UGANDA MANAGEMENT INSTITUTE

MICROFINANCE SUPPORT INITIATIVES AND POVERTY

REDUCTION IN NSANGI SUB COUNTY, WAKISO DISTRICT UGANDA:

A CASE OF OPPORTUNITY BANK

BY

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DECLARATION

I, Caroline Ann Babirye, declare to the best of my knowledge that this dissertation is an original

piece of my work and has not been published/ submitted to any institution for any award.

Signed…………………….. Date…………………………….

Caroline Ann Babirye

APPROVAL

This is to certify that this dissertation has been carried out under our supervision and has been submitted for examination with our approval as partial fulfillment for the award of degree of Masters in Business Administration of Uganda Management Institute.

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DEDICATION

I dedicate this piece of work to my dearest parents Mr. Jonathan & Mrs. Margaret Kamwana for their great support and encouragement throughout this journey of education. You have been extremely instrumental by always encouraging me that I can make it in every step I take. You have greatly believed in me and sacrificed a lot to see to it that I make it this far

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LIST OF ACRONYMS

CVI	Content Validity Index
DFID	Department for International Development
GDP	Gross Domestic Product
HIV	Human Immune Virus
LSF	Loans Savings Fund
MFIs	Microfinance Institutions
MoFPED	Ministry of Finance, Planning and Economic Development
NAADs	National Agricultural Advisory Services
NGO	Non-Governmental Organization
OBUL	Opportunity Bank Uganda Limited
OSC	Ordinary Savings Scheme
PAF	Poverty Action Fund
PEAP	Poverty Eradication Action Plan
PMA	Plan for Modernization of Agriculture
RFSP	Rural Financial Services Program
ROSCA	Rotating Saving and Credit Association
SACCOs	Savings and Credit Co-operatives
SME	Small-to-Medium enterprise
SPSS	Statistical Package for Social Scientists
UGX	Uganda Shillings
UNHS	Uganda National Household Survey
YLP	Youth Livelihood Program

ABSTRACT

The study examined the relationship between microfinance support initiatives and poverty reduction among Opportunity Bank clients in Nsangi Sub County. It was guided by the following objectives: to assess the relationship between credit services and poverty reduction among Opportunity Bank clients in Nsangi Sub County; to assess the relationship between saving services and poverty reduction among Opportunity Bank clients in Nsangi Sub County and to assess the relationship between financial literacy services and poverty reduction among Opportunity Bank clients in Nsangi Sub County. A cross sectional research design was used. The study predominantly employed a quantitative approach but also used a qualitative approach. The study population consisted of 357participants but a sample size of 269 was selected using Morgan and Krejcie Table (1970). A convenience sampling technique and purposive sampling were used to choose respondents. Quantitative data analysis mainly consisted of descriptive statistics (percentages) and inferential statistics (Pearson correlation, coefficient of determination and regression). Content analysis was used to analyze qualitative data. Findings revealed that there is significant relationship between credit services and poverty reduction among Opportunity Bank clients in Nsangi Sub County; there is a significant relationship between saving services and poverty reduction among Opportunity Bank clients in Nsangi Sub County and there is a significant relationship between financial literacy services and poverty reduction among Opportunity Bank clients in Nsangi Sub County. It was concluded that the more the microfinance support initiatives are provided, the higher the reduction of poverty. It was thus recommended that Opportunity Bank to review their interest rates, improve on the turnaround time for loan processing, revise the collateral requirements and emphasize saving through mobile money among others. Such changes would increase on access of these services to the clients and help them to have maximum benefit from the bank hence leading to poverty reduction.

<div align="center">**CHAPTER ONE**</div>

<div align="center">**INTRODUCTION**</div>

1.1Introduction

Government, Non-Government Organizations (NGO's) and private sector organizations have over the last twenty years come up with micro support services as a means of poverty reduction (Rural Financial Services Programme (RFSP), 2014). This study set out to examine the effectiveness of these microfinance support initiatives towards poverty reduction in Wakiso district particularly Nsangi Sub county. The researcher was motivated to undertake research in Nsangi Sub County because it is an area that has over 30 Micro finance institutions operating there including Opportunity Bank, yet reduction in poverty is not so visible. Microfinance support initiatives were the independent variables and poverty reduction the dependent variable. This chapter includes; the background to the study, statement of the problem, purpose of the study, objectives of the study, research questions, research hypotheses, conceptual framework, study scope, significance of the study, justification of the study ,scope of the study and operational definition of key terms and concepts.

1.2 Background to the study

The background to the study comprises the historical background of the variables that is microfinance support initiatives and poverty reduction, the theoretical perspective covering the theory which guided the study, the conceptual background and contextual background.

1.2.1 Historical Background

Globally, micro-credit evolved in the mid-1970s as part of the paradigm shift in development from top-down approach to bottom-up approach that incorporates the participation of intended beneficiaries as key participants in sustainable development (MacNamara, 2014). Using the top-

down approach, western countries and international donor agencies transferred funds and material to the third world to help improve the social and economic conditions. The bottom-top approach emerged as a result of the failure of the former, due to lack of participation by the intended beneficiaries of development projects in the process of designing, formulating and implementation of projects (Khandakar and Lutfor, 2006). The Grameen bank credit program is one credit institution that followed this paradigm shift by providing small loans of about US $100 primarily through groups to poor rural women who have little access to conventional banking facilities. According to Yunus (2004) the founder of the Grameen bank; these loans were given for the purpose of supporting income generating activities in the informal economy. The tremendous success of small loan program in reaching the poor, especially women in rural areas attracted international donor countries to support microfinance initiatives so as to address the challenging task of poverty eradication.

However despite this innovation, basing on the World Bank Annual Report, over 1.9 billion people are still living below the poverty line and they are in extreme poverty (Haque 2003). Around twenty six percent of those mainly in Sub-Saharan Africa live in low-income countries as classified by the World Bank (below $1,025 GDP per person in 2011). Another fifty eight percent mainly in Asia live in lower middle income countries (between $1,026 and $4,035 GDP per person) such as China, India, and Indonesia. Around seventeen percent of the extreme poor live in upper middle income countries (Sustainable Development Solutions Network, 2012). Haque (2003),further states that an estimated one point two billion people live on less than $1 a day, nearly two point eight billion on less than $2 at the global level.

In developing countries of Africa, the progress in poverty reduction has not been felt and has also been uneven across countries and regions and has not been fast enough to meet the international development goals of halving extreme poverty by 2015(World Development Report, 2000). Millions of people live in poverty and its crippling effects. Poverty is a condition where people do not have means to provide for the necessities of life that is; basic human needs, such as food, shelter or clothing (Chambers, 2013). Africa was the poorest region in the world with negative growth income per capital during the 2000-2015, with a population weighted average annual income of $ 271 per person or a mere 74 cents a day. In general, Africa still remains mired in poverty, including Uganda (Sachs 2004:117). To use Chambers (1983:112) description, many people are drowned in the deprivation trap, characterized by powerlessness, vulnerability, physical weakness and isolation resulting into cyclic poverty. A number of microcredit programs since 1980s were introduced in form of welfare programs, saving programs and access to small loans, however, these to have had no significant effect on poverty reduction (UNDP Report, 2015).

In Uganda, in a bid to eradicate poverty, some Non-Government Organizations (NGOs) for example CARE Uganda and Plan International among others, the private sector through institutions such as commercial banks, microfinance institutions (MFIs) and SACCOS, plus the government of Uganda have over the years designed various interventions to ensure poverty reduction in Uganda. Some of these include Poverty Action Fund (PAF), Plan for Modernization of Agriculture (PMA), Poverty Eradication Action Plan (PEAP), and National Agricultural Advisory Services (NAADs), Youth Livelihood Program (YLP) programmes among others. While the government has witnessed an increased quantity of social services delivered through those initiatives over the last two decades, this has not significantly reduced poverty in some areas (MFPED, 2012).In this regard, the government of Uganda developed the Poverty Eradication

Action Plan (PEAP) in 1997 as a strategy for alleviating poverty (Rural Finance Services Programme, 2014). It is on this basis that microfinance support initiatives came in as the best means to help the citizens in rural areas of Uganda to reduce on poverty (Okurut, Banga &Mukungu, 2004). Examples of institutions offering microfinance support services in Uganda include; Finca-Uganda, Ugafode, Gatsby Microfinance, Pride Microfinance, Post Bank, Finance Trust Bank, Letshego, BRAC,EFC and Opportunity Bank to mention but a few. Opportunity Bank Particularly since 2007 has been providing microcredit loans in terms of individual based microcredit, group based microcredit and welfare based microcredit; provision of saving accounts to ignite the saving culture of Ugandans in terms of ordinary saving account, ordinary fixed term deposit, group saving accounts and target saving. The bank also undertakes finance literacy trainings done in form of training customers in financial planning, saving and investing money efficiently. The study thus focused on microfinance support initiatives offered by Opportunity Bank in Nsangi Sub County in the areas of Nsagu, Kasenge and Kinaawa villages.

1.2.2. Theoretical Perspective

This study was guided by the Grameen Bank Model. The Grameen Bank Model is one of the most popular and successful MFI models. It is referenced and used as a benchmark in many research studies; therefore, I chose this model to serve as the base model for my research. This model was developed by Muhammad Yunus in the 1970s to address the extreme poverty in Bangladesh. This organization has since gone international, with locations in many countries all across the globe (Yunus, 1999). The Grameen Bank is a peer lending solution that relies on the idea of social capital (Yunus, 1999). Borrowers form groups of five or seven non-family members to receive a base loan amount. These individuals go through a brief training with the Grameen Bank to understand lending practices and basics of financial institutions. Following the training, the group

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receives a small base amount that anyone from the group, upon group consensus, may receive as a loan. Once a week, the group will meet and the member(s) with loans must repay. For every successfully repaid loan, the group receives additional principal to increase the base loan pool. For every default, the group is ineligible for a new loan (Yunus, 1999). This model, though very successful, has been criticized by many on varying grounds. This study was based on this model because it fairly assumes that credit services, saving plans in the bank and financial literacy services can have a significant impact on poverty eradication.

1.2.3. Conceptual Background

This study was based on two main concepts that is; "microfinance support initiatives" and "poverty reduction." In this study, Okurut et al (2004) defines microfinance as the provision of small loans and other facilities like savings, insurance, and transfer services to poor low-income households and microenterprises. It encompasses the provision of financial services and the management of small amounts of money through a range of products and a system of intermediary functions that are targeted at low income clients. Schreiner and Colombet (2001, p.339) define microfinance support initiatives as the attempt to improve access to small deposits and small loans for poor households neglected by banks. Therefore, microfinance involves the provision of financial services such as savings, loan, insurance and financial literacy to poor people living in both urban and rural settings who are unable to obtain such services from the formal financial sector. According to the above definition, microfinance is intended to increase financial accessibility by sections of the population that would otherwise be left out by the commercial banks due to their lack of readily available assets that serve as security consequently reducing poverty at household level. When the funds accessed through the MFIs are put to good use or invested in sound businesses, there is a high likelihood that there will be great impact. Claessens (2006) says that the

attainment of poverty reduction is dependent on whether the accessed microfinance services are put to good use or not. In this study, microfinance initiatives were limited to credit services, saving services and financial literacy services.

On the other hand, the UN statement (1998) states that fundamentally, poverty is a denial of choices and opportunities which violates human dignity. It also means lack of basic capacity to participate effectively in society, lack of enough food, clothing for a family, school or clinic to go to, land on which to grow food or a job to earn a living and lack of access to credit. It also means insecurity, powerlessness and exclusion of individuals, households and communities, susceptibility to violence, and it often implies living on marginal or fragile environments, without access to clean water or sanitation (Gordon, 2005).According to the World Bank Report (2011), poverty is also pronounced deprivation in wellbeing, and comprises many dimensions. It includes low incomes and the inability to acquire the basic goods and services necessary for survival with dignity. According to Mushtaq, 2009), poverty reduction broadly defined requires processes that help people improve their capabilities and functioning, which enable them to take charge of local affairs instead of being supplicants before higher authorities. It is a short hand for promoting economic growth that will permanently lift as many people as possible over a poverty line. Poverty reduction entails many different kinds of changes for example; enabling the poor to live better lives through long term, redistribution transfers while the country is developing. It is more than a one dimensional objective as there is no universally applicable way to add up the reduction of poverty affecting different people in different circumstances and in different places over time (Owen, 2009). Poverty reduction therefore requires processes that help people improve their capabilities and functioning to enable them take charge of local affairs instead of being supplicants

before higher authorities (Haque, 2003). In this study, poverty reduction was restricted to mean income generation, asset generation and standard of living/health.

