

**AN ASSESSMENT OF THE IMPLEMENTATION OF THE PUBLIC  
SECTOR HOME OWNERSHIP SCHEME AND MORTGAGE  
LENDING IN THE PUBLIC SERVICE IN GHANA**

by  
KNUST

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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, it contains no material previously published by another person nor material 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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Date

## DEDICATION

This work is dedicated to my husband, Abubakar for his patience and encouragement, and to the Garba family for their support and encouragement.

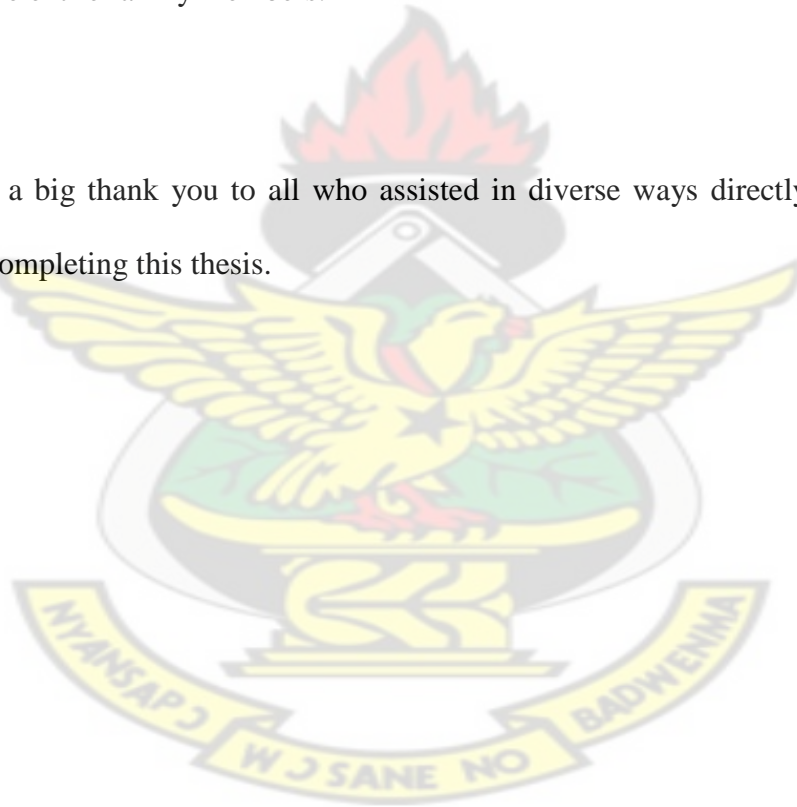
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Finally, I say a big thank you to all who assisted in diverse ways directly or indirectly in successfully completing this thesis.



## ABSTRACT

Ghana's housing industry is at a rudimentary stage. The Bank of Ghana (BoG) in 2007 suggested that the high property prices particularly in the urban centres such as Accra, Tema, Kumasi and Takoradi have been fuelled by a rapidly growing middle-class, as well as rapid and uncontrollable urbanization. This has turned the housing industry into one of the critical developmental issues facing policymakers. The government of Ghana in 2007 established the Public Sector Home Ownership Scheme which was aimed at addressing housing needs of public sector employees. Public Sector Home Ownership Scheme is implemented by the Ministry of Finance and Economic Planning with explicit collaboration with HFC Bank (Ghana) serving as the disbursing bank. This research tried to juxtapose the continuous public sector housing challenges against the five years implementation of the government's home owner scheme and sought answers for the question of whether public servants have taken advantage of the scheme, how accessible has the scheme been and the implementation challenges of the scheme. The study utilised 100 respondents from Customs Excise and Preventive Service (CEPS) and a respondent from HFC Bank. This research found that public servants in Ghana still find investing in home ownership as most important investment option however, low salaries, difficulty in land acquisition, high cost buildings and building materials as well as lack of confidence in the Ghanaian financial system have deprived a lot of public servants of owning a house in Ghana. The introduction of the government's housing scheme has not improved the situation either. This is because most respondents did not know about the existence of such a scheme and also annual capital injection by the government has put limitation on how much HFC Bank can disburse as mortgage to willing and able public servants in Ghana. Following the limitations and outcome of this study, it was recommended that in order to enable public sector workers in general to acquire a home for themselves, there was the need for governments to improve on the general income levels of public sector workers in the country and to increase the capital dedicated to HFC Bank to disburse as mortgages.

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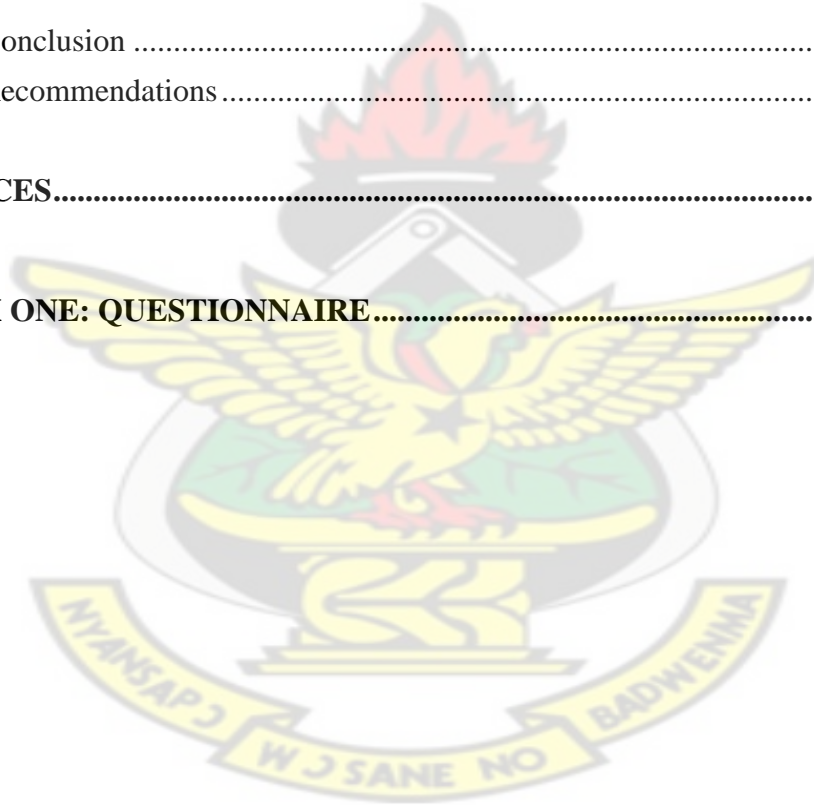
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## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background of Study

Risk management in residential mortgage lending has become crucial to the development of an affordable housing market in Ghana. The successful growth of a mortgage lending industry is the only way to provide public servants in Ghana with greater opportunities to live in better housing. Lower mortgage risks will lead to lower lending interest rates and increased housing finance affordability, thereby improving Ghana's ability to satisfy their housing needs.

Compared with other advanced countries, Ghana's housing industry is at a rudimentary stage. The Bank of Ghana (BoG) in 2007 suggested that the high property prices particularly in the urban centres such as Accra, Tema, Kumasi and Takoradi fuelled by a rapidly growing middle-class, as well as rapid and uncontrollable urbanization have turned the housing industry into one of the critical developmental issues facing policymakers. "Of importance to policy is the pricing and sources of funding required to meet the huge demand for housing in Ghana which is estimated at about one million units over the next ten years"

(BoG, 2007, p. 2).

In Ghana, the opportunity to own a house involves outright payment for it, build over a period of time, or fall on the services offered by the housing mortgage finance institutions (UN Habitat, 2010). It is fact, that the housing services offered by these mortgage finance

institutions are beyond the affordability of majority of public servants in Ghana (Housing in Ghana and Investment Opportunities, 2005). This is because of high housing prices that are inconsistent with household income levels, lower motivations to save due to limited access to residential loans and lower confidence in securing loans from banks as well as high interest rates on residential loans which is caused by banks' high exposure to certain risks (BoG, 2007).

With these huge challenges confronting public servants in Ghana, especially the city dwellers regarding house acquisition, the government in 2007 established the Public Sector Home Ownership Scheme (PSHOS) which was aimed at addressing housing needs of public sector employees. In the scheme, Government was to set aside GH¢300,000 of the income accrued from the bonds as seed money to HFC Bank (Ghana) to disburse as mortgages to public servants ([www.mofep.gov.gh](http://www.mofep.gov.gh)). There has been a significant effort by successive governments in Ghana to improve public sector housing, notably amongst them are the SSNIT flats and Estate, the Affordable Housing Scheme Project.

The purpose of this study is therefore to assess how affordable housing could be developed for public servants in Ghana through mortgage financing at a lower risk. Specifically, the study seeks to establish the contribution of the Public Sector Home Ownership Scheme towards the improvement of housing conditions amongst the public servants in Ghana.

## **1.2 Statement of the Problem**

The need to provide adequate, suitable and equitable housing has remained a major priority of every government in Ghana (UN Habitat, 2010). Yet, since the problem of housing is complex and pressing, no government in Ghana has been able to provide

adequate housing of acceptable standard for all the citizenry particularly the public service. The implementation of the Public Sector Home Ownership Scheme (PSHOS) by the Ministry of Finance and Economic Planning with explicit collaboration with HFC Bank (Ghana) was supposed to improve the general housing conditions amongst the public servants in Ghana. However, five years on, the question still remains whether the housing conditions amongst the public service has been any different. Whether people have taken advantage of the scheme, with its associate accessibility, and what the implementation challenges have been. Despite these concerns, there is currently a paucity of evidence in support of the success or otherwise of the Public Sector Home Ownership Scheme (PSHOS). This thesis would therefore seek to fill the knowledge vacuum regarding the implementation of the public sector home ownership scheme and mortgage lending in the public service in Ghana.

### **1.3 Research Objectives**

The objectives of this research are as follows:

1. To find out what influence public servants in their investment decision.
2. To determine how public servants perceive mortgage financing in Ghana.
3. To find out the accessibility of the Public Sector Home Ownership Scheme.
4. To find out whether the Public Sector Home Ownership scheme has improved the housing needs amongst public servants.

### **1.4 Research Questions**

From the above statement of the problem, the research sort to answer the following questions

1. What influence public servants in their investment decision?
2. How have the public servants perceived mortgage financing in Ghana?
3. How accessible is the government's Public Sector Home Ownership Scheme?

4. Has the introduction of the Public Sector Home Ownership Scheme improved the housing needs amongst public servants in Ghana?

### **1.5 Research Justification**

Over the last three years, the Government of Ghana has made remarkable progress towards achieving a stable macroeconomic and political climate. The economic environment holds the possibility of greater institutional investment in housing and other economic development activities. The net effect of macro measures undertaken by the government is that budget deficits, inflation, and interest rates are at their lowest points now than in the past several years and trending downward. The next shift would be providing adequate housing for the population, especially the public service.

An analysis of housing conditions by CHF International (2004), reveals that on a national basis, 48.9% of all Ghanaian households live in accommodation associated with the compound (44.5% live in compound rooms). Another 25.3% lives in separate houses and 15.3% resides in semi-detached houses. Traditional housing in Ghana takes the form of compounds. The design accommodates room re-allocation and some privacy.

Moreover, 57.4% claim ownership of their dwellings (40.4% in Greater Accra). Two percent of households live in public property set aside as rentals for civil servants and private employers provide housing for 4.5% of formally employed households. Also, 22% rent their dwellings (37.5% in Accra). Another 19.5% live rent-free (CHF International, 2004). Households comprising this latter group probably know the head of household and/or landlord and are exercising their kinship rights.

Over the years, Ghana has developed and implemented a number of housing policies and strategies, in an attempt to address the housing of its citizens particularly the public sector and the low-income group. Consequently, plethora of literature has been generated on Ghana's housing policy. The scholars adequately present the fatal failure of the public housing scheme to housed Ghanaians (Diamond, 1998; Ghana Statistical Service, 2002; GOG, 2003 - 2007; BoG, 2003- 2007; World Bank, 2007). Thereafter, the Ghana Government instituted the Public Sector Home Ownership Scheme in 2007 to help address the challenges in public sector housing. Since its introduction very little is heard about the scheme. This thesis is therefore to assess the implementation of the scheme and its impact on its target populace.

The findings of this research would be useful to the trustees and the managers of the scheme as well as the policy makers in deciding the future of the scheme.

### **1.6 Scope of Research**

There are a lot of public sector organisations in Ghana. However this work is limited to the Customs Excise and Preventive Service (CEPS). This is due to time and resources constraints.

The choice of the Customs Excise and Preventive Service for study was informed by the fact that CEPS is one of the largest public sector organisations and also one of the largest government sub-vented organisations which has over 50% of its staff residing in Accra and Tema. The staffs also receive salaries that are classified as above average in the public sector. The educational background of staff in this organisation is also above average since the basic requirement for employment into the service is General Certificate of Education (GCE) or Senior Secondary School Certificate of Education (SSCE). The

Service which is a revenue collection agency collects about 50% of the total tax revenue for the state. Their perception about security in retirement with specific reference to housing will be one of the factors that will determine their attitude towards revenue collection. Without a secured future, they might be tempted to compromise the revenue and as they sometimes say ‘to collect their retirement benefits on the job’.

### **1.7 Overview of Methodology**

The research design for this study was the mixed method which utilises both the quantitative and qualitative methods. The sampling method adopted for this study was the purposive random sampling method. Data was collected from the cased public sector organisation (CEPS) using questionnaires which were dispatched to the respondents by the researcher. A structured interview was also conducted with a respondent from HFC Bank. The data was analysed by the use of SPSS 17.0 windows edition.

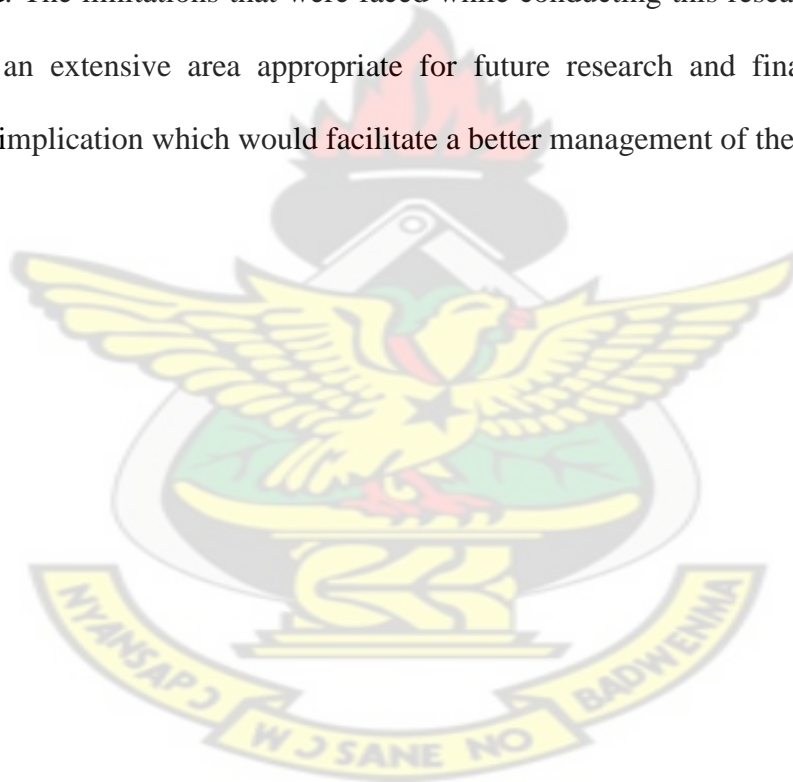
### **1.8 Limitations of the Study**

The work only looked at the staff of CEPS towards public sector housing. This is due to resource and time constraints. The outcome of the work will not give a complete picture of the subject under review. However, looking at the size of CEPS and the categories of staff, it is believed that the work will give a general view of the implementation of the public sector home ownership scheme and mortgage lending in the public service in Ghana.

### **1.9 Organisation of the study**

The study is divided into five chapters. Chapter one discusses the background of the study, the problems statement, the objectives of the research with its associate questions.

