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Towards Saving Strategies Leading to Financial Stability for Bank Clients A Case of CBZ and Steward Bank

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Abstract:- The study analyzed the saving strategies that lead to financial stability in the banking sector of Zimbabwe, focusing on Steward Bank and CBZ Bank. The research used the mixed methods approach. Data from the 236 respondents that were analyzed in the study obtained the following findings: the need to review banking policy reforms to enable banks to offer better rates to savers, account-operating costs are too high; customers needed protection guarantees for their deposits. Furthermore, it was noted that financial literacy was high amongst bank customers and there was lack of trust in the financial institutions by the customers. The study recommended that the US Dollar should be formalized as the only Zimbabwe currency until the economy stabilized, reduction of account operating charges and an increase in awareness of the Deposit Protection Corporation to improve customers' confidence levels with financial institutions will improve savings in the financial sector.

Keywords:- *Deferred Consumption, Deposit Mobilization, Financial Inclusion, Financial Literacy, Financial Stability, Rational Economic Agents and Subdued Savings.*

I. INTRODUCTION

According to Miller and VanHoose (2008), saving is a forgone consumption. They explain that once part of what is earned today is left for future use, there is a saving. Ahmed (2007) explained it in a simple language as putting money aside for future use. He argues that saving is the result of careful management of income and expenditure, so that there is something left to be put aside for future use. In the Zimbabwean context, this 'careful management of income and expenditure' has not been evident in the savings behaviour as reflected in the declining savings (Zimbabwe-FinScope Consumer Survey Report, 2022).

➢ *Background to the Study*

Over the period 2014 to 2022, savings by gender, area and age dropped by more than 10%, despite an increase in financial inclusion of 11% over the same period (Zimbabwe-FinScope Consumer Survey Report, 2022). It has been noted that a drop in savings leads to a drop in economic activity in the country. The declining savings by Zimbabweans were confirmed by the RBZ Monetary Policy Statement (2023) which stated that "Growth in banking sector income was largely spurred by non-interest income, which constituted 79.03% of total income as compared to 51.81% in 2021. Non-interest income comprised mainly revaluation gains from investment properties, (25.77%), fees and commissions, (21.47%), as well as translation gains on foreign currency denominated assets, (20.38%)". Unfortunately some of the non interest income such as fees and commissions are a deterrent to savings by customers and contribute to the declining savings. Selvaraj, (2016) argues that deposits are the lifeblood of banking institutions, as they constitute the chief source of funds to undertake lending operations. In the case of financial institutions, deposit mobilization is a crucial source of the operational success of banks and is essential for the economy's growth. Higher savings contribute to higher investments and economic growth (Tun, 2019). Lack of savings has resulted in the circulation of money in informal sector. RBZ (2015) reported that USD 3, 3 billion is circulating in the informal sector as the country's formal economy continues to downsize. This $3.3 billion represents funds that are in informal sector and are not being saved by any financial institution.

Table 1 Saving Products or Mechanisms in Zimbabwe, Period 2014 to 2022

	2014	2022
Banking	10%	5%
Savings/investment at a bank	10%	5%
Mobile money savings (Ecocash Save)	6%	2%
Pension fund	15%	10%
Capital markets	1%	3%
Informal	23%	20%
Savings with a membership organisation (mukando)	11%	11%
Savings in livestock	15%	12%
Savings with your employer	1%	1%
Savings at home or with family member	23%	19%

Source: Zimbabwe-FinScope-Consumer-Survey-Report (2022)

