For the purposes of this research, the study population comprised ten universal banks participating in the business and commerce environment in Ghana.

3.1.3 Study Sample

A study sample refers to a subset of the population that the researcher is interested in. In other words, a sample describes the participants selected for a research project. A sample is selected with care to first and foremost ensure that the population under study is fairly represented. In the words of Saunders et al. (1997), the size of the sample and the way in which it is selected will definitely have implications for the confidence one can have in the data collected and the extent to which one can generalize. For the purposes of this study, the samples were made up of non-Ghanaian banks and local banks like: Intercontinental Bank, United Bank of Africa and Zenith Bank Ghana Limited Guarantee Trust Bank Access Bank UniBank, Ghana Commercial Bank, Ecobank, Agricultural Development Bank and Barclays Bank.

3.1.4 Sampling Technique

Among the several sampling methods, the purposive sampling technique was used to select the banks and the respondents. This sampling method was used so as to give focus to the particular banks that fall within the study's interest. Senior officials of the banks were interacted with. Here, some form of convenience sampling technique was adopted because only available officials who could provide the necessary insight and foresight were interacted with.

3.2 Data Types/Sources

The study used both primary and secondary data. The primary data was obtained from the survey of the selected respondents, whilst the secondary data was obtained from the Bank of Ghana's Annual Reports and Statistics, academic journals and other internet sourced materials. The use of both types of data was informed by the objectives of the study. Whilst the secondary data helped in assessing the extent to which existing empirical works have addressed the research gap, the primary data sought to provide current evidence on the area of research.

3.3 Data Analysis

Competition has been measured using concentration indices on the Herfindahl (concentration ratios) and Lerner indices (the ratios of differences between price of loans and marginal costs to price). These indices have been computed from the financial statements information for the years 2003 to 2008 and to a large extent, 2009. The main conclusions and inferences are based on this analysis. The data collected from the questionnaires and interviews have also been analyzed using simple quantitative and descriptive statistics. Figures and tables have been used where appropriate, for better illustrations and presentation of data.

3.4 Limitations of the Methodology

The findings of this study may have some limitations. To start with, the findings may have limited generalization value as the results have been generated with data covering a limited period (2003-2008) then, 2009. Also, financial information for all the non-Ghanaian banks for the period was not available. Therefore the conclusions reached may not be conclusive and capable of explaining banking sector competition in Ghana. Secondly, the socio-cultural characteristics of the Ghanaian business environment and the peculiar regulatory regime under which banks generally operate operates could affect the validity of the results for international comparison. However, notwithstanding the above limitations, the findings and the conclusions reached in this study have value relevance. They could be treated as part of a larger body of research contributing towards the understanding of similar issues in the financial sector in general and those relating to competition and performance in the banking sector in particular.

CHAPTER FOUR

DATA ANALYSIS AND DISCUSSION OF RESULTS

Introduction

This chapter presents and analyses the data gathered from the study. Following the structured

methodology outlined in chapter three, the data is analyzed, using quantitative techniques. The results obtained from the application of the competition assessment techniques are discussion and relevant inferences made.

4.1 The Degree and Extent of Competition in the Banking Industry in Ghana

4.1.1 Competition in the Banking Sector

The entry of foreign banks has stimulated greater competition in banking markets through several channels. These include the diversification of the operations of the DFIs away from purely specialised functions, and the removal of interest rate controls and credit ceilings, which allow banks greater freedom to compete for customers. The entry of the foreign banks has brought about a small reduction in market concentration in the banking industry. The share of major Ghanaian banks in total bank deposits fell from 2005 to 2007. However, the industry remains highly oligopolistic. If competition has increased it appears to have been mainly limited to the segments of the deposit and credit markets involving corporate and institutional customers: the foreign banks have focused on other portfolios rather than retail banking and the established commercial banks have reduced their retail branch networks.

4.1.2 Classification of Banks in the Ghanaian Banking Industry

The table below shows the various banks in the economy and their categorization. These are made of banks that are privately owned by Ghanaian investors exclusively [Unibank, Prudential Bank, CAL Bank, First Atlantic Merchant Bank], government owned [National Investment Bank, Agricultural Development Bank], government/private equity owned [Merchant Bank, The Trust Bank, HFC Bank, Ghana Commercial Bank], foreign banks which are owned by foreigners but have been listed to attract local and foreign equity shares [Standard Chartered Bank, SG-SSB, International Commercial Bank], Stanbic Bank and Barclays Bank.

After the liberalization, the economy has realized a huge investment inflow of investment from other banks from West Africa especially Nigeria which includes; United Bank for Africa, Intercontinental Bank [has a 25% local investment], Guarantee Trust Bank, Access Bank, Zenith Bank Amalgamated Bank [has a 40% local investment and has Bank of Africa from Mali coming to take over soon] and Energy Bank.

Other banks other than Nigerian Banks have also entered the financial market like; Unique Trust Bank [local investment], Sahel Sahara Bank and Bank of Baroda [investment bank] are foreign owned, Fidelity Bank [a mixture of local and foreign investments].

Table showing the classification of Banks in Ghana

GHANAIAN BANKS	**EUROPEAN BANKS [Before Liberalization]**	**NIGERIAN BANKS [After Liberalization]**	**OTHER BANKS [After Liberalization]**
Ghana Commercial Bank	Barclays Bank	United Bank for Africa	Unique Trust Bank
Agricultural Development Bank	Standard Chartered Bank	Intercontinental Bank	Fidelity Bank

Unibank	SG-Social Security Bank [SSB]	Guarantee Trust Bank	Sahel Sahara Bank
HFC Bank	Stanbic Bank	Access Bank	Bank of Baroda
Merchant Bank	International Commercial Bank	Energy Bank	
First Atlantic Merchant Bank	**ECOBANK****	Zenith Bank	
The Trust Bank		Amalgamated Bank	
CAL Bank			
Prudential Bank			
National Investment Bank			

Note: ECOBANK – Is a West African Bank which is an offspring of ECOWAS Transnational Incorporated.