Chapter two further reviews the literature related to the study of the previous secondary data available on this topic. The method to be adopted to carry out this study is established in this chapter three. It talks about the appropriateness of Exploratory and an Explanatory research as forms of qualitative approach for this particular research. Also the use of questionnaire survey was also reasoned in this chapter, as well as the disclosure for the criterion for the selection of the sample size. Chapter four presents the analysis and interpretation of the responses collected during the interviews. Finally, chapter five is related to the final conclusion, where all the findings from the research have been summarized. The limitations that were faced while conducting this research, this chapter also states an extensive area appropriate for future research and finally divulge the managerial implication which would facilitate a better management of the subject area



## **CHAPTER TWO**

### **LITERATURE REVIEW**

## **2.1 A Brief History of the Housing Industry in Ghana**

The emphasis on developing the housing industry in Ghana probably commenced in the late fifties to early sixties as Ghana attained independence from colonial rule. As part of the 1960 and 1965 National Development Plan, provision of housing was central as two main state bodies were formed to address housing issues: the State Housing Corporation (SHC) and the Tema Development Corporation (TDC). TDC was created with the special purpose of creating residential units in the rapidly growing Tema area as part of a major industrialization drive that saw the construction of a second sea port to serve Accra, the capital and the eastern parts of the country. This also led to the development of the Volta River project to provide energy to support the economic ventures associated with the establishment of the port (Sam-Awortwi, 2010). While TDC focused on providing residential housing in Tema, SHC worked in the regions across Ghana, providing real estate countrywide (Sam-Awortwi, 2010). Unfortunately, the resources allocated in the form of subventions, loans or grants for these ventures began to dwindle as Ghana's economic difficulties began to take a toll. Indeed, housing policy in Ghana has been fragmented instead of a holistic and comprehensive vision to deal with the complexities of housing a nation. Thus the housing sector began to experience a disjointed growth accompanied by urban sprawl as individuals built their own houses in an uncontrolled manner (The Housing Market in Ghana, 2007).

## **2.2 The National Shelter Strategy**

In 1986, a National Housing Policy Committee was formed by the Ministry of Works and Housing (MOWH) to examine the housing situation in Ghana. This was geared towards an appropriate Government Policy and Action Plan that seeks to provide adequate and decent housing units in order to improve the quality of life of people in urban and rural areas (The Housing Market in Ghana, 2007). The focus of the said Committee was on constraints in housing delivery, especially in the area of housing finance, land, physical planning, infrastructure, building materials, design and construction and coordination delivery efforts. The report culminated in a National Housing Policy and Action Plan covering the period 1987 through to 1990 (The Housing Market in Ghana, 2007). Prior to the Action Plan, the MOWH had identified the need for a comprehensive National Shelter Strategy (NSS) and an enhancement of the Ministry's planning capacity to implement housing policies. The strategy sought to: Implement a revised national shelter sector policy and action plan for short, medium and long-term strategies for Ghana with emphasis on rural communities in order to assist them to improve their existing shelter or improve access to the means for providing their own shelter; Develop non-conventional shelter delivery systems which encourages community participation at all levels and with emphasis on local authorities playing a substantial role in the management and development of shelter; Establish guidelines and procedures to facilitate administration, monitoring and coordination of shelter programmes and projects at the grassroots level; Rationalize land tenure and land title regulations to enhance access to land for shelter; Improve delivery of housing finance and improved access to credit for the construction of shelter by individuals and Promote a cost effective construction industry and programmes to promote local building materials.

### **2.2.1 The Ghana Vision 2020**

The First Medium-Term Development Plan of Ghana's Vision 2020, 1997–2000, targeted the provision of low-income housing units, which is affordable and within the purview of the poor to improve their living conditions (The Housing Market in Ghana, 2007). The Plan introduced a new facility under the social security (or provident) scheme which would permit contributors to withdraw part of their contributions to purchase houses. Unfortunately, none of the housing strategies under the Medium-Term-Development-Plan were implemented due to lack of funds, private sector participation and political will.

### **2.2.2 The Ghana Poverty Reduction Strategy (GPRS I)**

In 2001, a new party took over the reign of government. Like others, the focus has been on attracting foreign capital to fund housing development. This quest was boosted by Ghana's participation in the Highly Indebted Poor Country debt relief program of the World Bank which allocated some funds for the housing sector. The GPRS II (2006-2009) also has a special program targeted at the vulnerable and excluded, to upgrade slums for the benefit of urban slum dwellers most of whom are poor. Also, the Ministry of Water Resources, Works and Housing is currently pursuing various affordable housing programmes through agencies such as the Tema Development Company (TDC), and the State Housing Company (SHC). Under the National Housing Programme, apartments and unit flats are currently being constructed in Accra, Tema, Cape coast, Sekondi-Takoradi and Tamale (Ofori Badu, 2000).

### **2.2.3 Population Distribution and Housing Stock**

Population distribution largely reflects housing distribution in Ghana. The Population and Housing Census in 2000 places Ghana's population at about 18,912,079 in 2000, an increase of about 2.2 times over Ghana's population in 1970 (BOG, 2007). According to the regional distributions, Greater Accra Region had the highest intercensal growth rate of 4.4 per cent, followed by Ashanti 3.4 per cent, Western 3.2 per cent, Northern 2.8 per cent and BrongAhafo 2.5 per cent. Central Region recorded 2.1 per cent and less than 2 per cent for each of the remaining four Regions. The census figures also showed that the national population remained largely rural, representing about 56.3 per cent of the total population. Greater Accra recorded the highest urban population of 2,539,221 (or 30.7%), followed by the Ashanti Region with 23 per cent (GSS, 2005).

Given the intercensal population growth rate of 2.7 per cent per year, it is projected that Ghana's population could swell with an additional 5,773,522 persons by 2010. This implies that an additional 665,920 houses will be required to meet the population's demand for housing by 2010 assuming a constant household per house ratio of 1.7. The estimated yearly housing requirement is depicted in Table 2.1 below.

**Table 2.1 – A Table showing the Estimated Housing Stock and Deficit in Ghana between 2001 and 2010**

Year	Population	Households	Estimated Housing Requirements	Yearly Requirement
2001	19,422,705	3,808,374	2,240,220	58,896
2002	19,947,118	3,911,200	2,300,706	60,486
2003	20,485,690	4,016,802	2,362,825	62,119
2004	21,038,804	4,125,256	2,426,621	63,796

2005	21,606,852	4,236,638	2,492,140	65,519
2006	22,190,237	4,351,027	2,559,428	67,288
2007	22,789,373	4,468,505	2,628,532	69,105
2008	23,404,686	4,589,154	2,699,502	70,970
2009	24,036,613	4,713,061	2,772,389	72,887
2010	24,685,601	4,840,314	2,847,244	74,855

Source: Adopted from Ghana Housing market, (2007)

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### 2.3 Mortgage Financing in Ghana

The mortgage market has become a major means for financing housing around the globe. The mortgage market has outstanding benefits to the borrower and the wider economy. For instance, housing finance markets enable homebuyers to spread the cost of housing over a reasonably long period, thereby enabling them to meet huge housing cost obligations with their existing incomes. It ensures that most households are housed adequately without constraining their abilities to meet other basic necessities of life, such as food and clothing. It also stimulates housing demand and, thus, engenders economic growth through job creation. A well functioning mortgage market improves housing affordability, enables more people to be adequately housed and, hence, helps improve public health, labour productivity and social stability.

Despite the outstanding benefits of a well functioning mortgage market, the mortgage market in Ghana is underdeveloped. The market here has had a chequered history since 1957. Several efforts, such as the establishment of the defunct Bank for Housing & Construction (BHC) and the First Ghana Building Society (FGBS), have failed to achieve the desired results. Housing in Ghana has therefore been financed by individual

households via sweat equity and support from family members and friends. Governments have also been involved in housing finance through state institutions like the Tema Development Corporation (TDC) and the State Housing Corporation (SHC, currently the State Housing Company Ltd). Nevertheless, these sources of housing funds have proved largely inadequate and unsustainable culminating in a huge housing deficit (measured by the difference between housing stock and total number of households) in the country. For instance, in 1984 the total number of households in the country was 2,480,360, the housing stock stood at 1,204,395 units (Ghana Statistical Service, 2005), leading to an estimated housing deficit of

1,275,965 units.

### **2.3.1 Mortgage Market in Ghana, 1957-1987**

Between 1957 and 1987, the deposit taking system dominated the mortgage market in Ghana. Institutions such as the First Ghana Building Society (FGBS), the defunct Bank for Housing & Construction and the Ghana Commercial Bank (GCB) mobilised savings from depositors and granted mortgages to homebuyers. The mortgages, therefore, had short-term variable rate funding. The institutions performed originating, servicing, funding and portfolio risk management functions.

The FGBS was the major mortgage provider in the country over this period. It was established in 1956 and modelled on the building societies in the United Kingdom, where it was expected to lend to its members out of a pool of members' savings. The FGBS was active in housing finance, especially under the 1959-1964 housing policy. Approximately 80% of the cost of a house was advanced by the society to its members. The Government made arrangements that enabled civil servants to secure advances up to 95% of building

costs. Individuals were also capable of securing larger advances through special arrangements such as depositing insurance policies.

The system relied heavily on members' savings and on grants and soft loans from the government as a source of its investment funds. For example, in 1959 the Government invested Ghana pound (£G) 216,000 in the society. It further guaranteed FGBS investments up to £G500,000. It again invested £G1 .3 million in the society over the period 1960-1966. All these investments were in the form of soft loans advanced to the FGBS. This facility was closed and this, plus the fact that there was a general economic decline in the 1970's, with its attendant high inflation levels and an over-valued currency, and the poor savings culture of its members meant that the FGBS's ability to mobilise savings became highly constrained. The FGBS was, therefore, capital constrained and, as a result, was unable to provide mortgage financing on a sustained basis. Hence, the FGBS has not been a force to reckon with in mortgage finance for over 30 years and has not granted any mortgage loans since 2003 (Akuffo, 2006).

Under the 1970-1971 housing policy, the Government of Ghana assumed a role of a facilitator rather than of a direct provider of housing. The Government then sought to create the enabling environment necessary for the development of the country's mortgage market. In line with this policy, the state established the defunct Bank for Housing and Construction (BHC) to provide concessionary construction finance to housing developers and also offer housing credit to homebuyers. The Bank, however, focused its attention on commercial banking and was liquidated in 2000 when its entire capital was wiped out by fraud. Between 1974 and 1988, the defunct BHC granted housing loans of 223,895,588 (US\$994,075) to only 363 mortgagors (Konadu-Agyemang, 2001). Thus, Boamah (2009) noted that the housing investment by the BHC over this fourteen year period was

insignificant to bring about any relevant housing development. The Bank, therefore, made a very minimal contribution to housing finance in Ghana.

Other institutions, such as the Social Security Bank (SSB, currently the SGSSB), the Barclays Bank Ltd. and the Standard Chartered Bank granted very little or no mortgages in the country. For instance, the SSB granted a total of 4766,200,000 cedis (US\$3,401,856) to 225 mortgagors from 1974 to 1988 (Konadu-Agyemang, 2001). On average the SSB granted around 16 mortgages per annum; this indeed was insignificant. At the same time, the Barclays and Standard banks offered mortgage loans but to the executives of certain multi-national corporations. Also, in the early seventies, the Ghana Commercial Bank (GCB) established a department for mortgages but discontinued operations very quickly. The interest of the financial institutions in the mortgage business was short lived as a result of the unfavourable economic conditions that prevailed in the country in the seventies and eighties.

The banking sector of Ghana, did not escape the destructive effect of the political instability and economic decline of the 1970s and 1980s, which significantly affected their performance and participation in the mortgage market. The Ghanaian banking sector was confronted with problems such as lack of public confidence, high default rates, inability to mobilise long-term capital, widespread fraudulent practices and inadequate expertise to properly appraise projects. Most banks in Ghana were under-capitalised and had large amounts of non-performing assets. Also, the financial institutions were unable to mobilise long-term funds due to the low level of savings in the country. The interest rate control policy of the state in the 1970s and 1980s, coupled with a weak legal and regulatory framework, made the mortgage market unattractive to lenders. Most banks

were, therefore, unable to invest in the long- and medium-term, which had a negative impact on the development of the housing finance market in the country.

The banking institutions provided a very small amount of mortgage loans, particularly to the low- and middle-income households. Where it has done so, it favoured owner-occupied and new dwellings, therefore providing very limited support to the rental and home improvement sectors (Boamah, 2003). Hence, the formal finance institutions made an extremely limited contribution to the development of the Ghanaian mortgage market between 1957 and 1990. Despite the potentially large market size, there were inadequate mortgage products in the country and only few banks provided funds for housing investment, especially to their few wealthier customers.

### **2.3.2 Mortgage Market in Ghana, 1987-2008**

The discussion in the preceding section shows that there is a limited housing finance market in Ghana. Due to this, the financing of housing in the country has long been dominated by the state and individual households. Despite the contribution by government and households, the housing deficit in the country continues to rise. For instance, Ghana had a total of 3,701,241 units households as against a housing stock of 2,181,979 units in 2000 (GSS, 2005). If the assumption that each household requires a housing unit holds, then the data suggests that the housing deficit in the country was 1,519,262 housing units in 2000. Between 1984 and 2000 the housing deficit in the country increased by 19%. The rising housing deficit may be due to limited housing investment, high unemployment rate, low income levels and an inefficient and unsustainable housing finance regime in the country. Whatever the reason may be, the fact is that the housing finance system in Ghana is inadequate and highly underdeveloped leading to a substantial housing deficit in the country (Boamah, 2009).

It became apparent by 1987 that the Government was unable to provide adequate shelter for the bulk of its citizens and that the system of housing finance in the country was unsustainable. There was, therefore, the need to create a more efficient and sustainable regime of housing finance in the country. In response to this, in 1987 the Government divested itself from direct housing development and financing, and assumed the role of a facilitator and regulator; an enabling environment was thus created for the private sector to grow.

The Government liberalised the housing finance market and improved the regulatory environment to allow for increased private sector participation. The liberalisation, in principle, was expected to create an efficient housing finance system and, then, lead to an increased housing investment and consumption in Ghana. "After deregulation, the availability of funds is improved and consumers benefit from an expanded range of contracts and features. Increased competition reduces the cost of credit to consumers and market prices govern the allocation of funds" (Lea 1994, p.3).

Wolswijk (2005) noted that increased competition and improved regulation would lower interest mark-up and cause a catch-up in mortgage lending. Additionally, it would also pave the way for financial innovations (like interest-only loans), thereby making mortgage financing feasible for a larger part of the population. Nevertheless, increased competition may make mortgage financing more risky as the United States' (US) experience has shown. Increased competition may lead to high risk taking by lenders and, hence, a high possibility of institutional failure that may ensure that only efficient institutions will survive in the mortgage market.

Improved regulation coupled with increased competition between intermediaries was expected to lead to a declining down payment requirement in Ghana (Boamah, 2003).

Increased competition and specialisation could in turn increase efficiency in the housing finance system (Chiquier et al, 2004). The implementation of the liberalisation policy led to the emergence of private housing finance institutions such as the Home Finance Company Ltd (HFC, now HFC Bank Ltd) in 1991. However, the liberalisation in Ghana did not generate the requisite competition in the housing finance market as the existing financial institutions failed to participate in the country's emerging mortgage market.

### **2.3.3 The Outlook of the Ghanaian Mortgage Market**

The demand for housing finance is derived from the demand for housing which, in turn, depends on the rate of household formation and income levels (Warnock & Warnock, 2008). Household formation in the country has been on the ascendancy since 1960. Households in the country increased from 1,525,060 in 1960 to 2,480,360 in 1984. The percentage increases in household formation from 1960 to 1970, 1970 to 1984, 1984 to 2000 and 1960 to 2000 are 17.61%, 38.29%, 49.22% and 142.70% respectively. Also, the annual rate of increase of households respectively was 1.6%, 2.3%, and 2.5% between 1960 and 1970, 1970 and 1984, and 1984 and 2000 (GSS, 2005). These high increases in household formation and annual household growth have provided a natural increase in housing demand and, thus, for housing finance. The growth in household formation has improved the outlook of the mortgage market in the country. The potential market for mortgages is, therefore, large in Ghana, thereby providing lenders in the country with a great investment opportunity.

