Article

Factors for Reluctance of Individuals and Business Firms in Investing on Fixed Deposits in Tanzania

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Abstract: This study assess on the factors for reluctance of public in investing on fixed deposits. Either to reveal the facts three main hypotheses were formulated that is i) investing on fixed deposits in covenants borne with financial services is the reason for reluctance ii) the liquidity risks associated with investing on the fixed deposits is the factor that count for reluctance and iii) the risk sharing unawareness is the factor that count for public being reluctant in investing on fixed deposits account. Using a quantitative approach, explanatory research design and simple random sampling techniques the facts were gathered from (96) Bankers, Banking specialists and Investors in Financial services/products. The facts being collected by employing structured questionnaires and the cleaned through use of multiple imputations, the Augmented Dicker Fuller Unit root test, the Runs test, incremental fit index, absolute fit index were applied in analyzing data. Either the results were as follows: the covenants and more other requirements in investing on the fixed deposits accounts count for the reason over public reluctance. Moreover long cash conversion cycle that lead into liquidity risks was another reason found to be influencing factor for reluctance. Furthermore unawareness over risk sharing portfolio and maturity of fund invested opportunities was revealed to be another reason why there was reluctance. The study therefore recommends that Banks should act leanly and responsively towards meeting the need of investors.

Keywords: Tanzanians; investment; fixed deposits capital

1. Introduction

Currently a pressure over investing on fixed deposits is on tip. To developing countries indeed the governments are emphasizing for public financial users to invest on these financial products for them to be empowered financially. Fixed deposits are offered by almost every bank operating in the country, be it a private sector one or a public sector undertaking (PSU) [1]. There are also lots of other private non-banking financial companies (NBFC) that offer fixed deposit schemes to customers. NBFCs typically give better interest rates to customers, but may lack in credibility in terms of long term assured returns that is associated with government-backed organizations. In a country what it to Tanzania the nonfinancial intermediaries providing these products include the pension funds, insurances provident Institutions, Mutual funds, as well as large companies [2].

Investing on fixed deposits means to get higher returns in a relatively risk-averse manner when compared with stock markets or mutual funds [3]. The best returns are from long-term deposits, but these financial services hamster in terms of liquidity [4]. Fixed deposits are meant to stay invested till maturity and banks employ different charges to ensure that it stays that way. Fixed deposits is a way of staggering out investment

into multiple fixed deposit accounts to earn high returns, while being welcomed with liquidity at regular intervals [5].

As the name suggests, term deposits basically stagger deposits into individual 'ladders', and therefore helping to climb the ladder one rung at a time [6]. This may sound complicated but it's actually not. Here's is the case study how climbing ladder one rung at time can be sustained: -Let us assume you have a lump sum of Rs.5 lakhs that you want to invest in a less risky fixed deposit offering interest at around 9% per annum rather than a high-performing but volatile mutual fund. So, you start by timing your deposits so that you have liquidity at regular intervals invest Rs.1 lakh in a 1-year fixed deposit, another Rs.1 lakh in a 2-year FD and so on till a 5th fixed deposit of Rs.1 lakh and 5-year maturity. This means you have invested all the cash in 5 different fixed deposits, each maturing one-year apart. Next, as the 1-year deposit matures, you get a return of Rs.1.09 lakhs. So far, so good, this amount is then invested in a 5-year deposit, which effectively creates the 6th step or rung of the ladder. If you are lucky, the rates at this point of time may be something like say 10%. You do the same for the 2-year deposit, creating a 7th step and so on. By doing this, you have ensured that you will always have sufficient liquidity for emergencies without compromising your long-term deposits. Another major advantage is that you can stay on top of rate changes, by investing at the right time and ensuring maximum returns.

Fixed deposits are among the most popular deposit schemes for Indian consumers accounting to about 85% of individuals bonded with these services [7]. The high rates of interest for flexible tenures ranging from 7 days to 10 years make it the ideal solution for both short and long term investments. The popularity of FDs has only grown over the years as more and more consumers realize the potential for higher returns through this financial product [8].

