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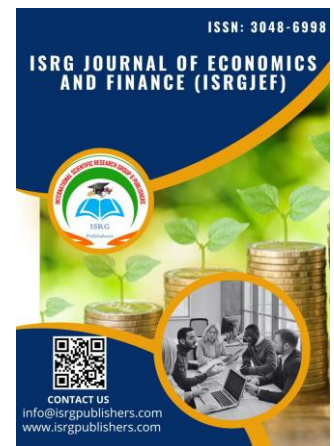
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EFFECTS OF BANK CHARGES ON HOUSEHOLD INCOME AND SAVINGS BEHAVIOUR IN SIERRA LEONE.

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Abstract

Bank charges are a growing concern for commercial bank customers in Sierra Leone, given their impact on household income, savings behaviour, and financial inclusion. This study investigated how excessive bank charges affect customers' savings habits and household income. It specifically assessed the influence of these charges on savings culture, disposable income, customer satisfaction, and participation in the formal banking system. Using a quantitative cross-sectional survey, data were collected from 180 customers of selected commercial banks in Freetown, Bo, Kenema, and Makeni through structured questionnaires. Analysis with IBM SPSS Version 27 included both descriptive and inferential statistics. Results showed that excessive bank charges significantly reduce disposable income and negatively affect savings behaviour, especially among low-income earners, students, traders, and informal-sector workers. Many respondents expressed dissatisfaction with charges related to ATM withdrawals, account maintenance, electronic transfers, and mobile banking services. Regression analysis confirmed a significant negative relationship between bank charges and savings behaviour. The study concludes that excessive bank charges undermine financial inclusion, erode public confidence in the banking sector, and discourage formal savings. Recommendations include stronger regulatory oversight, greater transparency, reduced banking charges, enhanced consumer protection, and further research on financial inclusion and digital banking in Sierra Leone.

Keywords: Bank Charges, Savings Behaviour, Household Income, Financial Inclusion, Sierra Leone.

Background of the Study

Savings and investment are critical macroeconomic variables that play a fundamental role in promoting household welfare, employment generation, price stability, and sustainable economic

growth in developing countries such as Sierra Leone. Domestic savings mobilisation remains one of the most reliable sources of investment financing and economic development, particularly in economies where dependence on foreign aid and external

borrowing continues to expose the country to financial vulnerabilities and economic instability (World Bank, 2024; International Monetary Fund [IMF], 2025). In many developing countries, including Sierra Leone, insufficient domestic resource mobilisation constrains productive investment, weakens financial inclusion, and limits economic transformation (Bank of Sierra Leone [BSL], 2024).

Commercial banks and other financial institutions serve as important intermediaries within the financial system by mobilising funds from surplus economic units (savers) and channelling them to deficit units (borrowers) for productive investment (BSL, 2024; Levine, 2023). Savings represent the proportion of income not spent on immediate consumption, and according to economic theory, savings constitute a major source of investment capital necessary for economic growth and development (African Development Bank [AfDB], 2023). Consequently, a strong savings culture among citizens is essential for improving financial stability, expanding investment opportunities, and enhancing national development outcomes. In Sierra Leone, where a significant proportion of the population operates in the informal sector and relies on low, irregular incomes, encouraging savings through formal financial institutions remains an important development priority (United Nations Development Programme [UNDP], 2024).

Despite the importance of savings mobilisation, one of the major barriers discouraging individuals from actively participating in the formal banking system in Sierra Leone is the prevalence of excessive and indiscriminate bank charges. Many bank customers frequently complain about charges associated with account maintenance, ATM withdrawals, SMS alerts, electronic transfers, mobile banking transactions, and other banking services (BSL, 2025). These charges are often perceived as burdensome, particularly for low-income earners, petty traders, students, and informal sector workers whose incomes are already limited. Excessive bank charges reduce disposable income, discourage savings behaviour, and weaken public confidence in the banking sector (World Bank, 2025).

Over the years, customers of commercial banks in Sierra Leone have increasingly expressed dissatisfaction regarding unexplained deductions and high transaction costs associated with banking services. Public discussions on radio programs, social media platforms, and community forums frequently highlight frustrations over multiple charges imposed on customers' accounts. Many customers argue that these charges discourage them from maintaining active bank accounts or saving through formal banking channels (Financial Sector Deepening Africa [FSD Africa], 2024). Some individuals, especially informal economy operators, reportedly prefer cash transactions and mobile money services to traditional banking because they perceive that commercial banks impose high costs without commensurate improvements in service delivery (United Nations Capital Development Fund [UNCDF], 2023).

The growing concern over excessive bank charges has important implications for financial inclusion efforts in Sierra Leone. The government of Sierra Leone and the Bank of Sierra Leone have, over the years, introduced policies to strengthen financial inclusion, promote digital financial services, and increase access to banking services for underserved populations (BSL, 2024). However, persistent complaints regarding high bank charges threaten to undermine these efforts by discouraging individuals from using formal banking systems. Excessive charges may also

contribute to the closure or dormancy of bank accounts, thereby weakening savings mobilization and limiting the effectiveness of monetary and financial sector policies (World Bank, 2024).