The emergence of institutional investors, who have demand for high quality fixed-income securities, favours the development of market-based housing finance systems (Renaud, 2004). Therefore, the fast growing insurance industry of Ghana offers a huge potential demand for long-term mortgage backed securities. There is a natural demand for long-

dated assets by domestic institutions with long-dated liabilities (Warnock & Warnock, 2008). Insurance firms have long-term liabilities and would, therefore, want long-dated assets to match their liabilities. Increased supply of and demand for long-term assets will enable lenders with short-term sources of funding to offload risks to those who are better placed to hold them, thereby further increasing the supply of housing capital to homebuyers in Ghana. This has brightened the outlook for the development of the mortgage securities market and, hence, the development of the overall mortgage market in the country. The insurance firms constitute a potential source of long-term funds required to meet the housing finance problems of the country. Also, the fast growing capital market of Ghana offers a great opportunity for the development of a mortgage securities market in the country.

Prior to December 2008, the legal environment did not allow lenders to foreclose on defaulting loans (section 15 and 18(9) of NRCD 96) in Ghana. Before the promulgation of the Home Mortgage Finance Act, 2008 (Act 770), the only right available to lenders was the judicial sale of the mortgaged property in the event of borrower default. The outlawing of foreclosure before 2008 constrained the development of housing finance market in the country, but the Act 770 has restored the foreclosure rights of lenders and has, therefore, improved the mortgage lending environment. The Act 770 has made liens enforceable and improved the collateral value of mortgaged properties in the country. This will eventually expand the depth of the country's housing finance market. This has the potential of expanding housing finance down market.

Wolswijk (2005) noted that a higher real disposable income per person increases the affordability of houses, and thus, can have a positive effect on mortgage-financing. With higher real disposable income, households will take advantage of the increased

affordability and demand more mortgages. Higher income levels imply that households can gain access to the housing credit market and thus boost the demand for housing and housing finance. Unfortunately, income levels in the country are generally low. The nominal wage in 1997, 2000 and 2003 were respectively \$2,000, \$3,500 and \$9,200. Though the nominal minimum wage increased over the period 1997 to 2003, in real terms the wage was highly insignificant. For instance, in 2000 the nominal minimum wage was \$9,200 and the real wage was \$2,879.19, and in 2001 the nominal minimum wage was \$5,500 and the real was \$2,449.62. Between 2000 and 2001, the real minimum wage decreased from \$2,201.76 to \$1,890.78 (a decrease of 14.1 2%) though the nominal wage rose from \$3,500 to \$5,500 (an increase of 57.14%).

The low-income levels in Ghana cannot engender any significant demand for housing finance and housing consumption in the country. This has rendered most of the demand for housing finance emanating from the rapidly growing number of households in the country ineffective. Most potential mortgagors have, therefore, been priced out of the housing finance market. The low-income levels in the country have therefore marred the outlook of the Ghanaian mortgage market. A significant number of the potential mortgagors lack the ability to meet mortgage debt payment from their existing incomes. The low-income levels in the country imply that most potential mortgagors in Ghana cannot meet the capacity requirement of mortgage lenders. Affordability rates are low in the country; the house price to annual income ratio is 12 times as compared to 4 times in developed economies (Akuffo, 2006).

Lenders must have access to adequate information on the prospective borrower and dependable collateral; be able to properly appraise the subject property; operate in a strong and stable macro-economic environment; and have access to long-term funding

sources if they are to be able to provide sustainable mortgage finance to homebuyers. Gallardo (1998) noted that the legal framework, improved loan information and the quality of the underlying asset are crucial to improving risk management and transaction costs in the housing finance market. Countries with stronger legal rights for both lenders and borrowers (through collateral and bankruptcy laws), deeper credit information systems and a more stable macro-economic environment have deeper housing finance system (Warnock & Warnock, 2008).

Unfortunately, in Ghana, there is huge information asymmetry between lenders and borrowers; there is high volatility in the macro-economic environment; the foreclosure right of lenders was only guaranteed in 2008; and long-term sources of housing funds are unavailable in the country. The absence of credit bureaus or regularly updated data base on borrowers' credit history in the country, has constrained the ability of lenders to properly appraise credit applications; they therefore prefer lending to reasonably known deposit account holders. There is an absence of the basic infrastructures required for the development of a well functioning housing finance system. This represents a constraint on the expansion of the housing finance system in the country. Lenders in Ghana are more reluctant to lend for housing development due to a weak enabling environment.

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## CHAPTER THREE RESEARCH METHODOLOGY

### 3.1 Introduction

This chapter describes the field strategies that were developed to enable the researcher to carry out the study comprehensively. It begins with the definition of the research design, study population and subject of study. The instruments, data collection methods and how data were analysed have also been presented.

### 3.2 Research Design and Research Methodology

Sekaran (2003) suggested that a research methodology may be defined as academia's established regulatory framework for the collection and evaluation of existent knowledge for the purpose of arriving at, and validating, new knowledge. Again, Creswell (2003) suggested that research methodology references the procedural and rules for the

evaluation of research claims and the validation of the knowledge gathered, while research design functions as the research blueprint. Cooper and Schindler (1998) on the other hand maintained that the determination of the research methodology is one of the more important challenges which that confronts the researcher. In essence, the research activity is a resource consumptive one, and must maintain its purposeful or functional activity through the justification of resource expenditure. In other words, given that research is ultimately defined as constructive, the resources that it utilizes must fulfil explicit purposes and withstand critical scrutiny. Research methodology occupies a position of unique importance. A methodology does not simply frame a study but it identifies the research tools and strategies (i.e. resources) that will be employed, and relates their use to specified research aims. As Sekaran (2003) suggests, its importance emanates from the fact that it defines the activity of a specified research, its procedural methods, strategies, for progress measurement and criteria for research success.

### **3.3 Research Approach**

The selection of the research approach is, according to Creswell (2003) a critically important decision. The research approach does not simply inform the research design but it gives the researcher the opportunity to critically consider how each of the various approaches may contribute to, or limit, his study, allow him/her to satisfy the articulated objectives and design an approach which best satisfies the research's requirements (Creswell, 2003).

The research approach, as explained by Hair et al. (2003) embraces the quantitative versus the qualitative and the deductive versus the inductive. Each set of approaches is commonly perceived of as referring to polar opposites (Hair et al., 2003). Jackson (1994) takes issue with this perception and contends that a researcher should not limit himself to

a particular approach but, instead should use a variety of approaches, if and when required by his study.

### **3.4 The Qualitative versus the Quantitative Approach**

The quantitative tools for data analysis generally borrow from the physical sciences, in that they are structured in such a way so as to guarantee (as far as possible), objectivity, generalizability and reliability (Creswell, 2003). Here the researcher is viewed as external to the research and results are expected to be constant if the study is replicated, regardless of the identity of the researcher. Accordingly, the matrix of quantitative research techniques is inclusive of random and unbiased selection of respondents. It is primarily used for the production of generalizable data for such purposes as evaluation of outcomes, tending towards the near total decentralization of human behaviour. It is such decentralization that raises criticisms amongst those who tend to exhibit preference for qualitative tools, arguing that these offer insight into perceptions and interactions (Creswell, 2003). Accordingly, whereas questionnaires are leading tools for the first, qualitative methods include interviews, observations and focus groups, are designed to explicate the underlying meaning/cause behind selected phenomenon. In other words, while qualitative tools analyze the reasons behind a particular phenomenon, quantitative tools analyze the phenomenon itself, independent of human perceptions of reasons why (Creswell, 2003).

As touched upon in the above, qualitative analysis usually precedes from qualitative research techniques employing, for example, interviews. The content analysis tool is primarily employed for thematic summarization of interview data and is very useful in reducing a large volume of interview data into manageable themes, reflecting upon group attitudes and perceptions of certain aspects of the organization. The second tool, force

field analysis, is employed for analysis of data pertaining to organizational change. Primarily deriving from Lewin's change model, it categorizes data into pro and anti-change forces. As such, it offers the researcher an insight into the factors that work towards the maintenance of the status quo and those that aid change (Creswell, 2003). Accordingly, one may surmise that specific conditions demand employment of qualitative analysis tools, with those being the availability of qualitative data and the desire to analyze the underlying attitudes and perceptions regarding organizational structure and change, as expressed by the relevant stakeholders. In other words, the human behavioural factor is central here. Quantitative methods tend to be relatively low in cost and time requirements (Punch, 1998) since they enable a large quantity of relevant data to be amassed and subjected to statistical analysis in a short space of time; it was therefore used for this study.

Again, the quantitative research was selected because it tends to use figures and express a better understanding of the material (Denscombe 1998). It is mainly used to answer "why" and "how" questions and sees the connection between different variables. The quantitative method has the aim of describing and explaining a population with a focus to generalize (Yin, 1994). The quantitative data was mainly obtained from the questionnaire that was administered to the CEPS officials, who are currently at post. And because large volume of data was expected to be collected quantitative method was well suited for this study.

### **3.5 The Case Study Approach**

The case study approach was adopted for the study because it is appropriate for individual researchers. It allows for one aspect of a research problem to be studied in some depth within a limited time scale (Bell, 1999). It has also been described by Adelman et al, as

cited in Bell (1999), as “an umbrella term for a family research methods having in common the decision to focus on inquiry around an instance” For these reasons, the researcher decided to use the case study of the staff of the Customs, Excise and Preventive Service in order to gain an in-depth understanding of the topic under investigation. One of the advantages of case study method is that it allows the researcher to concentrate on a specific situation and to identify the various interactive processes at play. It is therefore the view of the researcher that the study will serve as a precedent to a survey in this vital area or in a related area in the future considering the problems those workers in general and public sector workers in particular face when they proceed on retirement. One obvious drawback to the case study approach is that generalization or reliability becomes very difficult. This is due to the fact that only an instant of a whole phenomenon is studied.

### **3.6 Sampling Techniques**

Social researchers have been using two types of sampling techniques. The first is known as probability sampling, the second as non-probability. Probability sampling, as the name suggests, is based on the idea that the people or events that are chosen as the sample because the researcher has some notion of the probability that these will be representative cross-section of the people or events in the whole population being studied. On the other hand non-probability sampling is conducted without such knowledge about whether those included in the sample are representative of the overall population.

Because the researcher will not have sufficient knowledge about the sample to undertake probability sampling and may not know how many people make up the population, under

these circumstances, the researcher will turn to the forms of non-probability sampling as the basis for selecting the sample.

The most defining characteristics of non-probability sampling method are that, however form it may take, the choice of people or events to be included in the sample is definitely not a random selection. Streubert and Carpenter (1995) point out that there is no need to randomly select individuals because manipulation and control are not the purpose of the exercise. By using the non-probability sampling, this does not mean the researcher will know absolutely nothing about what goes on at the various public sectors in the country, but rather, not enough knowledge to use the probability sampling.

Purposive sampling is a form of non-probability sampling (Polit & Hunglar, 1999). This is the type of sampling that was used to select the respondents (Banks or financial). With this type, the sample is "hand-picked" for the research. Dane (1990) points out the advantage of purposive sampling is that it allows the researcher to home in on people or events, which have good grounds in what they believe, will be critical for the research. Instead of going for the typical instances, a cross-section or a balanced choice, the researcher will be able to concentrate on instances which display wide variety – possible even focus on extreme cases to illuminate the research question at hand. In this sense it might not only be economical but might also be informative in a way that conventional probability sampling cannot be (Descombe, 1998).

One justification for using the non-probability purposive sampling is that it stems from the idea that the research process is one of "discovery" rather than testing of hypotheses. It is a strategy where Lincoln and Guba (1985) describe as 'emergent and sequential'. Almost like detective, the researcher follows a trail of clues, which leads the researcher in a particular direction until the questions have been answered and things can be explained (Robson, 1993).

The study population consists of staff of the Customs Excise and Preventive Service (CEPS) and the sample being the staff of the Service stationed in Accra/Tema. The staffs in Accra/Tema are made of the Headquarters in Accra, the excise regime at Accra (James Town), the Kotoka International Airport (KIA) and the Port of Tema. A of the total of 150 questionnaires were administered to staff selected at random and 108 were returned. An interview was also conducted with a Home Finance Company (HFC) staff.

The choice of CEPS was informed by the fact that it is one organization which has staff in all the regions of Ghana and involved the provision of a service that interacts with the public. It is also based on the assumption that they are one of the few public services who are well paid, therefore their ability to afford a house through the public service home owner scheme.

### **3.6.1 Instruments**

The research instruments that were used to collect data were interview, questionnaire, house journals and some other relevant publications. The interview guide and the questionnaire were structured. This method was considered appropriate for the case study taking into consideration the nature of the subject matter.

## **3.7 Data Collection Method**

The study involved the collection of secondary data and primary data. Secondary data was obtained from work done by other authors and researchers in the area, reports from the welfare and staff associations of the Customs Excise and Preventive Service (CEPS), the conditions of service for the staff of CEPS and other relevant publications. Primary data was obtained from interviews conducted and distribution of questionnaires to both senior and junior staff of CEPS.

Two sets of questionnaires were designed for this research; one for the respondents at CEPS and the other designed to seek the views of HFC Bank on the subject under review. The questionnaire designed for respondents at CEPS was made up of both open-ended and close-ended questions and sought to establish the various investment options available to public servants in Ghana and whether mortgage financing was their best option for securing houses. Again, the questionnaire looked at whether or not respondents were aware of the government's supported home ownership scheme being implemented by HFC Bank. The second questionnaire was solely designed for respondent at HFC Bank.

With regards to CEPS, permission was sought from management for the questionnaires to be left with the staff at the front desk to distribute them to appropriate respondents. When questionnaires are filled, they would be kept by the front desk staff and were later picked up by the researcher. The researcher used this mode of data collection due to the fact that, it was easier for staffs of a security agency like CEPS to convince and encourage colleagues to complete the questionnaires. In all, fifty questionnaires were each dispatched to the Airport Office, Harbour Office and the Head Office of CEPS. Out of the total of 150 questionnaires, 108 were returned. However, only 100 were used for the analysis because the other 8 had missing responses and mistakes. This therefore generated a response rate of 66.7%.

With regards to HFC Bank, an interview was conducted with an officer (named as HFR1 for the purposes of this research) working in the mortgage department of HFC Bank. The name HFR1 was given to the respondent by the researcher in order not to cite her name in this report as she explicitly requested to exclude her name in this report. The interview was recorded and subsequently transcribed for the analysis of the response. The entire questionnaire used has been provided for in the Appendix One.

### **3.8 Data Analysis**

The responses were edited, coded and entered into the computer using the Statistical Package for the Social Sciences (SPSS, Version 16.0). Descriptive statistics was used to explain the results in relation to the research objectives.

### **3.9 Research Quality**

Much effort was put into the research to ensure that the results and the subsequent findings of this research was quality. First of all, responses that had missing answers were not included in the analysis of the work. Again, where it was necessary to record, the researcher ensured that the voice was audible and there was playback to the hearing of the respondents to make sure that, everything said on the tape was accurate and that the respondent was confident of the responses. Finally, after the audio voice was transcribed the researcher again made sure that, the respondent had gone through the attributed quotations and was allowed to make corrections where necessary. All these were done to ensure that the data generated was a true reflection of the respondents.