Different form the results over the level of investment by Individuals to these financial products in India in which in Tanzania the opposite was revealed following a great reluctance such that over >64% significance. From the field it was revealed that unawareness of customers over the prons of investing on fixed deposits as they have narrated above due to ineffective marketing and innovation; the equated long cash conversion cycle and the said covenants required when investing in these financial services were predictors found to count for this discrepancy. These sources of gap are the same what have also revealed over little push in investing on bond markets, share markets and mutual funds. Thus it through this study therefore these parameters were explicitly addressed.

The study furthermore employed a Yield to Duration Maturity Theory [9]. The theory stipulates on the advantages of investing on the fixed capitals by pinpointing on the advantages over the great returns/yields for sustainability of the business in operations due to sustainable returns derived from the term deposits made. It through investment on fixed deposits which were proposed to help financial users being attained to financial leverage. The theory however failed to can-note the cons associated with investing on fixed capital such that of liquidity risks, larger amount of start up or account opening balance amount though these may be overridden by the prons such that of financial sustainability, financial market efficiency and thus economic stability. What has been put down as weaknesses of this theory is to favor the individuals as most of business users would like to invest on working capital in-order to experience returns just within one accounting period say 2months, 3months, 6months and even more less than that payback period. But in economics the more the financial market becomes volatile is the more currency reserve is created which is then the main causative agent of its weak form or simply the cause of financial market inefficient. Only what is to be reminded which is also a recommendation of this study is that the financial users/investors should be timely and it is the facts that investing on fixed deposits as it is to capital and equity markets give more yield than investing on working capital/money financial markets.

2. Methodology

2.1. Research Approach and Philosophy

The study employed quantity approach with parametric tests such that over use of Augmented Dickey Fuller Unit root test; incremental fix index, absolute fit index (GFI), RSMEA were used. Moreover the non parametric

testing employed Runs test. Either the positivistic philosophy was adopted in testing the Linearity, normal distributions, the heteroscekedastic and homoscedastic of predictors in interactions.

2.2. Target Population

The facts pertaining the prons and covenants in investing over fixed deposits were gathered from the financial services specialists and Bankers. This then was from 5Banks, 1Insurance company,1 pension funds and 1 Mutual funds financial Institutions in Mbeya City Council.

2.3. Sample Size and Sampling Procedure

The sample size of the study comprises of 96 respondents from a sample frame defined above. This sample was obtained through the use of simple random sampling in which the coupons written '1' and '2' were used. The coupons written 1's were used to cutter for 96 sample size from which a unit of inquiry was derived. The other coupons labeled '2' were not chosen deriving to a population obtained by employing maximum error of estimate of 5% at a significance level of 95%. Using these data in deriving to 96 sample of respondents the formula $n = p*q*(Z\alpha/_2/E)^2$ was applied where p=probability value = 0.5, p=1-p, $Z\alpha/_2$=normal probability distribution at a 2-tail =1.96 and E=maximum/standard error estimate= 0.05

2.4. Variables and Measurements

The variables which were tested were the covenants required when investing on fixed deposits, cash conversion cycle and risks-returns from investing on fixed deposits. The tool of measurement was likert scale questionnaires and the scale was the level of measurement used.

2.5. Statistical Tests for Testing Investment in Fixed Deposits

In determining the empirical evidence for why the public is reluctant in investing on fixed financial capital, various statistical tests was used namely: The non parametric Runs test and one type of the Unit root test- the Augmented Dickey fuller test. Also the parametric tests such that over use of incremental fit index, RMSEA, and absolute fit index were applied.