In response to these concerns, the Bank of Sierra Leone has introduced several regulatory measures and consumer protection guidelines intended to promote transparency and fairness in banking operations. These measures include regulations on service charges, electronic transaction fees, disclosure requirements, and dispute resolution mechanisms between banks and customers (BSL, 2025). Financial institutions are expected to comply with these directives to ensure that customers are not subjected to arbitrary or exploitative charges. Nevertheless, customer complaints continue to suggest that some commercial banks may not fully comply with regulatory guidelines, thereby raising concerns about regulatory enforcement and consumer protection in the banking sector (AfDB, 2024).

Although several studies have examined financial inclusion and banking-sector development in developing countries, limited empirical evidence exists on the specific effects of bank charges on household savings behaviour and income in Sierra Leone. Existing literature remains largely silent on whether excessive bank charges significantly discourage savings mobilisation and reduce household disposable income among bank customers in the country (IMF, 2025). Furthermore, there is insufficient evidence on the extent to which regulatory interventions have effectively addressed customers' concerns about excessive charges in the Sierra Leonean banking system (UNDP, 2024).

It is against this background that this study seeks to examine the effects of bank charges on customers' savings behaviour and household income in Sierra Leone. Specifically, the study aims to assess how excessive bank charges influence savings culture, financial inclusion, and customers' trust in commercial banks. The study will also evaluate customers' perceptions of banking charges and determine whether existing regulatory measures are adequate for protecting consumers in the banking sector. The findings of the study are expected to provide policymakers, financial institutions, and regulatory authorities with useful insights for designing strategies that promote affordable banking services, improve savings mobilisation, and strengthen financial inclusion in Sierra Leone (BSL, 2024; World Bank, 2025).

Literature Review

Overview of the Banking Industry in Sierra Leone

The development and reform of the banking industry in Sierra Leone can be traced to the economic liberalisation and financial sector reforms introduced during the Structural Adjustment Programme (SAP) of the late 1980s and early 1990s. These reforms were implemented to improve macroeconomic stability, promote private-sector participation, liberalise financial markets, and strengthen the efficiency of financial institutions in the country (Bank of Sierra Leone [BSL], 2024; World Bank, 2023). Prior to these reforms, the banking sector was characterised by heavy government control, limited competition, administratively determined interest rates, and restricted access to financial services.

The introduction of economic reforms led to significant changes in the operations of commercial banks and other financial institutions in Sierra Leone. Interest rate controls were gradually liberalised to allow market forces to influence lending and deposit rates, while financial sector policies were introduced to encourage competition,

efficiency, and private sector investment (International Monetary Fund [IMF], 2025). These reforms also aimed to strengthen financial intermediation by encouraging banks to mobilise domestic savings and extend credit to productive sectors of the economy.

The Bank of Sierra Leone, the country's apex financial regulatory institution, has played a central role in supervising and regulating banking activities. Over the years, the Bank of Sierra Leone has introduced several policy measures intended to improve banking operations, enhance consumer confidence, strengthen prudential regulation, and promote financial inclusion (BSL, 2025). These measures include the regulation of interest rates, licensing requirements for financial institutions, capital adequacy standards, digital financial service guidelines, and consumer protection frameworks.

As part of broader financial sector reforms, the government of Sierra Leone and the Bank of Sierra Leone implemented banking sector restructuring initiatives aimed at improving the stability and operational capacity of commercial banks. These reforms sought to address issues related to weak capitalisation, poor corporate governance, limited banking outreach, and inadequate financial infrastructure (African Development Bank [AfDB], 2024). The reforms also encouraged modernisation within the banking sector through the adoption of electronic banking systems, mobile banking services, Automated Teller Machines (ATMs), and digital payment platforms.

In recent years, Sierra Leone's banking industry has experienced gradual expansion with increased participation of both local and foreign-owned commercial banks. The sector currently comprises commercial banks, community banks, microfinance institutions,

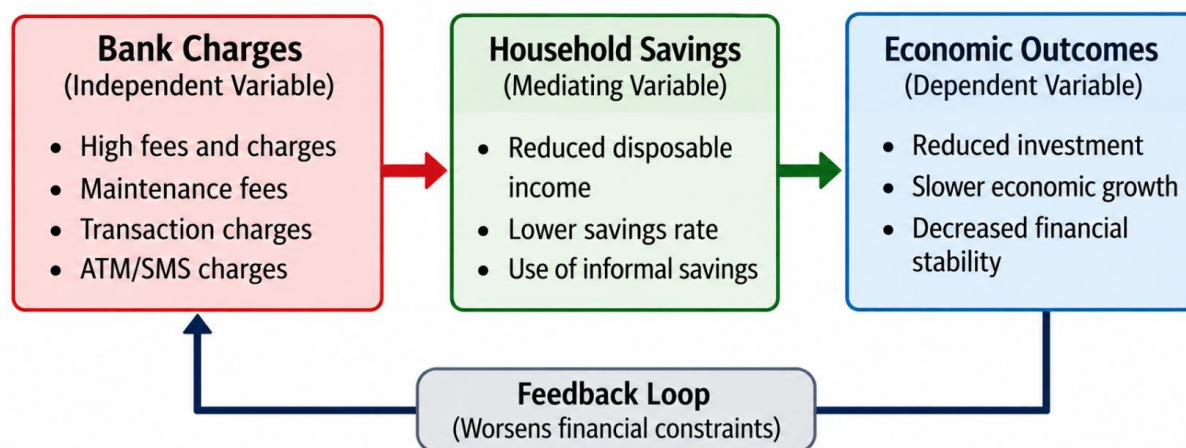
and mobile money service providers operating under the supervision of the Bank of Sierra Leone. The growth of mobile financial services and digital banking platforms has further improved access to financial services, particularly among rural and previously unbanked populations (United Nations Capital Development Fund [UNCDF], 2023; Demirgüç-Kunt et al., 2023).

