Home Ownership Financing Mix in Kenya; Government Role, Savings Culture, Lenders and Borrowers Factor

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Abstract: The driving goal of the Kenyan Vision 2030 is to transform the country into a middle-income economy by the year 2030. This will place Kenya into “a globally competitive and prosperous nation with a high quality of life for its citizens” by the year 2030. The “Big Four” agenda is an operationalization of the economic and social pillars of the country’s development blueprint. The agenda includes provision of affordable housing, rolling out universal health coverage, increasing share of manufacturing in the economy and improving food security within five years. In addition, among the Sustainable Development Goals (SDGs), affordable housing has been echoed through SDG number 11 which emphasizes sustainable cities and communities. Specifically, the President’s ambitions “Big Four” agenda on housing is to deliver 500,000 affordable houses by 2022. Perhaps this was informed by the fact that Kenya is faced with a serious housing deficit, more so in towns where demand for housing units is high and growing. The average annual housing demand in Kenya is estimated at 200,000 units. However, the current supply is about 30,000 units annually, resulting into a shortage of more than 150,000 units. Moreover, 50 percent of the existing structures in urban areas are in need of repairs and rehabilitation or redevelopment. However, at the centre of these nexus is finance which is premised on the concept of provision of money whenever required. Therefore, affordable housing agenda item calls for sustainable financing strategies which require government policy interventions, positive savings culture of the people, reliable and affordable credit facilities as well as the willing and capable borrowers to pick up loan instruments for home ownership development. In view of the foregoing, the paper is interested in unpackaging home ownership financing mix by investigating the implications of government policy interventions, positive savings culture of the people, lenders’ credit facilities and borrower factors in actualization of the affordable housing in Kenya. A survey study was conducted which targeted government agencies, relevant ministries and departments as well as financial institutions such as banks. Borrowers from the general public were also reached out for their opinion and research organizations such as Institute of Economic Affairs. Questionnaires were used for data collection and interview schedules. Both primary and secondary data were relied upon to unearth information about home ownership financing mix matrix in Kenya. Descriptive statistics was applied in data analysis with the study findings presented by use of tables, graphs and pie-charts. The study found out that government initiated financing options are having very low uptake as compared to individual initiated packages. The cost of capital remains a major obstacle in home ownership with the savings culture contributing to low demand of credit facilities as well as borrowers’ weaknesses of personal financial management limiting home ownership due to imprudent use of sourced funds.

Keywords: Home ownership, Financing mix, Government role, Savings culture, Lenders and Borrowers.

Introduction

Affordable housing is premised on Sustainable Development Goals, the Kenyan Vision 2030 and the ‘Big Four’ agenda”. The eleventh Sustainable Development Goal emphasizes sustainable cities and communities, while the Vision 2030 envisages prosperous nation with high quality of life for its citizens through economic and social pillars of the vision. The ‘Big Four’ agenda operationalizes the Vision 2030 more especially through the social pillar on affordable housing by projecting delivery of 500,000 housing units by 2022.

According to the Kenya Bureau of Statistics (2019), Kenya is faced with a serious housing deficit more so in towns and cities where demand for housing units is high and growing. For example, the average annual housing demand in Kenya is estimated at 200,000 units, however the current supply is about 30,000 units annually which
results into a shortage of more than 150,000 units. Moreover, 50 percent of the existing structures in urban areas are in need of repairs and rehabilitation or redevelopment.

This points a grim picture of a nation which envisages being a middle-income economy in its development blueprint by the year 2030. Perhaps this explains the inclusion of delivery of 500,000 housing units in the president’s ambitious ‘Big Four’ agenda by 2022 to address housing deficit gap. However, at the nexus of all these finance is a pertinent variable. Pandy (2008) defines finance as availing money when it is needed. Thus there is need to integrate financing provision in an attempt to meet the ever high and growing demand for housing in Kenya.

In view of the foregoing, the purpose of this paper was to investigate home ownership financing mix by examining the role of government through policy interventions. In addition, the paper examined savings culture of the people as well as the lender institutions’ terms and conditions of providing home ownership oriented packages in aiding access to finance. Borrower characteristics were also analyzed by looking at the risk averseness of the borrower and the disposable income contribution to home ownership financing.