1.2.4 Contextual Background

Opportunity Bank Uganda Limited (OBUL) is a member of the Opportunity Transformational Inc (OTI). This bank started in 1995 as Faulu *Uganda* owned by Food for the Hungry International (FHI) and in 2006, OTI acquired 63%, from FHI and it is the intention of OTI to continue increasing its % shareholding. It is a leading *Ugandan* Micro Finance institution in Uganda (Bank of Uganda Annual Report, 2015). Since 2008, Opportunity Bank Uganda Limited acquired a Tier 2 Financial Institutions license from Bank of Uganda to operate as a regulated Credit Institution making it effectively a Savings & Loan Organization offering micro loans, savings and insurance products specializing in transformational lending in urban, peri-urban and rural environments. Opportunity Bank Uganda Limited is a leading Credit Institution with over 15 years' experience targeting the low income but economically active Ugandans with both loan and savings products (OBUL Annual Report, 2016). The mission of OBUL is to provide financial solutions and training, empower and sustain undeserved and financially excluded people to transform their lives, their children's future and their communities. This is being done through provision of microcredit loans in terms of individual based microcredit, group based microcredit and welfare based microcredit; provision of saving accounts to ignite the saving culture of Ugandans in terms of ordinary saving account, ordinary fixed term deposit, group saving accounts and target saving. The bank also undertakes finance literacy trainings done in form of training customers in financial planning, saving and investing money efficiently (OBUL Annual Report, 2016). However, despite the presence of these initiatives, poverty among its customers was reportedly taking an onward trend. This study was therefore undertaken to assess whether the microfinance initiatives have a

significant impact on poverty reduction among Opportunity Bank clients using Nsangi Sub-County.

1.3 Statement of the problem

According to MFPED (2012), the objectives of reducing poverty and stimulating growth can be achieved simultaneously. This is possible when all Ugandans are included in the development process. It is because of this that the Uganda Government initiated poverty reduction strategies particularly micro finance support to offer small loans or credits to alleviate incidental poverty (MFPED 2012). Accordingly, microfinance has been the most important financial instrument for reaching out to the low income households in Uganda. The focus of microfinance ensures financial inclusion of all Ugandans, among other things. In the previous years, there has been significant growth as a result of this endeavor. As a consequence, the number of people living below the poverty line has been reducing systematically from 24.3% in 2009/10 to 19.7% in 2012/13 nationally (NDP11, 2015). Nevertheless, in Nsangi Sub County where Opportunity Bank Uganda has been struggling since 2009 to empower small credit beneficiaries, poverty is alleged to remain a stubborn phenomenon (Transformation Survey Report, 2015). According to the survey report over 75% of the beneficiaries of these credit facilities did not clear their loan arrears in 2014-2015. More so, over 64 per cent are said to have had difficulty to support their children into the respective schools in that same year, among other things. Further, UBOS (2014) indicated that over 24% of Ugandans living in Wakiso district are living below the poverty line. Poverty at household level affects over 19% of the people in Nsangi Sub-county. This issue is worrying local leaders and the bank management-wondering whether these micro finance support initiatives are having any meaningful effect on poverty reduction among Opportunity Bank clients in this sub county. Yet, what is more perplexing is that there are no serious answers to this predicament, hitherto.It was from this background that this study was undertaken to assess the relationship between

microfinance support initiatives and poverty reduction among clients of Opportunity Bank using Nsangi Sub-county as the case study.

1.4 Purpose of the study

This study aimed at assessing the relationship between microfinance support initiatives and poverty reduction among Opportunity Bank clients in Nsangi Sub County.

1.5. Objectives of the study

i) To assess the relationship between credit services and poverty reduction among Opportunity Bank clients in Nsangi sub county

ii) To assess the relationship between saving services and poverty reduction among Opportunity Bank clients in Nsangi Sub County

iii) To assess the relationship between financial literacy services and poverty reduction among Opportunity Bank clients in Nsangi Sub County

1.6. Research questions

i) What is the relationship between credit services and poverty reduction among Opportunity Bank clients in Nsangi Sub County?

ii) What is the relationship between saving services and poverty reduction among Opportunity Bank clients in Nsangi Sub County?

iii) What is the relationship between financial literacy services and poverty reduction among Opportunity Bank clients in Nsangi Sub County?

1.7. Research Hypothesis

i) There is a significant relationship between credit services and poverty reduction among Opportunity Bank clients in Nsangi Sub County

ii) There is a significant relationship between saving services and poverty reduction among Opportunity Bank clients in Nsangi Sub County

iii) There is a significant relationship between financial literacy services and poverty reduction among Opportunity Bank clients in Nsangi Sub County

1.8. Conceptual framework

This is a diagrammatic representation of the linkages among the variables of study. It shows the conceptualized relationship between the independent variable and dependent variable. It is important to note that financial literacy of community members is important in determining whether they make use of the available microfinance services or not. Therefore, the personal characteristics of individual members are very essential. Some people in the community may not be very enterprising in that even if they obtain a loan, they may not put it to good use and therefore not make any improvement in their standard of living. If members put to the right use the loans that they obtain from these microfinance institutions, it was expected that their household incomes increases from the set up enterprises thereby improving the welfare of the poor. With the success of microfinance support initiatives, the overall outcome is empowered communities which are self-reliant with high standards of living. However, the above relationship can be mitigated by a number of intervening factors including government policy, political environment and people's attitudes toward microcredit. This is illustrated in the diagram below;

INDEPENDENT VARIABLE (IV)   DEPENDENT VARIABLE (DV)

MICROFINANCE SUPPORT INITIATIVES → **POVERTY REDUCTION**

Credit services

- Individual based microcredit
- Group based microcredit
- Welfare based microcredit

Saving services
- Ordinary saving accounts
- Ordinary Fixed term deposits
- Group saving account
- Target savings account

Financial Literacy

- Financial planning literacy
- Saving literacy
- Investing literacy

- Income generation

- Asset accumulation

- Standard of living/health

Intervening Variables

- Government policy
- Political Environment
- People's Attitude

Source: Adapted and modified from Grameen Bank Model, Muhammad Yunus (1999).

Figure 1**:** Conceptual framework showing the relationship between microfinance support initiatives and poverty eradication

1.9. Significance of the study

The study maybe significant in a number of ways, some of which are highlighted below;

i) The study may help scholars and researchers to provide an explanation on how poverty reduction maybe dealt with hence contributing to the addition of the existing literature on poverty related studies.

ii) It is also hoped that the findings of this study may be useful to policy makers like the Ministry of Finance Economic Planning and Development (MoFEPD) and the different authorities therein like the Microfinance Support Center and Microfinance Institutions in Uganda like Opportunity Bank, in promoting policies and bye-laws that will enable more people access microfinance services so that poverty reduction is achieved.

iii) It is also envisaged that from this study, the relevance of Microfinance support has been highlighted in relation to poverty reduction and hence avenues to replicate the same throughout the country will be discussed by the policy makers.

iv) The study may also be an eye opener to stakeholders involved in the microfinance sector on the challenges faced by the sector. This will enable the design of appropriate strategies to deal with the identified challenges in the sector.

1.10. Justification of the study

It has been asserted that the microfinance sector is very useful in the reduction of poverty (Bamwesigye, 2008; Durrani et al, 2011). However, no comprehensive assessment had been done to evaluate the efforts of the various microfinance sector players on poverty reduction in Nsangi Sub County hence the study. The performance of microfinance institutions is measured basing on loan recovery or repayment rates and financial sustainability amongst others. However, the impact of the loans on the individuals who get them, sustainability of the enterprises they engage in and their general wellbeing is ignored. There's no one to who follows up to verify what these loans

have been used for as long as the borrower pays back thus justification for this study. This study contributed to the research community on current studies regarding performance of microfinance towards poverty reduction. It is also hopeful that the study has increased on government and donor's awareness about the role of microfinance support initiatives on poverty reduction in Uganda. Therefore, the core objective of the proposed study was to provide, verify and formulate finance literacy guidelines and recommendations to improve poverty reduction strategies in Nsangi Sub County.

1.11 Scope of the Study
This section is categorized in three areas that is; geographical, time and content scope.

Geographical Scope

The study was undertaken in Nsangi Sub County Wakiso district where over 30 microfinance institutions are operating but main focus was on the microfinance support initiatives of Opportunity Bank.

Time scope

The study focused on the microfinance support initiatives of Opportunity Bank undertaken for the past six years (from 2010-2016) in Nsangi Sub County. The researcher believed that that period was long enough for the microfinance support initiatives to have caused an impact in the lives of the community members.

Content scope

The study focused on Opportunity Bank's microfinance support initiatives towards poverty reduction in Nsangi Sub County. Microfinance support initiatives were limited to microcredit services, saving services and financial literacy services. This is because poverty reduction was presumed to have a relationship with microfinance support initiatives.

1.12. Operational definition of key terms

Group-based microcredit program: this referred to the small loans provided to groups or associations in OBUL.

Individual based microcredit programs: this meant the small loans provided to individuals in OBUL.

Welfare based microcredit programs: this referred to the small loans provided to customers to solve their welfare problems like health, home improvement, clean energy, solve poverty, school fees in OBUL.

Credit services: this was used to mean loans people borrow form MFIs, with an interest rate charged depending on the amount and time of repayment.

Financial literacy services: referred to the set of skills and knowledge that allows an individual to make informed and effective decisions with all of their financial resources. For purposes of this study, financial literacy services will refer to preparation for retirement, savings literacy and literacy on innovation.

Financial planning literacy; in this study, this referred to possession of skills and knowledge required in making financial decisions, managing cash flow and planning retirement.

Saving literacy; in this study, this referred to possession of skills and knowledge required in developing a personal saving plan and finance plan.

Investment literacy; in this study, this referred to possession of skills and knowledge required in investing in a number of investment vehicles like stocks, bonds, real estates and mutual funds.

Asset Accumulation: in this study, this meant the using of savings from OBUL to buy or acquire assets.

Income generation: in this study, this meant the using of savings from OBUL to obtain a business or asset that generates an income.

Ordinary Savings Account; this is a transactional account for people who desire to have secure and unlimited access to their money. It is similar to a current account in a mainstream commercial bank.

Ordinary Fixed Term Deposit Account; This an account aimed at those customers who want to save without withdrawing for specified periods and earn attractive interests.

Opportunity Group Savings Account; this is intended for customers who wish to save as a Group. It is mainly applicable where there is an existing group and in situations where Customers find it expensive to bank individually.

Opportunity Target Savings Account; this account has been designed to cater for Customers who have a specific target at a given date and wish to save specific amounts regularly without withdrawing it until maturity time.

Poverty; this refers to a denial of choices and opportunities which violates human dignity. It also means lack of basic capacity to participate effectively in society, lack of enough food, clothing for a family, school or clinic to go to, land on which to grow food or a job to earn a living and lack of access to credit.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter presents literature related to the study. A number of studies have been undertaken by several scholars on the subject of microfinance support initiatives and its contribution towards poverty reduction. Under this section, literature was reviewed to find out the contribution of other scholars to the study, identify the gaps in the literature as well as weaknesses therein. A theoretical review on microfinance support initiatives and poverty reduction was also done.

2.1 Theoretical Review

The theoretical framework for this study was derived from the Grameen Bank Model by Muhammad Yunus (1970). The Grameen Bank Model is one of the most popular and successful MFI models developed to address extreme poverty in Bangladesh. It is referenced and used as a benchmark in many research studies; therefore, I chose this model to serve as the base model for my research. The Grameen Bank Model is a peer lending solution that relies on the idea of social capital (Yunus, 1999). Borrowers form groups of five or seven non-family members to receive a base loan amount. These individuals go through a brief training with the Grameen Bank to understand the lending practices and basics of financial institutions. Following the training, the group receives a small base amount that anyone from the group, upon group consensus, may receive as a loan. Once a week, the group will meet and the member(s) with loans must repay. For every successfully repaid loan, the group receives additional principal to increase the base loan pool. For every default, the group is ineligible for a new loan (Yunus, 1999). This model though very successful, has been criticized by many on varying grounds.

Further, using Grameen Bank Model, it is imperative to examine the successful experience of the Grameen Bank (1970s), with credit scheme through groups. According to Yunus (2004), credit borrowing groups are referred to as "group based finance" or "solidarity groups" lending schemes because group members are jointly liable for each individual's loans, this represents a form of social networks (support) through social "collateral". As opposed to physical collateral of land titles or assets, referees, bank commissions which formal sector services usually require; and which poor and property less do not have. The poor resort to informal means through formation of group solidarities (State 2008). The "peers in groups" monitor each others to reduce lending risks and defaulting. The model for credit delivery in the Grameen Bank is structured in groups of five self-selected members (men and women's groups separate), membership is restricted to those with asset worth less than half an acre of land, loans are made to two members at a time and must be repeated in equal installments over fifty weeks and the group is ultimately responsible for repayment if the individual defaults. This is one of the strength for the success of the Grameen bank borrowers.

Indeed as a result of the Grameen experience, social collateral was and is used by many world MCIs and this has made access to credit by many poor people very easy(Yunus, 1999). For example in Uganda, finance service providers like Opportunity Bank also offer group loans in addition to other financial services. This arrangement seems to suit most poor people, as social collateral is easier than physical. Nonetheless, some members have abused the group approach and default, which leaves others members at a disadvantage to pay back the loan on behalf of the defaulting member(s). This study was based on this model because it fairly assumes that credit services, saving plans in the bank and financial literacy can have a significant impact on poverty reduction.