Table 1 shows that over the period 2014 to 2022, all saving products or mechanisms were on the decline except capital markets. The drop in savings over the period was a direct contrast to an 11% increase in financial inclusion over the same period. The development of the economy directly depends on the state of the banking system, financing and servicing of business, entities and individuals by banks. The modern banking system is characterized by a significant deficit of circulating and, especially, investment capital due to the lost ability of banks to mobilize long-term resources (Samorodov *et al*, 2019). Over the period 2014 to 2022 the decline has been most evident in banking, savings/investment at a bank and mobile money savings. Chitokwindo *et al*, (2014) avers that the resultant deterioration of trust in the banking sector became entrenched in 2004 when some commercial banks that include Trust Bank, Royal Bank, and Barbican Bank, were placed under curatorship. The deterioration is reflected in the drop in usage of the banking and savings/investment savings products from 10% in 2014 to 5% in 2022 as shown in Table 1. Mobile money savings took an even greater knock over the same period, dropping more than 60% from 6% to 2%. Mobile money has been used mainly for transactional or payments purposes but that too has been affected by trust issues hence the decline. The Fin-Scope Survey Report (2022) notes that remittances have dropped over the years from 58% of adults remitting in 2014 to 38% in 2022. The drop has been largely in the domestic remittance. The report further stated that remittances through mobile money dropped from 67% in 2014 to 39% in 2022. The landscape of access in 2022 shows that Zimbabwe's financial inclusion is driven by transactional activities (use of mobile money and bank accounts) which are mainly used for payments or transfers. The Fin-Scope Survey Report (2022) explains that the landscape of access is used to illustrate the extent to which financially included individuals use formal products/mechanisms and also highlights the drivers of overall inclusion. This shows that people are using mobile money, not for savings but merely as a convenient conduit for transactions and payments.

➢ *Statement of the Problem*

There has been a decline in savings in recent periods despite an increase in financial inclusion over the same period (Zimbabwe FinScope Consumer Survey Report, 2022). With trust in the financial institutions dwindling, deposit mobilization and ultimately savings and investments has been negatively affected and this has affected the stability of the financial institutions. This study seeks strategies to enhance the uptake of savings for the stability of financial institutions.

➢ *Research Objectives*

- To determine causes of subdued savings by rational economic agents in the Zimbabwe Financial Institutions.
- To establish the implications of subdued savings on the stability of Zimbabwe Financial Institutions.
- To recommend saving strategies that will enhance stability in the Zimbabwe Financial Institutions.

II. LITERATURE REVIEW

A. Theoretical Review

The two most well-known neoclassical economic theories of saving are the life-cycle hypothesis (Ando & Modigliani, 1963; Modigliani & Ando, 1957 and Brumberg, 1954), the permanent income hypothesis (Friedman, 1957) and the primary behavioral theory.

➢ *The Life Cycle Hypothesis*

The life-cycle hypothesis (LCH) put forward by (Ando & Modigliani, 1963) posits that consumption and saving will reflect an individual's age or stage in the life cycle. This model emphasises saving for retirement as a primary motivation for deferred consumption. More complex LCH models also consider the desire to leave a bequest and the desire to prepare for emergencies as possible saving motives (Beverly, 1997).

➢ *Permanent Income Hypothesis*

Permanent Income Hypothesis (PIH) put forward by (Friedman, 1957) assumes that long term income is the primary determinant of consumption. The PIH however assumes that life is indefinitely long and therefore focuses on permanent and transitory income rather than life resources and current income (Beverly, 1997). In this model, permanent income refers to the present value of lifetime income and transitory income refers to the differences between measured income and permanent income (Beverly, 1997). In its strongest form, the PIH posits that the marginal propensity to consume (MPC) out of transitory income is

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zero. Other forms of PIH suggest that the MPC out of transitory income will be low but greater than zero. (Beverly, 1997).

- *The Primary Behavioral Theory*

The primary behavioral theory is the behavioral life-cycle hypothesis which is grounded in an "economic theory of self-control" (Thaler & Shefrin, 1981). Quite frequently, according to Thaler & Shefrin (1981), individuals adopt rules which restrict their opportunities to spend. These rules may be externally imposed, although individuals voluntarily place themselves under these restrictions (a Christmas saving account), or self-imposed ("rules-of-thumb," such as avoiding borrowing or restrictions on borrowing except for specific purchases). With these rules in mind, household saving is seen as "the result of the successful and sophisticated imposition of welfare-improving, self-imposed constraints on spending" (Maital & Maital, 1994).

