

MOBILIZATION OF DOMESTIC FINANCIAL RESOURCES FOR CAPITAL-FORMATION  
IN ZAMBIA: THE ROLE OF INFORMAL AND FORMAL FINANCIAL MARKETS, THEIR  
INTERRELATIONSHIP AND INTEGRATION.

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## ABSTRACT.

The main purpose of the paper was, firstly, to determine the significance of the direct links between the Formal Financial Sector (FFS) and the Informal Financial Sector (IFS) with respect to the savings mobilization process of financial intermediation and secondly, to explore some ways , if any, of integrating the two financial sectors so as to eliminate financial dualism and its negative implications on financial policy in Zambia.

The methodology in this study was both descriptive and analytical and was based on the observed relationships in the behavior of various agents in the financial sector of Zambia. The data sources were both primary and secondary.

In showing the direct deposit and credit links as well as their significance, primary data was used and was generated by interviewing market stall owners in various market places in Lusaka. This was supplemented by secondary data.

The main findings of the study are that both direct deposit and credit linkages between the FFS and the IFS do actually exist. And both of these linkages can be seen through the Savings and Credits Associations ( SCAs ) and the market stall owners. The IFS is significant and may be larger in coverage and probable value than the FFS. The study has also found that credit sources within the IFS tend to supplement each other.