Financial Access Without Borrowing: Cultural Beliefs and Participation in Formal Debt Markets in Ghana

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1. Background and Research Puzzle

Over the past decade, Ghana has experienced significant expansion in financial access driven by regulatory reforms, banking sector expansion, and rapid growth in digital financial services. Financial inclusion has increased substantially, with account ownership rising from 41% of adults in 2014 to 81% in 2024 (Global Findex, 2025). This progress has been driven primarily by the adoption of mobile money platforms, which have transformed the financial services landscape in Ghana. In 2024, the total value of mobile money transactions grew year on year by 54% to hit GH¢3 trillion (Bank of Ghana, 2024) with 78% of the adult population owning mobile money accounts (Global Findex, 2025), a strong reflection of the pivotal role of digital finance in financial inclusion growth in Ghana.

Despite these substantial improvements in financial access, participation in formal credit markets remains relatively limited. Only 29% of adults in Ghana borrowed from a formal financial institution in 2024, indicating that the growth in financial access has not translated into extensive participation in formal borrowing over time (Global Findex, 2025). This is even more puzzling given that only 18% of adults in Ghana access informal credit and savings products such as rotating savings groups (susu) and borrowing from family or community networks (Ministry of Finance, 2021).

This gap between expanding financial access and relatively limited formal borrowing presents an important research puzzle. If financial services are increasingly available and accessible, why do many individuals remain reluctant to borrow from formal financial institutions? One possible explanation lies in the role of cultural beliefs and social norms surrounding debt (Shiller, 2017; Shleifer, 2000). Cultural expectations regarding financial independence, stigma associated with indebtedness, and obligations to family or community networks may shape individuals' willingness to borrow from formal institutions. These same beliefs may also influence borrower behaviour after accessing credit, particularly in relation to repayment discipline and prioritization of financial commitments.

Understanding the cultural determinants of borrowing behaviour may provide new insights into the gap between financial access and credit participation in emerging financial systems.

2. Problem Statement

The gap between financial access and borrowing participation is important to study for several reasons. Firstly, limited participation in formal credit markets may constrain household economic opportunities and small business growth. Access to formal credit is viewed as a critical mechanism for poverty reduction (Osei-Gyebi, 2024). When individuals have access to financial institutions but remain reluctant to borrow, development may remain stunted.

Additionally, understanding borrowing behaviour is important for improving the effectiveness of financial inclusion policies. Many financial sector reforms focus primarily on expanding access to financial infrastructure. However, if cultural beliefs or social norms influence financial behaviour, improving access alone may not be sufficient to increase credit participation.

Finally, borrower behaviour has important implications for credit market stability and loan repayment performance. Cultural norms surrounding debt and financial obligation may influence repayment discipline, perceptions of moral responsibility toward lenders, and responses to financial distress. Understanding these behavioural dynamics might be useful in helping financial institutions design lending products that are more aligned with local social and cultural contexts.

3. Research Objectives

This study examines how cultural beliefs shape participation in formal debt markets in Ghana through two key dimensions.

Objective 1: To examine how cultural beliefs about debt influence individuals' willingness to borrow from formal financial institutions.

Objective 2: To investigate how cultural beliefs shape loan repayment behaviour among individuals who participate in formal debt markets.

4. Methodology

The study will employ a mixed-methods methodology. The quantitative part will involve a household survey of individuals and small entrepreneurs, measuring attitudes toward debt and borrowing, perceptions of debt stigma and social reputation, trust in financial institutions, borrowing behaviour and loan repayment patterns. The empirical analysis will examine the relationship between cultural beliefs/attitudes and borrowing behaviour while controlling for socioeconomic factors such as income, education, and access to financial institutions. In addition, qualitative interviews and focus groups will be conducted to explore how community norms and social expectations shape perceptions of debt and debt repayment behaviours.

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