4.1.3 Banking and Financial Services

The analysis indicates that a wide range of products and services are provided for customers and non customers. Among these services and products include the traditional Current Accounts, Savings Accounts, Certificate of Deposits, Bankers Drafts; and innovative ones such as; Direct Transfers, ATMs, Telephone banking and Internet Banking.

4.1.4 Bank Competition through Process Improvement, Product and Service Quality

The data indicated that most of the Banks generally agree on the importance of customer needs and services quality as being the most important in obtaining competitive edge in the Ghanaian market. Therefore, banks consider customers' needs in developing new products and services; obtains customer information on the level of satisfaction and uses it in subsequent decisions. Under this category, the role and function of personnel, products and processes are important.

4.1.5 Customers and Service Delivery

People refer to personnel of service delivery. Because of the simultaneity of production and consumption in services the bank staffs occupy the key position in influencing customer's perceptions of product quality. In fact the service quality is inseparable from the quality of service provider.

4.1.6 Physical Evidence of Service Delivery

Also, physical evidence refers to the environment in which the service is delivered and any tangible goods that facilitate the performance and communication of the service. Customers look for clues to the likely quality of a service also by inspecting the tangible evidence. For example, prospective customers may look to the design of advert materials, the appearance of facilities, staff, etc.

4.1.7 Process of Service Delivery

Lastly, process means procedures, mechanism and flow of activities by which a service is acquired. Process decisions radically affect how a service is delivered to customers. The service includes several processes e.g. first contact with customers, administrative procedure regarding service delivery. Competition in the banking industry has brought about:

1. Wider product and service innovation among banks has been created with the entry of the foreign banks.
2. The environment of competitive pressures has benefited both savers and lenders.
3. The entry of foreign banks has helped in the development of financial markets. Foreign banks have attracted banking business that might otherwise go abroad.
4. Spillover effects of good banking practice that were unknown in Ghana has now been with us.
5. Attract foreign direct investment with the boost of the foreign bank's entry into the hitherto less competitive financial market in Ghana.

4.1.8 Summaries of Financial Data

Some of the significant income statement and balance sheet items that could differentiate one bank from another in terms of strength and competence are summarized under this section. The trend analysis reveal that year-in year-out, the new non Ghanaian banks record marginal increases that are significant to influence the market power and control of the existing banks. The composition of deposits, advances, total and operating assets and operating income are analyzed among others. The details of these analyses are presented in tables 1 to 6 as per the Appendix.

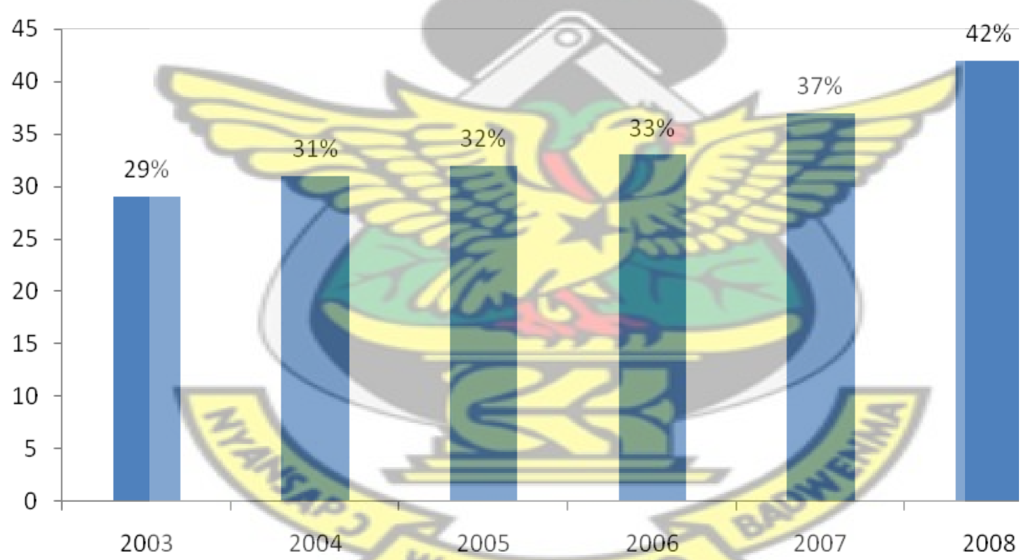
4.2 The basis of The Competition

4.2.1 Effect of Non-Ghanaian Banks' Entry on Financial Intermediation

Financial intermediation is a productive activity in which an institutional unit incurs liabilities on its own account for the purpose of acquiring financial assets by engaging in financial transactions on the market. The role of financial intermediaries is to channel funds from lenders to borrowers by intermediating between them.

With the entry of non Ghanaian banks, the market penetration of banking services has assumed upward trend. Between 2003 and 2008, the market penetration has increased from 29 percent to 42 percent (see Figure 1). In 2004, only 31 percent of the population had some business relationship with a bank. However, with intrusion of foreign banks including Nigerian banks, the market penetration has increased to 42 percent as at 2008.

Figure 1: Financial Intermediation Degree in Ghana from 2003-2008



Source: Field Data, 2010.