### **3.10 Ethics and Limitations**

The researcher in accordance with ethical study considerations as suggested by Malhotra and Birks (2007) took steps and made sure that no respondent or any participant in this research work was harmed in any way. First of all, the researcher avoided contacting respondents on the blind side of their institutions. The researcher also made sure that permission was sought and the aims and objectives of the study was made known to the respondents as well as the CEPS as an institution through introductory letters and cover letters respectively. Again, much effort was made to allow the respondents to answer the questions at their own free will. The researcher further assured the respondents of her obligation to keep information gathered very confidential and not for any other purpose other than the intended study. The study was however limited to the CEPS offices in Greater Accra area. By this the researcher is aware that this research is limited and that its conclusions and findings are also limited

### **3.11 The Customs Excise and Preventive Service (CEPS) as a Public Sector Organization**

The history of the Service dates as far back as 1839. It was then known as the Department of Customs and headed by a Principal Collector who by 1850 also acted as the Colonial Treasurer. He was stationed at Cape Coast, the seat of government.

The Customs and Excise Department was created in 1947 under Ordinance No. 40 Section 2. In 1960 when Ghana became a Republic, Act 13 of 1960 replaced Cap 92 and the Customs Preventive Service became a civilian organization once again. In 1961 the first African Comptroller Mr. Frank A. Arthur was appointed as part of the Africanization policy of the 67 Colonial governments. In 1962, Customs became the responsibility of the Ministry of Interior instead of Ministry of Finance and Trade. The role of the Customs and Excise as the main agency responsible for indirect Taxes in the country were

enhanced in 1988 when the Border Guard Unit was re-integrated into the Army and CEPS took over their functions. New administrative structures were created to reflect the para-military and self-accounting status of the Service. Further to this major restructuring, new personnel were recruited and new departments were created while a new training facility, the CEPS Academy was established at Kpetoe out of a legacy bequeathed by the Border Guard Unit.(<http://www.ghanacustoms.org.gh>).

The Customs Excise and Preventive Service (CEPS) were established under the provisions of PNDC Law 144, otherwise referred to as the Customs, Excise and Preventive Service Law 1986, as an autonomous Public Service institution to replace the Customs and Excise Department.

The Service is the state organization responsible for the collection of Import Duties, Import VAT, Export Duty, Petroleum Tax and other taxes. CEPS collects about 50% of total government revenue which is used to finance the country's recurrent budget and development projects in the health, education, housing and the transport sector, etc. CEPS also ensure the protection of the revenue by preventing smuggling. The legal mandate under which the CEPS operate currently is the Customs, Excise and Preventive Service (Management) Law 1993, PNDCL 330. In addition, the CEPS applies other laws and regulations which prescribe the mode of operation and penalties for various infringements. At present, the Customs Excise and Preventive Service (CEPS) has a staff strength of three thousand one hundred and fifty five (3155) which comprises of one thousand two hundred and eleven (1211) senior staff and one thousand nine hundred and forty four (1944) junior staff. Out of the total staff of three thousand one hundred and fifty five (3155), a total of one thousand five hundred and sixty eight (1568) are located in Accra and Tema (49.7%). As a revenue collection agency the greater part of its revenue from imports are obtained from the port of Tema (about 52%). Most of the revenues from

excise duties are collected at the James town offices and the national headquarters is also located in Accra. This is said to account for the large concentration of staff in Accra and Tema and hence the focus of the researcher on the staff located in Accra/Tema.

Staff retirement from the Service is an annual phenomenon and the data below is a proof of that. Matters concerning retirements from CEPS are supervised by the Welfare department of the service.

On retirement, every member of staff is entitled to pension under the National Pension Scheme which is administered by the Social Security and National Insurance Trust (SSNIT). Apart from pension from SSNIT, the welfare association in conjunction with the management of CEPS provides an end of service benefit of one week salary for every year of service. This implies that a Chief Collector who has served the service for twenty years will take an end of service benefit of GH¢11,180.00.

In addition the welfare society of CEPS provides some other awards to staff that go on retirement and this is dependent on the number of years that is served.

### **3.12 Special Welfare Package**

This is a special package that was put in place by the Welfare association to augment any benefit that was paid under the condition of service of the organization. This benefit is calculated on the basis of two weeks of salary for every year of service. This package was introduced in recognition of the inadequacy of the retirement benefit that was paid to the staff by SSNIT and the service itself under the condition of service.

### **3.13 Conclusion**

The chapter defined the research design and the approach and justified why the quantitative and qualitative methods were used for this research. A non-probability sampling method called the purposive sampling was used for this research because it allowed the researcher to follow a trail of clues into a particular direction until the questions being sought were fully answered and explained. The study population consisted of staffs of CEPS who were defined as public sector institution.

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## **CHAPTER FOUR**

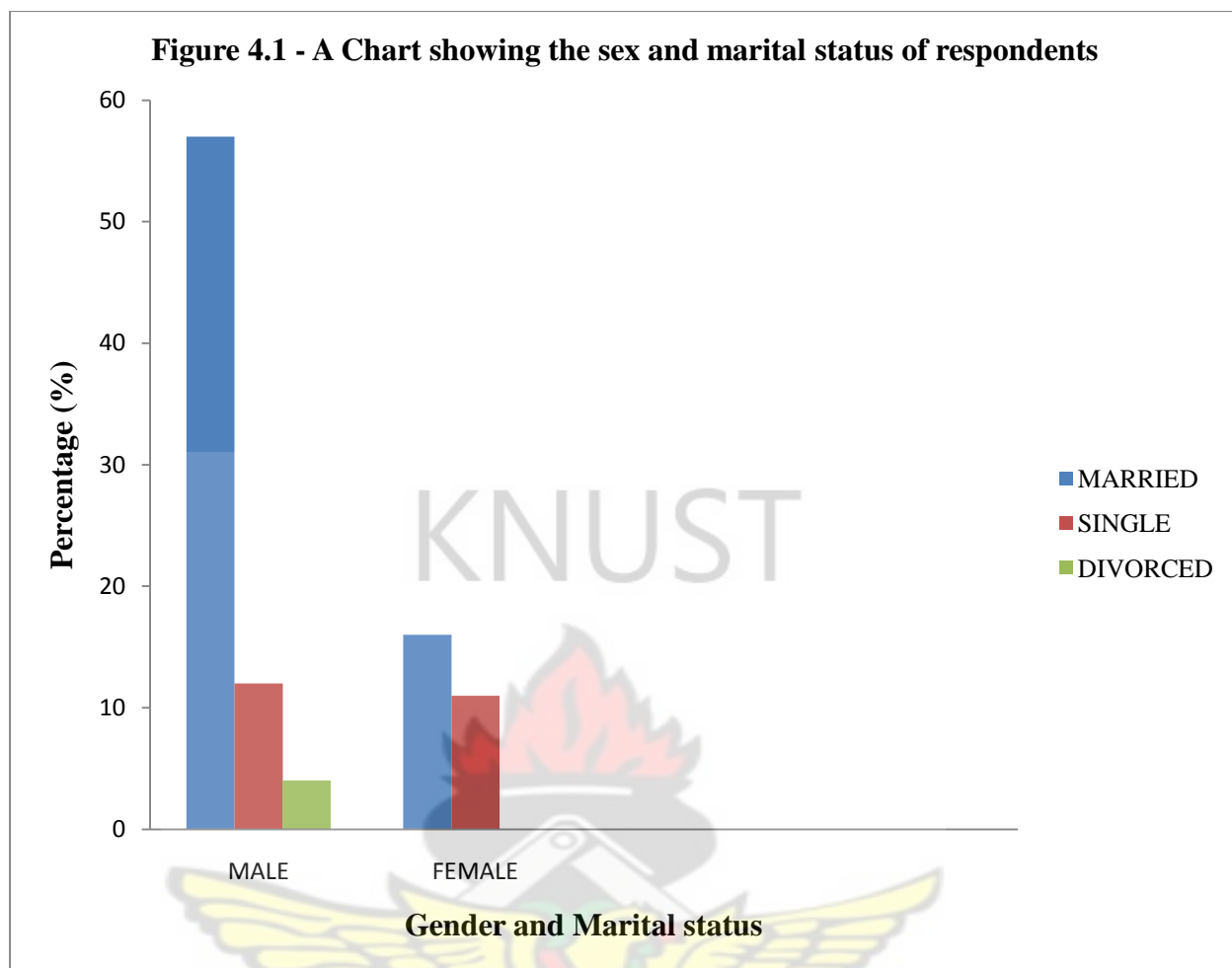
### **RESEARCH FINDINGS AND DISCUSSIONS**

#### **4.1 Introduction**

The chapter discusses the empirical evidence of the study. The chapter begins with background information of the respondents. The background information includes sex and marital status, age, rank and level of education. The chapter also present results on the types of investment available to public sector workers in Ghana and the attitude of the respondents towards mortgage financing as well as the government of Ghana's home owner scheme. Interviews and questionnaire were used to gather data for study. The data was analysed using SPSS data editor.

#### **4.2 General Characteristics of Respondents**

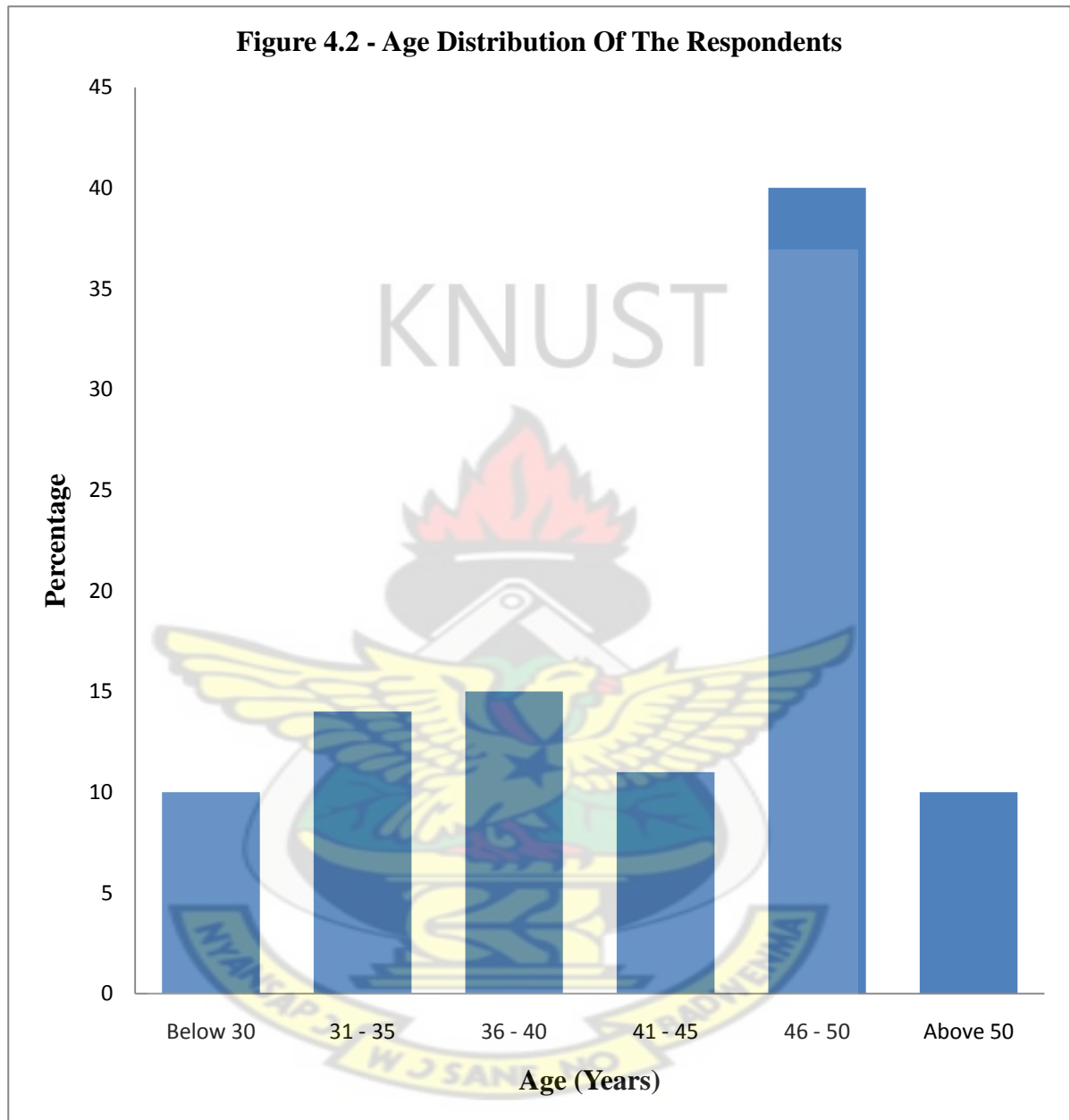
The personal characteristics of the respondents are given in order to provide a good background for subsequent analysis of respondents involved in the study. Issues that were discussed with regards to background information are sex and marital status, age, rank and level of education of respondents.



*Source: Fieldwork, 2012*

From the figure 4.1 above, out of the total 100 respondents, 57% were male and married, 16% were married female. Twelve percent (12.0%) were male who are single, 11% were female who are single and 4% who are male who are divorced and no female that is divorced. This shows that the sample was dominated by male who were married not by choice but by the fact that the number of males in the Service was higher than that of females. It is also evident by the fact that the nature of the job involves male involvement. The duties of the service does not only consist of the assessment, collection and accounting for customs duties and other indirect tax revenues but also include the protection of the revenue by patrolling the country's border line. The staffs of the Service

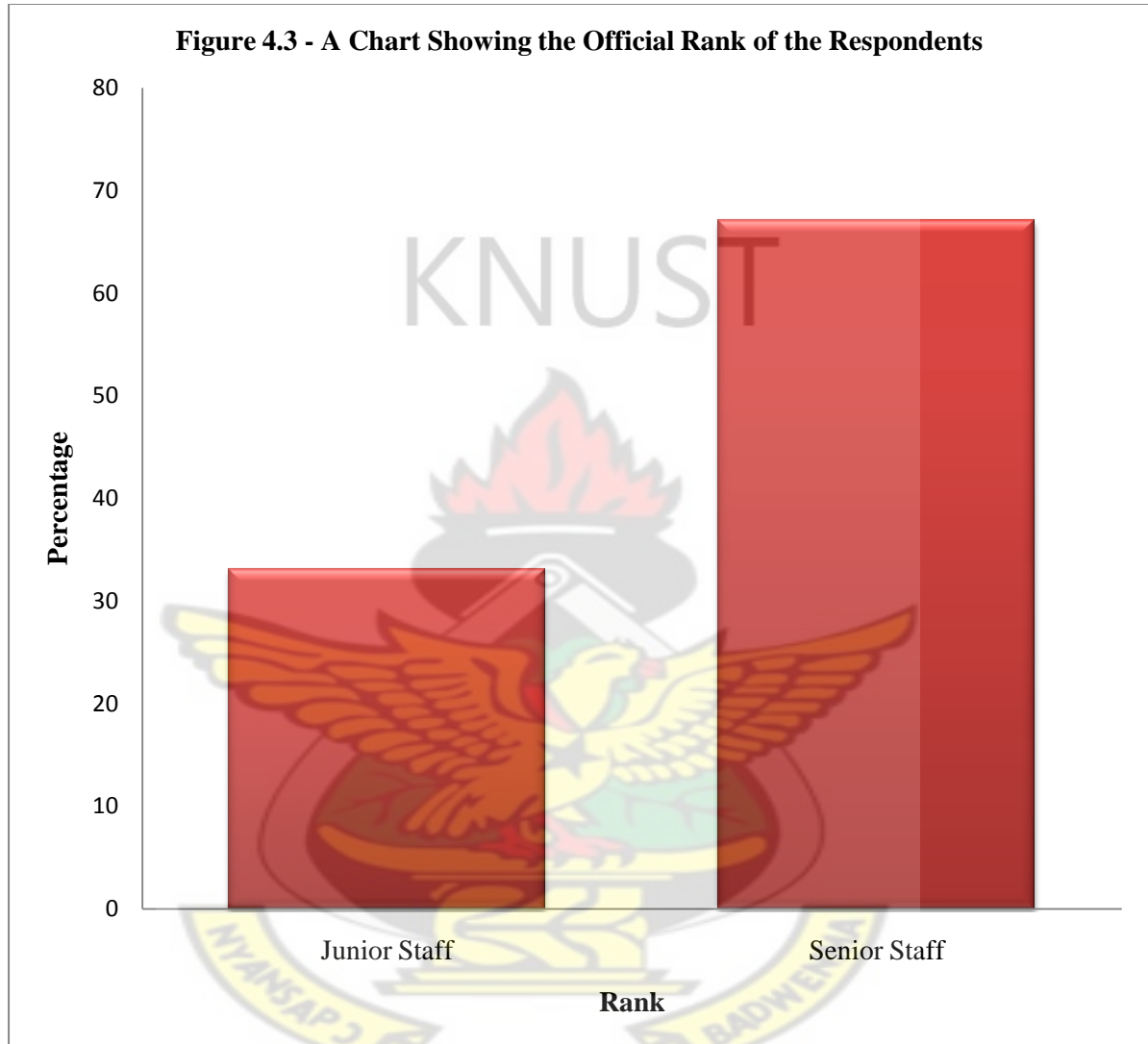
therefore go on frequent transfers. These transfers often take staff to remote areas of the country which lack basic amenities that give comfort to female.