2.2 Microfinance Credit Services and Poverty Reduction

A review was done on the relationship between microfinance credit services and poverty reduction and a number of mixed conclusions were made that rendered the conducting of this study. Bakhtiari (2006) ascertained that microfinance could provide a lot of positive results on peoples household economy such as creating more job opportunities, increasing household incomes, building up women's abilities, improving household education and family welfare; however, microfinance could also be a heavy responsibility for people too. When people used financial service, they could increase household income more easily than before, buy more household's assets, and improve their living standards. Felix (2007) in support of Bakhtiari (2006) indicated that the group of poor households who have used microfinance to change their daily livelihood by preparing their future plans such as household investment and income, building and fixing their houses, improving family welfare and education, these can have their lives improve if they utilize group based loan facilities. The researcher was inspired to undertake this study to make a clear assessment of whether group based credit provided by OBUL has had a contribution on poverty reduction of its clients in Nsangi Sub-County.

In addition, Todd (2005) undertook a study in Cambodia. He established that the number of Microfinance institutions (MFIs) had increased significantly as a way of solving poverty in the country. A number of people borrowed funds from those MFIs to set up their economic activities, but up until now there has been no research study that shows how micro-credit affects people's lives. Therefore, this study was conducted to find out the impacts of micro-credit on people's living status. According to this research objective, a hypothesis was set that microcredit provided positive results to the people's way of living particularly Opportunity Bank clients in Nsangi Sub-County.

Congruent to the above scholars, Akinlo and Oni (2012) state that credit is simply the extension of small loans to entrepreneurs who are too poor to qualify for traditional bank loans. The institution of micro credit is premised on the argument that most people in the developing countries lack access to financial services from institutions either for credit or savings, which further reinforces the vicious cycle of poverty. Hulme and Mosley (1996) noted that credit given to poor people is a means of investing and breaking out of the "vicious circle" of poverty. He noted that credit has the potential of improving credit user's income, savings and as consequence enhance investment and reinforce high incomes. This argument is highly supported by the findings of Kashuliza (1998) who observed that incomes of the credit users are significantly higher than the incomes of non-credit users in the Southern highlands areas of Tanzania. Dunford (2001) seemed to differ from the above scholars while indicating that many people have been accessing microcredit but they are only exploited by microfinance institutions which have kept a number of people in poverty. This study thus was conducted to establish whether microcredit services provided by Opportunity Bank Uganda has had impact on poverty reduction among the clients of the bank. This is because there is clear evidence which seems to indicate that in certain cases, microcredit does not reduce poverty among people.

Okurut et al (2004) further goes on to say that access to credit affects the welfare outcomes of the poor by alleviating capital constraints on agricultural households which enables them to acquire agricultural inputs. However, how easily this credit can be accessed is something to consider. According to Mahajan (2005), he asserted that microcredit is necessary but not a sufficient condition for micro-enterprise promotion. Other inputs are required, such as identification of livelihood opportunities, selection and motivation of the micro-entrepreneurs, business and technical training, establishing of market linkages for inputs and outputs, common infrastructure

and sometimes regulatory approvals. In the absence of these, micro-credit by itself, works only for a limited familiar set of activities such as small farming, livestock rearing and petty trading, and even those where market linkages are in place. Mahajan (2005) seemed indifferent from what George et al (2007) indicates that microcredit need not to be limited to certain trade activities but need to be provided in a number of ways for a number of reasons because poverty is a condition that can be removed in a number of initiatives.

Pollin (2007) has a similar view with George et al (2007) where he indicated that micro enterprises run by poor people cannot be broadly successful simply because they have increased opportunities to borrow money. This was the basis of undertaking this study to clearly establish whether OBUL was basically for poor people and whether this had increased a lot of opportunities for borrowing and if so, has this had an impact on poverty reduction among OBUL clients in Nsangi Sub-County?

Mahajan (2005) further indicated that to solve the above problem, there are security requirements in order to obtain these credit services from the microfinance institutions. It indicated that land was the most important form of security required. However, the question that comes to mind here is whether all the poor that are the primary target of these credit services actually do own land that can be used as security to access this credit. Jimmy et al (2009) cited in Akinlo and Oni (2012) asserts that international microfinance experience shows that credit is not a suitable tool to assist the chronically poor. Hickson (2001) submits that most microfinance institutions have a long way to go in reaching the extremely poor so as to effectively achieve the goal of poverty alleviation. Srinivas (2004) argues that some other critics of microfinance have contended that poor people are bad borrowers, especially women or that microfinance is not profitable. This is part of the reasons why the researcher decided to undertake this study.

2.3 Microfinance Saving Services and Poverty Reduction

On the relationship between microfinance saving services and poverty reduction, Soyibo (2007) indicated that microfinance institutions need to have in place clearly planned savings plan or accounts for poor people to save and change their livelihoods. These need to be rooted in the way how people are earning money in a particular locality. Hickson (2001) in agreement with Soyibo (2007) concurred that such savings accounts need not to be free to open because free things cause redundancy among the people and fail to solve their common goals. He added that poverty increase in developing countries has been highly contributed by NGOs which make people to think that they are supposed to be given other than teaching them to know that they need to work and save money and solve or improve their standard of living. This study endeavored to establish this fact by inquiring whether clients of OBUL have access to free saving account opening and whether any form had increased or decreased their poverty levels.

Chipeta and Mkandawire (2014) in their working paper established that the mobilization of savings is perhaps the most obvious and important function of the financial sector. Okurut et al (2004) goes on to say that by linking credit to savings in their lending methodology, the MFIs inculcate a culture of saving among their clientele. The clients are usually required to save upfront an amount proportional to the size of the required loan which varies across MFIs (ranges from 10%-30%).The DFID Policy Division working paper (2004) further states that the provision of savings facilities enables households to store their money in a secure place, and allows this money to be put to productive use i.e. lent to individuals or enterprises to finance investment, thus encouraging capital accumulation and promoting private sector development. It also notes that lack of access to secure savings facilities leads people to save in physical assets such as jewelry, or store their savings at

home. McKinnon (1973) went ahead and explained this with an illustration of a farmer who cannot afford a particular investment out of his own savings and needs to borrow in order to buy some piece of equipment i.e. to invest in "new technology" which would increase his productivity, and enable him to earn a higher income thereafter.

De Gregorio (1996) emphasized that savings mobilization can have a significant impact on growth by increasing investment, productivity and human capital. Savings facilities can also play an important role in reducing risk and vulnerability for the poor. CGAP Focus Note (2012) stated that no matter how poor, families almost always can and want to save, whether in cash or in-kind. Poor households save to manage risk and plan cash flow for future investments. They reduce their vulnerability by saving to cushion against shocks such as natural disasters, crop failures, job loss, illness and death. Savings facilities will help household risk management the most when they are safe and accessible to the depositors, and when the poor can deposit small amounts on a frequent basis.

Paxton (2002) in line with the above shows that savings are valuable to lower income households as a buffer against unexpected changes in income or expenditure. Unfortunately, most poor communities still lack access to safe, accessible, liquid savings mechanisms. As another alternative, microcredit institutions can play a critical role by brokering savings arrangements between poor clients and well performing regulated financial institutions(including credit unions) (Atieno, 2001). This study was done to assess the level at which savings done in microcredit institutions had had an impact on poverty reduction since scholars like Atieno (2001) and Paxton (2002) where not trying to link the two concepts to assess their level of correlation.

Further, Robinson (2001) ascertained that individuals have to restrict their current consumption in order to accumulate savings. This saving effort and reduced current welfare is compensated with interest paid. However, the rewards from saving are received in the future, compared to current consumption where rewards are immediate. This is important in the context of the constraints of low income households. People tend to underestimate future real benefits and exponential nature of compound interest rates. People who underestimate annual percentage rates are more likely to borrow than to save (Lusardi and Mitchell, 2007). Governments have introduced different initiatives to encourage certain types of savings. The evidence shows that holding savings is associated with lower poverty rates, and provides a nest egg in cases of emergency. Despite intensive financial and administrative public support, there is little evidence to support the effectiveness of these saving schemes in encouraging people experiencing poverty to start or build-up savings. Beyond the means tested, initial endowments or saving bonuses, households in poverty struggle to contribute into the saving schemes designed for them (Searle &Köppe 2014). This study was conducted as part of the rationale to fill the gaps that were cited in the research done by the above scholars especially when they failed to substantiate their findings in developing countries like Uganda and particularly among the clients of Opportunity Bank Limited.

2.4 Microfinance Financial Literacy Services and Poverty Reduction

Financial literacy services are very important in choosing investment vehicles to use after receiving a loan from a bank (Nasif et al, 2011). It is assumed that employees who are trained or equipped with financial knowledge on different investment opportunities like in stocks, bond and mutual fund, real estate and treasury bills possess high chances of effectively utilizing savings because they will ably invest their money in most passionate and less risky ventures (Maki, 2001). Mushtaq

(2009) further indicates that financial literacy is relevant for everyone in a modern society regardless of income level, education, age, rural or gender. For example, everyone needs to understand how to draw up and live within a budget, to understand why and how to save, to borrow responsibly and to avoid becoming over indebted, to make informed choices between different financial products and services, and to plan ahead for old age. The researcher was prompted to undertake this study to establish whether financial literacy trainings done in form of financial planning, investing and saving improvement trainings have had an effect with improvement in reducing poverty among households in Nsangi sub-county and particularly clients of Opportunity Bank.

Noctor et al., (1992) further found out that financial literacy is important for asset building which is a basis of reducing poverty among people. They indicated that programs aimed at helping low income households to save and invest in housing or start a new business contain an important learning element. Pratish (2015) also notes that financial literacy is another tool that helps customers to accept and use the products to which they increasingly have access. They are able to develop skills to compare and select the best products for their needs and get empowered to exercise their rights and responsibilities. Pratish (2015) in addition notes that women gain the ability to act "Smart Financially" by acquiring the knowledge and skills to understand financial planning, savings, basics of banking, understanding need of household budgeting, cash flow management, asset allocation to meet financial goals among others. The researcher was interested to establish what was happening in Nsangi Sub-county among clients of Opportunity Bank who have been enjoying financial literacy training for a good number of years.

Additionally, Chrispus (2013) argues that financial education has become increasingly important and essential for the average family trying to decide how to balance its budget, buy a home, fund

the children's education and ensure an income when the parents retire. Toskin (2008) adds that people have always been responsible for managing their own finances on a day to day basis, spend on a holiday or save for new furniture, how much to put aside for a child's education or to set them up in life but recent developments have made financial education and awareness increasingly important for financial wellbeing. For emerging economies, financially educated consumers can help ensure that the financial sector makes an effective contribution to real economic growth and poverty reduction.

Georgia and Marianna (2011) thus indicated that people who are financially literate are able to make sound financial decisions for themselves and their families, make informed choices between different financial products and services, budget and plan ahead, build up some savings, protect themselves against financial risks, invest prudently if they have sufficient money and understand their rights and responsibilities. They are less likely to become over indebted or purchase products and services which do not meet their needs and they are less likely to be caught out by financial frauds. This is what this study wanted to establish among the clients of Opportunity Bank who have been enjoying financial literacy training for a good number of years.

Perks & Smith, 2006) further observed that financial literacy creates circumstances in which a person can acquire and apply the skill that will help him/her achieve the objective of the business. Skills development can be achieved through training and education (Erasmus, 2005). The difference between education and training is that education prepares the individual for life while training prepares him or her to perform specific tasks. Laibson and Madrian (2005) ascertained that to achieve a good investment performance, persons who are more often than not investment gurus, need to delegate this responsibility to professional finance experts both fund managers or

insurance companies and therefore the need for financial literacy. As a result, Sekyewa (2009) argues that the legacy of poor education and training, especially for black South Africans, had a negative impact or constraints on poverty reduction. According to Lusardi (2003) also notes that low literacy and lack of information affect the ability to save and to secure a comfortable retirement; ignorance about basic financial concepts can be linked to lack of retirement planning and lack of wealth. Lack of planning is concentrated among specific groups of the population, such as those with low education and women. These are potentially vulnerable groups, who are not only less likely to save for the future, but who also do not have a minimum level of savings to buffer themselves against shocks. This study will endeavor to ascertain the fact behind the possession of financial literacy towards increased saving and investment and poverty reduction using Opportunity Bank clients in Nsangi Sub-County.