B. *Empirical Review*

Financial stability means the smooth functioning of the key elements that shape the financial system. (Gertler & Gilchrist, 2018). Tun, (2019) weighs in by stating that a sound, stable and well developed financial system is crucial to economic growth as it facilitates the financial intermediation process of the flow of funds between the surplus fund from savers and the deficit fund of borrowers. A survey by Forbes Advisor (2023) on financial regrets and successes found that 56% of Americans who experienced financial regret in 2022 cited not saving more money as one of their top three misgivings. Meanwhile, 57% of Americans who experienced financial success named increasing their savings as one of their top three triumphs. A further survey in March 2023 to analyse how often Americans save and what methods they use found that 44% of Americans use recurring transfers (commonly known as stop orders in Zimbabwe) to save automatically (Forbes Advisor, 2023)

In a study to find the impact of savings on economic growth in Kosovo, results showed that deposits have a significant positive impact on economic growth, because savings stimulate investment, production, employment and consequently generate greater sustainable economic growth (Ribaj & Mexhuani, 2021). The research concluded that the increase in the accumulation of savings from commercial banks in Kosovo has a positive impact on Kosovo's economic growth.

In a study to analyse the impact of the expectation about future labour income on the saving behaviour of German households, Arent, S (2012) found evidence for Western Germany that a lower income expectation increases the overall savings rate. From an international perspective, these studies display a heavy leaning on the notion of 'careful management of income and expenditure' put forward by Ahmed, (2007). At Sub Saharan Africa (SSA) level, Hungwe and Odhiambo, (2019) conducted a study to review savings and investment dynamics in South Africa in order to enhance the understanding of savings - investment gap in the country. The study found that saving rates in South Africa have been generally low, while investment rates have been erratic over time. They found that the corporate sector was the backbone of savings in South Africa, and that corporate savings had seemingly withstood the cyclical fluctuations in the economy better than household and public savings. The study recommended that policies to strengthen corporate savings, while simultaneously bolstering household and public savings, should be implemented.

In a study to explore the determinants of savings in Ghana using data from 1980 to 2019, and to establish whether or not there is a long run relationship between savings and other variables such as inflation, interest rates and GDP growth, Ackah and Lambon-Quayefio, (2023) found that the exonometric analysis and bounds test find no compelling evidence that supports a long run relationship between private savings and the variable in the model. However, estimates from the short run analysis suggest that per capita income and money supply significantly increase savings. Ackah and Lambon-Quayefio (2023) also noted that economic downturns are associated with high savings, indicating the rational expectations of economic agents. The correlation analysis provides evidence to support the importance of monetary and fiscal policies in the savings behaviour of economic agents.

C. *Conceptual Framework*

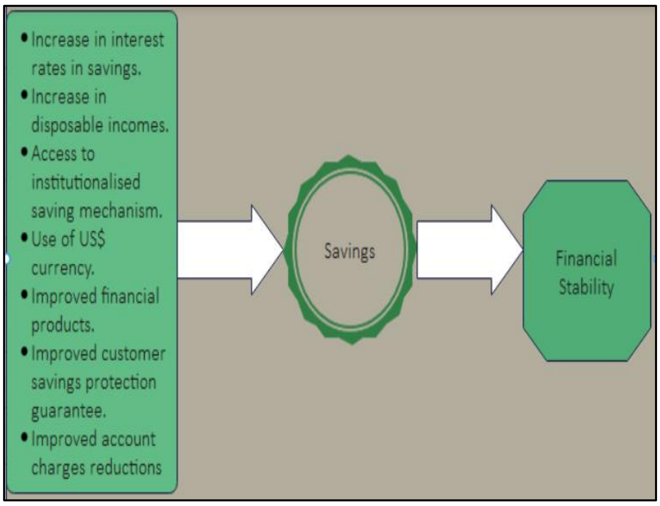

Fig 1 Conceptual Framework
Source: Authors (2024)

Fig 1 outlines the close relationship needed to achieve financial stability from the savings of financial institutions customers. Peek and Rosengren (2016) posit that financial stability is determined by the level of confidence in the financial system. The level of confidence in the financial system enables the individuals and institutions with surplus funds to channel them into the financial system through various financial products under the umbrella of savings. Tun (2019) avers that a stable and well developed financial system is crucial to economic growth as it facilitates the financial intermediation process of the flow of funds between the surplus fund from savers and the deficit fund of borrowers. This financial intermediation is only possible

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when both the savers and borrowers have confidence in the financial system. That in a nutshell is the financial stability resulting from saving strategies.

