

THE SIGNIFICANCE OF INDIGENOUS BANKS TO ECONOMIC DEVELOPMENT IN ZIMBABWE: A CASE STUDY OF HARARE METROPOLITAN

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ABSTRACT

The main objective of this study is to ascertain the significance of indigenous banks to the economic development of Zimbabwe because any economy requires the existence of a banking system to ensure the mobilization of excess money, as well as guiding money towards the pursuit of efficient economic activities that promote economic development. Banks as financial intermediaries channel funds from those who have excess money for investing at an interest to those who want to borrow at an interest, creating a lender borrower relationship. They also provide financial services that reduce the cost of moving funds between borrowers and lenders, leading to a more efficient allocation of resources and faster economic growth. Thus, banks are an essential component of modern economies, not only in terms of turnover, but also as primary financiers. 100 respondents were selected from 8 indigenous banks and 400 bank users were also selected using purposive sampling techniques. The data collected from the respondents was analyzed using mixed methods. Furthermore, secondary data was obtained from journals, reports and relevant publications. The findings of the study revealed that indigenous banks help entrepreneurs in different industrial sectors to gain access to capital which also contributes to the economic development of Zimbabwe. The study also revealed that indigenous banks inculcate the habit of banking in rural people and other low income groups among other benefits. Hence, there is need for the government to support indigenous banks.

KEYWORDS: Financial Services Sector, Government, Principal Regulatory, Financial Liberalization, Developing Countries, Government, Economic Development, Central Bank, Indigenous Banks, Financial Intermediaries