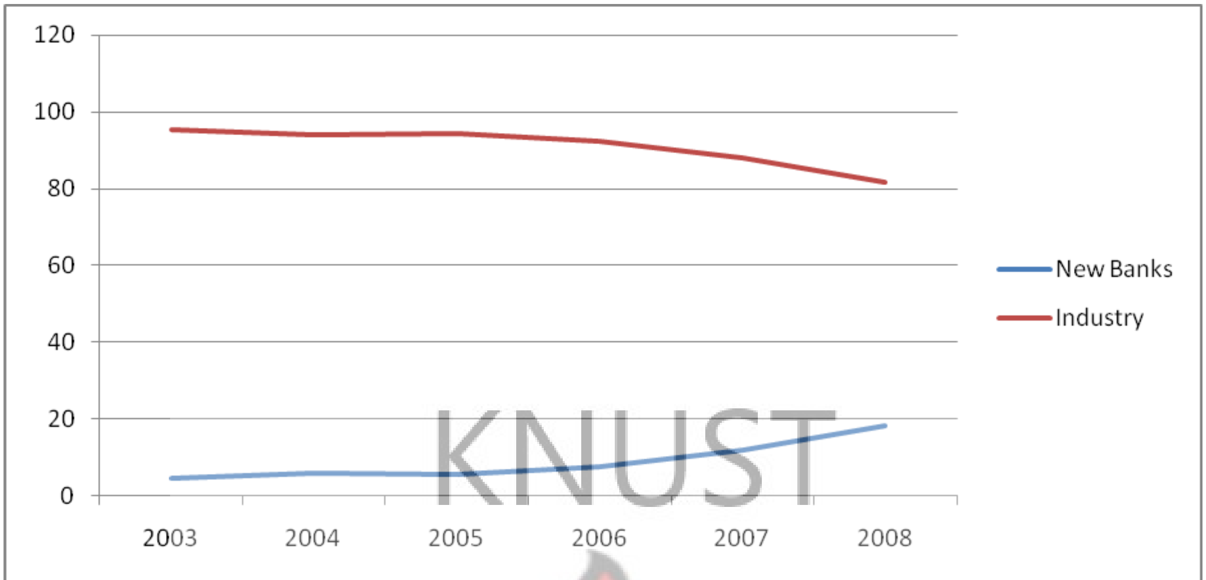
4.3 The Herfindahl-Hirschman Index

The Herfindahl–Hirschman Index (HHI) is a simple but useful tool for the measurement of concentration within an industry. It is calculated as the sum of all the banks' squared market shares, where market share has been based on deposits and assets. Although the relationship between the HHI and concentration is clear, the link between concentration and market power remains an issue of much debate. An annual HHI was calculated for both total deposits and total assets over the period 2003 to March 2008. Both indices displayed very similar movements over the sample period as shown in Figures 1 to 3. A slow rise in each index was observed for the 2003 to 2005, and from 2005 to 2008 post-entry period when the sector was expanding rapidly. Specifically, both indices declined during the liberalization period and the beginning of the post liberalization period, before moving above this threshold in 2005. According to the Structure-Conduct-Performance (SCP) approach, the rise implies increased competition among the banks following financial liberalization.

4.3.1 Share of Industry Deposits

From the analysis of the results, it has been found that the new non Ghanaian banks' share of banking industry deposits has risen over the period covered by the analysis. With a total share of all banking sector deposits of 4.59% in 2003, the figure shot up to 12% by the close of 2007, representing 261% increase. This indicates a reduction in the control of surplus funds by the hitherto existing banks. This may be reflective of increased market competition as banks are compelled to step up the activities with the view to maintaining and/or expanding market share. The details of industry deposits distributions are shown in table 1 in the Appendix.

Figure 1: Herfindahl-Hirschman Index of Deposits (in Percent)

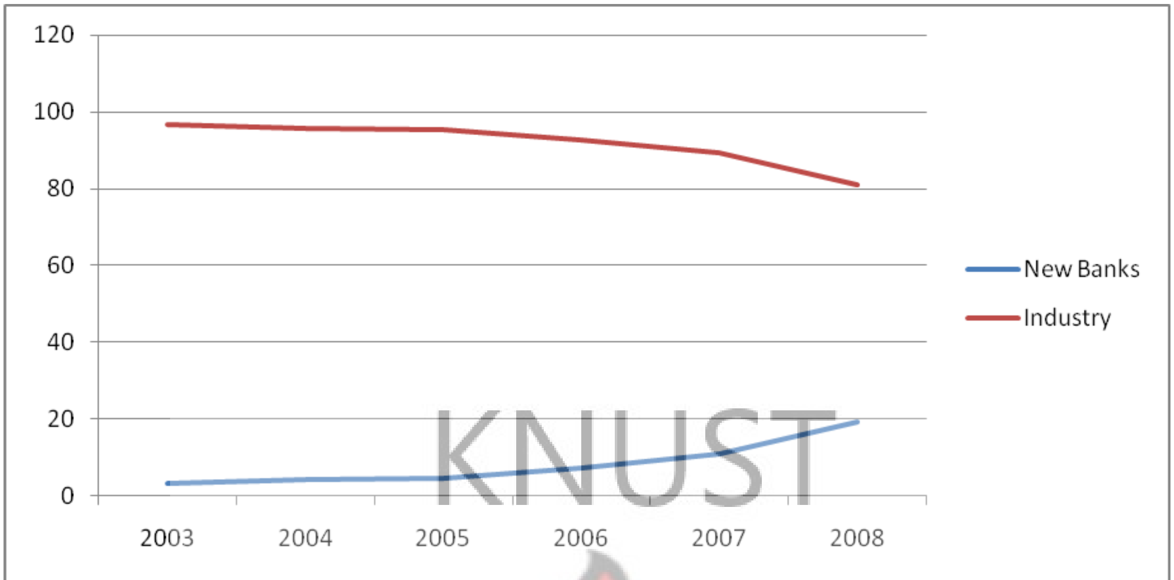


The graph in figure 1 shows that as the share of deposits of the new banks increases, the proportion deposit going to the rest of the industry membership declines year-in year-out. This decline in the HHI index for the industry is indicative of increase in the level of competition on the basis of statistical evidence.

4.3.2 Share of Industry Net Advances

The new non Ghanaian banks' share of the industry's advances has risen consistently over the period. With a figure as low as 3.17% in 2003, it rose to 4.3% in 2004, 4.54% in 2005, 7.20% in 2006 and to 10.77% in 2007. This translates to 340% increase in the control of market advances by these banks. This ratio is important in assessing competition as it influences the banks interest margin performance. The detailed analysis on a bank-by-bank basis is shown in table 2 in Appendix 1.