III. RESEARCH METHODS AND MATERIALS

The study used a survey research design. Sukamolson, (2007) noted that survey design encompasses the use of scientific sampling method with a designed questionnaire to measure a given population's characteristics through the utilization of statistical methods. Mixed methods employing both qualitative and quantitative approaches were used. The population for this research was drawn from employees and customers of CBZ Bank and Steward Bank in Harare. Steward Bank was chosen because of its link with Ecocash and the obvious wide catchment area of mobile money. CBZ was selected because of its wide coverage in Zimbabwe with over sixty branches nationwide. (https://www.cbz.co. zw>branches). The study used an interview guides and questionnaires to gather information. To estimate the sample size in this study, Krejcie and Morgan (1970) Model and Table was used at 5% confidence level with population of 1 050 570, a sample size of 384 was generated. The response rate of 236 (61.5%) was obtained and it was considered credible for analysis as it was above the minimum threshold recommended by Mugenda and Mugenda, (2003) and Willimack, (2002) who say that a response rate of 50% is adequate for analysis and reporting; a response rate of 60% is good and a response rate of 70% and above is excellent.. The study used random sampling in choosing the participants. The study used semi - structured questionnaires with some measurement scales to examine saving strategies for the stability of financial institutions. To enhance further probing, the research used semi structured interview questions during interviews.

On validity, to ascertain the extent to which data collection instruments were working as proposed, a pilot study was done using questionnaires and ten participants were chosen from the sample. Reliability was evaluated using Cronbach’s Alpha and the Cronbach's Alpha was 0.712, which is the indication of the reliability of the questionnaire. Statistical Package for Social Sciences (SPSS) software was used to generate descriptive and inferential statistics.

IV. RESULTS AND DISCUSSIONS

Out of a total of 384 questionnaires distributed, 236 successfully completed and returned representing a 61.5% response rate. The study targeted to interview 20 and total number of 10 were interviewed representing 50% of the response rate. The interviews were done until saturation.

- *Causes of Subdued Savings in the Zimbabwe Financial Institutions.*

Table 2 Causes of Subdued Savings in the Zimbabwe Financial Institutions

Factor		**Freq**	**%**	**Mean**	**Med**	**Std**
Low confidence	Strongly agree	228	96,6	1.03	1.00	0.181
	Agree	8	3.4			
Policies	Strongly agree	1	0.4	4.53	5.00	0.556
	Not sure	1	0.4			
	Disagree	104	44.1			
	Strongly disagree	130	55.1			
Rates too low	Strongly agree	187	79.2	1.21	1.00	.406
	Agree	49	20.8			
No consumer protection	Strongly agree	178	75.4	1,26	1,00	0.494
	Agree	57	24.2			
	Strongly disagree	1	0.4			
Low financial literacy	Strongly Agree	3	1.3	4.17	4.00	.814
	Agree	3	1.3			
	Not sure	34	14.4			
	Disagree	106	44.9			
	Strongly disagree	90	38.1			
Trust in banks	Strongly agree	23	9.7	4.28	5.00	1.247
	Agree	7	3.0			
	Disagree	57	24.2			
	Strongly disagree	149	63.1			
Parallel market/	Strongly agree	169	71.6	1.31	1.00	0.547
Weak local currency	Agree	64	27.1			
	Not sure	1	0.4			
	Disagree	1	0.4			
	Strongly disagree	1	0.4			

Source: Researchers (2024)