2.5 Summary of the literature reviewed

The above chapter reviewed the various theories that explain the independent and dependent variables. The reviewed theories are then critiqued for relevance to specific variables. The chapter also explored the conceptualization of the independent and the dependent variables by analyzing the relationships between the two set of variables. In addition, an empirical review was conducted where past studies both global and local is reviewed in line with the following criteria, title, scope, methodology resulting into a critique. It is from these critiques that the research gap was identified. The reviewed literature highlights the importance of microfinance support initiatives, that is, credit services, savings services and financial literacy to poverty reduction; however what is not clear is the extent to which these initiatives can be relied upon to fully reduce poverty. This is a gap that the researcher sought to find answers to specifically in identifying the challenges faced in the micro finance sector. From the literature reviewed, it is evident that the microfinance sector has been

hampered by the factors cited by the authors above. Much as microfinance services may be available, borrowers or the poor may not have the necessary skills to run whatever enterprises they may select and thus run them poorly.

The link between savings and credit groups and poverty reduction was not sufficiently proven in the reviews. Empirical reviews tended to be biased towards women led associations, overlooking the managerial skills offered by the male gender. This was seen as a gap, and thus the research involved all households without regard to gender. Much as the authors do well as far as financial literacy in general is concerned, they do not show the connection between financial literacy and access to microfinance services. The authors focus more on why financial literacy is important and not whether it affects acquisition of credit in anyway. This is a gap the researcher seeks to cover in undertaking this research. Most of the current literature we have on the subject relates to studies made in the developed world which has a very different economic and social background. Therefore, the learning generated from these studies cannot be easily applied to the developing world. Therefore there was need to conduct localized studies and generate conclusions and recommendations that can be applied to improve on poverty reduction in Uganda.

The researchers tend to study the end result of the microfinance support initiatives without paying attention to what may be stopping them to utilize such microfinance support initiatives. A clear gap existed because researchers' attention is concentrated on the output side or end result while overlooking the input or the implementation side of microfinance support initiatives management.

CHAPTER THREE

METHODOLOGY

3.1. Introduction

This presents the different methodological issues and aspects that the researcher used while conducting the research. These included the following; the research design, study population, sample size and selection, sampling techniques and procedures, data collection methods, data collection instruments, reliability/validity of instruments, procedures, data analysis, measurement of variables and ethical considerations.

3.2 Research Design

This study was cross-sectional and adopted a correlational approach as well because data was gathered once over a period of time and it observed all population or a representative subset in order to answer the research questions (Sekaran, 2003). This design helped the researcher to collect a large amount of data in a short period of time and since it observed a representative subset at one specific point in time, problems arising from recurrent mistakes in data collection instruments were minimized as it didn't suffer from unavailability of sample used in previous observation as compared to longitudinal study. The study also was both descriptive and analytical in nature (Creswell, 2009). The descriptive approach focused on the quantitative aspect of the study which involved obtaining information about the relevant aspects of the phenomena of interest to the researcher. The analytical approach focused on qualitative aspect of the study to determine in depth inquiry into the existing situation or phenomenon under study based on facts findings (Kothari, 2004).

3.3. Study Population

Population in this study refers to the respondents who are going to be part of the research. This was derived from Opportunity Bank staff of Nateete branch and clients of Kinaawa, Nsagu and Kasenge in Nsangi Sub County because these are the respondents the researcher was interested in to carry out the study. The study targeted a population of 357 respondents served by Opportunity Bank in Nsangi Sub County (Opportunity International Annual Report, 2010). These included; Opportunity Bank staff of nateete branch who included the branch manager, branch relationship supervisors and credit officers as these directly interface with the clients on a daily basis. It also included Opportunity Bank group lending methodology clients in the areas of Kinaawa, Nsagu and Kasenge, these are the areas with majority clients served by the bank in Nsangi Sub County.

3.4. Sample Size and Selection

The researcher used Kreijcie&Morgan (1970) to come up with the sample size of 186 respondents as shown in table1:

Table 1: Population, Sample Size and Sampling Techniques

Category	Target population	Accessible population	Sampling techniques
Kasenge village	125	95	Convenience sampling
Kinaawa village	112	87	Convenience sampling
Nsagu Village	81	67	Convenience sampling
Opportunity Bank staff	39	20	Purposive sampling
Total	**357**	**269**	

Source: Primary data, 2017

3.5 Sampling Techniques and Procedures

The researcher in this study used non-random sampling techniques to select the required sample. Purposive sampling was used in selecting Opportunity Bank staff members.

According to Sekaran (2003), purposive sampling involves the choice of objects which are advantageously placed to provide the information required. They could be reasonably expected to have expert knowledge by the virtue of having gone through experiences and processes themselves and might perhaps be able to provide data required by the researcher.

On the other hand, convenience sampling was used in selecting Opportunity Bank clients from Kasenge, Kinaawa and Nsagu. These were obtained from the list of customers of nateete branch. Convenience sampling (also known as availability sampling) is a specific type of non-probability sampling method that relies on data collection from population members who are conveniently available to participate in study. Therefore, only those who were accessible and ready to attend to the researcher were selected to participate in the study.

3.6 Data Collection Methods

In this study, the researcher used both qualitative and quantitative data collection methods. The use of multiple data collection methods checked validity of the study findings. This allowed generalization of results to the target population.

3.6.1 Interview method

The interview method of collecting data according to Kothari (2004) involves presentation of oral-verbal stimuli and reply in terms of oral-verbal responses through personal interviews and, if possible, through telephone interviews. The researcher carried out personal structured interviews on the staff of Opportunity Bank Nateete Branch who included; the Branch Manager, Branch Relationship Supervisors, SME officers, Individual and Group Credit Officers which enabled her

to capture verbal and nonverbal questions hence being able to get in depth understanding of the topic. The interviews were carried out in the Branch Relationship Supervisor's office with discrete permission to use it and the researcher interviewed one person at a time convenient to them. The researcher ensured utmost privacy of the respondents as no names were given or written on the interview guide. The researcher first introduced herself and then briefed the respondents on the reason why she was carrying out the research. The researcher then assured the respondents that the interview was private and no disclosure of names or who said what was to be involved. This gave the respondents confidence to give the information as requested.

3.6.2 Questionnaire method

According to Sekaran (2003) a questionnaire is a preformulated written set of questions to which respondents record their answers, usually within rather closely defined alternatives. The researcher administered questionnaires to the clients since it was not easy to sit with them and conduct face to face interviews considering that they were many in number. However, not all of them could read and write on their own so these were interpreted and responses written for them. These questionnaires were given to group clients as they meet weekly to collect their monies for saving and loan repayments and have utilized most of the services offered by the bank therefore being in position to give appropriate responses. Some questionnaires were given to the group loan officers to administer and others given to the group chairpersons who gave them to the members who were willing to participate in answering them. The researcher then picked them up for data analysis.

3.7 Data collection instruments.

Data collection refers to a process of gathering and measuring information on targeted variables in an established systematic fashion, which then enables one to answer relevant questions and

evaluate their outcomes. The researcher in this study used the following instruments to collect the data; questionnaires, interview guides and observation as explained below;

3.7.2 Questionnaire

This are systematically designed forms or documents deliberately designed to elicit responses from respondents or research informants for purposes of collecting data or information according to Kothari (2004). The researcher compiled well organized structured series of questions in the questionnaire. This instrument was used because it allows the respondents enough time to get well thought out answers. The questionnaire included three dimensions the researcher has focused on in the assessment of the contribution of microfinance support initiatives and poverty reduction i.e. credit services, increased savings and financial literacy. The researcher classified the questionnaire into four major parts i.e. the first part sought to establish the demographic characteristics of the research sample while the second part, third and fourth the questions were asked to find out the respondents' perceived benefits attained from the microfinance support initiatives in terms of; benefits attained from credit received from the bank, how their income savings have been influenced and how financial literacy has helped them to improve on their businesses.

3.7.3 Interview guide

According to Kothari (2004) the interview tool involves the presentation of oral-verbal stimuli and reply in terms of oral-verbal responses. It was used by the researcher because it allows for flexibility and the opportunity to restructure questions is always there. In this study, the researcher used a structured interview for the staff of Opportunity Bank Nateete Branch which helped her to gain a better insight of the topic. This interview guide also helped the researcher in planning and scheduling the interviews to the respondents. The researcher had to be at the branch in the afternoon hours between 2pm to 5pm as most of the staff are in the field during morning hours and

return to the office in the afternoon which was the most convenient time to carry out the interviews as they were less busy.

3.8 Quality Control

To control the quality of the data collected, the researcher ensured that the validity and reliability coefficients were at least above 0.70 as suggested by Oso &Onen, (2008).

3.8.1 Validity of data collection Instruments

Alden (2007) observes that the quality of an instrument refers to the degree to which the resulting score truly represents the factor to be measured. Alden further notes that the instruments must be tested for face validity, content validity and concurrent validity. Content validity is concerned with the extent to which instruments measure what they were designed to measure and the extent to which they cover the variables. Face validity was determined by seeking review of the data collection tools from the research supervisor who helped the researcher to make some adjustments in terms of clarity and ambiguousness. This ensured that the test instruments measure the target variables. To ensure content validity, the researcher constructed data collection instruments with adequate number of items and made sure that each item on the scale has a link with the objectives of the study. Furthermore the instruments were given to a number of experts to evaluate the relevance of each item on the scale: very relevant (4), quiet relevant (3), somewhat relevant (2) and not relevant (1). Validity was then arrived at after calculating the Content Validity Index as obtained using the following formula:

CVI = No. of items judged relevant by all the judges

　　　　　Total number of items on the questionnaire

Table 1: Results of the Validity Test

Variable	No. of items	Content validity index

Variable		
Credit Services	7	0.980
Savings Services	6	0.800
Financial Literacy	5	0.985
Poverty reduction	10	0.834

Source: Primary data

The questionnaire for the clients had a CVI of 0.800(16/20=0.8) while the interview guide for the staff had a CVI of 0.825(10/12=0.825). In line with the recommendation by Kothari (2004) that any CVI value above 0.70 is considered acceptable, the two research instruments were taken to be very valid for the study.

3.8.2 Reliability of Data Collection Instruments

Reliability refers to the extent to which the data collection techniques or analysis procedures used by the researcher will yield consistent findings according to Saunders & Thornhill (2009). The researcher ensured reliability of qualitative data through recording accurate facts, responses, observations and events. In order to establish the reliability of the quantitative data, pretesting of the research instruments was conducted. The pretesting was done in Opportunity Bank's Buloba groups three weeks prior to the actual data collection. The researcher then used the results of the pretest to compute the reliability of the variables using cronbach's alpha test. Cronbach's alpha coefficient establishes the internal-consistency as a measure of the extent to which item responses obtained at the same time correlate highly with each other. The researcher used the Statistical Package for Social Sciences (SPSS) software to compute cronbach's reliability coefficient on the items in the clients' questionnaire. Table 3 shows Cronbach's alpha coefficient values.

Table 3: Results of the Reliability Test

Variable	No. of items	Cronbachs' Alpha

Credit Services	7	0.876
Savings Services	6	0.897
Financial Literacy	5	0.782
Poverty reduction	10	0.879

Source: Primary data

The normal range of Cronbach's alpha coefficient value is between 0.0 and 1.0 and the higher values reflect a higher degree of internal consistency of the instrument. The results in table 2 show that all the alpha values were above 0.7 and thus the questionnaire considered reliable as proposed by Sarantakos, (2008).

3.9 Data Collection Procedure

After the research proposal and research data collection tools were approved and passed by the research committee, the researcher went ahead and obtained a letter of introduction letter from the Head of Higher Degrees department Uganda Management Institute. This was addressed to the management of the organization were the researcher was going to carry out the study. This letter sought to introduce the researcher as a student of Uganda Management Institute, it further explained what the research was about and the purpose of the study and then requested for any necessary assistance to be offered to the student in order to be able to accomplish what she intended. The researcher then contacted the various authorities to which the letter was addressed and then made appointments on when to carry out the study. On the agreed dates, the researcher went to Opportunity Bank's Nateete Branch, carried out the study and collected data. Questionnaires were first administered to the clients and later interviews were conducted starting from the Branch Manager up to the relevant branch staff.

3.10 Data Analysis

The data was compiled, analyzed and coded to get the required quality, accuracy and completeness. Codes and themes were developed from the data collected to make the work of analysis easier. It was entered into the computer for analysis using Statistical Package for Social Scientists (SPSS 19). The data was analyzed descriptively; frequency tables were generated including percentages, variable means and these results were presented in tables which have been explained in Chapter four.

3.10.1 Quantitative Data Analysis

Data was sorted using the Statistical Package for Social Sciences (SPSS) method. Both Excel and SPSS have a similar feel, with pull-down menus, a host of built-in statistical functions and a spreadsheet format for easy data entry. SPSS has faster and easier basic function access, it has a wider variety of graphs and charts and it is easier to find statistical tests (Bill, 2015). The analysis relied on both descriptive and inferential statistics. Quantitative data got from the questionnaires was computed into frequency counts and percentage. The descriptive statistics included use of frequency tables, mean, and standard deviation. The researcher adopted bivariate analysis techniques in analyzing her data. Bivariate analysis is the simplest form of quantitative (statistical) analysis. In this case, Pearson Correlation coefficient was used to analyze and test the hypotheses of the study. In addition to frequency distribution, tables, mean, standard deviation and other measures of central tendency were used in data analysis.

