Impact of Financial Liberalization in Ethiopia – An Evaluative Study

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Under the auspices of the structural adjustment programme (SAP), a range of financial reforms had been implemented in Ethiopia since 1992. This study was aimed to examine financial liberalization as it was carried out in Ethiopia and to make an assessment of the impact of this policy on interest and foreign exchange rate, inflation, savings, investment and economic growth. It was found that, though, the Ethiopian government embarked on the range of liberalization programmes, the expected benefits of financial liberalization are not accrued in Ethiopia. It has been followed by declining and negative real interest rates, chronic foreign exchange problems, high inflation rate and low level of savings.

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