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ABSTRACT

The study sought to empirically investigate the impact of interest rates on demand for loanable funds in Zimbabwe, notwithstanding the other factors that affect demand for loanable funds in the Zimbabwean economy. Various econometric tests techniques such as Co-integration analysis and Error Correction Model (ECM) were employed on monthly time series data for the period 2009 to 2013. Study results revealed that interest rates have impact on demand for loanable funds. Money supply and inflation are positively related to demand for loanable funds. In this study, questionnaires and interviews were the convenient methodology instruments to enhance data collection for the continuity of the study. In chapter four, there are highlights of the study which show that the inverse relationship between interest rate and loanable funds does exist. Chapter five outlines the summary of findings, recommendations, suggestions for further study and conclusion of the study. Thus, there is need for economic restructure in Zimbabwe.