3.10.2 Qualitative data analysis

To grasp the meaning of all qualitative data produced by the interviews and document analysis, explanation building through content analysis as an interpretive technique was adopted. The case content analysis was informed by deducing the inference of content textual data holding on to naturalistic patterns. These were; direct content analysis, conventional and summative content

analysis (Earl-Babbie, 2013). The proposed study took on a summative content analysis whose basis was to understand why certain issues are held. Summative content analysis describes studied keywords to construct meaning to the themes being studied in a broader context. All primary data was thus structured through formation of categories and examining the theories fully to understand the variables of the study (Barifaijo, Basheka, and Oonyu, 2010). It was through these lenses that meaningful concepts and themes informed by the research questions were extracted to generate credibility to raw data to meaningful processed data and draw conclusion.

3.11 Measurement of Variables

The independent variable and the dependent variable were measured on a five point Likert type scale (1- strongly disagree, 2-Disagree, 3-Not sure, 4- Agree and 5-Strongly agree). The choice of this measurement was that each point on the scale carries a numerical score which is used to measure the respondents' attitude and it is the most frequently used summated scale in the study of social attitude. According to Bill (2011), the Likert scale was able to measure perception, attitudes, values and behaviors of individuals towards a given phenomenon.

3.12 Ethical Considerations

The researcher first identified herself to the respondents then introduced to the respondent what they require from them. The researcher then had to seek consent from the respondent before getting any information from them. The researcher allowed the respondents to answer their questionnaires or interview voluntarily. The researcher also had to ensure confidentiality of respondent's information. The researcher was responsible to "maintain confidentiality that goes beyond ordinary loyalty". Clarke addresses the ethical dilemma of the researcher when confidentiality must be broken because of the moral duty to protect society. The researcher also ensured the privacy of the respondents by not asking very personal questions directly for example someone's age, religion

among others. Since research often involves a great deal of cooperation and coordination among many different people in different disciplines and institutions, ethical standards promote the values that are essential to collaborative work, such as trust, accountability, mutual respect, and fairness (Barifaijo etal, 2010). To avoid plagiarism, works of different authors were be acknowledged whenever they are cited. This also required giving the participants adequate information about what the study would involve and an assurance that their consent to participate would be free and voluntary rather than coerced.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF RESULTS

4.1 Introduction

This chapter presents findings of the study which was conducted to examine the relationship between microfinance support initiatives and poverty reduction among Opportunity Bank clients in Nsangi Sub County. The findings are presented according to the objectives of the study. In the first section, the social background of the respondents is given. In the second section, the empirical analysis of the study findings is analyzed (that is findings on assessing the relationship between credit services and poverty reduction among Opportunity Bank clients in Nsangi Sub County; assessing the relationship between saving services and poverty reduction among Opportunity Bank clients in Nsangi Sub County and assessing the relationship between financial literacy services and poverty reduction among Opportunity Bank clients in Nsangi Sub County) and the last section handles the testing of hypothesis that were set for this study to prove. The response rate in the whole study is explained in table 4 below;

4.2 Response rate

Table 2: Showing the response rate

Respondents	Sample size	Frequency	Percentage
Kasenge village	95	91	95.8
Kinaawa village	87	85	97.7
Nsagu Village	67	66	98.5
Opportunity Bank staff	20	18	90%
Total	**269**	**259**	96.3%

Source: Primary data

Table 4 above indicates that out of the 269 respondents that were set for the study for investigation, 259 were able to respond to the study. The remaining 10 of the respondents couldn't be reached because some of them couldn't attend to the researcher in the specified time and others wrongly filled the questionnaire. However, according to Amin (2005), 70% of the respondents are enough to represent the sample size set for the study. This means that 96.3% is very sufficient for this study.

4.3 Background of the Respondents

This theme handles the background information on the respondents that were used in the study. Among these characteristics included; gender, age, level of education and marital status of respondents.

4.3.1 Gender of the respondents

To understand the gender of the respondents, the researcher recorded their gender and below are the results that were recorded in table 5.

Table 5: Gender of the respondents

Gender of respondents	Frequency	Percentage
Male	98	38
Female	161	62
Total	**259**	**100**

Source: Primary data

From table 5, it is indicated that the study among Opportunity Bank clients in Nsangi Sub County was conducted mainly from the female respondents who constituted 62%. Males on the other hand, were represented by 38% of the respondents. This directly tells us that no matter the percentage of males and females who attended the study, given the fact that males and females attended to the study, the study was gender sensitive. This reflects the enterprising nature of rural women and how

they have readily adopted financial services as a means of improving their businesses. The female-male ratio or sex ratio is important in a household in determining the attitude towards work. Although not to be assumed a generalization, female household members in rural Uganda; Nsangi so to say are often left with the burden of caring for the home. This suggests that a high female-male ratio might be related to household poverty reduction since the women become more enterprising to look for all possible ways of caring for their children.

4.3.2 Age of the Respondents

To establish the age of the respondents, respondents were asked to state their ages and below are the results that were recorded in table 6.

Table 6: Age of the respondents

Age of respondents	Frequency	Percentage
20-29years	39	15.1
30-39years	83	32
40-49years	102	39.4
50 ++years	35	13.5
Total	**259**	**100**

Source: Primary data

From table 6, it was found out that most of the respondents were between 40-49 years and these took the highest toll of 39.4%. Those who were in the category of 30-39 years constituted 32%, 20-29 years were represented by 15.1% and the last category of 50 years&above was represented by 13.5%. On the other hand, from the interviews conducted, most of the respondents were between 40-49 years and these took a percentage of 76%. Those who were 50years& above took 24%. The age of the household head is important in determining the attitude towards employment and acquiring household or physical assets which contribute significantly to per capita income and thus reducing poverty.

4.2.2 Level of Education of the Respondents

Respondents were also asked to state their level of education and table 7 has more details below;

Table 7: Level of education of the respondents

Level of education of respondents	Frequency	Percentage
No education	46	17.7
Primary	96	37.7
Secondary	41	15.8
Diploma	33	12.7
Bachelor's degree	34	13
Master's degree	9	3.5
Total	**259**	**100**

Source: Primary data

Table 7 indicates that most of the respondents had attained primary education and these constituted 37.7%. Those who had no education constituted 17.7%; those who had attained secondary education constituted 15.8% of the respondents. 12.7% of the respondents had diploma, those who had reached on a bachelor's degree constituted 13% and those with a master's degree were 3.5%. Majority of the respondents/ clients of Opportunity Bank are educated, with at least 82.7% of them having attained at least a Primary Leaving certificate making them competent to use the basic services provided by the bank like; credit facilities, savings and financial literacy services. Educational attainment implies a greater set of employment opportunities and specifically in the rural context, a better awareness of the full potential of new agricultural technologies and associated agricultural practices hence increasing household income to reduce on poverty.

4.2.3 Marital status of respondents

Respondents were also asked to state their marital statuses and table 8 has more details below.

Table 8: marital status of the respondents

Marital status of respondents	Frequency	Percentage
Single	24	9.2
Married	111	42.9
Divorced	49	18.9
Separated	45	17.4
Widowed	30	11.6
Total	**259**	**100**

Source: Primary data

From table 8 above, it is clear that most of the respondents were married and these took 42.9%; 18.9% of them were represented by those who were divorced. 17.4% of the respondents had been separated; 11.6% of the respondents had been widowed and 9.2% of the respondents were single. The findings support the fact that married people most likely have families (children) and thus need to cater for them. These definitely have to diversify their income base, thus the need to take loans, save or seek financial literacy with a bank. It is also likely that the bank requires a marriage certificate and spousal consent as security for a loan, making married a possible requirement for taking a loan.

4.2.4 Religious background of the respondents.

Respondents were also asked to state their religious affiliations and their responses are recorded in table 9 below;

Table 9: Religious background of the respondents.

Religious background of respondents	Frequency	Percentage
Catholics	63	24.3

Protestants	58	22.4
Moslems	47	18.2
Pentecostals	31	12
Others	60	23.2
Total	**259**	**100**

Source: Primary data

From table 9 above, it is evident that the biggest portion of respondents was Catholics and these took 24.3% of the respondents, 23.2% belonged to other categories like the Orthodox, Adventists, and others. 22.4% of the respondents fell in the category of Protestants, 18.2% were Muslims and Pentecostals took 12%. Given the different religious background, it implied that microcredit programs were utilized by all people from different religions and these were enough to guarantee the authenticity of study findings.

4.2.5 Time taken using Opportunity Bank.

Respondents were also asked to state the time they had taken using Opportunity Bank and their responses are what table 10 indicates below;

Table 10: Time spent in Opportunity Bank.

Time spent in Opportunity Bank	Frequency	Percentage
Less than one year	36	13.9
1-5years	59	22.8
6-10years	77	29.7
11years++	87	33.6
Total	**259**	**100**

Source: Primary data

Table 10 above indicates that most of the respondents had been using Opportunity Bank for over 10 years and these took 33.6% of the respondents. 29.7% of the respondents had taken 6-10years using the bank, whilst 22.8% had been using Opportunity Bank for 1-5years and those who had been using Opportunity Bank for less than one year were represented by 13.9%. This therefore, means that the study was based on the people who had enough experience as far as microfinance support initiatives and their impact on poverty reduction was concerned.

4.4. Empirical findings on microfinance support initiatives and poverty reduction among Opportunity Bank clients in Nsangi Sub-County.

In this section, the research findings are presented as per the objectives adopted for the study. These findings were thus obtained on the relationship between microfinance support initiatives and poverty reduction among Opportunity Bank clients in Nsangi Sub-County. In this case therefore, to understand whether there is a relationship between microfinance support initiatives

and poverty reduction, respondents were introduced to different pre-conceived statements as per each variable to listen to their views and below are the findings that were found on each dimension.

4.4.1 Findings on poverty reduction among Opportunity Bank clients in Nsangi Sub County.

To establish the level of poverty reduction among Opportunity Bank clients in Nsangi Sub County, the respondents were introduced different items to have their say. Their responses were computed by making an aggregate of responses given by respondents to the 6-items and 5 point Likert scale (1=Strongly Disagree, 2=Disagree, 3=Not sure, 4=Agree and 5=Strongly Agree), which sought to find out poverty reduction among Opportunity Bank clients in Nsangi Sub County and these were categorized according to their percentages and means as follows:

Table 11: Descriptive Statistics on poverty reduction among Opportunity Bank clients.

	Percentage responses (%)					Mean	Std. Deviation
	SD	D	N	A	SA		
My social capital and networks have widened because of Opportunity Bank	3.9%	3.9%	7.8%	39.4%	44.7%	3.50	1.021
My children can now go to school without being disturbed for school fees because of Opportunity Bank	3.9%	2.6%	6.5%	53.9%	34.2%	3.54	1.181
Problems regarding health have now been solved ever since I joined Opportunity Bank	5.2%	11.8%	5.2%	42%	35.5%	3.73	.700
I have managed to build houses that bring money in my pocket every month on credit I got from Opportunity Bank	2.6%	3.9%	7.8%	59%	26.3%	4.00	.689
I can be able to provide clothing to myself without waiting for my husband ever since I joined Opportunity Bank	1.3%	1.3%	31.5%	61.8%	3.9%	4.02	.507
My business provides me with profits ever since I joined Opportunity Bank	1.3%	1.3%	3.9%	71.8%	21.5%	4.07	.497
I have earned a number of assets as a result of Opportunity Bank	0%	0%	2.6%	50%	47.3%	4.37	.639
My income has increased ever since I joined Opportunity Bank	0%	0%	21.5%	37%	41.3%	4.43	.666

Issues to do with lack of food in my household have been solved ever since I joined Opportunity Bank	14.4%	9.2%	36.8%	28.9%	7.8%	4.44	.467
My business has expanded because of Opportunity Bank	3.6%	8.4%	13.3%	48.2%	26.5%	4.54	.476

The results in table 11 above revealed that the means for all items were above 3.5. Basing on the scale of 1-strongly disagree to 5-strongly agree, any data mean of above 3.5 indicates existence of the variables understudy. This thus, statistically means that poverty among Opportunity Bank clients has been highly reducing. Among the items that had means above 3.5 included; My business has expanded because of Opportunity Bank (4.54); Issues to do with lack of food in my household have been solved ever since I joined Opportunity Bank (4.44); My income has increased ever since I joined Opportunity Bank (4.43). The respondents were also able to provide information on how their incomes were before they started taking loans from Opportunity Bank. I have earned a number of assets as a result of Opportunity Bank (4.37); My business provides me with profits ever since I joined Opportunity Bank (4.07); I can be able to provide clothing to myself without waiting for my husband ever since I joined Opportunity Bank (4.02); I have managed to build houses that brings money in my pocket every month on credit I got from Opportunity Bank (4.00); Problems regarding health have now been solved ever since I joined Opportunity Bank (3.73); My Children can now go to school without being disturbed for school fees because of Opportunity Bank(3.54). The key informants interviewed revealed that many of the clients were able to take loans and actually had collateral for the loans; these included mainly land titles, land sale agreements, motor vehicles and group guarantees.