Figure 2: Herfindahl-Hirschman Index of Net Advances (in Percent)

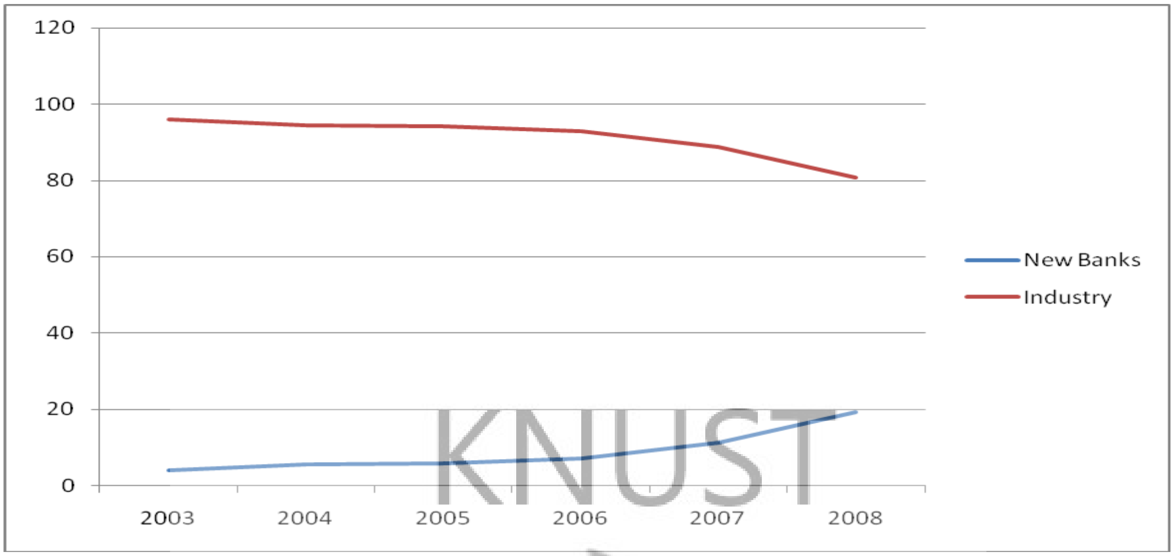


From figure 2, it can be observed that as the share of the net advance of the new banks increases, the proportion controlled by the rest of the industry membership declines year-in year-out. This decline in the HHI index for the industry is indicative of increase in the level of competition on the basis of statistical evidence.

4.3.3 Share of Industry Total Assets

Similar to the deposits and advances ratios, the percentage of total assets of the new banks has been on the increase over the period. As can be observed from the results if table 3 as per Appendix 1, between the period 2003 and 2007, the ratio more than double from 4.11 in 2003 to 11.77 by the close of 2007. This represents an overall rise of 276%.

Figure 3: Herfindahl-Hirschman Index of Total Assets (in Percent)



Similar to figures 1 and 2, the total assets concentration between existing and new firms have declining and increasing respectively on a year-on-year basis. Since the assets base of bank to a large extent influences its operational capacity and ability to expand as well as maintain current operational capacity, the decline in the assets composition implies a decline in market control. This once again, is suggestive of increased competition other things being equal.

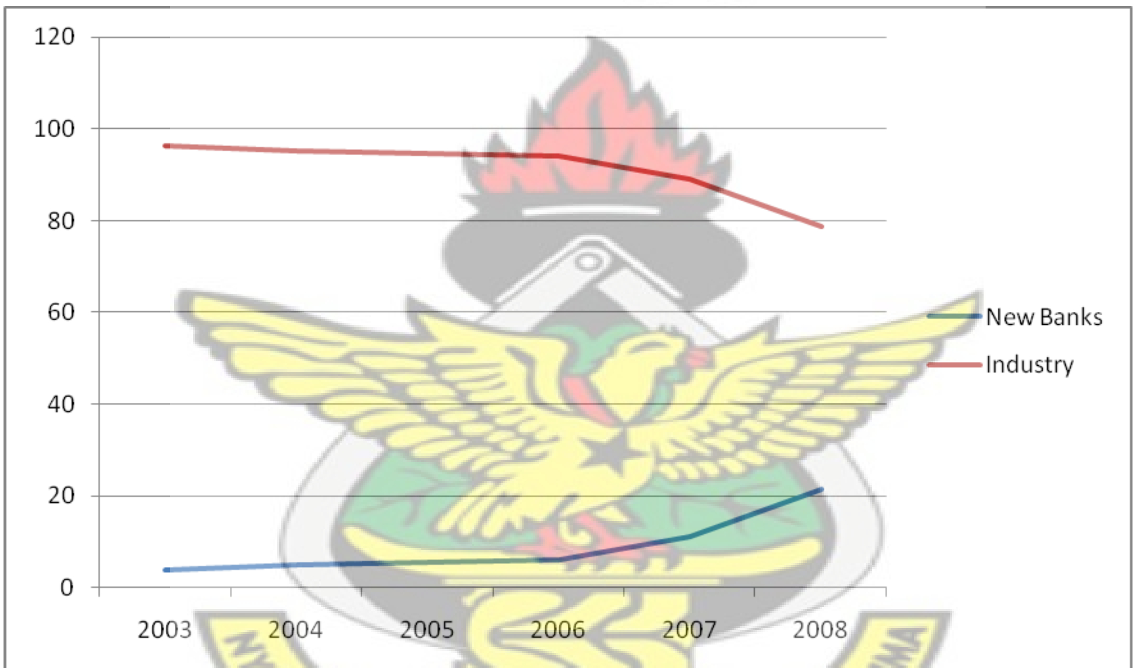
4.3.4 Share of Industry Operating Assets

The operating assets margin assesses the operational capacity of the banks. From the analysis, not only did the new foreign banks controlled a significant proportion of these assets, but also recorded a consistent increase in the percentage of control. For, from a low of 4.19% in 2003, this ratio rose consistently to 5.88% in 2004 and continued to end at 11.38% by the close of 2007. This in aggregate represents a 273% rise between 2003 and 2007. The details of these ratios are shown in table 4 as per the Appendix.