Despite these developments, the banking sector in Sierra Leone continues to face several challenges, including low public confidence, inadequate banking infrastructure in rural areas, high operational costs, weak financial literacy, and limited savings mobilisation. Excessive bank charges and transaction costs have also emerged as significant concerns among customers, particularly low-income earners and informal sector workers (World Bank, 2025). Many customers perceive banking services as expensive, leading some to rely on informal savings systems or mobile money platforms rather than commercial banks.

Furthermore, the banking industry continues to face challenges associated with economic instability, inflationary pressures, foreign exchange fluctuations, and limited access to credit for small and medium-sized enterprises (SMEs). According to the IMF (2025), strengthening regulatory oversight, improving financial consumer protection, and reducing transaction costs remain essential for improving financial inclusion and restoring public trust in the banking sector.

To address these concerns, the Bank of Sierra Leone has continued to implement reforms to improve banking sector transparency, promote digital finance, and ensure compliance with financial regulations. These reforms are intended to strengthen the banking industry's resilience, encourage savings mobilisation, and support sustainable economic development in Sierra Leone (BSL, 2024).

Conceptual framework



The diagram illustrates the dynamic relationship between bank charges, household savings behavior, financial intermediation, and economic growth within the Sierra Leonean context. It begins with excessive bank charges, which directly reduce households' disposable income. Recent studies (AfDB, 2023; World Bank, 2024) emphasise that high transaction and maintenance fees discourage individuals from using formal banking systems, thereby constraining their capacity to save.

This reduction in disposable income aligns with the Life-Cycle Hypothesis proposed by Modigliani and Brumberg, which posits

that individuals plan their consumption and savings based on expected lifetime income. When banking costs rise, households especially those with low and unstable earnings adjust by lowering their savings rate or resorting to informal saving mechanisms (IMF, 2025; UNDP, 2026). This behavioral shift weakens the formal financial system's ability to mobilize funds effectively.

The next stage of the framework reflects the Financial Intermediation Theory, which explains how banks channel savings into productive investments. When household deposits decline due to high banking costs, banks face liquidity constraints, limiting their lending and investment capacity (AfDB, 2023; OECD, 2024).

Consequently, the efficiency of financial intermediation diminishes, reducing the flow of capital to sectors that drive economic growth.

Ultimately, the cumulative effect of these interactions leads to slower economic growth and reduced financial stability. Empirical evidence from emerging economies (World Bank, 2024; IMF, 2025) supports this causal chain, showing that high banking costs can exacerbate financial exclusion and weaken macroeconomic resilience. The feedback loop at the bottom of the diagram shows how persistent financial constraints reinforce the cycle, perpetuating low savings and limited investment.

Concept of Savings and Savings Mobilization

Savings represent the portion of disposable income that is not spent on immediate consumption but is reserved for future use or investment. Savings mobilisation refers to the process through which financial institutions collect funds from individuals, households, businesses, and organisations for productive economic activities (World Bank, 2024). In developing economies, savings mobilisation is considered an essential driver of economic growth because it provides financial resources for investment, employment generation, and poverty reduction (International Monetary Fund [IMF], 2025).

According to the Bank of Sierra Leone, increased domestic savings contribute significantly to financial sector stability and national economic development by reducing dependence on external borrowing and foreign aid (BSL, 2024). Similarly, the African Development Bank (AfDB, 2023) observed that countries with stronger savings cultures tend to experience higher investment levels and greater economic resilience. Savings also improve household financial security by enabling families to manage emergencies, invest in education, healthcare, and small businesses, and cope with economic shocks (United Nations Development Programme [UNDP], 2024).

In Sierra Leone, savings mobilisation remains relatively low due to widespread poverty, unemployment, low financial literacy, and limited access to affordable banking services (World Bank, 2025). The dominance of the informal sector further weakens participation in formal financial systems because many citizens rely on cash transactions and informal savings groups rather than commercial banks (Financial Sector Deepening Africa [FSD Africa], 2024). As a result, strengthening savings mobilization has become an important policy priority for improving financial inclusion and sustainable development in Sierra Leone.