Home ownership financing models

The financing options for home ownership come in different forms but they can be classified into two main categories namely: government initiated options and individual self-driven financing initiatives.

Figure 1 presents a conceptualized view of financing models, intervening housing factors and affordable housing agenda.

Figure 1: conceptualizing home ownership financing mix

Some: Author (2021)

The figure conceptualizes the relationship between financing models and affordable housing agenda as contained in the ‘Big Four’ of President Uhuru Kenyatta. The relationship is intervened by a host of housing factors such as government role, savings culture of the people, lender terms and conditions of facilities offered as well as borrower characteristics.

a) Government initiated financing options

Government initiated financing options are developed along the tents of statutory deductions- like levy model which are premised in specific Acts of parliament such as National Development Fund Regulation 2020 and the Retirement Benefits Mortgage Loans (Amendment) Regulation 2020. These are meant to meet specific government objectives such as affordable housing agenda. Among these initiatives in practice and at the disposal of the Kenyans are;
National Housing Development Fund (NFDF)

According to the Ministry of Housing (2020) the amendments as contained under regulation nine states that ‘every member shall contribute a minimum of Kshs. 200 per month to the National Housing Development Fund and the contributions shall be immediately credited to the members individual account’.

The amendments further states that “deceased member contribution shall be paid to the dependent of the member and the deceased member’s contribution payable will be equal in value to the member’s National Housing Development Account as well as interest accrued”. In addition, the Regulations posit that “subject to any other written law, a benefit payable by the National Housing Development Fund upon the death of a member shall not form part of the assets in the estate of a member”.

The role of the government in such government fronted tenant-purchase schemes is to raise revenue to meet the affordable housing agenda. The regulatory framework lays the necessary structures to aid in the execution of the financing strategies. Such schemes become binding and can be easily prosecuted in a court of law should the parties involved such as the employee and the employer fail to meet the share of their obligation.

Retirement Benefits Mortgage Loans

The Retirement Benefits Mortgage Loans (Amendment) Regulation 2020 allows employees to access 60 percent of their retirement savings to buy a home. This will enable pension savers to own homes during their working life. It makes a big difference when employees retire with a house they can call their own, easing transaction to post employment and increasing financial flexibility. Currently the first thing retirees do with their meager pension is to put up a retirement home leaving them cash strapped.

Further, the Retirement Benefit Mortgage Loans (Amendment) Regulation 2020 states that where a member and the member’s spouse are both members of the same schemes or different schemes the trustees shall prescribe in the scheme rules the manner in which the member and member’s spouse may combine their accrued benefits and utilize the total amount for the purchase of a residential house. At the same time, the amendments allow an applicant who is a member of more than one scheme that have been established by the same sponsor the trustees shall on the option of the member, combine the member’s accrued benefits in determining the proportion available to the member.

Self-driven financing option

The self-driven financing models are premised on individual initiative and willingness as well as ability to pick on any special purchase vehicles meant to aid financial access for home ownership. Some of the commonly utilized financing models operationalized a long self-driven initiatives are; equity release, housing co-operative packages, Sacco products and bank loans. Also investment financing institutions facilities such as insurance investment schemes or mutual funds model as well as the diaspora remittance are transforming rural and urban home ownership.

Equity release

Equity release is based on the concept of a house being a financial asset due to the appreciation in value of such property over time. This form of financing takes advantage of the growth of the value of one’s house over time. Equity releases gives the owner of a house an opportunity to access additional value that one's house has created over time. For example, assuming you took a mortgage five years ago to buy a Kshs. 6 million house in Nairobi, if the house is valued today it would be worth approximately twice the purchase value. This is credited to high capital appreciation rate of real estate in Kenya over the past decade.

Therefore, your equity in the property is now constituted by the Kshs. 6 million appreciative value plus what you have repaid the lender so far. This may also be looked at as the difference between the current value of your house and what is outstanding if you are still servicing the mortgage. For example, assuming the mortgage was to go for 10 years and you have serviced it for 6 years and the outstanding amount is Kshs. 2 million. The equity value in this property is (6+4) = Kshs. 10 million or it is (12-2) = Kshs. 10 million.
The Kshs. 10 million equity in the property is a way of raising money against the value of your home and you can secure a bank loan of the equivalent value for developing another house or completing a stalled house. In case one has a house with no mortgage may be because you have completed servicing the mortgage or you constructed it with your own personal savings, your equity in the loan is 100 percent. However, the cracks of the matter is that the equity value is tied up and can be turned into cash or released when you either sells the property or borrow against it.