*Source: Fieldwork, 2012*

From the figure 4.2 above, out of the total 100 respondents, the survey revealed that 10% of the total respondents are of ages 41 and 45, about forty percent (40%) are between 46 and 50 years and 10% were above 50 years. The total of 10% of respondents was below

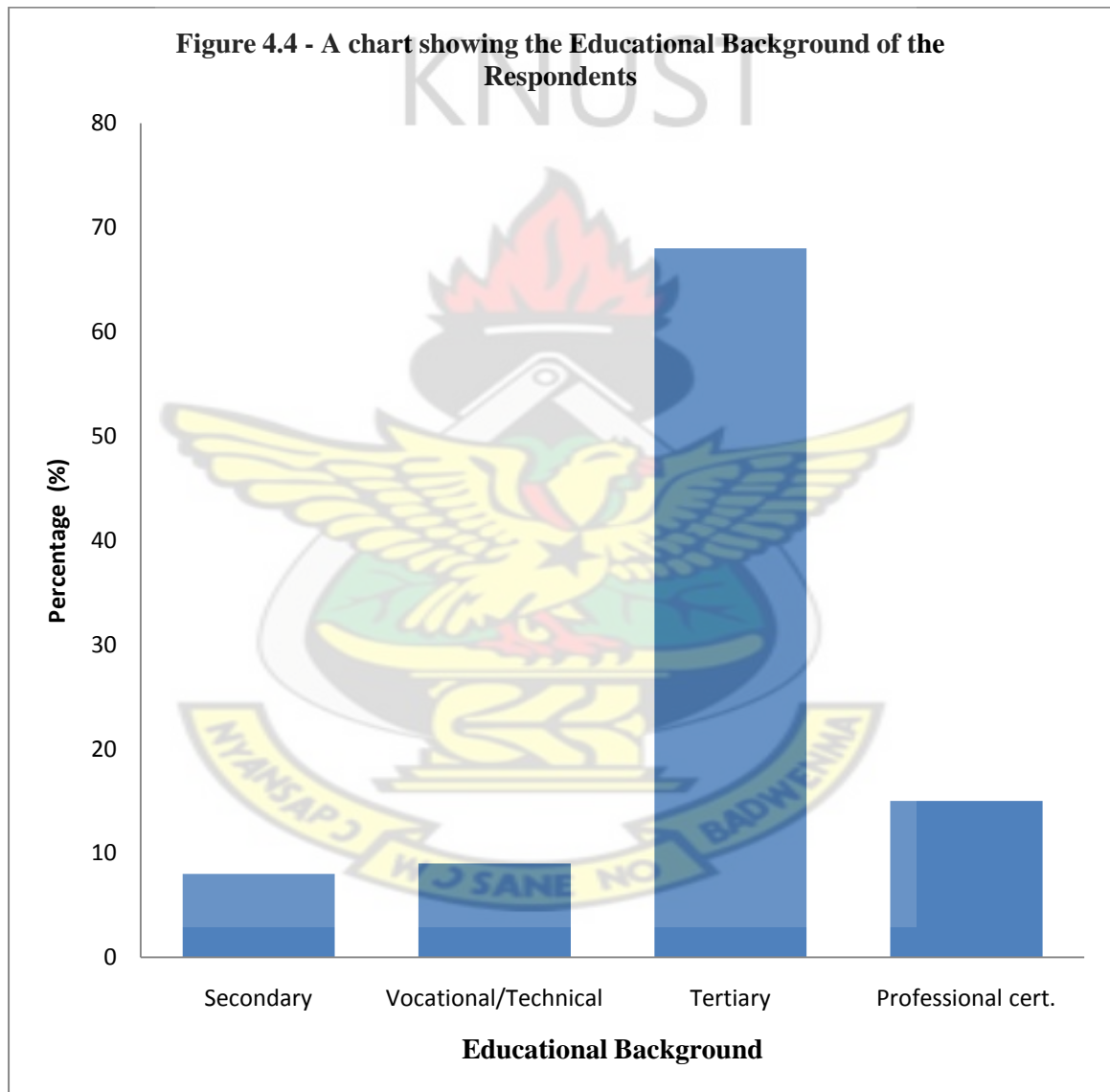
30 and then 14% and 15% were between the ages 31 to 35 and 36 to 40 years respectively.



*Source: Fieldwork, 2012*

About sixty percent (67%) of respondent were senior staff and 33% were junior staff. This implies that the larger proportion of the respondents is in the senior staff category. The salary scales of the service are classified in the junior and senior category. The senior staffs earn more salaries and other allowances than the junior staff. Again, the dominance of the senior in the sample could be attributable to the geographical location of the

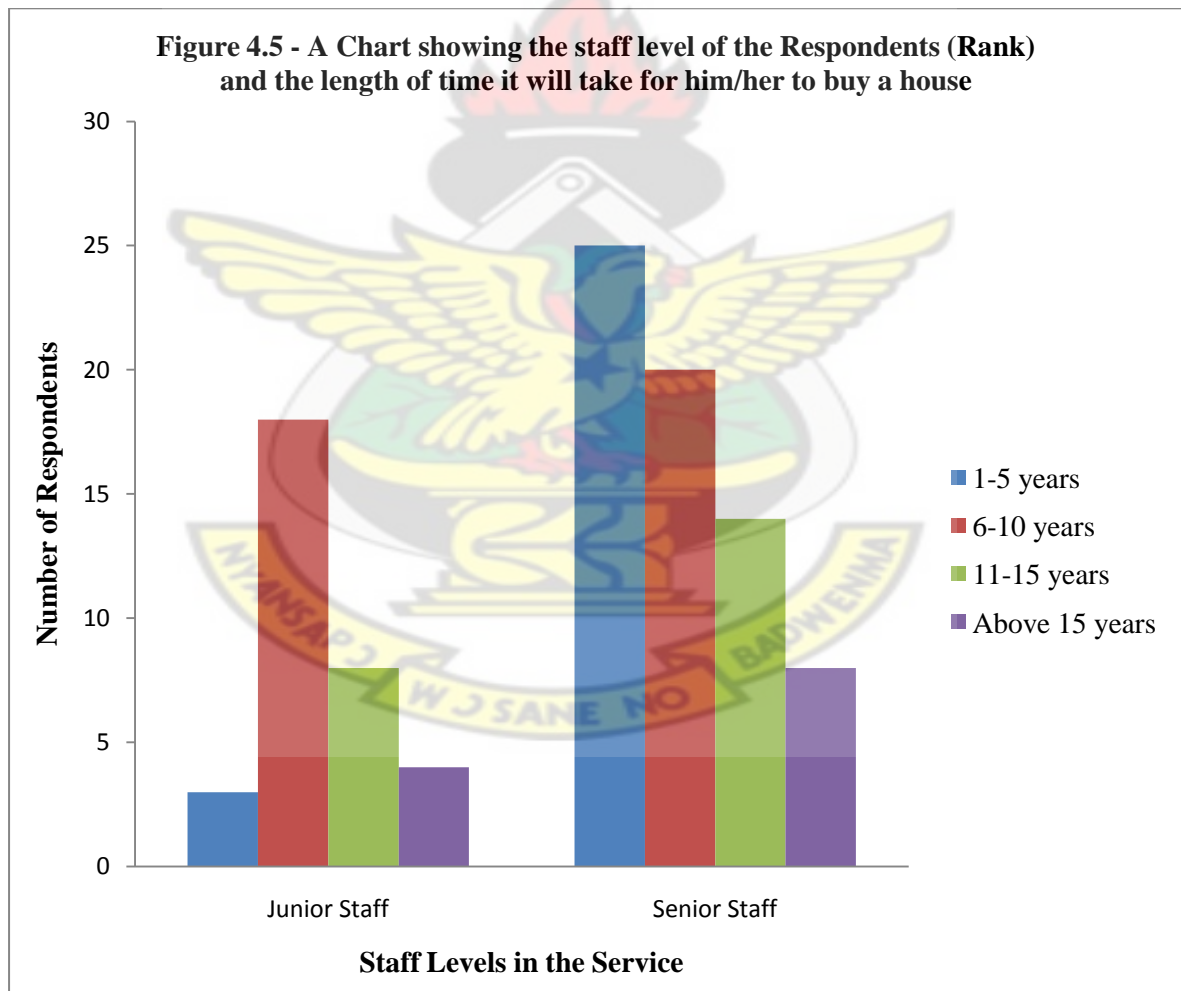
samples. Places like the Airports, Harbours and the Borders; are locations staffs in the service perceive to be a “juicy spot” and that if you are posted there, you are likely to get more money through other means.



*Source: Fieldwork, 2012*

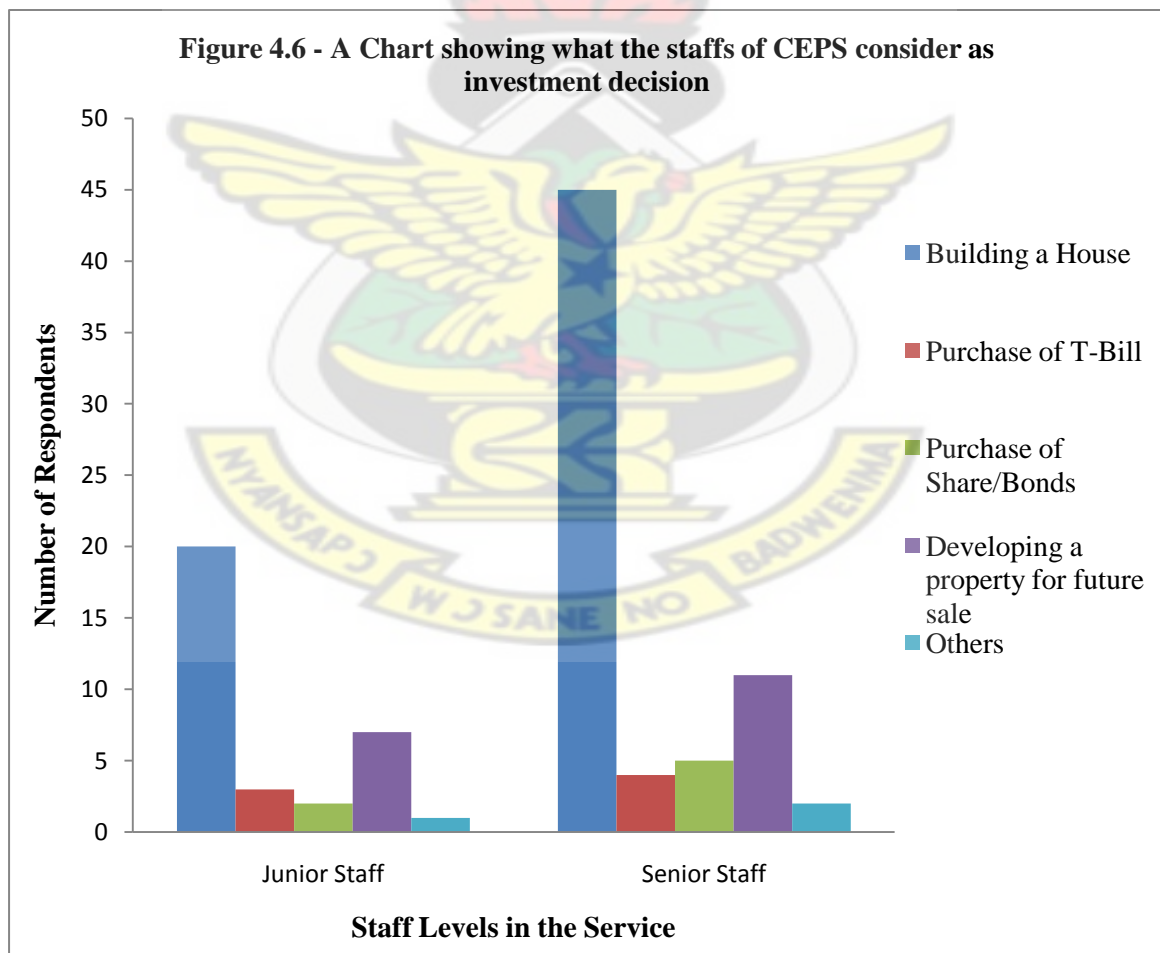
From the graph above, it is evident that out of the total number of 100 respondents, majority of 68% had a tertiary qualification which represented degree, higher degree and an HND. Respective 8% and 9% had a secondary and a vocational or technical education. However, 15% said they had professional education and certification which included RSA, ACCA etc.

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*Source: Fieldwork, 2012*

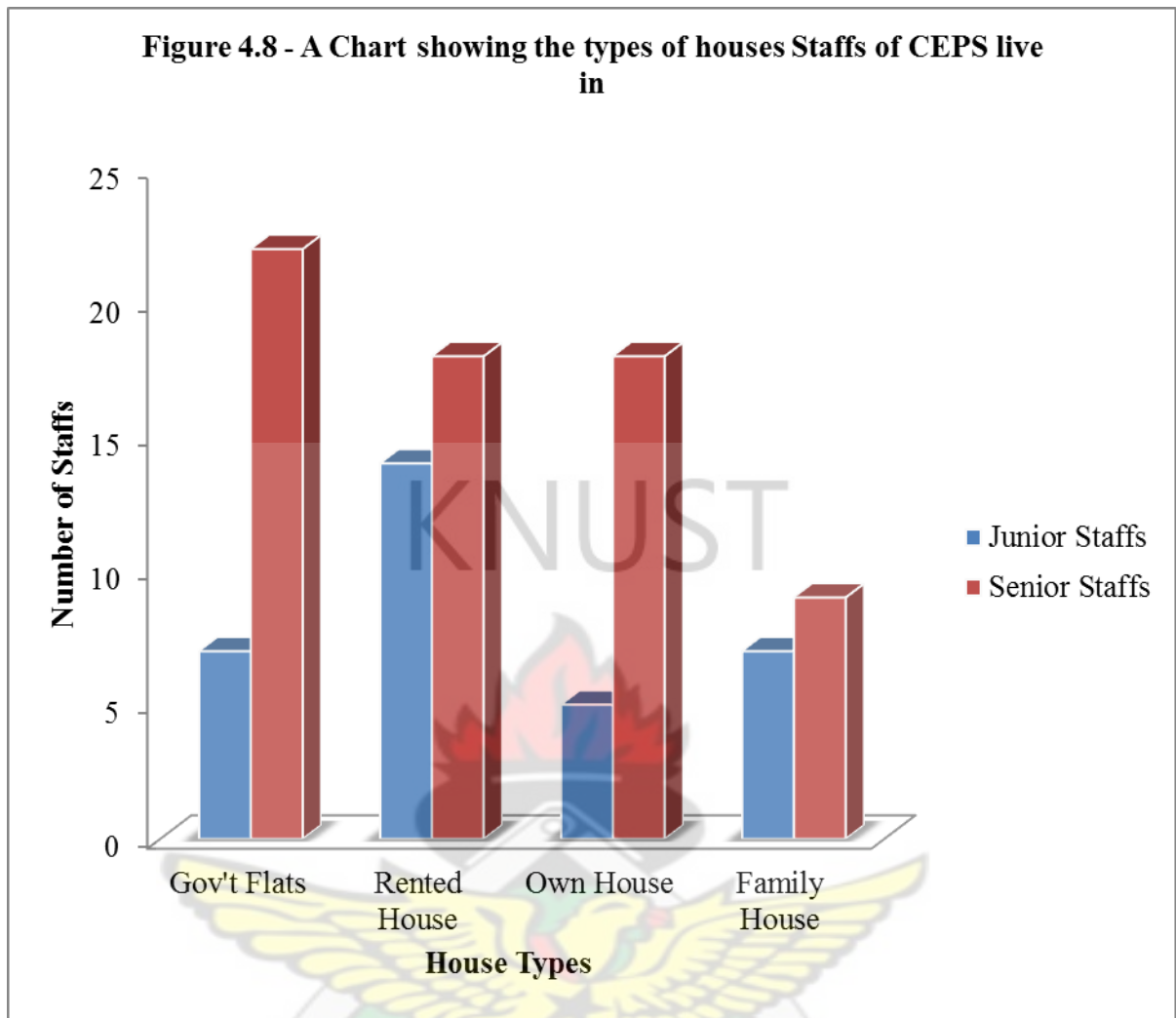
Figure 4.5 above show a bar chart of the various ranks of the respondents and the length of time they have been in the Customs Excise and Preventive service (CEPS). From the above it is seen that, majority of the Junior Staffs have been with the service between 6 to 10 years. With fewer numbers of staffs serving at CEPS at the duration range of 1 to 5 years and above 15 years. Another significant number have been there for between 11 to 15 years. The chart also displays a higher number of the Senior Staffs have been at CEPS for less than 5 years. Other significant number of senior staffs serving at CEPS have been there between 6 to 10 years, followed by 11 to 15 years. The above findings again could be attributed to the geographical location of the data collection. All the sites selected are the dream workstation for every CEPS officer because of the good working environment.