Bank Charges and Financial Intermediation

Commercial banks perform the important function of financial intermediation by mobilising deposits from savers and providing credit to borrowers for productive investment (AfDB, 2024). To sustain their operations, banks charge customers for various transactions, including account maintenance, ATM withdrawals, electronic fund transfers, mobile banking services, and SMS notifications (BSL, 2025). While moderate service charges are necessary for operational sustainability, excessive or unexplained charges may discourage customers from actively using banking services (IMF, 2025).

The literature suggests that high bank charges negatively affect customers' willingness to save through formal financial institutions. According to the World Bank (2025), excessive transaction costs reduce disposable income and create financial

burdens, particularly for low-income earners and informal-sector workers. Similarly, UNCDF (2023) reported that many individuals in low-income countries avoid formal banking systems because they perceive banking services as expensive and inaccessible.

In Sierra Leone, complaints regarding excessive bank charges have increased in recent years, especially with the expansion of digital banking and electronic financial transactions (BSL, 2024). Customers frequently complain about deductions associated with ATM usage, account maintenance, interbank transfers, and mobile banking services. Such charges are often viewed as unfair and disproportionate to the quality of services provided by financial institutions (FSD Africa, 2024). Consequently, some customers reportedly reduce their savings activities, maintain dormant accounts, or shift to alternative financial platforms such as mobile money services.

Financial Inclusion and Banking Services

Financial inclusion refers to the availability, accessibility, and affordability of formal financial services to all segments of society, particularly vulnerable and underserved populations (World Bank, 2024). Financial inclusion is recognised globally as a key strategy for reducing poverty, promoting economic growth, and improving household welfare (United Nations, 2025).

In Sierra Leone, financial inclusion remains a major challenge despite ongoing reforms within the financial sector. According to the Bank of Sierra Leone, a substantial proportion of the population remains financially excluded due to poverty, low literacy levels, inadequate banking infrastructure, and high transaction costs (BSL, 2025). Rural communities are particularly disadvantaged because access to banking facilities remains limited outside urban centres such as Freetown, Bo, and Kenema.

Several studies have shown that excessive bank charges constitute a significant barrier to financial inclusion. AfDB (2024) noted that high banking costs discourage low-income earners from opening and maintaining bank accounts. Similarly, UNDP (2024) argued that affordable financial services are necessary to encourage greater participation in formal banking systems. The persistence of high service charges in many developing countries weakens public trust in financial institutions and limits progress toward inclusive economic development.

Digital financial services, such as mobile banking and electronic payments, have improved financial access in Sierra Leone; however, concerns about transaction fees continue to affect usage levels (UNCDF, 2023). Although mobile money services are increasingly popular, customers still express dissatisfaction regarding transfer charges and other service fees imposed by financial service providers.

Effects of Bank Charges on Household Income and Savings Behaviour

Household income plays a major role in determining savings behaviour because individuals are more likely to save when they have sufficient disposable income after meeting their basic consumption needs (IMF, 2025). Excessive bank charges reduce disposable income by increasing the cost of accessing and maintaining financial services. This situation disproportionately affects poor households, students, petty traders, and informal-sector workers, who often operate with limited financial resources (World Bank, 2025).

Empirical studies conducted in developing countries indicate that high banking costs discourage savings and weaken financial participation (Prina, 2023). According to FSD Africa (2024), customers exposed to frequent deductions and unexplained charges often develop negative perceptions toward banks and reduce their banking activities. Similarly, AfDB (2023) found that excessive transaction costs contribute to low savings rates among vulnerable populations in sub-Saharan Africa.

In Sierra Leone, the economic challenges of inflation, unemployment, and low incomes further increase the financial burden imposed by bank charges (BSL, 2024). Many households struggle to maintain stable savings due to rising living costs and frequent deductions from their accounts. Consequently, some individuals prefer informal savings mechanisms such as “osusu” groups and cash savings rather than formal banking institutions.

Regulatory Framework and Consumer Protection in Sierra Leone

The Bank of Sierra Leone serves as the primary regulatory authority responsible for supervising commercial banks and ensuring financial sector stability in Sierra Leone. The central bank has introduced several policies and guidelines to improve transparency, promote consumer protection, and regulate banking charges (BSL, 2025).

These regulations require financial institutions to disclose applicable service charges clearly to customers and avoid arbitrary deductions from customer accounts OECD, 2024. Additionally, financial institutions are expected to establish effective complaint-resolution mechanisms to address disputes between banks and customers (AfDB, 2024). Despite these regulatory measures, public complaints about excessive charges persist, suggesting possible weaknesses in policy enforcement and regulatory oversight.

Consumer protection within the banking sector remains an important issue because public confidence is essential for effective savings mobilisation and financial sector development (World Bank, 2024). According to UNDP (2024), transparent and affordable banking services are necessary to promote trust in financial institutions and encourage broader financial participation among citizens.

Empirical Gap in the Literature

Although numerous studies have examined financial inclusion, savings behaviour, and banking sector development in developing economies, empirical research has focused little on the effects of bank charges on household income and savings behaviour in Sierra Leone. Existing studies largely concentrate on broader financial inclusion challenges without adequately addressing how excessive service charges affect customers' willingness to save and participate in formal banking systems (IMF, 2025).