> *"Majority of our individual clients had collateral for their individual loans, these*
>
> *included; Land title, land sales agreement, motor vehicle"*

"The investment groups had group channel items" (OBK_C2)

"The Collateral available includes; Land title, land sales agreement, motor vehicle" (OBK_C2)

Another one noted;

"To help those that might not have collateral to secure a loan, we have set up Group models where they pledge house hold items and Group guarantee."(OBK_C3)

Therefore, the reason we have many clients of Opportunity Bank able to take loans is because they have security for the loans for both individual and group loans. The study findings further established that client's social capital and networks have widened because of Opportunity Bank (3.50). These thus means that clients using Opportunity Bank have had their business expand; can have access to food in their households; their income has increased ever since they joined Opportunity Bank; have earned a number of assets as a result of Opportunity Bank; they can sustain themselves with or without their husbands; they earn enough profits ever since they joined Opportunity Bank; they can solve their health and pay school fees for their children with much disturbances ever since they joined Opportunity Bank. These thus signal that the wellbeing of people using Opportunity Bank in Nsangi Sub County has been improving.

This position seemed to be in line with what some of the key informants indicated. 85% of the key informants indicated that the wellbeing of their clients especially women using Opportunity Bank has been improving from year by year. One of them opinioned that there have been a lot of events were them as managers have been called to launch the successes of women using Opportunity Bank. 64% of the key informants indicated that many women have now built their commercial houses and put up strong businesses out of the profits achieved from microcredit programs given by Opportunity Bank. 56% of the respondents indicated that the issue of school fees for mothers

using Opportunity Bank has been solved. One of the Opportunity Bank managers was quoted saying:

> *"....we have seen a number of successes and improvements in wellbeing of women using Opportunity Bank ...in fact our clients have had their businesses expand, become more profitable and so many others…" (KI-Manager)*

Another respondent added:

> *"Before Opportunity Bank started and the microcredit program at large, a number of people were suffering in terms of health, domestic violence, unemployment and many others but we have made a lot of improvement among clients and it is better you find our clients belonging to this branch and see how they have improved...I think the impact is tangible…"*

The reason majority have benefited from the loans is that they have used it for the purpose for which they took it. Some of the clients indicated that they have benefited from the loans by; paying school fees for their children and siblings, constructed houses, bought assets such as motorcycles, paid a debt, bought a piece of land, bought business merchandise and paid outstanding bills among others, and therefore improving their investment and household income to reduce on poverty as per the indicators under the study. The key informants that were subjected to the interviews in regards to whether the clients have benefited from the loans revealed that people start new businesses and because they have benefited, it has enabled them to repay as stated below;

> *"The impact of the loans has been that; people have acquired assets, people's businesses have grown, paid school fees for their children, some have benefited and some haven't, people started new businesses."(OBK_C1)*

Another one said;

"In my opinion, I think the clients have performed well with their loans. It also depends on the economy, some pay while others don't and also loan payments are greatly influenced by seasons."(OBK_C3)

Therefore, the clients have been able to benefit from the loans and improved their welfare and capacity to alleviate poverty. From the key informants; many of the clients have acquired assets, educated their children and started new ventures (businesses/employment); all these are indicators of improved quality of life, household and per capita income thus reducing poverty. One of the clients visited took a loan that he used to construct a commercial house in Kinaawa trading Centre that he now uses to earn a monthly income from his tenants; part of which he saves to support his family and also repay the loan on top of meeting his family needs. He says that Opportunity Bank has supported him to be able to make something of his life even with the little education he attained. He poses at his house (Appendix IV).

The respondents were asked whether their welfare had improved or not since they started taking loans from the bank. The researcher in this case defined welfare as; basic needs that include; improved healthcare, feeding, clothing and shelter among others. It was established that the welfare of 84.3% of the respondents has improved since they started taking loans from Opportunity Bank and 15.7% say their welfare has not improved since they started taking the loans.

Majority of the respondents indicated that their welfare had improved in the sense that; they have bought household items, are able to provide for basic household needs, they have educated their children, bought a plot of land and constructed a better house. The key informants that were subjected to the interviews revealed that;

"The welfare of the clients has improved as people have acquired assets like land and machinery, paid fees and started new businesses."(OBK_C1)

As already stated, "many of them have paid school fees for their children."(OBK_C3)

"Majority of our clients have also started up new businesses" (OBK_C3)

In conclusion, both qualitative and quantitative data agreed that poverty has been reducing among Opportunity Bank clients since their incomes, assets and standard of living was reported improving.

4.4.2 Findings on Microfinance Credit services among Opportunity Bank Clients.

To understand whether Opportunity Bank clients had access to microfinance credit services, the respondents were introduced different items to have their say. Their responses were computed by making an aggregate of responses given by respondents to the 8-items and 5point Likert scale (1=Strongly Disagree, 2=Disagree, 3=Not sure, 4=Agree and 5=Strongly Agree), which sought to measure whether Opportunity Bank clients had access to microfinance credit services which were categorized according to their percentages and means as follow;

Table 12: Descriptive Statistics on microfinance credit services among Opportunity Bank Clients

	Percentage responses (%)					Mean	Std. Deviation
	SD	D	N	A	SA		
Business loans are often provided to individuals with no much collateral	6.1%	39.8%	25.3%	18.1%	10.4%	2.10	1.402
Many associations have been facilitated by Opportunity Bank to get funding with no collateral	9.6%	9.6%	14.5%	44.6%	21.7%	3.57	1.392
Opportunity Bank has small group loans provided to people to improve their businesses	2.4%	4.8%	9.6%	50.6%	32.5%	3.71	1.377
Opportunity Bank has welfare programmes to improve people's standard of living	0%	0%	24.1%	47%	29%	4.08	.582
Opportunity Bank allows application for health insurance	3.6%	8.4%	13.3%	48.2%	26.5%	4.14	.476
The repayment terms of individual based loans are affordable	7.8%	14.4%	9.2%	28.9%	36.8%	4.58	.467
The interest rate is affordable on Opportunity Bank loans provided	0%	3.9%	5.2%	40.7%	50%	4.59	4.18

The results in table 12 above revealed that means for most of the items were above 3.5. It was found out that out of the 9-items that were introduced; 7-items had a data means above 3.5 and 4-items had data means above 3.5. Based on the scale of 1-strongly disagree to 5-strongly agree, any data mean of above 3.5 indicates existence of the variable under investigation. This thus, statistically means that microcredit services were being provided in Opportunity Bank. Among the

items that had means above 3.5 and confirms that above findings included; The interest rate is affordable on Opportunity Bank loans provided (4.59); The repayment terms of individual based loans are affordable (4.58); Opportunity Bank allows application for health insurance(4.14); Opportunity Bank has welfare programmes to improve people's standard of living(4.08); Opportunity Bank has small group loans provided to people to improve their businesses(3.71);Many associations have been facilitated by Opportunity Bank to get funding with no collateral (3.57). These statistically imply that Opportunity Bank has small group loans provided to people to improve their businesses; many associations have been facilitated by Opportunity Bank to get funding; Opportunity Bank provides security to group associations; Social collaterals are considered by Opportunity Bank when offering loans to women groups and business loan facility is provided by Opportunity Bank.

However, it was established that business loans are not often provided to individuals with no much collateral. This was because of the means at 2.10. These meant sometimes it becomes very dificult to be pay back the small loans; and it was reported that it is not often that when a person is ready to be funded in an association are always ready to support financially and the interest rate paid for small group loans from Opportunity Bank seemed to be less manageable and this affected the group based microcredit program.

These were congruent with what most of the key informants indicated. 96% of the interviewees confirmed that group based microcredit programs were available in Opportunity Bank for associations. This was exemplified in the opinions of Opportunity Bank managers where they informed the researcher that Opportunity Bank has small group loans provided to women who have associations and they are often given with no security. 48% of the interviewees indicated that

social collaterals are the major things considered by Opportunity Bank when offering loans to business groups. One of the key informants had this to say:

> *"As a local based loan facility, our major microcredit program has been group based because we prefer working with groups than working with individuals…and this has mothered a lot of benefits to our clients and us as the company…another thing our group based microcredit programs have is that they are accommodative and affordable…"*

Another key informant added:

> *"….our group based microcredit programs have attracted a big number of people and I can confirm that this has had much importance to poverty eradication…"*

Congruent with key informants, they further supported the views of respondents in the questionnaires who indicated that individual based microcredit programs to women in Opportunity Bank. 82% of the interviewees opinioned that Opportunity Bank provides financial assistance to individual clients especially those who work in markets, and single mothers; 54% of the interviewees showed that Opportunity Bank has helped a good number of people to open up saving accounts in the bank which has made it easy for them to borrow money depending on their savings. For the 46% of the key informants indicated that Opportunity Bank has salary loans provided to employees and also provides financial assistance to those women households which are poverty prone to improve their welfare. A verbatim was recorded from one of the key informants:

> *"We have all forms of microcredit, however much we always advise our clients to make associations but we do also welcome individual based microcredit programs because some of the clients are very much in need to develop their family and individual businesses and we have had a chance to see such clients transforming their lives…."*

He added:

> *"Such loans have empowered and emancipated Ugandan women to the health, education, business and political positions they dreamt of because we do not discriminate all kind of women…"*

This implied that individual based microcredit programs are prevalent and being provided to people.In the community of Nsangi, it was evident that land is a major resource. Many of the local Opportunity Bank clients have taken loans and been able to acquire land where they've planted "shambas" of banana and coffee which are major household and economic crops respectively. Most of them shared that they are now able to send their children to school through the sale of their small harvests. But most importantly, they never lack food in their households (Appendix V).The majority of the clients that participated in the survey feel satisfied with the credit services of Opportunity Bank, the other 11.4% are dissatisfied with the credit services of Opportunity Bank. The reason majority are satisfied with the services is that they've been able to increase their household incomes, start a new income generating project and majority have also benefited from the loans as indicated the findings above. No particular reason was given by those dissatisfied with the services.

4.4.2.1. Correlation results for credit services and poverty reduction among Opportunity Bank clients.

The first hypothesis stated, *"*There is a significant positive relationship between credit services and poverty reduction among Opportunity Bank clients." A Pearson correlation coefficient (r) was used to test the hypothesis. Table 13 presents the test results.

Table 13: Correlation results

		Credit services	Poverty reduction
Credit services	Correlation Coefficient	1.000	.770**
	Sig. (2-tailed)	.	.023
	N	259	259
Poverty reduction	Correlation Coefficient	.770**	1.000
	Sig. (2-tailed)	.023	.
	N	259	259

**. Correlation is significant at the 0.05 level (2-tailed).

Findings show that there was a positive correlation ($r = .770$) between credit services and poverty reduction. These findings were subjected to a test of significance (p) and it is shown that the significance of the correlation (p = .023) is less than the recommended critical significance at 0.05. Thus, the relationship was significant. Because of this, the hypothesis "There is a significant positive relationship between credit services and poverty reduction" was accepted. Thus, the implication of the findings was that the higher the credit services, the higher the poverty reduction.

4.4.2.2. Regression results for credit services and poverty reduction among Opportunity Bank clients.

A further analysis was conducted using a regression to determine the influence or extent to which credit services affect poverty reduction, findings are presented in Table 14, accompanied by analysis and interpretation.

Table 14: Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.770[a]	.593	.588	10.157

a. Predictors: (Constant), credit services

The study findings R^2= 0.593 and adjusted R^2= 0.588 implies that for every unit change in poverty reduction, 59.3% change in poverty reduction is explained by credit services as shown in table 8. The results of Analysis of variance (ANOVA) for regression coefficients revealed that the significance of F statistics is 19.067 which is greater than 4. This implies that there is significant relationship between credit services and poverty reduction among Opportunity Bank clients in Nsangi Sub-County.

