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THE COST OF INDIGENOUS BANKS TO THE ZIMBABWEAN ECONOMY: A CASE STUDY OF HARARE

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ABSTRACT

The main objective of this study was to establish the impact of indigenous banks to the Zimbabwean economy since their introduction to-date Indigenous banks are just like any other financial institutions and they act as financial intermediaries who channel funds from those who have excess money for investing at an interest to those who want to borrow at an interest, thereby creating a lender borrower relationship. Indigenous banks also provide financial services that reduce the cost of moving funds between borrowers and lenders, leading to a more efficient allocation of resources and also faster economic growth among other roles. Consequently, phenomenology and a case study were used in this study and the sample was employed to select purposive sampling techniques. The data collected from the respondents was analyzed using qualitative methods and secondary data was also obtained from journals, reports and also from relevant publications. The research findings showed that indigenous banks have a negative impact to the Zimbabwean economy as they are closing down in their masses resulting in thousands of people losing their jobs and also their cash deposits. The closure of these indigenous banks has been blamed on weak supervisory just to name a few. Additionally, the closure of indigenous banks has resulted in failure to help entrepreneurs in different industrial sectors to gain access to capital which resulted in the negative growth of the Zimbabwean economy. The study recommends that all indigenous banks should have a strong lending policy and they should also refrain from abusing people's money as a result of unprofessional conduct.

KEYWORDS: Indigenous Banks, Banking Sector, Government Policies, Principal Regulatory, Financial Liberalization, Developing Countries, Zimbabwean Economy, Unprofessional Conduct, Unemployment