Furthermore, there is limited evidence regarding customers' perceptions of banking charges and the effectiveness of regulatory interventions introduced by the Bank of Sierra Leone. This creates an important knowledge gap that necessitates further empirical investigation. Therefore, this study seeks to contribute to the existing literature by examining the relationship between bank charges, household income, and savings behaviour among commercial bank customers in Sierra Leone.

Research Methodology

The study is guided by its main objective, which seeks to investigate the effects of bank charges on customers' savings behaviour and household income in Sierra Leone. The study adopted a positivist research philosophy because it focuses on observable facts and measurable relationships between bank charges, savings behaviour, and income levels among bank customers. In line with the positivist approach, the study employed a quantitative research design, using structured questionnaires as the primary data collection instrument.

The researcher designed a structured questionnaire comprising both closed-ended and Likert-scale questions to obtain relevant information from respondents about their experiences with bank charges and their effects on savings and income. The questionnaires were distributed both physically and electronically via respondents' email addresses and WhatsApp, to facilitate wider participation and improve response rates.

To reach the target population, the study focused on customers of commercial banks within selected urban centres in Sierra Leone, specifically Freetown, Bo, Kenema, and Makeni. These cities were selected because they represent major commercial and administrative centres with relatively high banking activities and large numbers of bank customers. Due to the diverse nature of bank customers and the difficulty in obtaining a complete sampling frame of all bank account holders in Sierra Leone, the researcher employed accidental sampling (convenience sampling) to select respondents who were readily available and willing to participate in the study.

The study targeted customers of major commercial banks operating in Sierra Leone, including banks with large customer bases and extensive branch networks. The researcher visited selected banking premises and commercial areas within the study locations to administer questionnaires to customers visiting the banks. A total of 180 bank customers were sampled for the study. No precise scientific procedure was used to determine the sample size because no accessible database existed containing the total population of bank customers in the selected cities. However, the sample size was considered adequate to provide useful information and support reasonable generalization of the findings.

To sample each respondent, the researcher approached customers randomly within and around banking premises, introduced the topic of the study, explained its purpose, and requested their consent to participate voluntarily. Once respondents agreed to participate, the researcher either administered the questionnaire in person or sent the questionnaire link via WhatsApp or email, depending on the respondent's preference.

To ensure the reliability of the research instrument, a pilot study was conducted among a small group of bank customers outside the selected sample population. The questionnaire's reliability was assessed using Cronbach's Alpha, which yielded a coefficient of 0.76, indicating acceptable internal consistency. Based on feedback from the pilot study, necessary corrections and modifications were made to improve the clarity and relevance of the questionnaire before the final data collection.

The collected data were analysed using descriptive and inferential statistical techniques with the aid of the Statistical Package for Social Sciences (IBM SPSS Version 27). Descriptive statistics, including frequencies, percentages, tables, and charts, were used to

summarise respondents' demographic characteristics and perceptions of bank charges. Inferential statistics were also used to examine the relationships among bank charges, savings behaviour, and household income.

Finally, ethical considerations were strictly observed throughout the study. The researcher did not collect sensitive personal or financial information from respondents. Participants were assured

that all collected information would be kept confidential and used solely for academic purposes. Furthermore, all responses were aggregated during analysis to ensure anonymity and prevent the identification of individual respondents or disclosure of their financial details.

Results and Discussion

Table 1. Demographic Characteristics of Respondents

Age	Freq.	Per. (%)	Gender	Freq.	Per. (%)	Occupation	Freq.	Per. (%)
18–25 years	44	0.24	Male	102	0.57	Student	41	0.23
26–40 years	79	0.44	Female	78	0.43	Unemployed	18	0.10
41–60 years	46	0.26	More	0	0.00	Self-employed/Trader	63	0.35
60 years & above	11	0.06				Govt/Public employed	31	0.17
						Private sector employed	21	0.12
						NGO/Development worker	6	0.03

Source: Field Survey, 2026

The results show that 44% of respondents were aged 26–40, indicating most were economically active and regularly engaged with banking institutions. Males comprised 57% of the sample and females 43%, reflecting balanced participation. Self-employed individuals and traders accounted for the largest occupational

group at 35%, highlighting the prominence of informal-sector activities in Sierra Leone. These findings suggest that banking policies and charges have a direct impact on economically productive populations and informal sector workers who depend on financial services.

Table 2. Monthly Income, Savings Behaviour and Savings Ownership

Monthly Income (SLE)	Freq.	Per. (%)	Monthly Saving (SLE)	Freq.	Per. (%)	Have Savings	Freq.	Per. (%)
0–1,500	58	0.32	0–1,000	67	0.37	Yes	152	0.84
1,501–3,500	49	0.27	1,001–3,000	54	0.30	No	24	0.13
3,501–7,000	42	0.23	3,001–6,000	36	0.20	More than one account	4	0.02
7,001–15,000	21	0.12	6,001–10,000	18	0.10			
15,001 & Above	10	0.06	10,001 & Above	5	0.03			

Source: Field Survey, 2026

Most respondents reported low monthly incomes, with 32% earning between SLE 0–1,500, and a large proportion saving between SLE 0–1,000 monthly. Although 84% had savings accounts, the low savings amounts indicate limited capacity to

save. These results suggest that low-income earners face challenges maintaining meaningful savings due to financial pressures and banking costs, consistent with previous studies linking low income to reduced savings and increased financial vulnerability.