**Housing Co-operative Societies' packages**

Housing Co-operative Societies are forms of not for profit making entities which specifically finance land purchase and development. They are member patronized entities which use pooled members’ funds to buy land and built houses for their members making it easy for many Kenyan to own homes.

The Kenya Union of Savings and Credit Co-operatives (KUSCCO) Housing Co-operative Society which transformed from a housing finance product as one of the union’s products as well as the National Co-operatives Housing Union (NAHCHO) are among the models of financing home ownership. They operate in the co-operative societies sub-sector and they are modeled along Sacco societies financing model. One of their unique features is simple lending requirements and relatively low cost of their packages.

**Sacco products**

Savings and Credit Co-operative Societies (Sacco) play a critical role in the Kenya’s financial sector. They provide easy access to affordable finance, savings mobilization and wealth creation. Millions of Kenyans have excelled exceedingly in financially transforming their lives as well as the people they support by enhancing Sacco societies.

Through Saccos, Kenyans have been able to access start-up capital for businesses, built decent houses, access healthcare and educate their children. Although quality of leadership has been a major undoing of many Saccos in Kenya, the products they offer to their members such as normal loans, development loans and “maliza muradi” products have enabled Sacco members to buy parcels of land and develop them. This has gone a long way in bridging housing deficit, more so in towns where demand for housing units is high and growing. The average urban annual housing demand is estimated at 200,000 housing units; however, the current supply is about 30,000 units annually resulting in a shortage of more than 150,000 units (Ministry of Housing 2020). Moreover, 50 percent of the existing structures in urban areas are in need of repair and rehabilitation or redevelopment.

iv) **Bank loans**

Banks offer a variety of loan facilities such as personal loan, business loan and mortgage among other packages. Personal loans for salaried people have enabled purchase and development of land for home ownership. The cost and requirements needed to access a bank facility has remained a major challenge for those willing to take the bank options. The economic constraints more especially since the emergence of covid-19 pandemic has seen uptake of bank loans decline. The collaterals required such as title deeds for mortgage facilities have made it relatively limiting for many ordinary people to use the package.

v) **Investment financial institutions**

One of the main roles of the financial institutions in any economy is mobilization of savings and linking those who have money without immediate application to those individuals or organizational units with immediate use for the money. Mutual funds aid individuals to pull financial resources in order to access property which would have been otherwise impossible for a single person to acquire such as land or a house. Insurance companies have developed products which encourage people to save for investment purposes. These long term oriented schemes have played a major role in aiding access to decent housing.

vi) **Table banking**

Table banking or otherwise known as merry-go-round/ “chama” are steadily gaining popularity because the members use them to meet their social and economic needs. For example, many people are paying school fees for
their children, furnishing houses, buying agricultural input as well as building houses among others through table banking. The members save as low as Ksh. 50 every week and the resilience signs are evidenced as table banking lift locals out of poverty one person at a time as members shift from mud-walled shacks to comfortable brick homes which epitomize successful financing model.

Table banking promotes savings culture more especially among women and the millennials (young people). The concept of coming together for a particular course by groups such as “boda boda” transport operators have seen such entities save gradually to help them meet their needs such as building houses as the case of Nanyuki Boda Boda Chama, Narok County women chama in partnership with the “We Charity” a Canadian non-governmental organization are building houses for the ‘chama’ members one at a time.

Housing factors

The paper conceptualized housing factors as an intervening variable because of the centrality the factors play in home ownership financing. These factors include government role, savings culture, lender terms and borrower characteristics. Government play an intervention role through policy development in operationalizing some of the financing strategies for home ownership such as regulating the housing cooperative societies, Sacco societies through the Savings Societies Regulating Authority (Sasra), Retirement Benefits Authority (RBA), Insurance Regulatory Authority (IRA). These bodies provide sanity and inspire confidence among the investors.