4.4.3.2 Findings on provision of saving services by Opportunity Bank.

The second objective of the study which was to examine the usefulness and effect of Savings services on poverty reduction among Opportunity Bank clients was assessed through a series of questions that were administered to the clients through the questionnaire. To understand the saving services available in Opportunity Bank, respondents were introduced different items to have their say. Their responses were computed by making an aggregate of responses given by respondents to the 6-items and 5point Likert scale (1=Strongly Disagree, 2=Disagree, 3=Not sure, 4=Agree and 5=Strongly Agree), which sought to measure the extent to which clients benefited from saving services available in OBUL:

Table 15: Descriptive Statistics on saving services in Opportunity Bank

	Percentage responses (%)					Mean	Std. Deviation
	SD	D	N	A	SA		
Opportunity Bank has an ordinary fixed term deposit saving account for those customers who want to save without withdrawing for specified periods and earn attractive interests.	4.8%	16.8%	15.6%	33.6%	28.8%	4.28	1.266
Saving with Opportunity Bank has given me a higher chance to access credit without hassle	8.4%	8.4%	7.2%	48%	27.6%	4.39	.735
Opportunity Bank has helped a good number of people to open up saving accounts in the area	4.8%	9.5%	33.3%	47.7%	33.3%	4.43	.698
Opportunity Bank has a group saving account for those customers who wish to save in groups	4.7%	13.3%	19%	42.9%	24.8%	4.47	.775
Opportunity Bank has a target saving account designed to cater for customers who have a specific target at a given date and wish to save specific amounts regularly without withdrawing it until maturity time	3.8%	5.6%	10%	47.3%	33.3%	4.48	.859
Opportunity Bank has an ordinary saving account for those people who desire to have secure and unlimited access to their money	9.7%	3.7%	12.5%	63.3%	10.8%	4.52	.599

The results in table 15 below revealed that the means for all items were above 3.5. Based on the

scale of 1-strongly disagree to 5-strongly agree, any data mean of above 3.5 indicates existence of

the variables understudy. This thus, statistically means that Opportunity Bank provides saving

services to its clients which are presumed to have a relationship with poverty reduction. This is

confirmed by the following assertions; Opportunity Bank has an ordinary saving account for those

people who desire to have secure and unlimited access to their money (4.52); Opportunity Bank

has a target saving account designed to cater for customers who have a specific target at a given date and wish to save specific amounts regularly without withdrawing it until maturity time (4.48); Opportunity Bank has a group saving account for those customers who wish to save in groups (4.47); Opportunity Bank has helped a good number of people to open up saving accounts in the area (4.43); Saving with Opportunity Bank has given me a higher chance to access credit without hassle (4.39);Opportunity Bank has an ordinary fixed term deposit saving account for those customers who want to save without withdrawing for specified periods and earn attractive interests (4.28).

The above responses thus suggest that majority of OBUL clients were utilizing an ordinary saving account; target saving account designed to cater for customers who have a specific target at a given date and wish to save specific amounts regularly without withdrawing it until maturity time; a group saving account for those customers who wish to save in groups; facilitated majority to open up saving accounts in the area and provision of an ordinary fixed term deposit saving account for those customers who want to save without withdrawing for specified periods and earn attractive interests.

The findings from the questionnaire seemed incongruent with the findings established in key informants' interviews. For instance, a big number of key informants indicated that the saving services were being provided with intent to reduce poverty among households in Nsangi Sub-county. Opportunity Bank management staff had this to say about the specific savings services provided to the clients;

> *"The savings services offered by our bank include; Ordinary savings account,*
> *Target savings account, Fixed deposit account, Agro save account, Extra save*

None of the clients of Opportunity Bank under this study save daily, 78.5% save weekly, 8.9% save monthly and 6.3% save Quarterly. 6.3% of the respondents were not sure or perhaps did not have a consistent saving frequency. 147 of the clients surveyed responded to this question which implies that the corresponding percentage (79.0%) of the clients save with Opportunity Bank. If close to 8 out of every 10 clients of Opportunity Bank save weekly, it means that they have available income for future investment of spending; and on the other hand, these savings come with incentives and are earning interest and thus increasing household income and reducing poverty.

The key informants that were also subjected to the interviews in regards to the incentives of saving with Opportunity Bank revealed that;

> *"We definitely provide incentives to our customers as an attraction to our services, these are; Opportunity legacy account, A savings interest rate of 5 %"(OBK_S1)*

It is thus clear that the savings services are instrumental in alleviating poverty. "Bakyala kwagalana," a group of ladies opened up a joint savings account with Opportunity Bank. They deposit Ushs 5,000 daily, and they say that they have seen their finances slowly grow with the interest incentive provided by Opportunity Bank. They hope that their savings can be useful to them in times of crisis, but they also hope that one day they'll be able to start a business together so that they can support their children and husbands, a pictorial provided in Appendix (VI).

The respondents also provided information on how their savings have increased since they started depositing with Opportunity Bank. Savings of 66.1% of the clients of Opportunity Bank has

enabled them increase their household income; whereas 33.9% of the respondents have not been able to improve their household income through their savings with Opportunity Bank. The key informant that was subjected to the interview in regard to whether the clients of Opportunity Bank have benefited from the savings services revealed that;

> *"We've seen the welfare of our clients transformed by our savings products through; improved business, although some have mismanaged their businesses, those that have used their savings well have paid their outstanding loans and those who failed to pay have lost their collateral."(OBK_S2)*

This is evidence that the savings services taken on by the clients of Opportunity Bank have has helped them reduce on poverty in the Nsangi area. The findings also indicated that majority of the clients have benefited from saving with Opportunity Bank; they have been able to access quality medical care, buy a plot of land, purchase farm equipment, buy household items, install electricity, buy feeds for poultry and farm animals, start up a better business and also educate their children.

4.4.3.1 Correlation results on saving services and poverty reduction among Opportunity Bank Clients.

The second hypothesis stated, *"*There is a significant positive relationship between the saving services and poverty reduction. *"*A Pearson correlation coefficient (r) was used to test the hypothesis. Table 16 presents the test results.

Table 16: Correlation results

		Saving services	Poverty reduction
Saving services	Correlation Coefficient	1.000	.665**
	Sig. (2-tailed)	.	.027
	N	259	259
Poverty reduction	Correlation Coefficient	.665**	1.000
	Sig. (2-tailed)	.027	.
	N	259	259

**. Correlation is significant at the 0.05 level (2-tailed).

Findings show that there was a positive correlation ($r = .665$) between the saving services and poverty reduction among Opportunity Bank clients. These findings were subjected to a test of significance (p) and it is shown that the significance of the correlation (p =.027) is less than the recommended critical significance at 0.05. Thus, the relationship was significant. Because of this, the hypothesis *"There is a significant positive relationship between the saving services and poverty reduction"* was accepted and alternative hypothesis was rejected. Thus, the implication of the findings was that the higher the provision of saving services, the higher the poverty reduction rate and vice versa in Opportunity Bank.

4.4.2.2. Regression results for saving services and poverty reduction among Opportunity Bank clients

A further analysis was conducted using a regression to determine the extent to which saving services affect the poverty reduction among Opportunity Bank clients in Nsangi Sub-County; findings are presented in Table 17, accompanied by analysis and interpretation.

Table 17: Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.665[a]	.442	.439	2.288

a. Predictors: (Constant), saving services

The study findings $R^2= 0.442$ and adjusted $R^2= 0.439$ implies that for every unit change in poverty reduction, 36.6% change in poverty reduction is explained by saving services as shown in table 11. The results of Analysis of variance (ANOVA) for regression coefficients revealed that the significance of F statistics is 11.215which is greater than 4. This implies that there is significant relationship between the saving services and poverty reduction.

4.4.4 Findings on provision of financial literacy services to Opportunity Bank clients.

The third objective of the study which was to assess the effect of financial literacy services on poverty reduction among Opportunity Bank clients was assessed through a series of questions that were administered to the clients through the questionnaire. The findings were presented in frequency table 18 below. Responses were computed by making an aggregate of responses given by respondents to the 5-items and 5point Likert scale (1=Strongly Disagree, 2=Disagree, 3=Not sure, 4=Agree and 5=Strongly Agree), which sought to measure the level at which financial literacy services where being provided to Opportunity Bank clients which were categorized according to their percentages and means as follows:

Table 18: Descriptive Statistics on financial literacy services provided to Opportunity Bank clients

	Percentage responses (%)					Mean	Std. Deviation
	SD	**D**	**N**	**A**	**SA**		
Opportunity Bank has trained us in how best to invest money	9.6%	12%	15%	42%	14.4%	4.30	1.223
Opportunity Bank has trained us how we plan a business	7.8%	14.4%	9.2%	36.8%	28.9%	4.49	1.401
Opportunity Bank has trained us in managing cash flow	2.4%	4.8%	30%	45.6%	14.4%	4.60	1.326
Opportunity Bank has trained us to regularly record my income and expenditures	10.8%	4.8%	24%	24%	36%	4.72	1.126
Opportunity Bank has trained us to develop a saving plan	4.8%	15.6%	16.8%	28.8%	33.6%	4.77	1.034

The results in table 18 above revealed that means for all items were above 3.5. Basing on the scale of 1-strongly disagree to 5-strongly agree, any data mean of below 3.5 indicates existence of the variables understudy. This thus, statistically means that financial literacy services are being provided to clients at Opportunity Bank. Among the items that had means above 3.5 included; Opportunity Bank has trained us to develop a saving plan (4.77); Opportunity Bank has trained us to regularly record my income and expenditures (4.72); Opportunity Bank has trained us in managing cash flow (4.60); I Opportunity Bank has trained us how we plan a business (4.99) and Opportunity Bank has trained us in how best to invest money (4.30).

The above findings implied that majority of respondents were strongly agreeing that Opportunity Bank offers training in developing a saving plan on the side of clients; trained clients to regularly record their incomes and expenditures; training them in managing cash flow; training business

planning skills among clients and how best to invest money. These are essential finance literacy skills that can promote poverty reduction.

The key informants that were subjected to the interviews in regards to the financial literacy services they are offering to their clients revealed that;

> *"The financial literacy services we offer our clients are; Loan orientation seminars, Training on business and loan management and Transformation trainings."(OBK_F1)*

Appendix VII depicts financial literacy training ongoing. However, the literacy services provided include; Savings and credit management which constitute 76.9%, Investment and business management which constitute 16.5% and income generation project startup which constitute 6.6%. The findings indicate that Opportunity Bank mainly emphasizes Savings and credit management literacy services which are most likely the expressed need among the clients because they are mainly enterprising (are running businesses), making Savings and credit management an important component of capital accumulation.

To establish whether the financial literacy services have been helpful to the clients, 97.8% of the clients said the financial literacy services have been helpful to them, whereas 2.2% of the respondents disagreed. Overall, the financial literacy services offered by Opportunity Bank have been very helpful to the clients. It indicates that the services have helped 14.1% of the clients start up a business, 13.0% have been able to start up an additional business to what they had, 26.1% have been able to open a savings account and 46.7% are now more able to manage their loan payments well. The key informants that were subjected to the interviews in regards to the financial literacy services are important to the clients had this to say;

"In my view, the financial literacy services are relevant because I've seen many of our clients learn to save, those who learn have benefitted by being able to initiate new business ideas and manage loans profitably."(OBK_F2)

Therefore, financial literacy services are important for enhancing financial inclusion and thus reducing poverty.

To determine whether there is need for improvement in financial literacy services, 26.4% of the respondents feel there's need for improvement in the financial literacy services whereas 73.6% feel there's no need for improvement in the financial literacy services. The findings therefore confirm that the financial literacy services provided by Opportunity Bank are very satisfactory and beneficial. The areas suggested by the clients for more emphasis in terms of financial literacy included; business startups, alternative ways of saving and teaching on interest rates.

4.4.4.1 Correlation results on financial literacy services and poverty reduction among Opportunity Bank clients.

The third hypothesis stated, *"There exists a significant positive relationship between the financial literacy services and the poverty reduction. A Pearson correlation coefficient (r) was used to test the hypothesis. Table 19 presents the test results.

Table 19: Correlation results

		Financial literacy services	Poverty reduction
Financial literacy services	Correlation Coefficient	1.000	.507**
	Sig. (2-tailed)	.	.036
	N	259	259
Poverty reduction	Correlation Coefficient	.507**	1.000
	Sig. (2-tailed)	.036	.
	N	259	259

Findings show that there was a positive correlation (r=.507) between financial literacy services and poverty reduction. These findings were subjected to a test of significance (p) and it is shown that the significance of the correlation (p = .036) is less than the recommended critical significance at 0.05. Thus, the relationship was significant. Because of this, the hypothesis "There is a significant positive relationship between the financial literacy services and poverty reduction" was accepted and alternative hypothesis was not taken. Thus, the implication of the findings was that the higher provision of financial literacy, the higher the poverty reduction and vice versa.

4.4.4.2. Regression results for financial literacy services and poverty reduction among Opportunity Bank Clients.

A further analysis was conducted using a regression to determine the extent to which financial literacy services affect poverty reduction among OBUL clients; findings are presented in Table 20, accompanied by analysis and interpretation.

Table 20: Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.507[a]	.320	.317	2.86465

a. Predictors: (Constant), financial literacy services

The study findings R^2= 0.320 and adjusted R^2= 0.317 implies that for every unit change in poverty reduction, 32% change in poverty reduction is explained by financial literacy services as shown in table 20. The results of Analysis of variance (ANOVA) for regression coefficients revealed that the significance of F statistics is 20.0965 which are greater than 4. This implies that there is a significant relationship between financial literacy services and poverty reduction among Opportunity Bank clients.

CHAPTER FIVE

SUMMARY, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This research sought to assess the effect of credit services, savings services and financial literacy services offered by Opportunity Bank on poverty reduction amongst its clients in Nsangi Sub County. Under this chapter, a presentation of the discussion of findings in chapter four, conclusions drawn from the findings, recommendations of the study and areas for further research is done. The chapter presents a short summary of the purpose of the study and the research findings, followed by the set of recommendations, limitations of the study and areas of further research.