2.5.1. Unit Root Tests

Unit root tests are among widely statistical tests used to examine the randomness of covenants associated with investment in fixed financial capital. Basically, the test is done to investigate the presence of a unit root i.e non stationary of the return series. Although the presence of a unit root is not a sufficient condition for the random walk, it is a necessary condition for the random behavior of the series. That is the rationale for many researchers to employ unit root tests in testing the percentage of reluctance over investing on fixed capital efficiency hypothesis. The series containing unit root is said to be non -stationary i. e. behaving in random fashion which supports the efficiency hypothesis. Although there are various types of unit root tests but specifically to this study the Augmented Dickey-Fuller was employed to investigate the randomness behavior of the covenants associated with investing on fixed capital as it is to investments in Unit and Mutual Trusts non financial intermediaries. The Augmented Dickey-Fuller test used the following null and alternative hypotheses; and these are the hypotheses that have been pursed in employing unit root tests:

H_0 = The series does contain a unit root (Non – Stationary);

H_1 = The series does not contain a unit root (Stationary).

Unit Root Tests: Augmented Dickey-Fuller (ADF) Test:

The presence of a unit root in a series can be tested by ADF test using three differential-form autoregressive equations:

$$\Delta Y_t = \gamma Y_{t-1} + \sum \beta i P_{i=1} \Delta \gamma Y_{t-1} + \mu_t \tag{1}$$

$$\Delta Y_t = \alpha_0 + \gamma Y_{t-1} + \sum \beta i P_{i=1} \Delta \gamma Y_{t-1} + \mu_t \tag{2}$$

$$\Delta Y_t = \alpha_0 + \gamma Y_{t-1} + \alpha_{1t} + \sum \beta i P_{i=1} \Delta \gamma Y_{t-1} + \mu_t \tag{3}$$

Where: Δ= represent first differences; = the log of price index; = the constant; α_1 = estimated coefficient for the trend; = trend term; P=number of lagged terms; γ and βi = coefficients to be estimated; μ_t = Error term.

The presence of deterministic elements (a drift term) and α_{1t} (a linear time trend) is what differentiate the three regressions. The first equation (1) is concerned with testing a pure random walk model without constant and time trend. The second equation (equation 2) is concerned with testing a random walk with drift and the third equation (equation 3) regards the testing of random walk with drift and deterministic trend. The following null and alternative hypotheses correspond to these models:

Model 1:

H_0: Y_t is random walk or $\gamma = 0$

H_1: Y_t is a stationary process or $\gamma < 0$

Model 2:

H_0: Y_t is random walk around a drift or $(\gamma = 0, \ \alpha_0 \neq 0)$

H_0: Y_t is a level stationary process or $(\gamma = 0, \ \alpha_0 \neq 0)$

Model 3:

H_0: is random walk around a trend or $(\gamma = 0, \ \alpha_1 \neq 0)$

H_1: is a trend stationary process or $(\gamma = 0, \ \alpha_1 \neq 0)$

After performing the ADF test, if the computed absolute value of the tau statistic (τ) exceeds the Dickey Fuller or MacKinnon critical tau values, the hypothesis that $\tau = 0$ is rejected in which case the time series is stationary. If computed absolute value of the tau statistic ($|\tau|$) does not exceed the critical tau value, the null hypothesis is not rejected, in which case time series is non stationary.

2.5.2. Runs Test

Runs test is a non- parametric test, which has also been employed to determine the randomness of the cash conversion cycle by investing in fixed financial capital as it with investment in equity markets. [10] defined run as a 'set of identical (or related) symbols contained between two different symbols or no symbol (such as at the beginning or end of the sequence). In order to perform the run test, the number of actual (observed) runs is computed and then compared with the expected number of runs (m) which can be estimated as:

$$m = \left\{ \frac{(N+1) - \sum_{t=1}^{3} n_t^2}{N} \right\} \tag{4}$$

Where: m=Expected number of runs; N=Cash conversion cycle; n_t^ε= sample size of each category of interest rate provided of fixed deposits; For a large number of observations (N>30), the sampling distribution of m is approximately normal and the standard error of σ_m is given by:

$$\sigma_m = \left\{ \frac{\sum_{t=1}^{3} n_t^2 \times \left[\sum_{t=1}^{3} \times n_t^2 + (N+1) \right] - 2N \sum_{t-1}^{3} \times N_t^3 - N_1^3}{N^2 \times (N-1)} \right\}^{\frac{1}{2}} \tag{5}$$

Then, the standard normal z-statistic used in run test is given by:

$$z = \frac{R \pm 0.5 - m}{\sigma_m} \tag{6}$$

Where: Z = Z-Test statistic; R = Actual number of runs; M = Expected number of runs; 0.5 = Continuity adjustment, in which the sign continuity adjustment is positive if R $\leqslant m$ and negative if R $\geqslant m$

The following null and alternative hypotheses are tested by the runs test:

H_0 = the series is random

H_1 = the series is not random.