4.3.5 Share of Industry Total Operating Income

As can be expected from the trend of performance of the new foreign banks in the preceding ratios discussed, operating income has equally risen consistently over the years. From a record of 3.79% in 2003, this figure rose to 10.14% by the close of year 2007, representing about 300% increase. The details are shown in Appendix 1.

Figure 4: Herfindahl- Hirschman Index of Operating Income (in Percent)



The results in figure 4 are important as they attempt to explain the net results from operation on a period by period basis. The significant increases over the period of the operating income of the new banks are indicative of their influence in the market not only in terms of market share, but also market profitability. This once again signal increases in the level of competition over the years. An important observation of the analysis is that the entry of the new foreign banks over the period 2003 to 2008 did have a significant impact on the indices. A possible explanation comes from an analysis of the market shares owned by these banks. Together the banks own more than 15 percent of the total market share. As a result, it is possible to conclude using the HHI that the Ghanaian banking industry improved in competitiveness throughout the sample period mainly as a result of the entry of the new foreign banks.

4.3.6 Share of Industry Profit before Taxes

The performance of the new foreign banks in this area has been consistent with the trend observed in the preceding analysis. With the exception of 2006, the profit before taxes has been on the rise [3.58 in 2003; 4.33 in 2004; 5.08 in 2005; 3.28 in 2006; and 9.10 in 2007]. This once again is reflective of the significance of these banks in the financial market and hence their impact on competition in the banking sector.

4.4 Further Competitive Analysis and Summary Including 2009

Profit levels of banks in the country have dropped from 30.4 percent in 2007 to 19.7 percent in 2009, with the big ones appearing nowhere near the top of the chart; [findings of a survey conducted by PricewaterhouseCoopers have shown]. The rapid deterioration of the industry's loan portfolio adversely impacted the profit margins, even though total income almost doubled. Impairment charges for non-performing loans increased over the three-year period from GH¢60 million in 2007 to GH¢266 million in 2009.

Interestingly, Ecobank Ghana lost its number-one ranking to Bank of Baroda, one of the newest banks in the industry which moved to the top position on profitability ranking.

Baroda had limited exposure to loans and advances in 2009 and did not suffer the high impairment charge facing most of the banks in the industry. Ecobank has therefore moved to second position.

While Barclays Bank belonged to the loss-making group and occupied 23rd position, Ghana Commercial Bank (GCB) which holds the largest share of the industry's deposits ranked 17th – dropping further from the 15th position it occupied in 2008.

Stanbic Bank's profit before tax margin shrank the most in 2009, causing the bank to drop from third position in 2008 to 20th position in 2009. First Atlantic Bank was unable to recover its costs and now moves to join UT Bank and Barclays Bank in the loss-making group. Overall, BSIC had the lowest ranking and also failed to recover cost. Guaranty Trust Bank Ghana's (GT Bank) performance over the survey period was remarkable. The bank made significant strides by moving from the 24th position in 2007 to fourth position in 2009.

The profitability of GTBank's loan book went from 10.6 percent in 2007 to 19.3 percent in 200; and it appears to have controlled its costs with a cost income ratio of 50%, which is below the industry average. The smaller banks also managed to improve their net interest margin. Baroda maintained its lead ranking due to its minimal asset base. The loans granted by the bank were less than one percent of the industry's total loans and advances. GT Bank increased its net interest income by five times, from GH¢6 million in 2008 to GH¢29 million. The increase was driven mainly by interest earned from loans and advances. Unlike most banks, GT Bank's investment in government securities increased by only three percent in 2009.

Overall, UT Bank's net income margin shrank most in 2009 and resulted in the bank losing its second position, dropping to eighth. Amalgamated, Zenith and First Atlantic banks were the lowest ranked in terms of net interest margins on the chart. Although all of these banks managed to increase their interest income appreciably between 2007 and 2009, significant increase in interest paid to depositors impacted adversely on their net interest margins. This is not surprising, as these banks offered competitive rates to attract and maintain customers." By way of market share, GCB outperformed Barclays Bank and now holds the largest share of the industry's deposits, which is 13.3 percent. The two banks leveraged on their extensive branch network to mobilize deposits. Their relative rankings are not surprising as they both operate the largest number of branches, accounting for 45 percent of the industry's branches in 2009.

Regarding the industry generally, there was a strong growth in deposits during the year. Deposits grew by 27 percent from GH¢7.6 billion in 2008 to GH¢9.5 billion. Between 2007 and 2008, the industry achieved only 10 percent growth.

4.5 Categorisation of the Banking League.

Ghana Commercial Bank, Barclays Bank Ghana, Standard Chartered Bank, Ecobank Ghana, Agriculture Development Bank and Stanbic Bank Ghana which also control total deposits in the banking industry have been involved in massive branch expansions over the last few years. While GCB has 157 branches, Barclays and Stanchart have 92 and 23 branches in that order. Ecobank, ADB and Stanbic have 35, 50 and 24 branches respectively.

According to a 2009 independent local bank survey, GCB assets constitute 13.7 percent of the total industry assets while Barclays and Stanchart have 10.3 and 10 percent. Ecobank Ghana, Agriculture Development Bank and Stanbic Ghana have 9.7, 5.2 and 5.1 percent of the assets respectively.

Merchant, SG SSB, Zenith, National Investment Bank and CAL Bank follow in that order with 5 percent, 4.1 percent, 4 percent, 3.9 and 3.2 percent respectively. Intercontinental Bank, Fidelity Bank, Amalgamated Bank and Prudential follow closely with 3.1 percent, 2.6 percent, 2.5 percent and 2.4 percent.