Table 3. Effects of Bank Charges on Savings and Household Income

Bank charge & Saving	Freq.	Per. (%)	Bank charge & Income	Freq.	Per. (%)	Agree with charge	Freq.	Per. (%)
Yes	142	0.79	Yes	136	0.76	Yes	33	0.18
No	29	0.16	No	34	0.19	No	135	0.75
Don't know	9	0.05	Don't know	10	0.05	Don't know	12	0.07

Source: Field Survey, 2026

Seventy-nine percent of respondents stated that bank charges negatively affect their savings behaviour, and 76% agreed that excessive charges reduce household income. Additionally, 75% expressed dissatisfaction with current bank charges. These findings

indicate that bank charges are a major concern and may discourage participation in the formal banking sector. The results are consistent with studies from other African countries, showing that excessive charges reduce disposable income, weaken savings culture, and hinder financial inclusion. Customers also perceive

many charges as excessive compared to their income and the

quality of services received.

Table 4. Monthly Bank Charges, Customer Complaints and Switching Behaviour

Monthly Charge (SLE)	Freq.	Per. (%)	Customer complaints	Freq.	Per. (%)	Customer switching	Freq.	Per. (%)
0–100	121	0.67	Yes	109	0.61	Yes	97	0.54
101–300	38	0.21	No	63	0.35	No	71	0.39
301–700	15	0.08	Don't know	8	0.04	Don't know	12	0.07
701 & Above	6	0.04						

Source: Field Survey, 2026

Most respondents paid between SLE 0–100 monthly in bank charges, with some incurring higher amounts based on transaction frequency. Although individual charges were small, the cumulative effect was burdensome for those with low incomes. Sixty-one percent had complained about excessive charges, and 54% were

willing to switch banks due to dissatisfaction. These findings reflect increasing customer frustration and declining trust in some commercial banks, and suggest that excessive charges may drive customers toward alternative financial systems such as mobile money and informal savings.

Table 5. Regression Analysis Result

Variables	N	Mean	SD	β	t crit	Sig. (2-tailed)
Savings Behaviour	180	3,864	1.231	-0.547	3.562	0.001***
Household Income	180	6,215	1.104	-0.136	1.944	0.054*

Where: ***, **, * represent 1%, 5%, & 10% level of significance.

Source: Author's Computation using SPSS Version 27, 2026.

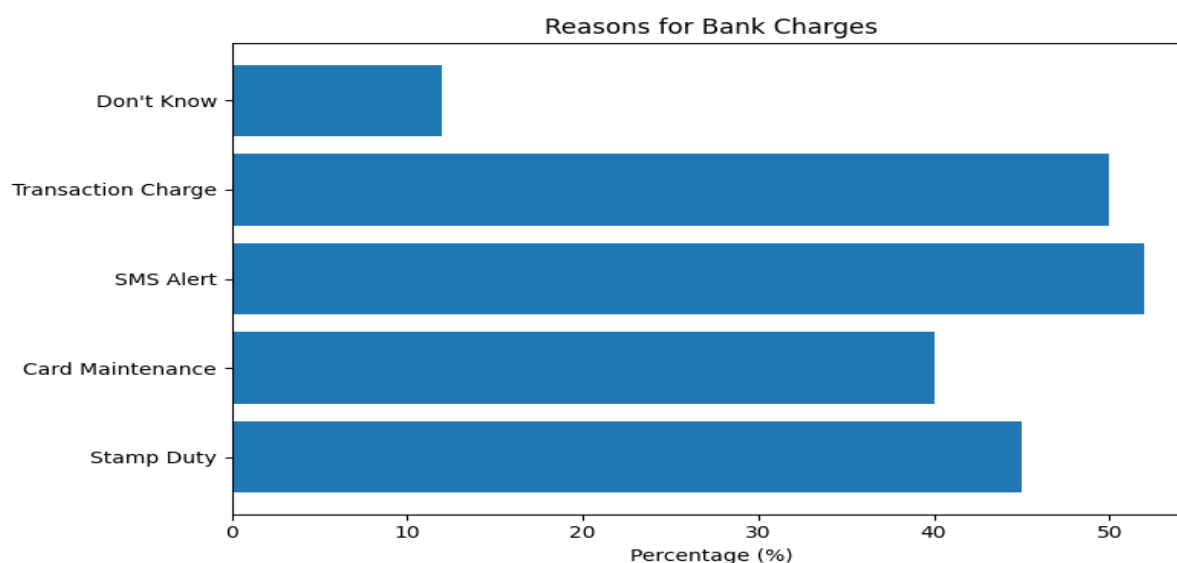
Regression analysis showed a statistically significant negative relationship between bank charges and customers' savings behaviour. The negative coefficient ($\beta = -0.547$) indicates that higher bank charges significantly reduce customers' ability and willingness to save through formal banking institutions. This confirms that excessive charges discourage savings mobilisation among bank customers in Sierra Leone.