If the number of runs falls below the expected runs i.e. Z-value is negative, it will be an indication of the presence of positive serial correlation and if the number of runs exceeds the expected runs i.e. when Z-value is positive, it will be an indication of the presence of non-linearity. The presence of positive serial correlation in liquidity indicates the linearity to be attained and hence implies the violation of random walk hypothesis i.e. the null hypothesis of randomness of the cash conversion cycle series is rejected. Furthermore, the P-value obtained

can be used to draw conclusion on the randomness of the return series as tested by run test. If P-value obtained is less than the level of significant such that 0.05, the test will be significant at that chosen level of confidence.

2.5.3. Parametric Fit Index Tests

The parametric tests employed the Incremental Fit Index (IFI), Absolute Fit Index (GFI) and Root Mean Squared Error of Approximation (RMSEA). Either χ^2 or its respective χ^2/df was used to capture for the omissions and error. It is with IFI in which the variables including the risk sharing, maturity and spreading of fixed financial capital to fit the model was determined. Either test of hypothesis considered the random walk. This is because investment over fixed capital is vulnerable to risks and thus if these risks are not transferred or shared then the financial user (investor) will face them by 100% which them might result into zero/ or little returns [11]. The same concept over the test for randomness was applied with the variables 'maturity' and spreading from investing in term deposits. Normally with this kind of investment the Yield/Return expected to be earned >1 financial period of the business [12]. Thus a main focus regarding a good return is a long run (the said random walk or non-stationary)

$$M = \alpha_1 X_1 + \alpha_2 X_2 + \sigma_1 Y_1 + \sigma_2 Y_2 + \delta_1 Z_1$$

$$M = (X, Y, Z) \tag{7}$$

$$M = \sum X_n + \sum Y_n + \sum Z_n + e \tag{8}$$

Where X = Risk sharing; Y = Profitability and; Z= Spreading; α= coefficient of risk sharing which entails risk and risk transferring to risk diversification portfolio; σ = is the coefficient of profitability (being the maturity to time duration and injections to steady circular flow of income); and δ= coefficient of spreading to accessibility of the services.

The following null and alternative hypotheses were tested by the parametric tests:

H_0= the series is random

H_1 = the series is not random

If the incremental fit index is<0.9, or absolute fit index is >0.06 or >0.08 and RMSEA is>0.07 this then shows a random walk hypothesis to be violated [13]. Another parametric test to prove the facts behind this philosophy is when the p>0.05 or not equal to p=0.000 (i.e. χ^2 non-significant) [13]. But if χ^2 is used to measure the goodness of fit then the χ^2/df should be <2 [14] to conclude that the variable fit the model.

3. Findings & Discussions

3.1. Analysis

3.1.1. Covenants and Requirements in Investing on Fixed Bank Deposits

Requirements associated with investing on fixed Bank deposits called convents are normal businesses in these forms of investments. Usually the start up amount for business user opening for term deposits account is large as that when opening current/business and savings bank accounts. Indeed investing on fixed bank deposits is restricted to fixed time of withdrawal in which negligence of this attract for penalty from the withdrawer. Either these convents or more others unrevealed were found to the cause of the reluctance of the individuals investing in these financial products. The facts derived from the field were disclosed as shown in Table 1 and 2 below.

Table 1. Augmented Dicker Fuller Unit root test analysis (Intercept).

Null hypothesis	Covenants of investing on fixed deposits has a unit root	
Exogenous:	Constant, Intercept	
Lag. Length:	0 (Automatic based on SIC, Max Lag 5)	
	t-statistic	Prob*
Augmented Dicker-Fuller test statistics	-28.4216	0.000
	1%	-4.2091	

Cont.