In the 2009 PricewaterhouseCoopers survey of the banking industry, Barclays Bank Ghana Limited boasts of the largest deposit in the banking industry in 2008 even though it lost some of its shares to other competitors in the previous year. According to the accounting and management professionals' survey, Barclays' share of total deposits was 15.7 percent compared with 18.6 percent in 2007. Also, GCB's total deposits grew by 25 percent but the bank lost some of its market share despite maintaining the second position. In 2008, GCB's savings account had the fastest growth of 73 percent, 28 percent growth in current account but time & fixed deposits fell by 21 percent.

Standard Chartered Bank with only 19 branches then held onto the third position on the league table in terms of deposits with 9.9 percent share. Similar to the other big banks, a significant amount of its deposit is held in current accounts. Barclays, Stanchart and GCB all lost some of their market shares to other emerging banks but held 40 percent of the market share. Ecobank Ghana, Stanbic Ghana and Zenith Bank Ghana occupied the fourth, fifth and sixth positions with market shares of 8.8, 4.9 and 4.4 percent respectively. First Atlantic Merchant, Agriculture Development Bank, Merchant Bank and SG SSB made up the top 10 with market shares of 4.4, 4.2, 4.2 and 3.9 percent respectively.

In 2007 and 2008, banks in Ghana expanded very rapidly across the nation as they scrambled for space in places such as Osu and Abossey Okai which were becoming huge business centers. In Abossey Okai, banks such as Barclays, Fidelity, Stanbic, Guaranty Trust and Amalbank rolled out branches whilst NIB, uniBank and Amal were among the banks to have opened branches at Osu.

The Ghana Banking Survey 2010 has noted that the liquidity and capital base of banks in the country had improved compared to previous years. However, at the same time, quality of bank loan book had deteriorated and industry profitability declined, said the publication, a joint collaboration of PricewaterhouseCoopers (PwC) and Ghana Association of Bankers. The survey aims to provide general information on Ghana's formal banking sector and the performance of banks operating in the country for the period between 2007 and 2009.The banks' annual reports and audited financial statements for 2007 to 2009 were analysed. Twenty-five out of the 26 banks currently operating in the country participated in this year's survey. A number of banks have already complied with the minimum capital requirement mandated by Bank of Ghana with others planning on achieving the set target by the end of 2012. The focus of the survey was a review of how the banks were managing risks in the face of increased capitalization. He said the last three years saw total shareholders' funds for the industry more than doubled from GH¢792 million to GH¢1.8 billion as banks injected new capital and retained earnings to meet the minimum capital requirements. In the last five years the Ghanaian banking industry has seen a phenomenal growth arising from capital injection by existing banks to meet minimum regulatory capital requirements.

The survey indicated that the current sustained economic reforms and stability, improvements in budget deficit, and the new oil find would attract foreign investments and lead to buoyant economic activity. The appetite for credit would increase and banks should focus on developing an efficient, effective, and flexible banking infrastructure to ensure growth, the survey indicated. The stable macro-economic trends would encourage savings and with the private sector entering into the pensions market, individual pension contributions would provide another source of funds for banks. This would skew revenue opportunities for financial institutions towards savings and wealth management products and away from lending products,

Notwithstanding this phenomenal growth, high interest rates continued to be a major concern for borrowers. Banks are being called upon to justify such high interest rate regime in the country.The new capital requirements may lead to an improved buffer for risk absorption in the sector.

However, increased competition, growing customer demands, and new regulations are likely to continue to add complexity to business models of banks and information technology environments.Net loans and advances remain the most significant component of operating assets and declined between 2008 and 2009. Cash assets and liquid assets showed an increase over the same period.

The industry's gross loan book grew from GH¢5.7 million in 2008 to GH¢6.3 million in 2009. However the gains were eroded by impairment allowances for non-performing loans.

The increased default has been attributed to the unfavourable macro- economic conditions that prevailed for most of the year and perhaps not so good credit decisions made by banks in prior years. The 11 per cent growth in industry's gross loan book is the slowest in the last three years.

4.6 Discussion of Findings

It must be noted that the above analysis was based on the conventional SCP paradigm, which narrowly assumes that the relationship between concentration and market power is positive. However, the point needs to be made that the nature of this relationship is inconclusive using the structural approach. To overcome this problem, an empirical analysis was carried out using the Lerner Index model. The use of this model helped clarify the uncertainty inherent in the HHI. This forms the degree of competition.

The interactions with some bank officials point to a strong relationship between operational procedures and competition. The views expressed seem to suggest a positive relationship between competition and efficiency as inefficiency would not be rewarded by the market. This also forms the basis of competition.

It was also realized that, the regulator and other big wigs in our political, social and economic think tanks have been expressing the need for the banks to close the ratio of the banked to the unbanked population through product differentiation and cost effectiveness to benefit the customers through attraction of the innovations they [the banks] are coming up with all the time as some of the proposals in improving the competition in the banking sector of Ghana.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This study examined the effect of the entry of the foreign banks on the market structure of the banking industry in Ghana. The Herfindahl–Hirschman Index and the Lerner Index have been used in assessing competition in the banking sector of Ghana.

5.1 Summary of Findings

From the results of the study, the following findings are significant; market dynamics in the Ghanaian banking sector, including competition is shaped by three factors:

One of these main factors is that the entry of new banks consequent on deregulation, motivated by expectations of profits through use of new technology and strategic conducts. It was found that the entry of the foreign banks introduced and re-emphasised the focus on service quality. This resulted in expansion in the use of information and communication technology in the form of computerizations, networking of branches, ATMs and many others.

The entry was used as a mechanism through which new banks could actually circumvent the advantages of old banks included new technology and strategic conduct. The new banks were found to have consistently adopted strategies in operation that sought to not only register them in the Ghanaian market in terms of market presence, but to have significant influence in the market. This resulted in aggressive campaigns and advertising of both existing and new as well as innovative products and services.

The entry of the new foreign banks introduced reawakening in the banking sector where the old banks had to adopt means to cope up with the new banks in the new scenario. This phenomenon has seen traditional banks moving in to offer services that were hitherto not in the list of services for customers.