Savings culture is a key aspect in the identified financing models because the premise of accessing most of those facilities is that you must have been saving with the entity. For example, the NHDF, Sacco loans, table banking, investment financial institutions and the housing cooperative societies packages are based on what a member saves with the entities. When members of these entities save regularly, borrows wisely and pay promptly, these financing models may have steady growth and guarantee their going concern concept. However, a report by Sasra (2020) shows that reckless borrowing to buy consumables instead of investing in revenue generative ventures is the leading cause of default among Saccos and banks.

Lender terms intervene in the accessibility of finance for home ownership development because the cost of finance, collateral requirements, repayment period and credit rating of a borrower constitute the terms and conditions required to meet for funds to be disbursed. The cost of capital has seen the government apply different strategies to check on it including capping of interest rate which many argue brought more harm than good to the economy. The simple model of Sacco business as well as the easy of accessing Sacco loans may be said to making many people prefer borrowing from the Sacco societies. Affordable credit and a favourable economic conditions may spur demand for financing facilities hence the need to consider on how such factors may be made possible. Borrow characteristics are associated with the ability of the borrower to pick any of the financing options and the willingness of the individual. In addition, risk averseness of the borrower also may determine the trend of loan uptake in terms of the amount taken, repayment duration and for what purpose.

Affordable housing agenda

According to this paper, affordable housing agenda will be measured in terms of the response rate of the public towards government initiated schemes such as NHDF and RBMLs. Since these are voluntary executive strategies meant to entice membership of the schemes to own houses, their rate of response in terms of uptake to such offer will determine how they are contributing to the affordable housing agenda.

The statistics in terms of number of units completed in a year in working towards bridging the housing deficit of over 150,000 units in a year will also demonstrate how progress is made towards meeting the agenda. The loan portfolio in the proportions of long and short term loans or investment and consumable loans may provide a vivid indicator of the people’s propensity to consume and invest.

Methodology

A survey study of financial institutions and members of the public from the Western region of Kenya was conducted. Questionnaire and interview schedules were used in gathering primary data. Document analysis from the various financing schemes was relied upon to obtain secondary data. Descriptive statistics was employed in
data analysis. Judgmental techniques of non-probability sampling was adopted is getting key informants from the various institutions of target to the study. The study findings are presented by use of tables, graphs and pie charts.

Presentation of study findings

The study categorized its findings into specific empirical sub-themes (EST) in line with the study objectives. These sub-themes are financing models used, savings culture aspects, government role, terms and conditions of credit facilities as well as borrower characteristics.

EST: Housing financing options utilized in Kenya.

The study found out that there are various housing financing models used in Kenya. Among these financing home ownership sources are bank loans, Sacco loans, personal savings, mortgage facilities as well as retirement benefits accrued savings and interests. The findings further reveal that a mixture of the above mentioned sources are also utilized in home ownership financing. For example, one may take a bank loan to build the foundation and super structure then access Sacco facility for roofing and finishing requirements.

Under the category of others, the respondents observed that table banking, equity release, support from relatives, friends and church members as well contribute to financing of home ownership. The county governments, national government through National Government Constituency Development Fund (NG-CDF) and National Government Affirmative Action Fund (NG-AAF) also fund ownership especially the less privileged in the rural areas and informal urban settlements.

Table 1 presents uptake of various financing options as the survey found out;

<table>
<thead>
<tr>
<th>Table 1: Financing options</th>
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<tbody>
<tr>
<td>Form of financing</td>
</tr>
<tr>
<td>Bank loans</td>
</tr>
<tr>
<td>Sacco loans</td>
</tr>
<tr>
<td>Personal savings</td>
</tr>
<tr>
<td>Mortgage</td>
</tr>
<tr>
<td>Retiree savings</td>
</tr>
<tr>
<td>Mixed financing</td>
</tr>
<tr>
<td>Others</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

*Source: Study data (2021)*

Bank loans and mixed financing models are proving to be very popular among the Kenyan followed by Sacco loans in the proportions of 26, 21 and 16 percents respectively. The demand for bank services may have been spurred by creative lending techniques they employ, aggressive marketing activities and flexible borrowing terms.

EST: Financing options uptake determinants

The study established that a number of determinant variables are at play when people go for the various financing options to find purchase and development of property. The commonly cited factor by a majority of the respondents was cost of capital followed by collateral requirements are repayment duration and other determinants follow closely.
Figure 2 demonstrates determinant of the financing options choice by the respondents.