The regression analysis also found a negative relationship between bank charges and household income. High transaction costs and

multiple deductions reduce disposable income for consumption, investment, and savings. Although this relationship was statistically weaker than for savings behaviour, it still highlights the impact of bank charges on household financial well-being.

Overall, the findings show that excessive bank charges undermine financial inclusion, weaken public confidence in commercial banks, and negatively affect savings culture in Sierra Leone. The study highlights the need for stronger regulatory oversight, increased transparency, and customer-friendly banking policies to improve financial participation and savings mobilization.

Fig. 1. Reasons for Bank Charges



The graph on reasons for bank charges illustrates the major types of charges commonly experienced by customers of commercial banks in Sierra Leone. The findings reveal that SMS alert charges

recorded the highest response rate at approximately 52%, followed closely by transaction charges at 50%. Stamp duty charges accounted for about 45%, while card maintenance charges represented approximately 40% of respondents' concerns. Only a

small proportion of respondents, about 12%, indicated that they did not know the reasons for the deductions made on their accounts.

The findings suggest that electronic and digital banking-related charges are the most frequent deductions for customers. The high percentage of customers who reported receiving SMS alerts and paying transaction charges indicates that customers are increasingly concerned about the cumulative cost of maintaining and operating bank accounts. This may be attributed to the growing use of electronic banking services, ATM transactions, mobile banking, and interbank transfers within Sierra Leone's banking sector.

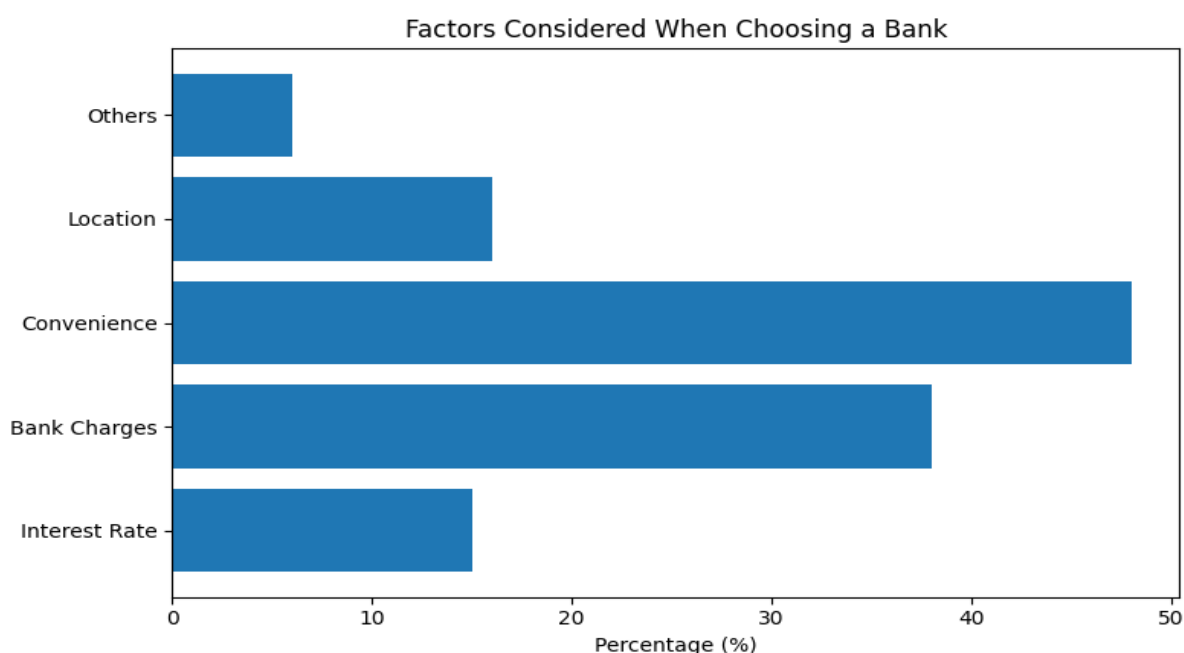
The prominence of stamp duty and card maintenance charges further demonstrates that customers are affected not only by transaction-based deductions but also by recurring administrative charges associated with account ownership. Many low-income

earners and informal sector workers may perceive these charges as excessive because they reduce disposable income and discourage regular savings behaviour.

The graph further indicates that most respondents were aware of the charges imposed by banks, suggesting increased public attention and sensitivity toward banking deductions. This finding aligns with the broader study results, which revealed widespread dissatisfaction with bank charges among customers. The findings imply that excessive and multiple deductions may erode public confidence in the banking system and prompt some customers to rely on informal savings methods or mobile money platforms rather than commercial banks.

Overall, the graph demonstrates that transaction-related banking costs remain a significant challenge affecting savings mobilisation and customer satisfaction in Sierra Leone.