5.2 Conclusions

Results from this analysis revealed that there was a slight increase in competition following financial liberalization. However, the ambiguous nature of the HHI necessitated the use of the more robust methodology to measure the market power of the industry. Thus, the Lerner Index was used. Based on the results from this alternative methodology, competition once again, actually increased slightly immediately following the liberalization period. Interaction terms used to track changes in market power over time (market share and banking sector asset distribution) also indicated that there was a steady rise in competition throughout the specified sample period (2008). This finding conforms to the finding of the PriceWaterhouseCoopers survey (2008). The continual improvement in competition over the sample period provides a signal of the welfare benefits to consumers with regard to increased competition from financial liberalization Ghana.

It is clear that the events of the 1990s led to significant reforms in the financial sector, including the banking sector. These changes resulted in an increase the concentration ratio of the banking sector assets. Although the specific relationship between concentration and market power remains unclear when using the HHI, it still provides a fairly accurate measure of industry concentration. The Lerner model, however, is preferred in testing for possible changes in market power when adjustments in concentration are signaled by the HHI. The results of the Lerner model indicated that competition improved over the sample period. This suggests that the increased concentration during the period did, in fact, affect competition positively.

5.3 Recommendations

In the context of the findings of this study, the following are recommendations are offered: the structure-conduct- performance relationship is critical in analysing the workings of the banking sector as in the other components of the financial sector.

Firstly, the old banks (those banks in existence prior to the entry of the foreign banks), should continuously monitor not only their internal activities but, should equally evaluate the effect of the strategic conduct of competitors, especially the new entrants.

Secondly, the need for banking sector innovation in terms of value adding products and services should be a priority of all banks if they aim to continue to operate profitably.

Thirdly, the apparent increase in competition should not be overlooked by both supervisors and regulators of the banking sector. This is because; the financial sector is very delicate. The cost of structural and system failures are usually prohibitive and difficult to address.

Fourthly, a further liberalisation of the financial market in general and the banking sector in particular could be considered as one of the surest ways of managing market control by the traditional large banks in the system.

Also, a study considering not only entry but also the merger of banks in the sector could provide interest results capable helping in an assessment of competition in the sector.

Lastly, banks should come out innovative products to attract a larger population of the unbanked into the market.

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APPENDIX

Table 1: Share of Industry Deposits

YEAR

Bank	2007	2006	2005	2004	2003
BBG	18.19%	15.10%	16.25%	16.53%	17.70%
GCB	15.90%	17.50%	18.43%	20.13%	19.35%
SCB	10.25%	12.85%	14.46%	16.22%	17.66%
EBG	8.29%	8.74%	9.29%	8.50%	7.65%
MBG	5.69%	6.14%	5.49%	5.08%	4.85%
ADB	4.80%	6.46%	7.06%	7.55%	9.23%
SG-SSB	4.95%	6.52%	6.95%	7.44%	7.68%
Stanbic	4.72%	2.84%	2.50%	3.02%	1.84%
NIB	4.33%	4.68%	4.88%	2.10%	2.10%
PBL	3.15%	2.87%	2.81%	2.37%	1.86%
CAL	2.16%	2.43%	2.44%	2.55%	2.34%
TTB	2.69%	2.58%	2.87%	3.07%	2.75%
FAMBL	1.78%	1.64%	1.72%	1.08%	1.31%
HFC	1.48%	1.53%	1.09%	0.81%	0.66%
ZBL	2.54%	1.54%	0.10%		
Fidelity	2.34%	1.87%			
ABL	2.23%	1.53%	1.10%	1.19%	0.85%
IBG	1.46%	0.33%			

ICB	1.10%	1.38%	1.39%	1.21%	1.01%
UGL	1.00%	0.69%	0.61%	0.53%	0.45%
GTB	0.59%	0.29%			
BPI	0.36%	0.49%	0.54%	0.62%	0.72%

Table 2: Share of Industry Net Advances

			Year		
Bank	2007	2006	2005	2004	2003
BBG	16.52%	15.78%	17.35%	18.32%	17.93%
GCB	19.16%	15.85%	16.19%	18.59%	19.73%
SCB	7.41%	10.43%	13.65%	14.52%	15.87%
EBG	7.36%	6.98%	7.31%	6.13%	7.02%
MBG	7.59%	9.50%	7.22%	5.77%	4.13%
ADB	5.75%	6.56%	7.98%	7.50%	9.73%
SG-SSB	5.48%	6.16%	7.84%	6.61%	8.39%
Stanbic	5.03%	3.14%	1.65%	2.32%	1.16%
NIB	5.03%	5.99%	5.70%	6.91%	4.20%
PBL	2.95%	3.88%	3.06%	2.61%	1.56%
CAL	2.94%	3.73%	2.51%	2.67%	2.45%
TTB	2.77%	3.02%	2.84%	1.98%	2.01%
FAMBL	1.77%	2.39%	2.49%	1.93%	1.81%
HFC	2.64%	2.87%	1.88%	2.05%	2.40%
ZBL	1.71%	0.61%	0.05%		

Fidelity	0.89%	0.14%			
ABL	1.77%	0.80%	0.65%	0.72%	0.49%
IBG	0.93%	0.28%			
ICB	0.62%	0.71%	0.62%	0.59%	0.39%
UGL	1.01%	0.69%	0.59%	0.40%	0.34%
GTB	0.33%	0.15%			
BPI	0.34%	0.35%	0.40%	0.39%	0.39%

Table 3: Share of Industry Total Assets

	Year				
Bank	2007	2006	2005	2004	2003
BBG	15.67%	12.68%	13.64%	15.40%	14.90%
GCB	14.95%	15.08%	16.23%	17.93%	19.98%
SCB	10.59%	13.81%	14.23%	14.14%	15.08%
EBG	8.44%	8.09%	8.73%	7.49%	6.63%
MBG	6.18%	6.52%	5.30%	4.48%	3.91%
ADB	6.09%	7.97%	9.50%	9.95%	11.79%
SG-SSB	5.47%	7.11%	8.07%	7.84%	8.23%
Stanbic	4.60%	2.63%	2.44%	2.84%	1.65%
NIB	4.51%	5.44%	5.26%	4.74%	4.11%
PBL	3.17%	3.00%	2.82%	2.81%	2.42%
CAL	3.05%	3.05%	2.68%	2.65%	2.31%
TTB	2.88%	2.39%	2.72%	2.89%	2.46%