Null hypothesis	Covenants of investing on fixed deposits has a unit root	
Test critical values	5%	-3.8647
	10%	-2.5640

Source: Field data (2019).

Table 2. Augmented dicker fuller unit root test analysis (Intercept and trend).

Null hypothesis	Covenants of investing on fixed deposits has a unit root		
Exogenous:	Constant, Linear trend		
Lag. Length:	0 (Automatic based on SIC, Max Lag 5)		
		t-statistic	Prob*
Augmented Dicker-Fuller test statistics		-30.1249	
	1%	-6.4001	
	5%	-4.7204	0.000
Test critical values	10%	-3.9401	

Source: Field data (2019).

Using max lag 5 based on Schwarz Information Criterion (SIC) the results show that the absolute value of t-statistics for both intercept and trend and intercept are greater than the absolute value of Mackinnon critical values at 1%, 5% and 10% level of significance. The negative signs for t-statistics and critical values shows that the results are stationery while they are not but because of the tool used to test for the linearity of serial data i.e. Unit root test. While with non-stationery data testing tool say the VAR, VEC or Johansen co-integrate the results could be as shown but positives. It is from this fact that the Null hypothesis is accepted which then conclude that covenants over investing on fixed deposits is the source of a great reluctance of financial users invest in these financial products.

3.1.2. Liquidity and Investment on Fixed Bank Deposits

Investing on fixed bank deposits indeed as it was proposed by the Yield to Maturity Theory is that the cash conversion cycle of its investment is long >one financial year. It is from this fact therefore investment in term bank deposits assure for the business profitability which is not necessarily lead into liquidity. At first place the investor suffers liquidity risks if after all is not strategic by determining when to execute such deposits. More facts were revealed from the field and presented in Table3 below.

Table 3. Runs test analysis.

	Liquidity risks on investing in fixed deposits
Test value	1
Cases<test value	524
Case >=test value	1046
Total cases	1570
Number of runs	354
z	-3.204
Sig. (2-tailed)	0.642

Source: Field data (2019).

From Table3 above the z = -3.204 being observed runs is less than the expected runs (z=4.435) and this

therefore indicate a serial correlation to exist between reluctance of public financial users and liquidity risks associated with investing in fixed deposits accounts. But with significance, p obtained=0.642>0.05 (alpha) is the indicator of insignificance for null hypothesis (random) to be not accepted in favor of alternative hypothesis (random). With the same message is that the liquidity risks resulted due to long cash conversion cycle over investing in fixed deposits is the reason why the public financial users would not like to invest on.

3.1.3. Risk Diversification Portfolio

Investing on fixed bank deposits is like other investments in which returns/yield is expected to be earned in > 1 year of investment [15]. This then is what dictates that investing in fixed capital means calling for risks. This then need to plan for risk mitigation of which the individual business users might not able to diversify them. Thus by investing in these financial products is like transferring or sharing the risks such as economic, environmental, political and technological with the Banks and thus being assured of the expected returns. The reality from the field was revealed by running the parametric tests and results tabulated in Table 4 below.

Table 4. Parametric test analysis.

Test tools	Risk sharing	Maturity	Spreading
χ^2	0.000	0.000	0.000
IFI	0.940	0.920	0.080
GFI	0.050	0.061	0.084
RMSEA	0.060	0.064	0.072

Source: Field data (2019).