![Figure 2: Determinants of financing options](attachment:figure2.png)

**Source:** Study data (2021)

The study findings show that cost of finance and collateral required for loan facilities remain key determinants of credit facilities for home ownership. Coupled with economic constraints brought about by the Covid-19 pandemic the two variables remain critical hurdles to surmount in home ownership financing.

**EST3:** Awareness of government initiated financing options

The paper conceptualized two forms of government initiated financing models for home ownership such as National Housing Development Fund (NHDF) and Retirement Benefits Mortgage Loans (RBMLs). Therefore the study surveyed out the level of awareness among the respondents in regard to the two forms of financing. It was realized that there is very low levels of awareness among the potential users of such facilities as figure 3 shows.

![Figure 3: Level of awareness about NHDF & RBMLs](attachment:figure3.png)

**Source:** Study data (2021)
Even though some of these initiatives have run into legal battles, very little attempts if any are made by the state agencies to popularize them as evidenced in figure 2 with less than 20 percent of the respondents being aware of the noble initiatives.

This may be associated with financial constraints experienced virtually in all the ministries, government departments and agencies, work apathy in the civil services may also be a contributing factor and inadequate visionary leadership among the concerned parties.

**EST: Decision of patronizing NHDF**

Table 2 shows that less than a quarter of the respondents would contribute to the National Housing Development Fund if made to understand its purpose with the rest of the respondents unwilling to participate in the voluntary government scheme meant to bridge the housing deficit in the country.

**Table 2: Respondents position on NHDF**

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumm.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>64</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>No</td>
<td>258</td>
<td>80</td>
<td>100</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>322</strong></td>
<td><strong>100</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Study data (2021)

The study further probed the possible causal factors towards low interest level of the respondents towards the noble housing financing scheme spearheaded by the government. Thirty two percent (32%) of the respondents cited corruption suspicion as 29 percent of the respondents noting that the past bad experience with government schemes such as National Hospital Insurance Fund (NHIF) and National Social Security Fund (NSSF) which have been faulted by the annual audit reports by the office of the Auditor General on imprudent management of the funds. The other issues mentioned are economic constrains and mistrust factor among the respondents on government money call as indicated in figure 4;

**Figure 4: Reasons for disinterest in NHDF**

**Source:** Study data (2021)
EST5: Government on home ownership financing models

The financing models used in funding purchase or development of property are either directly or indirectly regulated by certain laws. These laws are legislated by the government and even regulatory bodies such as Sasra, Insurance Regulatory Authority among others are creations of parliament. Therefore the study sought to find out what roles the government play in enhancing home ownership on the basis of financing models. The study revealed that policy interventions, supervisory roles, governance issues, awareness campaigns and legislation are some of the functions the government performs.

The establishment of Bank Fraud Unit and also the latest establishment of Sacco Fraud prevention Unit are evidenced input of the government to protect the assets of these entities which help in deepening access to credit for home ownership. Other bodies such as the Insurance Regulatory Authority (IRA) and Retirement Benefits Authority (RBA) provide oversight and has brought some order and indeed inspire confidence among the membership.

EST6: Savings culture

The savings culture aspect was examined in respect to the willingness and ability to pick-up loan facilities from entities which require you to save with them before an advancement can be made to an interested person. While the NHDF may be suffering from other factors in reference to its low uptake, it is vital to note that the members are expected to save with the scheme before any facilitation to a scheme member.

NACHU Western regional branch according to the mortgage annual financial returns has consistently had less than a quarter of its appropriation utilized. While in comparison to other regions such as central which register over eighty percent demand. This is a manifestation of savings culture and business acumen orientation of the people from the two regions.

The Sacco societies in their model of financing have been classified as unique and simple because they depend on the members’ savings for capitalization and not external borrowing. The savings culture is at the centre of this nexus. The liquidity crunches that have been associated with these entities is brought about by poor savings culture of the Sacco members. This has seen demand for loans out-strip available funds at the Sacco societies.