Fig. 2. Factors Considered When Choosing a Bank



The second graph presents the factors customers consider when selecting a commercial bank in Sierra Leone. The findings reveal that convenience was the most important factor influencing customers' bank choice, accounting for approximately 48% of responses. Bank charges accounted for about 38%, while location and interest rates accounted for approximately 16% and 15%, respectively. Other factors constituted only a small proportion of responses.

The dominance of convenience as the primary factor suggests that customers prioritise easy access to banking services, including ATM availability, mobile banking, branch accessibility, and transaction speed. This reflects the increasing importance of digital banking and efficient service delivery in influencing customer preferences within Sierra Leone's financial sector.

The finding that bank charges ranked second among the major determinants of bank selection highlights the importance customers attach to affordability and transparency in banking operations. Customers are likely to avoid financial institutions perceived as imposing excessive charges or hidden deductions. This supports the study's broader findings, which established that high bank

charges negatively affect savings behaviour and customer satisfaction.

The relatively lower importance attached to interest rates may indicate that many customers in Sierra Leone prioritise service accessibility and cost over returns on savings. This may also reflect low savings levels among respondents and the dominance of transactional banking activities rather than investment-oriented banking behaviour.

Furthermore, the graph suggests that customers increasingly evaluate banks based on the overall quality and affordability of the services they provide. Financial institutions that provide convenient, accessible, and affordable services are more likely to attract and retain customers. The findings therefore imply that reducing excessive charges and improving customer convenience can significantly enhance financial inclusion and public trust in Sierra Leone's banking sector.

Overall, the graph demonstrates that customers' banking decisions are strongly influenced by service convenience and transaction costs, emphasising the need for customer-friendly banking policies and improved financial service delivery.

SUMMARY, CONCLUSION AND RECOMMENDATION:

Summary

This study examined the effects of bank charges on customers' savings behaviour and household income in Sierra Leone. It was prompted by growing public concern over excessive and unexplained charges by commercial banks and their implications for savings mobilisation, financial inclusion, and household welfare.

The study used a quantitative cross-sectional survey design guided by the positivist research philosophy. Data were collected from 180 customers of selected commercial banks in Freetown, Bo, Kenema, and Makeni using structured questionnaires and analysed using descriptive and inferential statistics in IBM SPSS Version 27.

The findings showed that most respondents were economically active adults, with a significant proportion working in the informal sector as self-employed individuals and traders. Many reported low monthly incomes and low savings levels.

The results showed that excessive bank charges negatively affect customers' savings behaviour and household income. Most respondents agreed that charges for ATM withdrawals, account maintenance, SMS alerts, transfers, and other transactions reduce disposable income and discourage saving through formal banks. There was also widespread dissatisfaction with current bank charges.

Many customers reported excessive bank charges, and a significant proportion expressed a willingness to switch banks due to dissatisfaction. Regression confirmed a significant negative relationship between bank charges and savings behaviour, indicating that higher charges reduce customers' ability and willingness to save.

Overall, the study found that excessive bank charges are a major barrier to savings mobilisation, financial inclusion, and customer satisfaction in Sierra Leone's banking sector.

Conclusion

The study concludes that bank charges significantly affect customers' savings behaviour and household income in Sierra Leone. Excessive and multiple charges reduce disposable income, discourage formal savings, and weaken public confidence in the banking system. Many low-income earners, traders, students, and informal-sector workers find current banking charges burdensome relative to their incomes.

The study also concludes that high banking transaction costs may undermine financial inclusion by discouraging individuals from opening or maintaining bank accounts. Growing customer dissatisfaction and a willingness to switch banks or use alternative services, such as mobile money, reflect declining trust in some banking practices.

Regression analysis confirms that excessive bank charges have a significant negative effect on savings behaviour and household financial wellbeing. Without stronger regulation and customer protection, excessive charges may continue to weaken savings culture, reduce participation in the formal financial sector, and hinder economic development in Sierra Leone.

Recommendations

The following recommendations are based on the study's findings:

Firstly, the Bank of Sierra Leone should strengthen supervision and monitoring of commercial banks to ensure compliance with approved banking charges and consumer protection regulations. Financial institutions that impose unauthorised or excessive charges should face appropriate sanctions to protect customers and promote fairness within the banking sector.

Also, Commercial banks should review and lower charges for ATM withdrawals, electronic transfers, SMS alerts, and account maintenance. Affordable services will encourage savings, improve customer satisfaction, and support financial inclusion, especially for low-income and informal sector workers.

Thirdly, Banks should clearly explain all charges and deductions to customers. Financial literacy and public awareness campaigns should be expanded to educate customers on banking procedures, savings, rights, and complaint processes. These efforts will build trust and confidence in the banking system.

Furthermore, Commercial banks should implement efficient, accessible complaint-resolution systems to promptly and fairly address customer grievances. The Bank of Sierra Leone should strengthen consumer protection policies and enforce regulations on banking operations and customer service.

Finally, further research should examine the long-term effects of bank charges on financial inclusion, poverty reduction, and the adoption of digital banking in Sierra Leone. Comparative studies of the influence of commercial banks and mobile money platforms on savings among low-income populations are also recommended.

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