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Table 2 summarises the causes of subdued savings. Nearly 70% of the respondents felt that financial literacy was not an issue at all in the causes of subdued savings. At least 96.6% of the respondents did not feel confident to entrust the local banks with their money in the form of savings. The interviewed participants also concurred with this, as they noted that they know quite a few people who lost some of their savings by saving in our financial institutions and these customers have lost confidence in the financial institutions. At least 99.2% disagreed that the Zimbabwe Government had implemented enough policies to encourage savings in our local financial institutions. The participants felt that people could be encouraged to save their hard earned money by creating a more conducive environment for deposit mobilization in banks. . Hayes, (2020), explains this as simple rational behavior of economic agents whose decision making process is based on making choices that result in the optimal level of benefit or utility for an individual. A massive 99.8% of the respondents felt there was weak consumer protection and it also became evident that most respondents felt the Deposit Protection Corporation (DPC) should be more visible in the market. The participants were not satisfied with the impact of DPC and argued that more people who could benefit from DPC are not benefitting because of lack of awareness. The Zimbabwe National Financial Inclusion Strategy (2016-2020) fully supported this view by listing 'uncertainty over consumer protection in the event of bank failure' as one of the causes of subdued savings. It was also found that 98.8% of the respondents had low confidence in the local currency which is weak against the major currencies. This was summed up by one of the participants who was adamant that performance of the Zimbabwe currency does affect the saving trends because as long as it is weak, customers will be working to get rid of it in order to hold their savings in more stable currencies. This supports the findings by Pasara & Gadzirai (2020) who, following a study to investigate whether dollarization had achieved its purpose, strongly recommended that Zimbabwe should dollarize.

- *The Implications of Subdued Savings on the Stability of Zimbabwe Financial Institutions.*

Table 3 The Implications of Subdued Savings on the Stability of Zimbabwe Financial Institutions

Factor	**Response**	**Freq**	**%**	**Mean**	**Med**	**Std**
Savings practices are linked to the performance of financial institutions	Strongly Agree	118	50.0	1.50	1.50	.501
	Agree	118	50.0			
Subdued savings limit lending capacity of financial institutions	Strongly agree	154	65.3	1.35	1.00	.477
	Agree	82	34.7			
Increased savings in banks improve the stability of financial institutions	Strongly Agree	146	61.9	1.38	1.00	.487
	Agree	90	38.1			

Source: Authors (2024)

- *Savings Practices Link to Performance of Financial Institutions.*

Table 3 shows that all respondents, albeit with varying degrees of agreement, agree that saving practices are linked to the performance of financial institutions in Zimbabwe. The interviewed participants indicated similar opinion by highlighting that banks need depositors' money to on-lend to their borrowers and without enough savings, banks would struggle to survive. They added that savers are the lifeblood of banks because they bring in the much needed funds for the banks to lend to their customers in their normal course of business. These sentiments give full weight to the statement from Jangili, (2011) who averred that higher savings and investments lead to higher economic growth. In a study to review savings and investment dynamics in South Africa, Hungwe & Odhiambo, (2020) weighed in by recommending that policies to strengthen corporate savings while simultaneously bolstering household and public savings should be implemented. Such savings practices would improve the deposit mobilization of banks, improving the performance of financial institutions.

- *Subdued Savings Limit Lending Capacity of Financial Institutions.*

Table 3 also shows that all the respondents either agreed (34.7%) or strongly agreed (65.3%) that subdued savings limit the lending capacity of financial institutions. Participants interviewed concurred, pointing out that if banks cannot mobilize enough deposits because of subdued savings, they may not have enough funds to on-lend to their customers in their normal course of business. The shrinking loan book could affect their profitability and threaten their survival. Farina *et al* (2019) argued that subdued savings affect the lending capacity of banks through loan impairments and non-performing loans. They add that the low profits may lead to poor performing financial institutions which may then be candidates for leaving the market, either through consolidation, or through outright exit.