FAMBL	2.20%	2.67%	2.32%	1.62%	1.63%
HFC	2.11%	2.08%	1.95%	1.91%	2.02%
ZBL	2.05%	1.26%	0.39%		
Fidelity	1.91%	1.54%			
ABL	1.96%	1.29%	1.11%	1.18%	1.19%
IBG	1.29%	0.38%			
ICB	1.07%	1.35%	1.25%	1.08%	0.86%
UGL	0.91%	0.72%	0.61%	0.55%	0.38%
GTB	0.54%	0.41%	0.26%		
BPI	0.38%	0.51%	0.49%	0.52%	0.48%

Table 4: Share of Industry Operating Assets

Year

Bank	2007	2006	2005	2004	2003
BBG	15.42%	12.82%	13.79%	15.44%	15.03%
GCB	15.37%	15.39%	16.27%	18.37%	19.66%
SCB	10.33%	14.09%	14.08%	13.23%	14.44%
EBG	8.41%	8.06%	8.95%	7.64%	6.73%
MBG	6.29%	6.48%	5.27%	4.45%	3.98%
ADB	6.27%	8.36%	9.98%	10.42%	12.42%
SG-SSB	5.51%	7.10%	8.17%	7.82%	8.20%
Stanbic	4.72%	2.74%	2.52%	2.92%	1.69%
NIB	4.12%	4.57%	4.64%	4.49%	4.03%

PBL	3.20%	3.06%	2.85%	2.85%	2.40%
CAL	3.10%	3.08%	2.69%	2.64%	2.40%
TTB	2.90%	2.43%	2.76%	2.96%	2.50%
FAMBL	2.27%	2.70%	2.28%	1.64%	1.63%
HFC	2.19%	2.12%	1.89%	1.91%	1.99%
ZBL	2.05%	1.17%	0.32%		
Fidelity	2.01%	1.58%			
ABL	1.89%	1.20%	1.08%	1.14%	1.21%
IBG	1.22%	0.25%			
ICB	1.04%	1.33%	1.26%	1.08%	0.86%
UGL	0.81%	0.63%	0.56%	0.52%	0.39%
GTB	0.49%	0.32%			
BPI	0.38%	0.50%	0.46%	0.50%	0.46%

Table 5: Share of Industry Total Operating Income

Year

Bank	2007	2006	2005	2004	2003
BBG	15.92%	14.07%	15.59%	17.38%	17.49%
GCB	16.57%	19.78%	19.24%	18.47%	21.61%
SCB	11.89%	13.92%	14.52%	14.07%	15.75%
EBG	7.89%	7.76%	7.73%	6.53%	6.49%
MBG	6.21%	6.01%	4.96%	4.70%	3.55%
ADB	6.33%	7.57%	7.91%	10.04%	9.18%

SG-SSB	7.04%	8.18%	8.93%	8.91%	9.90%
Stanbic	3.84%	2.20%	2.21%	1.86%	1.30%
NIB	4.97%	4.13%	4.53%	4.99%	3.94%
PBL	2.65%	2.46%	2.40%	2.11%	1.65%
CAL	2.88%	2.96%	2.60%	2.28%	2.18%
TTB	3.28%	3.12%	3.15%	3.07%	2.49%
FAMBL	2.04%	2.18%	2.02%	1.70%	1.08%
HFC	1.87%	1.33%	1.20%	1.33%	1.20%
ZBL	1.51%	0.43%	0.10%		
Fidelity	0.94%	0.11%			
ABL	1.42%	0.80%	0.75%	0.76%	0.65%
IBG	1.21%	0.11%			
ICB	0.89%	0.90%	0.90%	0.77%	0.61%
UGL	1.07%	0.84%	0.61%	0.45%	0.36%
GTB	0.30%	0.11%	0.06%		
BPI	0.54%	0.50%	0.58%	0.59%	0.58%

Table 6: Share of Industry Profit before Taxes

Year

Bank	2007	2006	2005	2004	2003
BBG	21.32%	20.88%	22.99%	24.53%	24.34%

GCB	15.80%	17.71%	12.88%	13.20%	15.94%
SCB	17.55%	21.35%	19.92%	17.37%	21.97%
EBG	6.00%	6.22%	5.16%	7.75%	7.97%
MBG	6.00%	6.22%	5.16%	5.03%	2.28%
ADB	3.77%	5.33%	4.54%	7.00%	6.48%
SG-SSB	6.33%	6.56%	8.33%	9.61%	8.48%
Stanbic	5.44%	2.30%	1.60%	0.94%	0.92%
NIB	2.79%	1.55%	4.21%	4.03%	3.14%
PBL	2.04%	1.32%	1.71%	1.44%	1.06%
CAL	3.22%	3.04%	2.57%	2.36%	2.43%
TTB	4.29%	3.57%	3.82%	3.39%	2.66%
FAMBL	1.19%	0.67%	0.76%	0.64%	0.28%
HFC	1.78%	0.79%	0.46%	1.29%	1.39%
ZBL	0.02%	-1.34%	-0.35%		
Fidelity	0.12%	-0.44%			
ABL	0.66%	-0.14%	0.38%	0.57%	0.26%
IBG	0.05%	-0.23%			
ICB	0.70%	0.69%	0.74%	0.65%	0.48%
UGL	0.32%	0.27%	0.06%	0.08%	0.06%
GTB	-0.70%	-1.02%	0.01%		
BPI	0.17%	0.18%	0.11%	0.13%	-0.14%