RELATIONAL TRANSACTIONS: THE SOCIAL DYNAMISM OF INFORMAL FINANCE IN GHANA

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ABSTRACT

This paper examines how social norms and characteristics shape the operations of the informal financial sector using data from field studies conducted in Ghana. The analysis highlights the importance of indigenous, ethnic, and religious networks in providing a context of cohesion, shared norms, and an economic infrastructure that coordinates financial transactions outside the formal economic system. These social networks are characterized as informal associations, grassroots organizations, and communal networks. The factors of cohesion and shared norms provided by ethnic and religious networks are vital for the dynamism of the informal sector. The significance of such ties is that they provide a basis for an overarching solidarity that facilitates cooperation and non-conflicting relations among micro entrepreneurs, households, depositors, borrowers, and money keepers.

Keywords: Informal Finance, Relational Transactions, Solidarity, Ghana

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