- *Increased Savings in Banks Improve the Stability of Financial Institutions.*

Table 3 shows that all the respondents agree that increased savings improve bank stability. Tun, (2019) posits that a sound, stable and well developed financial system is crucial to economic growth as it facilitates the financial

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intermediation process of the flow of funds between the surplus fund from savers and the deficit fund of borrowers. Interviewed participants strengthened this by highlighting that, savings can be improved by offering better rates and that such strategies start from the RBZ policies that should create a conducive environment for banks to offer better rates that will bring more savings into the banking sector and ultimately improving the stability of the financial institutions. Other participants echoed the same sentiments but with a bit caution by noting that everything hinges on the returns for the customers and that banks need rates that do not push them out of business whilst at the same time high enough to attract customers. They pointed that the key issue is to strike a balance between what is sustainable for the banks and what is attractive for the customers and this can only bring stability to the banks. This was also highlighted by Mahmood & Sahal (2011).

- *Saving Strategies that will Enhance Stability in the Zimbabwe Financial Institutions.*

Table 4 Saving Strategies that will Enhance Stability in the Zimbabwe Financial Institutions

Factor	Response	Freq	%	Mean	Med	Std
Increase interest on savings	Strongly agree	71	30.1	1.71	2.00	0.507
	Agree	164	60.6			
	Not sure	1	0.4			
	Strongly disagree	1	0.4			
Reduce account operating costs	Strongly agree	182	77.1	1.23	1.00	0.421
	Agree	54	22.9			
Simplify account opening procedure	Strongly agree	165	69.9	1.30	1.00	0.460
	Agree	71	30.1			
Improve bank accessibility	Strongly agree	4	1.7	4.30	4.00	0.670
	Agree	1	0.4			
	Nor sure	1	0.4			
	Disagree	144	61.1			
	Strongly disagree	86	36.4			
Improve protection guarantee	Strongly agree	127	53.8	1.46	1.00	0.500
	Agree	109	46.2			
Improve financial products	Strongly agree	91	38.6	1.63	2.00	0.526
	Agree	142	60.2			
	Not sure	2	0.8			
	Disagree	1	0.4			

Source: Authors, (2024)

Responses from the respondents indicate that financial literacy is no longer an issue for most of the investing Zimbabwean public. A total of 83% of the respondents either disagree (44.9%) or strongly disagree (38.1%), that financial literacy is a barrier to savings. Interviewed participants were in total agreement and noted that their customers demonstrate a good understanding of bank products and in fact ask for more financial products. This is corroborated by the level of education reflected in the demographic characteristics of the respondents which showed that more than 70% of the respondents had a university education. The participants felt they should capitalize on their customers' understanding of the banking products by utilizing their account relationship teams to identify more of their preferred products.

Over 90% agreed that increasing interest on savings is a key strategy that can enhance stability in the financial institutions. Respondents felt that interest rates on savings are too low to attract savings into the financial institutions. Interviewed participants even said the current savings interest rates are actually a deterrent to any individuals who find no incentive at all to defer consumption. Maital & Maital, (1994) posit that household saving is seen as the result of the successful and sophisticated imposition of welfare improving self-imposed constraints on spending. Such imposition of self-imposed constraints in spending demonstrate rational behavior which, Hayes, (2020) explains as a decision making process based on making choices that result in the optional level of utility for an individual.

All the respondents agreed that improving protection guarantees is an important saving strategy. Allen *et al* (2018) weigh in by stating that guarantees help the financial system by providing risk sharing to investors while mitigating the problems associated with coordination failures and bank project risk. They argue that the common criticism against guarantees, that they may be a source of financial fragility, ignores the fact that some risk taking by banks due to liquidity transformation is desirable as banks tend to under-provide liquidity when they are concerned about run risk. Guarantees, in turn, relax these concerns, allowing banks to provide greater liquidity transformation, thus helping to stabilize the financial system.

The Zimbabwe National Financial Inclusion Strategy (2016-2020) identified poor access to financial institutions and financial illiteracy as some of the barriers and constraints to financial inclusion. Contrary to this finding, 61.1% of the respondents in this study disagreed, while 36.4% strongly disagreed that bank inaccessibility was a barrier. The Finscope Survey Report (2022) backs up those

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findings by reporting that slightly above three quarters (77%) have used Digital Financial Services (DFS) for payments, credit, savings, remittances and insurance. The report further stated that, use of DFS has been driven by the use of both mobile money and banking. Interviewed participants also concurred and noted that the need for brick and mortar as banks is a thing of the past since banks can be made easily accessible through the use of DFS.