It is with incremental fit index (IFI) = 0.940 pertaining the risk sharing greater than the recommended level of IFI > 0.90 which then shows a serial correlation. The same has shown consistently with the predictor 'maturity' IFI = 0.92 > 0.9 but insignificantly indicated overspreading' of this fixed deposits services. Similarly the results over absolute goodness fit index (GFI) = 0.050<0.08 while the root mean squared error of approximation (RMSEA) =0.060 < 0.070 (for risk sharing antecedent) prove the facts under discussion. Furthermore with GFI = 0.061 < 0.08 and RMSEA = 0.064 < 0.07 the construct 'maturity' is a proven indicator that investing on fixed bank deposits give rise to financial resource mobilization/maturity. With this serial correlation results except with insignificance shown over the predictor 'spreading' (IFI = 0.080 < 0.90; GFI = 0.084 > 0.080; and RMSEA = 0.072 > 0.07) and X^2–non significant is a proof that investing on fixed deposits is worthing but unawareness over these benefits and more other straining factors some revealed in subtitle 3.1.1. and 3.1.2. are the reasons for reluctance revealed.

3.2. Discussions

With t-value = -28.4216 for critical values (intercept) i.e. -4.2091, -3.8647. -2.5640 this indicates that the start-up deposits amount is levy to most of individuals or firms financial users not used to invest on fixed capital. From the field it was revealed that the amount required to be deposited minimally is Tshs500,000 while the fact is that the financial capability of most of Tanzanians is low. It is about 75% of Tanzanians living under the household budget of < 1USD given that 1USD = 2,000 per day which is approximately Tshs720,000 in a year. The Tshs. 720,000 is not adequate to sustain consumption and some being invested in fixed deposits account. It with the savings/deposits made to term account which promotes investment what was also said by [16] I= kS where I= Investments; k=constant; and S=Savings/deposits.

Indeed because of fixed deposits account being bonded or restricted with time of withdrawal given t-values = -30.1249>critical values at 1%, 5% and 10% for trend and intercept that is why these financial services were found not investable by most of public financial users. It was moreover found that the time of withdrawal is fixed not as it is to current accounts where withdrawal is on demand i.e. accessible 24 hours. It is with the

flexibility over current account as it is with saving deposits account (due to Operating Leverage = Contribution Margin obtained) that is why there are most preferred by business firms. From the field it was revealed that the covenants of fixed account withdrawals were > 6years, 1 year, $1^{1/2}$ years and 2 years. Though on other hand it was found that reluctance in investing on term account was just because of financial ignorance of the public over the profitability associated with these financial products rather than the said covenants. Moreover, it was from the hurting of the fees/penalties that are to be paid for a single withdrawal transaction conducted out of specified time of withdrawals was another factor that counted for the predictor equals to absolute t-values> critical test values for both intercept and trend and intercept over unit root testing (See Table 1 and 2). It was furthermore revealed that the single digit interest rates offered on term deposits such that 2% 3%, 7% and even less than that count for the reason why the individual and business financial users are reluctant over investing on fixed deposits account.

Investing on fixed deposits represented by -3.204 (observed returns) < 4.435(expected returns) at p>0.05 (Refer Table 3) is the proof that the liquidity is a problem over investing on term accounts. Usually, the fixed deposits mature in more than 1year of investment thus the firm investing on these financial products should not expect earning < 12months. Investing on fixed deposits account exemplifies investment on equity and bond market. This is from the reason that liquidity is expected in >1year of the investment. It is from the long cash conversion cycle what cause the public become reluctant to invest in these kinds of financial assets. This is to say fixed capital have long payback period in which profit earnings wait until the deposits become matured. The results over long cash conversion cycle (CCC) on investing in fixed deposits are similar to what was said by [17] in investing on loan/long term debts. These facts also resemble as those by [17] over little current ratio (< 1) = Current Assets and insignificant cash ratio = Cash detailing on ineffective assets and current liabilities. But this is contrarily from what was said by [18] on the return on investment or return on assets/current assets or simply return on fixed assets = Profit after interest and tax in which the income revealed to be greater with RoI>1.