*Source: Fieldwork, 2012*

The figure 4.6 above shows what the staffs of CEPS consider as an investment decision. The charts show that, 20 out of the 33 junior staff respondents said that they consider building of a house for their personal occupation as an investment decision. While 7 respondents said that they rather consider the development of a property for future sale or rental as an investment decision. About 3 and 2 junior staff respondents said that purchase of Treasury Bills (T-Bills) and Shares and or Bonds respectively are their investment decisions. Only 1 junior staff respondent said that they find other investment as their alternate investment decisions. With regards to the senior staffs, majority of 45 respondents said that they consider building a house for self-occupation as an investment decision. While 11 out of 67 senior staff respondents said to them, developing a property for future sale or rental is an investment decision. Fewer numbers said they consider the purchase of T-Bills and Bonds or Shares as an investment decision.

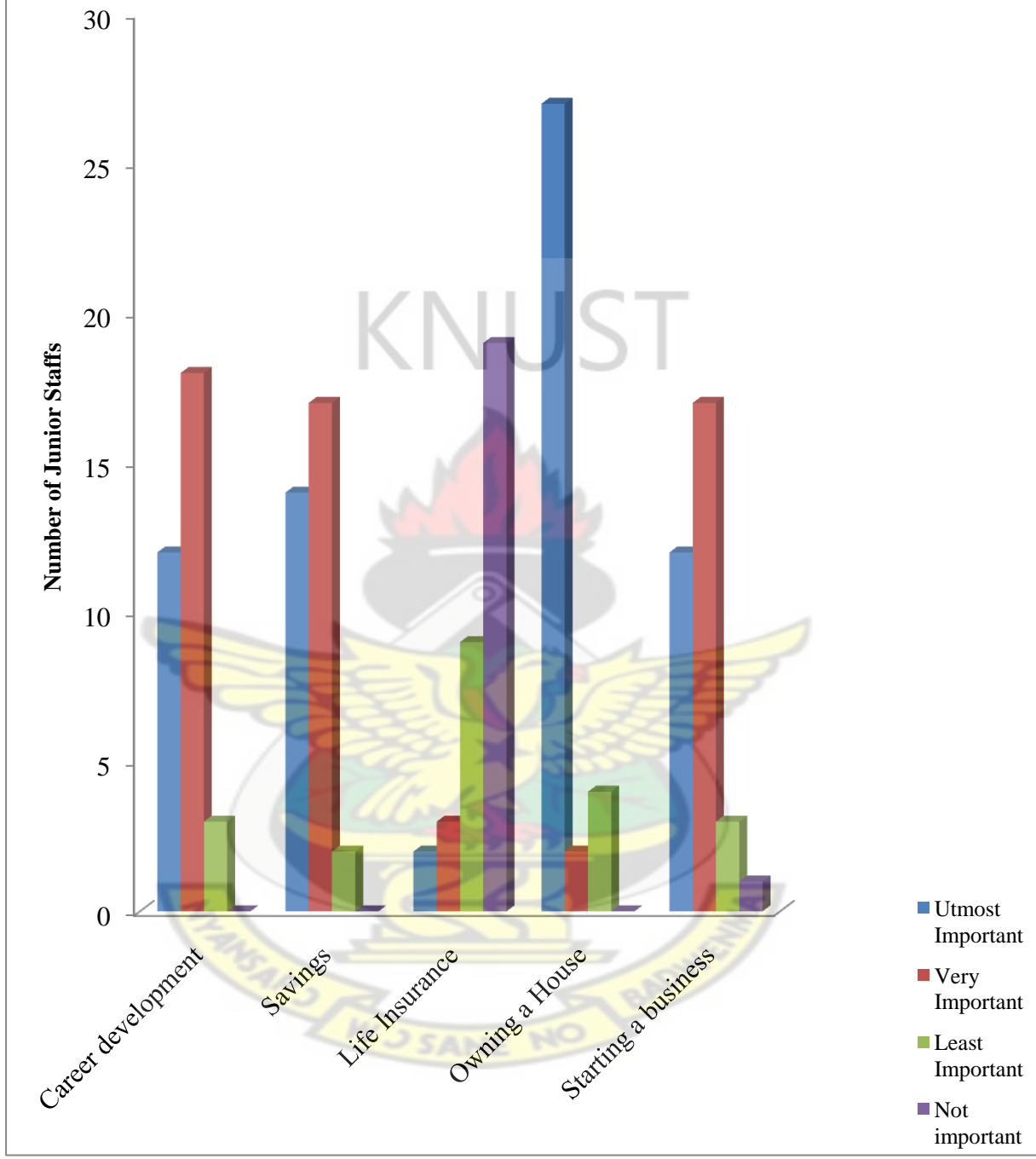




*Source: Fieldwork, 2012*

The figure 4.7 above shows the type of houses the staffs of CEPS live in. From the charts above majority of 32 CEPS respondent live in rented houses, with 18 of them being senior staffs and 14 being junior staffs. However, majority of 22 of the senior staffs live in government provided flats or accommodations, with just 7 being junior staffs. Again, 18 of the senior staffs responded that they own their own house while only 5 of the junior staffs said they own their own house. Out of the 100 respondents 16 respondents said they live with their families.

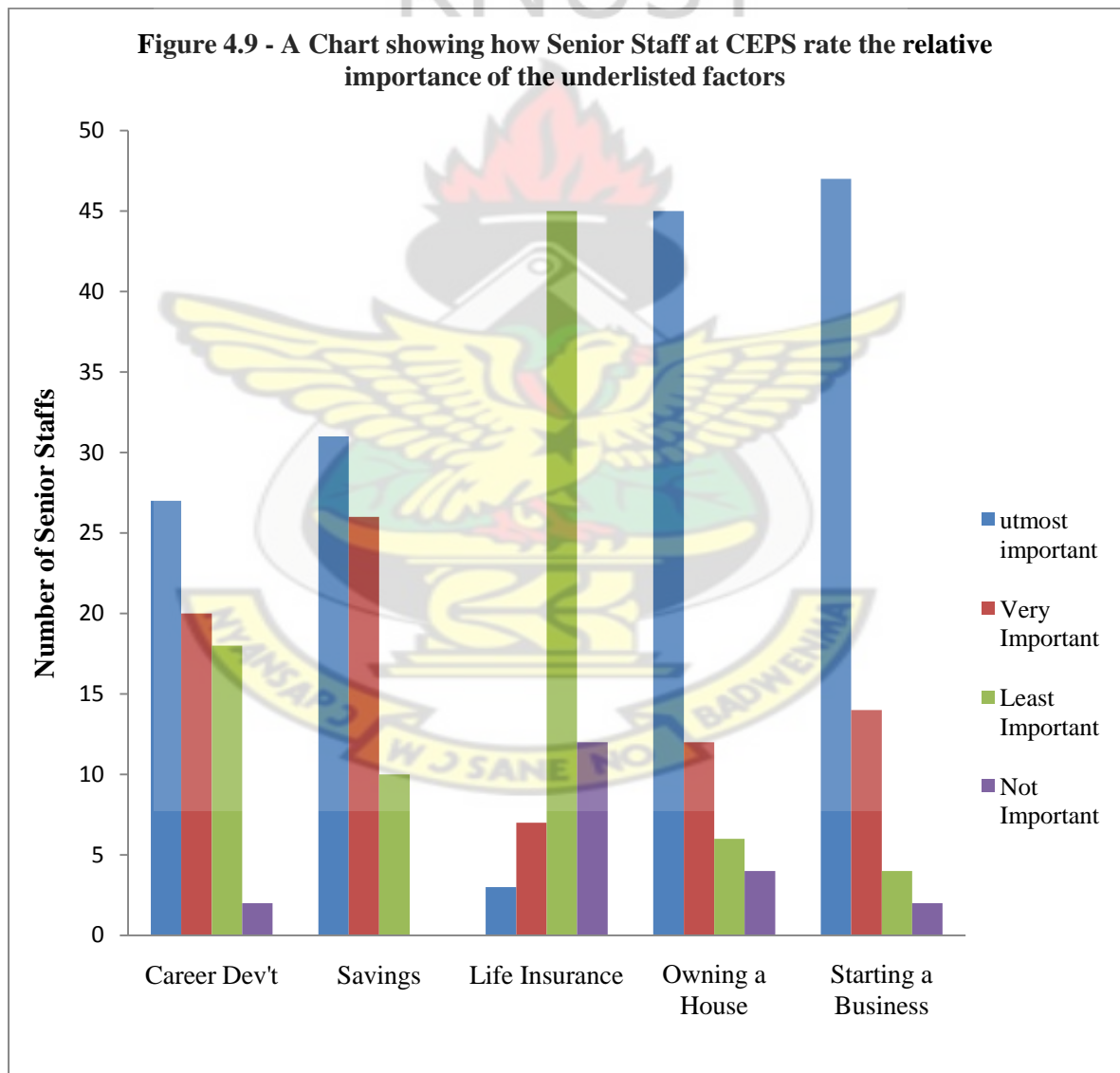
**Figure 4.8 - A Chart showing how the Junior Staffs at CEPS rate the importance of the underlisted factors**



*Source: Fieldwork, 2012*

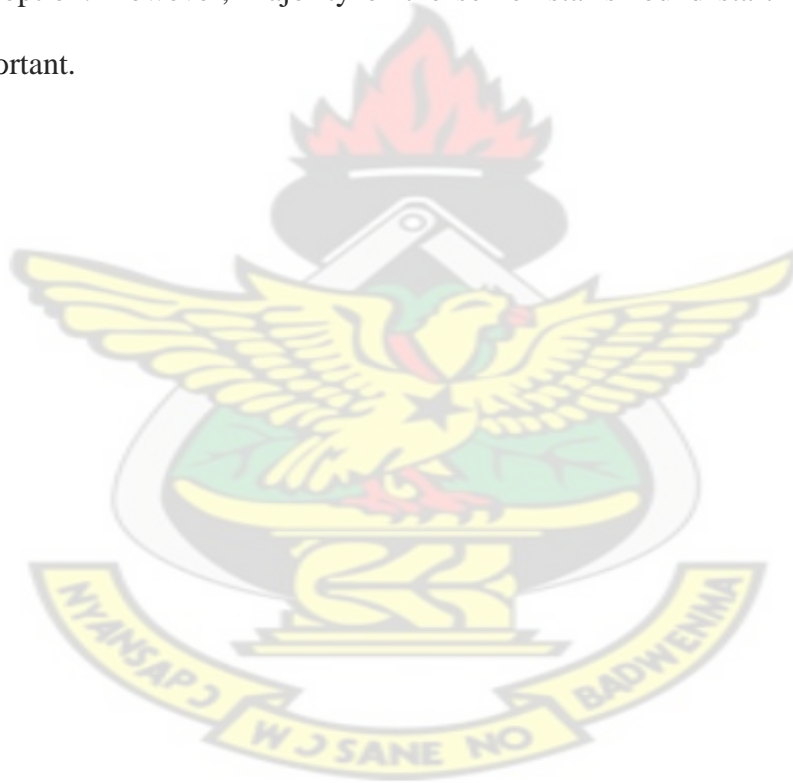
The figure 4.8 above shows how the junior staff respondents rate the above listed investment options. From the charts above majority of 31 out of 33 of the junior staff

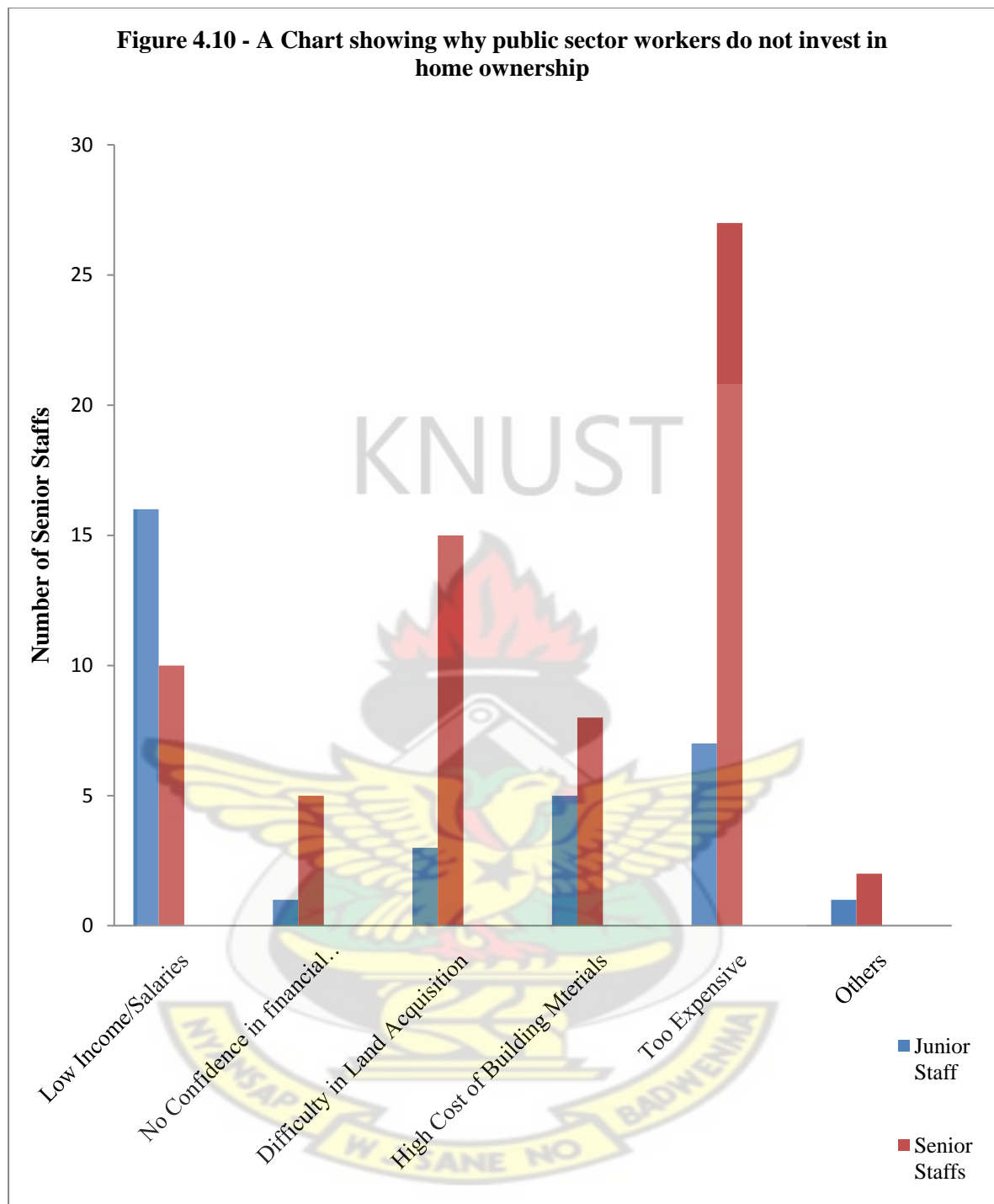
respondents said they rate savings and starting a business as utmost or very important investment option available to them. Again, another 30 junior staff respondents regard pursuing various investment options in career development and utmost important or very important. The charts also demonstrate that junior staffs do not or least regard life insurance as investment option. And most importantly, majority of the 27 respondents said they regard building a house as utmost important investment option.