All the respondents (100%) agreed reduction of account opening costs and simplifying account opening procedures were key strategies that needed urgent attention. The RBZ Monetary Policy Statement (2023), while noting that growth in banking sector income was largely spurred by non-interest income which constituted 79.03%, confirms the 'double edged sword' effect of the non-interest income as some of the charges such as account maintenance fees tend to scare away potential bank customers, who are put off by the charges. Some of the interviewed participants were quite concerned with the complexity of the account opening procedures which they argued needed to be simplified to avoid discouraging potential customers. Selvaraj, (2016) argues that deposits are the lifeblood of banking institutions and as such, bank account opening procedures should be more user-friendly than they currently are.

Nearly all the respondents agreed there is need to improve financial products offered by the financial institutions in order to improve the uptake of savings by the customers. This tends to validate the high financial literacy rate observed in the study, where over 83% of the respondents did not agree that financial illiteracy was an issue at all. Interviewed participants pointed out that bank customers demonstrated a good understanding of bank products and in fact ask for more financial products.This is corroborated by the level of education reflected in the demographic charateristics of the respondents which showed that more than 70% of the respondents had a university education. The interviewed participants further noted that they should take advantage of their customers' understanding of the banking products by utilizing their account relationship teams to identify and provide the preferred products.

➢ *Saving Strategies that Promote Financial Stability*

Table 5 Saving Strategies that Promote Financial Stability

Coefficients[a]								
Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**T**	**Sig**	**95% Confidence Intervals for B**	**95% Confidence Intervals for B**
		B	**Std. Error**	**Beta**			**Lower Bound**	**Lower Bound**
1	(Constant)	2.262	.103		21.958	.000	2.058	2.465
	Increase Interest rates on Savings	.055	.038	-.090	-1.448	.004	-.130	.020
	The use of USD currency	.170	.046	-.322	-3.697	.000	-.260	.079
	Improve Account charges reduction	.291	.047	.403	6.120	..000	.197	.384
	Improve Customer Savings Protection guarantees	.149	.041	.221	3.621	.000	.068	.230
	-Improve Financial products	-.162	.059	-.253	-2.762	.006	-.278	-.047
	Access to Institutionalized Saving Mechanisms	.048	.035	-.078	-1.361	.175	-.118	.022
	Disposable income	.042	.039	-.060	-1.072	.285	-.119	.035

Source: Authors (2024)

Assuming that the explanatory variables are zero, it means an output of 2.262 can be realised which is attributed to other factors outside the model. Since disposable income, access to institutionalised saving mechanisms and improved financial products have significant values that are greater than 0.05, they are insignificant in explaining variability in saving strategies that promote financial stability and they were left out in the final model. Increase in interest rates on savings is positively associated with financial stability, with a coefficient of 0.055, which means that a 1% change in increase in interest rates, will lead to a 0.055 increase in financial stability. Mensahklo *et al., (*2017) noted that people invest because they want a return to compensate them for the time, the expected rate of inflation and the uncertainty of the return. The need for good interest rate on savings was also noted by Mahmood and Sahal, (2011) who argued that there must be a good balance on the savings rates to ensure they are sustainable for the banks while high enough to attract savers to defer consumption and save.