Figure 5: Savings status at Saccos

Source: Research data (2021)
Figure 5 shows savings status of Sacco members in 23 Sacco societies studied. The findings indicate that 43 percent of the Sacco members score below the minimum by-law requirements with only 22 saving saves above the mark. This shows that Sacco members simply save to enable them borrow and little effort if any is put by the members to enhance their savings. These are vivid indications of poor savings culture among the citizens hence negating ability to access capital for home ownership development.

EST: Borrower Characteristics

According to this study, borrower characteristics were examined in terms of type of loans taken, risk taking position, appetite for loan facilities, ability to stick to original personal financial plan and personal financial management challenges.

Table 3: Analysis of borrower characteristics

<table>
<thead>
<tr>
<th></th>
<th>S.A</th>
<th>A</th>
<th>N.S</th>
<th>D.A</th>
<th>SDA</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>In most cases I prefer short term to long term loans</td>
<td>126</td>
<td>105</td>
<td>12</td>
<td>48</td>
<td>51</td>
<td>342</td>
</tr>
<tr>
<td>I fear taking loans for personal development due to various reasons</td>
<td>63</td>
<td>54</td>
<td>18</td>
<td>81</td>
<td>117</td>
<td>333</td>
</tr>
<tr>
<td>In many situations whenever I get a credit facility I deviate from my original financial plan</td>
<td>111</td>
<td>75</td>
<td>27</td>
<td>39</td>
<td>33</td>
<td>285</td>
</tr>
<tr>
<td>I have weaknesses managing my personal finances.</td>
<td>78</td>
<td>93</td>
<td>21</td>
<td>84</td>
<td>66</td>
<td>342</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>378</td>
<td>327</td>
<td>78</td>
<td>252</td>
<td>267</td>
<td>1032</td>
</tr>
</tbody>
</table>

Source: Research data (2021)

Table 3 shows that majority of the respondents either agreed or strongly agreed that they prefer short term loans to long term credit. Remember short term loans are mainly consumed and may not be substantial for development purposes. Although approximately a quarter of the respondents prefer long term loans. In respect to risk averseness of the loaneees, over 50 percent either disagreed or strongly disagreed that they do not fear taking loans with only 117 respondents out of 333 exhibiting fear for loans. However, diversion of money to other uses other than the original financial plan the loans were taken for was quite high with 65 percent of the respondents noting that they deviate from the original plans loans were taken for.

Borrowers also suffer from weaknesses on personal financial management on how they utilize loan facilities they occur from different financial institutions. The study findings according to table 6 reveal that 50 percent of the respondents acknowledged having personal financial management weaknesses. While 44 percent of the respondents disagreed and strongly disagreed suffering from such weaknesses. These findings give insights on why most of the borrowers do not stick to the original plan of borrowing once they get loans.

Conclusion

The basis of conclusion is driven from the study findings in terms of financing packages targeting developments in general and specifically home ownership oriented ones, terms and conditions of the credit facilities, savings culture as well as borrower unique characteristics influencing home ownership. Therefore, the study concludes that uptake of government initiated home ownership financing packages is significantly low as compared to individual driven home ownership financing instruments. In addition, cost of credit remains a major impediment to many interested in getting credit facilities for home ownership.

Borrower characteristics of high propensity to consume has guided the study conclusion that many people prefer borrowing for domestic use as evidenced in the low response rate to long term loans. Personal financial management weaknesses of the people negates prudent utilization of funds at their disposal. This was evidenced on the high number of the respondents who deviate from their borrowing plan once they get a loan. Finally, while the governments has initiated a number of policy issues and establish regulatory bodies, awareness of the target groups is very low, peoples savings culture is also very poor hence impact liquidity of Sacco societies and Housing
co-operative societies and yet these not-for profit making organisations are vital special economic and social vehicles of financing.

**Recommendations**

The study recommends that;

Awareness creation should be done by the relevant government agencies to sensitize the potential beneficiaries of government initiated home ownership financing models.

Re-examination and evaluation of cost of capital for development activities is necessary to ease the burden of borrowing on the loanees.

Incentives such as interest on deposits at both commercial banks and non-bank financial institutions should be enhanced to attract more savings. This will spur savings and increase liquidity which affect borrowing for both economic and domestic use.

Personal financial management skills trainings should be upped by the lending institutions before development funds are disbursed to loanees. This will minimize imprudent use of loans and borrowers sticking to the original plans funds were sourced for.

**REFERENCES**