*Source: Fieldwork, 2012*

The figure 4.9 above shows how the senior staff respondents rate the above listed investment options. From the charts above majority of 61 and 57 out of 67 senior staff respondents' said they rate starting a business and savings respectively as utmost or very important investment option available to them. Again, another 47 senior staff respondents regard pursuing various investment options in career development and utmost important or very important. The charts also demonstrate that senior staffs do not regard or least regard life insurance as investment option. And most importantly, majority of the 57 respondents said they regard building a house as utmost important or utmost important investment option. However, majority of the senior staffs found starting a business as utmost important.



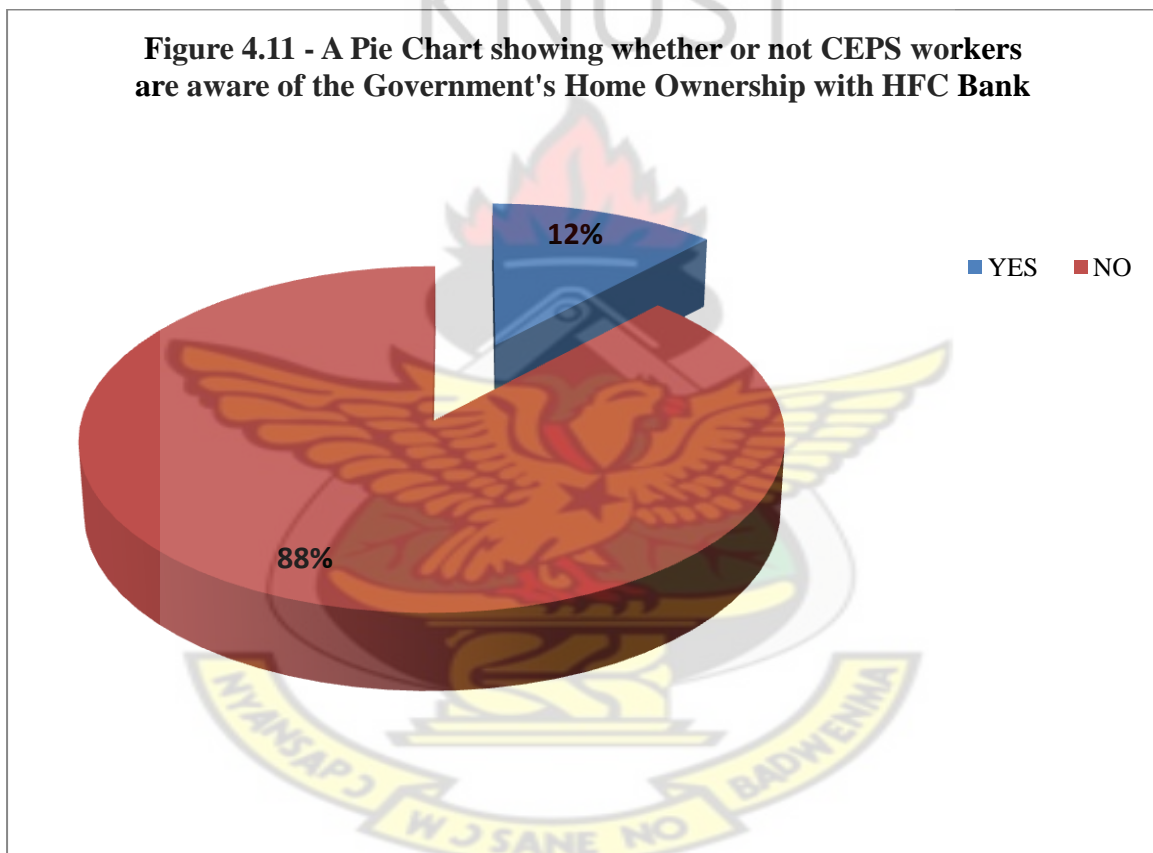


*Source: Fieldwork,*

**2012**

The respondents for this were asked what in their opinion may be the reasons why public sector workers may not be interested in investing in home ownership. The figure 4.10 above presents the responses of both junior and senior staff of CEPS. From the charts

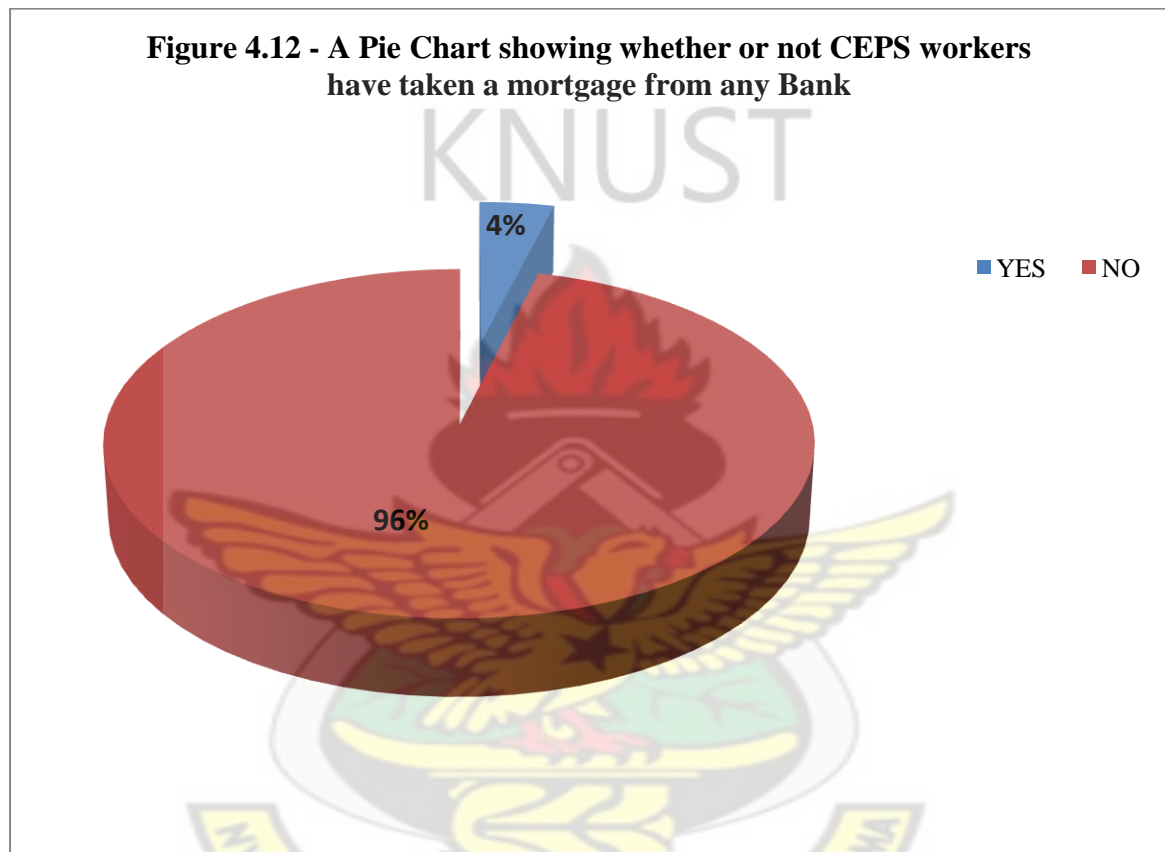
above, majority of the senior staff said that acquiring a house is too expensive while majority of the junior staffs attributed public sector workers inability to acquire house to low income or salaries. Other factors in chronological order ascribed by the senior staff respondent to be the contributing factor to the inability of most public sector workers to acquire houses are; difficulty in land acquisition, low salary, high cost of building materials, low confidence in the Ghanaian financial systems and others.



*Source: Fieldwork, 2012*

The figure 4.11 above is showing whether or not CEPS workers are aware of the government's home ownership scheme with the HFC Bank. From the responses above 88% of the respondent said they are not aware of such a facility while just about 12 said

they are aware of the government's Home Ownership Scheme facility. When a follow up question on whether those who are aware of the scheme had applied for one, none of the respondents answered in the affirmative.



*Source: Fieldwork, 2012*

The pie chart above shows whether any of the respondents had any form of mortgage from any financial institution. The figure 4.12 shows that, only 4% said they had mortgage from a financial institution.

### **4.3 The presentation of the response from HFC Bank**

An interview was conducted with an officer (named as HFR1) working in the mortgage department of HFC Bank. The name HFR1 was given to the respondent by the researcher in order not to cite her name in this report as she explicitly requested to exclude her name in this report. Because it is possible that the environment in which the interviews took place may have impacted responses, the environment in which the interview took is reported below:

The interview was conducted in a formal environment at the venue of the participant's choice which was the interviewee's workplace (HFC Bank Head Office). This allowed a level of familiarity and comfort to the proceedings (Sarantakos, 1998). On the day of the interview the participant met the researcher at reception, and organised light refreshments. Once the researcher and the participant were seated, there were few minutes of light discussion, it is important to note that the participant and the researcher were known to each other. The participant was thanked for agreeing to take part in the interview and her uninterrupted availability for the duration of the interview.

The participant was then asked if he/she was comfortable in proceeding with the interview. The digital voice recorder was then placed on the table, and the participant was asked if he/she had any concerns with the interview being recorded of which she did not express concern with the interview being recorded. The Interview Guide (Appendix One) was then jointly reviewed by both interviewer and interviewee, and the participant was asked if he/she was comfortable with the research topic. Later on in the interview, the participant was again asked if she was comfortable with the questions being asked, and she responded in the affirmative. Therefore, no changes were made to the interview questionnaire.

Prior to and throughout the interview, the comfort of the interviewee was monitored, and efforts were made to ensure rapport and trust was established and maintained between interviewer and interviewee.

When interviewee appeared comfortable and was prepared to commence the interview, the voice recorder was switched on and the interviewee was asked to provide a summary of his/her professional background and experience, particularly in relation to Mortgage in Ghana. Once the participant completed his/her response, the formal interview session commenced. The interview questions are contained in the Interview Guide at Appendix one.

The respondent recounted the history behind the establishment of the home ownership scheme and suggested that successive governments' over the years have all made extraneous efforts at reducing the housing deficit through the establishment of affordable housing. She suggested that this particular home ownership targeted the public sector workers.

“The Government of Ghana (GOG) in its 2007 Budget mandated HFC Bank to provide an affordable home ownership scheme for public sector employees”. (HFR1)

When asked about the criteria for selecting beneficiaries, she responded that:

“All applications for the government's affordable home ownership scheme are evaluated in accordance with HFC Bank's eligibility and credit criteria” (HFR1).

According to her the following are the standard criteria for all applicants:

“All current public sector employees who have been in public sector employment for a minimum of 5 years qualify for the scheme. The applicant must not have reached the general mandatory retiring age of 60 or 65 in the case of judges of the High Court and 70 years for judges in the Appeals and Supreme Courts. For applicants who have 5 years or less to retirement, HFC Bank will lend to such applicants provided GOG agrees to pay the outstanding on amount due, out of the borrowers total lump sum entitlements when the borrower is about to go on pension or when the loan matures whichever comes earlier. Joint applications will

be accepted in the form of husband and wife or parent and child. Upon the beneficiaries' resignation or cessation of employment with GOG the interest rate on the mortgage loan shall be revised in accordance with the prevailing HFC market rates" (HFR1).

In order to be considered for the scheme, the respondent said that it follows the usual routine for the loan or mortgage application.

"Usually, one need to fill an application form, an attachment to the application form should be an offer Letter from a Real Estate Developer or a vendor. There is also a Personal Reference Form. In cases of joint application one need to proof the sort of relationship. Again, because it is a government facility, the applicant should also attach confirmation or certification of employment letter/form from their employers stating your salary and the latest salary slips/salary certificate/pay stubs showing all deductions. Again, it is important to note that the applicant's salary should pass through HFC Bank. Where it is not possible because HFC Bank may not be easily accessible by applicant, then the repayment must be deducted from source by the borrower's employers or the Accountant Generals' department or any institution nominated by HFC Bank and sent to HFC Bank. Lastly copies of Title Deed /Land Title Certificate must be included and seven copies of site plan from developer or owner of property should be attached" (HFR1).

When the researcher further probed if the processes do not seemed cumbersome, the respondent agreed but however explained that because of the monies involved with mortgage transactions and because it is a non-recourse loan, due diligent always has to be the hallmark of the application process.

"I couldn't agree with you more if you say that the process seem cumbersome, however, it is better for us HFC Bank to do the right thing first-time, because government money is involved, our shareholders money is involved therefore, we at HFC are careful about where the money goes. Again, because mortgage financing involve huge sums of money and at the same time non-recourse or limited-recourse financing, we are careful in order to minimise our losses" (HFR1).

The researcher then sought to find out about the patronage. The respondent said that for now its low because of low annual seed amount provided by government and also because the kind of properties which qualify for this scheme seem to put people of.

“We hugely recommend that prospective home owners buy houses from estate developers however, if you decide to build your own house you also qualify for this scheme. But the location of the property must have basic infrastructure including access to roads, water, electricity and drainage. Also the property should be 40 kilometers radius within Accra/Tema, Kumasi, Sekondi/ Takoradi or any of the regional capitals and any economically viable area approved by HFC Bank. And importantly, every borrower in Ghana can use this facility once in their lifetime” (HFR1).

Finally, the researcher sought the view of the respondent on mortgages in Ghana. The respondent replied that, there are generally low mortgage opportunities in Ghana. Partly because of the capital involved and also most consumers shy away from it because of the social and stereotypic attitude towards loan in Ghana.

“Well, a lot of banks don’t do mortgage product because they don’t have the capital base to do that. Also the risk involved is huge, such that most commercial banks prefer investing in other product that gives short term return rather than long term yield. Another important point to note is that there seem to be low mortgage facility in Ghana because of low salaries and wages. You know Banks depends on monthly salary deductions for repayment of the mortgage facilities. However, the Bank of Ghana does not allow the banks to deduct more than 40% of the borrowers’ salary therefore looking at the meagre amount of take home salaries of most public sector workers; it would be suicidal for any financial institution not to think through it adequately” (HFR1).

“Let me point out that, at the moment very few workers are on this sort of scheme. We have not been able to solve the public sector housing needs because to start with the amount provided us every year is small and secondly, even with that, few government workers qualify”. (HFR1)

#### **4.4 Brief discussions on the responses presented**

The making of investments and investment decisions are still relevant subjects among public servant in Ghana. The findings of this research have shown that, building of houses for their personal occupation remains high on the investment wish list of most junior and senior staffs of CEPS. Another significant number responded that the development of a

property for future sale or rental was their investment choice. Fewer staff of CEPS responded that the purchase of Treasury Bills (T-Bills) and Shares and or Bonds are their investment decisions. The choices of respondents from CEPS echo the views of the larger sections of people working in the public service. Most people within this type of work bracket find building your own house before one retires as work ethics which is upheld by people in the service for many years.