The use of USD currency has a coefficient of 0.170 and is thus positively associated with financial stability. It follows that a 0.170 increase in financial stability is brought about by a 1% change in increase in the USD rate. The search for the USD has reached high levels as reflected in a study by Gudhlanga & Madongonda (2019), who noted that productivity levels in the formal sector were suffering a knock as productive time was lost in search of the ever elusive US dollar. Furthermore, on 24 May 2023, the Financial Intelligence Unit (FIU) froze the bank accounts of four major distributors that had been diverting basic commodities to the informal market while refusing to supply same to established retailers who pay for and sell goods in the local currency. (FIU Press Statement 27.May 2023)

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Improvement on account charges reduction is another saving strategy that is positively associated with financial stability, with a coefficient of 0.291 which means that a 1% reduction in account charges will lead to an increase of 0.291 in financial stability. The Aspen Institute of Financial Security Program (2019) noted that formal accounts can help people build financial cushions by blocking immediate access to cash and by distinguishing savings from spending money. It seems logical that everyone should use this kind of tool, but systemic barriers keep certain groups from doing so. For instance, many accounts impose monthly or yearly fees and minimum balance requirements that push "financially stretched" people away, keeping them from finding value in formal banking.

The final significant variable of improving customer savings protection guarantees has a coefficient of 0.149, meaning that a 1% improvement in customer savings protection guarantees results in an increase of 0.149 in financial stability. The Zimbabwe National Financial Inclusion Strategy (2016) spelt out the roles of the regulatory aurhorities including the DPC which creates clear lines of accountability in protecting consumers in the case of bank failure. Sakarombe, (2018) notes that the collapse of a single bank can be associated with contagion effects. He opines that policies which can retain stability are necessary to reduce and manage bank runs ans therefore build confidence in the financial institutions. Allen *et al* (2018) argue that guarantees enable banks to relax on concerns about bank run risk and allow banks to provide greater liquidity transformation, thus helping to stabilise the financial system.

V. CONCLUSIONS AND RECOMMENDATIONS

A. Conclusions

- *Saving Environment not Conducive*

Access to institutionalized saving mechanisms such as payrol deduction for savings is not readily available for the saving public.

- *Account Operating Costs too High*

The cost of maintaining and operating accounts is too high and yet all methods of savings ultimately need the existence of an account. The prohibitive costs have led to people finding no value in formal banking. Deposit mobilization in formal banking has suffered as a result of this.

- *Lack of Trust in Local Currency*

The prevalence of the parallel market confirms a lack of trust in the local currency by the people and there is a scramble to buy the USD from the parallel market as a store of value rather than keep their earnings in the local currency.

- *Consumer Protection Guarantees not well Communicated*

Many potential savers are shying away because they are uncertain of their deposit protection guarantees in the unfortunate event of bank failure.

- *Low Interest Rates on Savings*

In addition to high account operating costs, the interest on savings is not attractive enough to attract savers into the formal banking system.

B. Recommendations

- *Access to Institutionalised Saving Mechanisms and Facilitation of Savings*

In addition to the pension plans currently available at most places of employment, we recommend more institutionalised savings mechanisms that should help individuals through payroll deductions. Most individuals have the desire to save for future consumption but do not necessarily have the discipline to commit to monthly or regular deposits into savings account. Facilitated savings could be the solution that should increase savings.

- *Reduce Account Operating Costs.*

A significant number of bank customers only use their bank accounts to receive salaries and most only fund their accounts when they want to make bank transfers for payments. They avoid keeping substantial amount of funds in the accounts because of the high account operating costs. We recommend a reduction in the account operating costs to attract savers into the formal banking sector.

- *Adopt USD as Currency in Zimbabwe.*

Most businesses and organisations in Zimbabwe use the USD as the currency for all transactions. lndividuals and businesses have to resort to sourcing the USD from the parallel market in order to fund their daily activities. As recommended by Pasara and Gadzirai (2020), we also recommend the formalization of the USD as the currency for all transactions.

- *Increase Visibility of Deposit Protection Corporation*

In order to increase awareness and visibility of the DPC we recommend an outreach campaign by the DPC to ensure that the public is fully aware of the interventions at their disposal from the DPC. This should reign in a number of customers who are currently avoiding savings through formal banking institutions because of their uncertainty over the protection of their savings in case of bank failure.

- *Increase Interest Rates on Savings*

We recommend an increase in the rate of interest on savings to attract more savers into the formal banking system.

C. Areas of Further Study

The impact of the parallel market and an unstable local currency is an area that requires further study as it could help in the formalization of a stable and more acceptable currency in Zimbabwe.

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