Investing on fixed financial capital is a risk transferring tool. In here the bailee or companies to which these deposits are made handle risks on behalf of individuals and business firms [19]. Usually, the risks associated with any business or investment if the business firms/individuals could invest on other economic activities such as agriculture, mining, fishing, manufacturing, trading include economic exposures due to inflation, high exchange rate movement are diversified. Portfolio diversification of risks over investing on fixed capital was shown with IFI = 0.94 > 0.9; RMSEA = 0.064 < 0.07 what was also said by [20]. in the study "security analysis and portfolio management" though its significance was not there impressing $\chi 2$ =0.000 (Refer Table 4). With Goodness of fit index (GFI) =0.061<0.08 and RMSEA =0.064<0.07 in risk sharing is a clear proof that investment on term deposits account function as a buffer or guarantee to the public financial user. This is from the fact that the risks are splitted while some was being transferred to the company offering these services. It is with this situation a guarantee is then automatically created. The guarantee and indeed because of large amounts of deposits required during opening the account once they become matured may be used as a collateral for asking credit/loan from Financial Institutions. But because of the individuals/business firms not aware of this is the reason why they were found reluctant to invest on these products.

With great maturity acquired by investing on fixed capital deposits is a proof that with fixed deposits the profit is earned after one accounting period. This is from the fact that the yield or return on investment (RoI) is sustained as time goes and indeed after one year of investment [21]. The whole 1 year of the investment it is said to be a cash outlay period and from there onwards is when a firm start to experience a cash inflow (the message which not transmitted or an issue not known by most of individuals and business firms. Only to observe is over the contract deed thinking that the duration for maturity is within one financial year but to realize later that the capital has been tied for > 10 years lapse of the business.

Investing on fixed deposits given is an addition to the economy shown by IFI = 0.92 > 0.90. This then help to curb for a very volatility of the market to occur resulted due to creation of currency reserve say over investment on money market that might give rise to excessive money supply than its demand. Contrarily from investing on fixed deposits tied up the volatility up to >1 year of investment. Thus with these distortions over

volatility then the problem of inflation exchange rate movement or shooting up of interest rates that might result into economic stagflation or market inefficiency is combated. But what was revealed from the field over the reason of reluctance proved by results presented in Table 2 was unawareness of the public investor pertaining the financial leverage given $\left\{ \dfrac{\text{Profit before Interest and Tax}}{\text{Earning after Interest and Tax}} \right\}$ associated with such investments.

The level of going to the public by the providers of these financial services was little shown by GFI = 0.084 > 0.08 (See Table 4). This was found with none to 1 branch of the companies referred to Unit trust or mutual trust unit. If say these financial services/fixed deposits could be available in the region, district down to the village level then this could attract many people invest in these financial services. One among other reasons why spreading of these services is insignificant was revealed to be caused by less promotion.

4. Conclusion and Recommendations

Investing on fixed deposits accounts is like investing in other long term financial products and market such as the equity markets, mutual and Unit trusts. It was found that investing on fixed deposits is associated with the number of covenants and restrictions which then was revealed to be the cause why the public are reluctance in investing on these financial services. Indeed, the liquidity risks at the first place when investment is executed revealed to be another cause of reluctance of the public over investing in fixed deposits account. Unawareness or ineffective promotion and marketing of the fixed capital (deposits) over the prons such that of risk sharing, maturing and injections to economy was moreover found to be the cause of reluctance.

For the seck of addressing the gap revealed by this study it is recommended that, banks should be used to be innovation in which instead of asking for say $\geq$ Tshs.$500,000$ as a start up deposits they should allow for even less than that; promotions of the products; the double digits interest (say 15%–27%) is to be provided over fixed deposits and metallurgical penalties over fixed deposits are to be reduced. Moreover, the special fixed deposits for business or investment are to be promoted; the investors in fixed capital deposits should be timely in sense that at the time they want to invest they should have invested first in working or current deposits for them to remain liquid sustainability; number of covenants and many thought of restrictions of term deposits should be avoided; and through the use of business/commercial departments the Banks are to provide consultancy services on how efficiently the money is to use to read returns.

5. Recommendations for Further Studies

Recommendations for further studies are related studies to the study under discussion for other scholars to stipulate on. They include: the reasons for reluctance of public investing on equity/bond markets. More other studies are the reasons for reluctance of public in investing on mutual and unit trusts and the reasons for the public becoming reluctant in investing on long term financial capital.

Conflicts of Interest

The author declares no conflict of interest.

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