Again, majority of the CEPS staff respondents rated owning a house, savings and starting a business as utmost or very important investment option available to them. This was followed by career development which was also chosen as an important investment. In all, life insurance as investment option provided by life Assurance companies was regarded as least important or not important investment option. Significantly, owning a house and putting some of your earnings into a long term savings has always been an important investment option available to public servants. These forms of investment demonstrate that one is preparing for his or her retirement. The house would provide shelter for the retired public servant in future while the savings could be fell upon in terms of need in future. However, what is revealing about this research findings are the value that most of the respondents placed on starting their own business.

The typical Ghanaian household is often faced with three choices in the acquisition of shelter. These are to rent, build or mortgage a home. In well developed countries, the mortgage industry has proved to be the most capable and superior financier of the housing needs of the population. Ghana's housing market is underdeveloped and owning a house is many a households' prime target. The trajectory towards attainment of this investment target is akin to the Life Cycle Hypothesis theory (BOG, 2007; Asare and Whitehead, 2006). At very early stages of their working lives, many households rent apartments. As

incomes increase above the basic consumption needs, investment opportunities in the housing industry become prime objectives for many households. In particular, households are faced with the choice of either mortgaging a home or building one. These choices are however dependent on income levels and access to land. One critical factor that undermines 'own-building' in Ghana is the lack of secure, transparent access to land title. A study by Gambrah (2001) indicates that as at the time of the research, about 30,000 land title applications were in the backlog. The immediate results of such a problem are the lack of transparency and the ease of transfer.

Most of the staffs at CEPS whether senior staff or junior staff placed premium on starting their own business as the most important investment option. This could be attributed to the lower compensations and remuneration offered to public servants in Ghana, therefore most think that they could get better leaving conditions if they start their own businesses. The low-income levels in the country imply that most potential mortgagors in Ghana cannot meet the capacity requirement of mortgage lenders. Affordability rates are low in the country; the house price to annual income ratio is 12 times as compared to 4 times in developed economies (Akuffo, 2006).

The respondents for this were asked what in their opinion may be the reasons why public sector workers may not be interested in investing in home ownership. The findings demonstrated that majority of the senior staff said that because acquiring a house is too expensive in Ghana while most of the junior staffs respondents attributed public sector workers inability to acquire house to low income or salaries. Other factors in chronological order ascribed by the staff respondent to be the contributing factor to the inability of most public sector workers to acquire houses are; difficulty in land

acquisition, low salary, high cost of building materials, low confidence in the Ghanaian financial systems and others.

Furthermore, the findings also revealed that, only 4% of the respondents had mortgage from a financial institution. Many reasons could be ascribed to this first of all the lack of adequate information about borrowers could serve as a source of worry for many banks. As found by Warnock and Warnock (2008) countries with stronger legal rights for both lenders and borrowers (through collateral and bankruptcy laws), deeper credit information systems and a more stable macro-economic environment have deeper housing finance system. Another reason could be associated to views expressed by the HFC bank respondent when she said that a lot of banks do not do mortgage product because they do not have the capital base to do that. Also the risk involve is huge such that most commercial banks prefer investing in other product that gives short term return rather than long term yield. Another important point is that, there seem to be low mortgage facility in Ghana because of low salaries and wages. Banks depends on monthly salary deductions for the repayment or amortization of the mortgage loans. However, the Bank of Ghana does not allow the banks to deduct more than 40% of the borrowers' basic salary therefore looking at the meagre amount of take home salaries of most public sector workers; it would be suicidal for any financial institution not to think through it adequately. The government of Ghana affordable home ownership scheme for public sector employees was introduced in 2007. However, only 12% of the respondents said they are aware of the existence of such a facility. With a follow up question of whether they would go for such a facility only 4% said they would not hesitate to go for such a facility. However, the facility is for all current public sector employees who have been in public sector employment for a minimum of 5 years qualify for the scheme.

The applicant must not have reached the general mandatory retiring age of 60 or 65 in the case of judges of the High Court and 70 years for judges in the Appeals and Supreme Courts. For applicants who have 5 years or less to retirement, HFC Bank will lend to such applicants provided GOG agrees to pay the outstanding on amount due, out of the borrowers total lump sum entitlements when the borrower is about to go on pension or when the loan matures whichever comes earlier. Joint applications will be accepted in the form of husband and wife or parent and child. Upon the beneficiaries' resignation or cessation of employment with GOG the interest rate on the mortgage loan shall be revised in accordance with the prevailing HFC market rates. Usually, one need to fill an application form, an attachment to the application form should be an offer Letter from a Real Estate Developer or a vendor. There is also a Personal Reference Form. In cases of joint application one need to proof the sort of relationship. Again, because it is a government facility, the applicant should also attach confirmation or certification of employment letter/form from their employers stating your salary and the latest salary slips/salary certificate/pay stubs showing all deductions. Again, it is important to note that the applicant's salary should pass through HFC Bank. Where it is not possible because HFC Bank may not be easily accessible by applicant, then the repayment must be deducted from source by the borrower's employers or the Accountant Generals' department or any institution nominated by HFC Bank and sent to HFC Bank. Lastly copies of Title Deed /Land Title Certificate and must include and seven copies of site plan from developer or owner of property should be attached. However, these processes seem cumbersome for most public sector workers. From the charts 4.7 above majority of respondent said they live in rented houses, while another significant number responded that they live in government provided flats or accommodations. Another significant number said that they live their own house and the rest responding that they live with

their families. The scheme has not been able to solve the housing needs of the public sector because, most workers do not know about its existence and secondly, the application processes are too cumbersome for most public workers as admitted by a respondent of the bank. This re-echoes the findings of many researchers including Boamah (2009) that because the housing finance system in Ghana is inadequate and highly underdeveloped it has degenerated to a substantial housing deficit in the country.

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## **CHAPTER FIVE**

### **RESEARCH CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter discusses the conclusions of the study and suggest appropriate recommendations which would seek to direct future research. The main findings obtained from the analysis in the light of the objectives of the study. The objectives of this research were to find out what influence public servants in their investment decisions and also how public servants perceive mortgage financing in Ghana. Again, the research sought to find out how easily accessible is the government's public sector home ownership scheme. And finally, to find out whether the Public Servants a home ownership scheme has improved the housing needs amongst public servants.

## **5.2 Summary of Findings**

The conclusions as follows were therefore presented as per the objectives of the research.

### **5.2.1 What influences investment decisions of public servants'**

The making of investments and investment decisions are still relevant subjects among public servant in Ghana. The findings of this research have shown that, building of houses for their personal occupation remains high on the investment wish list of most junior and senior staffs of CEPS. Another significant number responded that the development of a property for future sale or rental was their investment choice. Fewer staff of CEPS responded that the purchase of Treasury Bills (T-Bills) and Shares and or Bonds are their investment decisions. The choices of respondents from CEPS echo the views of the larger sections of people working in the public service. Most people within this type of work bracket find building your own house before one retires as work ethics which is upheld by people in the service for many years.

Again, majority of the CEPS staff respondents rated owning a house, savings and starting a business as utmost or very important investment option available to them. This was followed by career development which was also chosen as an important investment. In

all, life insurance as investment option provided by life Assurance companies was regarded as least important or not important investment option. Significantly, owning a house and putting some of your earnings into a long term savings has always being an important investment option available to public servants. These forms of investment demonstrate that one is preparing for his or her retirement. The house would provide shelter for the retired public servant in future while the savings could be fell upon in terms of need in future. However, what is revealing about this research findings are the value that most of the respondents placed on starting their own business. Most of the staffs at CEPS whether senior staff or junior staff placed premium on starting their own business as the most important investment option. This could be attributed to the lower compensations and remuneration offered to public servants in Ghana, therefore most think that they could get better leaving conditions if they start their own businesses.

### **5.2.2 Public servants perceptions on mortgage financing in Ghana.**

The respondents for this were asked what in their opinion may be the reasons why public sector workers may not be interested in investing in home ownership. The findings demonstrated that majority of the senior staff said that because acquiring a house is too expensive in Ghana while most of the junior staffs respondents attributed public sector workers inability to acquire house to low income or salaries. Other factors in chronological order ascribed by the staff respondent to be the contributing factor to the inability of most public sector workers to acquire houses are; difficulty in land acquisition, low salary, high cost of building materials, low confidence in the Ghanaian financial systems and others.

Furthermore, the findings also revealed that, only 4% of the respondents had mortgage from a financial institution. The reason ascribed to this was well expressed by the HFC

bank respondent when she said that a lot of banks do not do mortgage product because they do not have the capital base to do that. Also the risk involve is huge such that most commercial banks prefer investing in other product that gives short term return rather than long term yield. Another important point is that, there seem to be low mortgage facility in Ghana because of low salaries and wages. Banks depends on monthly salary deductions for the repayment or amortization of the mortgage loans. However, the Bank of Ghana does not allow the banks to deduct more that 40% of the borrowers' basic salary therefore looking at the meagre amount of take home salaries of most public sector workers; it would be suicidal for any financial institution not to think through it adequately.

### **5.2.3 The accessibility of the Public Sector Home Ownership Scheme**

The government of Ghana affordable home ownership scheme for public sector employees was introduced in 2007. However, only 12% of the respondents said they are aware of the existence of such a facility. With a follow up question of whether they would go for such a facility only 4% said they would not hesitate to go for such a facility. However, the facility is for all current public sector employees who have been in public sector employment for a minimum of 5 years to qualify for the scheme. The applicant must not have reached the general mandatory retiring age of 60 or 65 in the case of judges of the High Court and 70 years for judges in the Appeals and Supreme Courts. For applicants who have 5 years or less to retirement, HFC Bank will lend to such applicants provided GOG agrees to pay the outstanding on amount due, out of the borrowers total lump sum entitlements when the borrower is about to go on pension or when the loan matures whichever comes earlier. Joint applications will be accepted in the form of husband and wife or parent and child. Upon the beneficiaries' resignation or cessation of employment with GOG the interest rate on the mortgage loan shall be revised in

accordance with the prevailing HFC market rates. Usually, one need to fill an application form, an attachment to the application form should be an offer Letter from a Real Estate Developer or a vendor. There is also a Personal Reference Form. In cases of joint application one need to proof the sort of relationship. Again, because it is a government facility, the applicant should also attach confirmation or certification of employment letter/form from their employers stating your salary and the latest salary slips/salary certificate/pay stubs showing all deductions. Again, it is important to note that the applicant's salary should pass through HFC Bank. Where it is not possible because HFC Bank may not be easily accessible by applicant, then the repayment must be deducted from source by the borrower's employers or the Accountant Generals' department or any institution nominated by HFC Bank and sent to HFC Bank. Lastly copies of Title Deed /Land Title Certificate must be included and seven copies of site plan from developer or owner of property should be attached. However, these processes seem cumbersome for most public sector workers.

#### **5.2.4 Public Servants home ownership scheme and whether it has improved the housing needs amongst public servants**

From the charts 4.7 above majority of respondent said they live in rented houses, while another significant number responded that they live in government provided flats or accommodations. Another significant number said that they live their own house and the rest responding that they live with their families. The scheme has not been able to solve the housing needs of the public sector because, most workers do not know about its existence and secondly, the application processes are too cumbersome for most public workers as admitted by a respondent of the bank.

### **5.3 Conclusions**

This research found that public servants in Ghana still find investing in home ownership as most important investment option however, low salaries, difficulty in land acquisition, high cost buildings and building materials as well as lack of confidence in the Ghanaian financial system have deprived a lot of public servants of owning a house in Ghana. The introduction of the government scheme has not improved the situation either. This is because most respondents did not know about the existence of such a scheme. Following from the limitations and outcome of this study, it is recommended that in order to enable public sector workers in general to acquire a home for themselves, there is the need for government to improve on the general income levels of public sector workers in the country.

#### **5.4 Recommendations and Implications for further research**

In spite of the extensive areas covered by this research, there are still areas that would need further studies in the future. Firstly, further study is needed to be conducted on whether the government's affordable housing scheme is sustainable.

Again, further studies should be conducted into whether indeed mortgage finance would be the best option for public sector workers in Ghana.

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## APPENDIX ONE

### QUESTIONNAIRE FOR RESPONDENT AT CEPS

#### **AN ASSESSMENT OF THE IMPLEMENTATION OF THE PUBLIC SECTOR HOME OWNERSHIP SCHEME AND MORTGAGE LENDING IN THE PUBLIC SERVICE IN GHANA**

You have been selected as one of the persons to help in the above study. The information that you will provide is for academic purposes ONLY and will be treated as confidential. It would be appreciated if you could spare some time to complete this questionnaire.

(Please tick the appropriate answers to the questions in the box provided unless otherwise provided)

1. Which of the following would you consider to be an investment?

Building a house for personal occupation

Purchase of Treasury bill

Purchase of shares and bonds

Purchase of land for resale in the future

Building a house for rental purposes

None

2. Which of the following forms of investment do you know about?

Treasury bills

Fixed deposits

Shares

Bonds

Housing

3. Where do you live currently?

Government Bungalow  Rented House  Own House  Family House

4. How much confidence do you have in the following institutions as a vehicle for investment?

(Please circle one answer in each line across)

1 = A great deal. 2 = Quite a lot. 3 = Not very much. 4 = None at all. 5 = Do not know.

	1	2	3	4	5
<b>Institutions</b>					
The banks					
The insurance companies					
The stock exchange (shares)					
Mutual funds					

5. In your private life, how important is each of the following to you? (Please tick the answer in each line)

1 = of utmost importance. 2 = very important. 3 = of little importance. 4 = of no importance.

	1	2	3	4
<b>Career advancement</b>				
<b>Savings</b>				

<b>Life insurance</b>				
<b>Owning a Home</b>				
<b>Starting my own business</b>				

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6. What in your opinion may be the reasons why public sector workers may not be interested in investing in home ownership? (Please tick as appropriate)

- a. Salaries /incomes are low
- b. Lack of knowledge about home ownership scheme
- c. Lack of confidence in the financial systems (mortgage)
- d. Non availability of investment opportunities
- e. Difficulty in acquiring land
- f. High cost of building materials
- g. The risk of losing money
- h. Other (State)-----

7. When given the option, in which of the following area will you invest.

- (a) Property (House)
- (b) Financial assets

8. Do you have an investment?

Housing for rentals  land for resale  T/bills  Stocks/bonds  others   
 .....

9. Are you aware that the Government through the HFC Bank is offering public sector home ownership scheme?

YES  NO

10. Have currently signed up to the Government's Public Sector Home Owner Scheme from HFC?

YES  NO

Why? .....

11. Have you currently taken up any mortgage from any Bank in Ghana?

YES  NO

12. If yes, is this form of mortgage friendly to Public Servants?

YES  NO

13. Are you

Male – Married  Single  divorced

Female – married  single  divorced

14. How old are you?

Below 30  30– 35  36 – 40  41 – 45  46 – 50  Above 50

15. What is your highest level of schooling?

Primary/JSS  Secondary/SSS  Tertiary  Vocational/Technical  Professional Certificate

16. How many dependants do you have? -----

17. How long have you been in the service of CEPS? -----

18. What is your rank?

Junior Rank  Senior Rank

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QUESTIONNAIRE FOR RESPONDENT AT HFC BANK

**AN ASSESSMENT OF THE IMPLEMENTATION OF THE PUBLIC SECTOR  
HOME OWNERSHIP SCHEME AND MORTGAGE LENDING IN THE PUBLIC  
SERVICE IN GHANA**

You have been selected as one of the persons to help in the above study. The information that you will provide is for academic purposes ONLY and will be treated as confidential. It would be appreciated if you could spare some time to complete this questionnaire.

1. Could you please give me a brief background history of the government of Ghana facilitated affordable housing scheme for the public sector workers?
2. Who qualifies for the scheme?
3. What are the procedures for the selection for this scheme?
4. What sort of properties could qualify under this scheme?
5. How different is this scheme from the traditional mortgage financing?
6. Why are many Banks shying away from mortgage financing in Ghana?
7. In your opinion has the scheme been successful? And why?