5.2 Summary of findings

The findings indicate that 43.4% of the clients of Opportunity Bank who are the majority are between the ages of 41-50 years. The findings also reveal that majority of the clients of Opportunity Bank are women; who account for 68.7%. Majority of these clients are married and these account for 42.9% of the respondents. The results also indicated that many of the clients of Opportunity Bank are educated, with at least 82.7% of them having attained at least a Primary Leaving certificate making them competent to use the basic services provided by the bank, like; credit facilities, savings and financial literacy services. Majority of the respondents who account for 33.6% have been using Opportunity Bank for over 10years which means that the study was based on people who had some good experience using the microfinance support initiatives. The summary of findings has been done basing on study objectives as below;

5.2.1 Microfinance credit services and poverty reduction amongst Opportunity Bank clients in Nsangi Sub County.

The first objective of this study was to assess the relationship between microfinance credit services and poverty reduction among Opportunity Bank clients in Nsangi Sub-County. The study revealed a coefficient of 0.770 between microfinance credit services and poverty reduction among Opportunity Bank clients in Nsangi Sub-County which was significant at .023 at a set level of 0.05. This means that credit services provided in Opportunity Bank had a strong positive and significant bearing on poverty reduction among Opportunity Bank clients in Nsangi Sub-County. After running the regression analysis, it was found out that microfinance credit services had a significant relationship with poverty reduction among Opportunity Bank clients in Nsangi Sub-County by up to 59.3%. This implies that the remaining 31.7% effect on poverty reduction among Opportunity Bank clients in Nsangi Sub-County can be explained using other factors other than credit services. The null hypothesis (HO) that there is no significant relationship between of credit services and poverty reduction among Opportunity Bank clients in Nsangi Sub-County was accordingly rejected and the positive hypothesis (HI) was accepted that there is a significant positive relationship between credit services and poverty reduction among Opportunity Bank clients in Nsangi Sub-County.

5.2.2 Saving Services and Poverty reduction amongst Opportunity Bank clients in Nsangi

The second objective of this study was to assess the relationship between savings services and poverty reduction among Opportunity Bank clients in Nsangi Sub-County. The study revealed a coefficient of 0.665 between savings services and poverty reduction among Opportunity Bank clients in Nsangi Sub-County which was significant at .027 at a set level of 0.05. This means that savings services provided in Opportunity Bank had a strong positive and significant bearing on

poverty reduction among Opportunity Bank clients in Nsangi Sub-County. After running the regression analysis, it was found out that savings services had a significant relationship with poverty reduction among Opportunity Bank clients in Nsangi Sub-County by up to 44.2%. This implies that the remaining 55.8% effect on poverty reduction among Opportunity Bank clients in Nsangi Sub-County can be explained using other factors other than savings. The null hypothesis (HO) that there is no significant relationship between of savings services and poverty reduction among Opportunity Bank clients in Nsangi Sub-County was accordingly rejected and the positive hypothesis (HI) was accepted that there is a significant positive relationship between savings services and poverty reduction among Opportunity Bank clients in Nsangi Sub-County.

5.2.3 Financial literacy services and poverty reduction among Opportunity Bank clients in Nsangi.

The third objective of this study was to assess the relationship between financial literacy services and poverty reduction among Opportunity Bank clients in Nsangi Sub-County. The study revealed a coefficient of 0.507 between financial literacy services and poverty reduction among Opportunity Bank clients in Nsangi Sub-County which was significant at .0306 at a set level of 0.05. This means that financial literacy services provided in Opportunity Bank had a strong positive and significant bearing on poverty reduction among Opportunity Bank clients in Nsangi Sub-County. After running the regression analysis, it was found out that financial literacy services had a significant relationship with poverty reduction among Opportunity Bank clients in Nsangi Sub-County by up to 32%. This implies that the remaining 58% effect on poverty reduction among Opportunity Bank clients in Nsangi Sub-County can be explained using other factors other than financial literacy. The null hypothesis (HO) that there is no significant relationship between financial literacy services and poverty reduction among Opportunity Bank clients in Nsangi Sub-

County was accordingly rejected and the positive hypothesis (HI) was accepted that there is a significant positive relationship between financial literacy services and poverty reduction among Opportunity Bank clients in Nsangi Sub-County.

5.3 Discussions of study findings

5.3.1 Microfinance credit services and poverty reduction among Opportunity Bank clients in Nsangi Sub-County.

Under this objective, a hypothesis (There is a significant relationship between credit services and poverty reduction among Opportunity Bank clients in Nsangi Sub-County) was developed and findings accordingly obtained that credit services had a positive relationship with poverty reduction among Opportunity Bank clients in Nsangi Sub-County up to 59.3%. It therefore indicated that provision of credit services is responsible for increasing poverty reduction among Opportunity Bank clients in Nsangi Sub-County. There was a high extent of support that there is provision of credit services that had resulted into poverty reduction among Opportunity Bank clients in Nsangi Sub-County from key informants.

The findings reveal important implications; generally, it confirms availability of credit and that majority of the clients of Opportunity Bank have benefited from the loans they have taken. In Short, the findings indicate that a typical household in Nsangi owns an area of farming land and borrows to finance its agricultural production because it lacks an endowment (i.e. savings). The findings are consistent with Okurut et al (2004), that access to credit affects the welfare outcomes of the poor by alleviating capital constraints on agricultural households which enables them to acquire agricultural inputs and engage their agricultural productive capacity.

Hulme and Mosley (1996) also noted that credit gives poor people a means of investing and breaking out of the "vicious circle" of poverty.

Secondly, since the amount of borrowing is influenced by the availability of funds at the village level. This implies that rural households in Nsangi have access to credit; however, the formal/semiformal credit network must be extended deep at the village level. Okurut et al (2004) also argues that most of the microfinance institutions are located in urban areas making it hard for the poor in rural areas to access their services as people have to travel long distances in order to reach these institutions, this should be considered since there is a definite need to improve access to credit services in the very rural areas by exploiting the trends in micro-finance like Mobile Money.

Thirdly, the positive impact of household borrowing on household economic welfare indicates that the provision of credit to rural households is an effective tool for improving their living standards. The UNHS Report (1999/2000) indicated that microfinance institutions have a security requirement of land being the most important security before one obtains a loan, however the study has revealed that even group guarantee can act as security although the amount one can get is limited. Therefore collateral in form of land hasn't been a major hindrance to the client's ability to access credit from Opportunity Bank.

It was gathered that majority of the clients of Opportunity Bank have ever taken a loan from the bank for reasons which included; start a business, pay school fees, meet basic household requirements, re-investing it in the already running business, buy equipment and a few were to clear an outstanding debt. A vast majority of the clients have benefited from the loans they have taken. The findings also show that the household income of majority of the clients of Opportunity Bank has increased since they started taking loans. Majority of the respondents have started

another income generating project since they started taking loans from Opportunity Bank. The welfare of majority of the respondents has improved since they started taking loans from Opportunity Bank. The findings indicated that their welfare had improved in the sense that; they have bought household items, are able to provide for basic household needs, they have educated their children, bought a plot of land and constructed a better house. Majority of the clients that participated in the survey feel satisfied with the credit services of Opportunity Bank. Generally, the credit services offered by Opportunity Bank have reduced poverty amongst the clients.

5.3.2 Savings services and Poverty reduction among Opportunity Bank clients in Nsangi Sub-County

Under this objective, a hypothesis (There is a significant relationship between savings services and poverty reduction among Opportunity Bank clients in Nsangi Sub-County) was developed and findings accordingly obtained that savings services had a positive relationship with poverty reduction among Opportunity Bank clients in Nsangi Sub-County up to 44.2%. It therefore indicated that provision of savings services is responsible for increasing poverty reduction among Opportunity Bank clients in Nsangi Sub-County. There was a high extent of support that there is provision of savings services that had resulted into poverty reduction among Opportunity Bank clients in Nsangi Sub-County from key informants.

The study findings indicated that savings services at Opportunity Bank, our findings reveal that about eight out of every ten clients save with Opportunity Bank and their savings have increased overtime since they started saving with the bank. This observation points to the fact that there is presence and use of Deposit Money Bank (DMB) services in Nsangi. However, we can't disregard the presence of semi-formal financial ventures like "Bakyala Kwagalana" who also use micro-

finance services of DMBs like Opportunity Bank. This finding agrees with Chipeta and Mkandawire (1994), Soyibo (1994) and Atieno (2001). These authors noted that studies on informal finance in Africa show that they will do well so long as the level of economic activity demands increasing financial services for individuals that cannot personally afford or have no access to formal financial services and therefore have to form small semi-formal financial groups.

Secondly, it could be inferred from the findings that micro-saving is the main source of investible and consumable funds in Nsangi. Interviews showed that respondents agreed to save with Opportunity Bank to cater for emergencies and unexpected investment opportunities as well as cultural obligations like marriages. The is in agreement with Paxton(2002) who said that savings are valuable to lower income households as they a buffer against unexpected changes in income or expenditure.

Thirdly, it can be gathered from the study that savings have benefited the clients in that it has enabled them increase their household income and welfare. They have been able to access quality medical care, buy a plot of land, purchase farm equipment, buy household items, install electricity, buy feeds for poultry and farm animals, start up a better business and also educate their children. In his study De Gregio (1996) emphasized that savings can have a significant impact on growth by increasing investment, productivity and human capital. With this, the clients were able to invest in many ventures, send their children to school and either repaired or constructed new homesteads. Consistent with this study, we see that there's a reduction in poverty in Nsangi Sub-County through the intervention of Micro-finance services like Savings provided by Opportunity Bank. Majority of the respondents in this study had were loan clients who started saving because they needed to get a loans and where saving while getting loans at the same time, it is therefore still unclear as to

whether savings alone completely leads to poverty reduction for those who don't take loans from the bank.

The findings indicated that majority of the clients of Opportunity Bank responded to this question which implies that the corresponding percentage majority of the clients save with Opportunity Bank. The savings of majority of the clients have increased since they started saving with Opportunity Bank. The results from the survey show that the savings of 66.1% of the clients of Opportunity Bank has enabled them increase their household income. The clients have benefited from saving with Opportunity Bank by; they've been able to access quality medical care, buy a plot of land, purchase farm equipment, buy household items, install electricity, buy feeds for poultry and farm animals, start up a better business and also educate their children. This is evidence that Savings services provided by Opportunity Bank have improved/alleviated the poverty levels of her clients in Nsangi Sub County.

5.3.3 Financial literacy services and poverty reduction among Opportunity Bank clients in Nsangi Sub-County.

Under this objective, a hypothesis (There is a significant relationship between financial literacy services and poverty reduction among Opportunity Bank clients in Nsangi Sub-County) was developed and findings accordingly obtained that financial literacy services had a positive relationship with poverty reduction among Opportunity Bank clients in Nsangi Sub-County up to 32%. It therefore indicated that provision of financial literacy services is responsible for increasing poverty reduction among Opportunity Bank clients in Nsangi Sub-County. There was a high extent of support that there is provision of financial literacy services that had resulted into poverty reduction among Opportunity Bank clients in Nsangi Sub-County from key informants. The findings acknowledge that the financial literacy services provided by Opportunity Bank like;

training and literacy mainly in cash flow management, business planning, savings planning and investment have been beneficial to the clients. A good financial literacy in the population positively impacted on poverty reduction, which is off course a widely accepted poverty reduction strategy aimed at improving access to and usage of formal financial products: saving account, credit, money transfer, and insurance by those in viscous circle of poverty partly because of low access to financial products. This is consistent with the SFLU Report (2013) conclusion that financial literacy is relevant for everyone in a modern society.

Nonetheless, it is not yet possible to generalize that financial literacy improves financial behavior in all the cases. Financial literacy may not be translated into financial behavior. Karnani (2007) points to the fact that most people do not have the skills, vision, creativity, and persistence to be entrepreneurial. Microcredit literacy is a necessary but not a sufficient condition for micro-enterprise promotion. Like we see in this study, access to financial literacy services might have alleviated poverty to certain extent; but not in its entirety. Other inputs are required, such as identification of livelihood opportunities, selection and motivation of the micro-entrepreneurs, business and technical training, establishing of market linkages for inputs and outputs, common infrastructure and sometimes regulatory approvals like Karnani (2007) recommends. The financial Inclusion theory by Mercy (2014) in one of its principles also urges that financial literacy needs to be available at a point when financial decisions are made to have the greatest outcome.

These financial literacy services have been beneficial to majority of the clients. As a result of the financial literacy services, majority of them are now more able to manage their loan payments well and this has consequently been able to improve their household income, the majority are those who were not able to follow what they were taught in these trainings and have somehow struggled in effectively managing their payments well. In conclusion, the findings above attest that financial

literacy services have a positive impact on reducing poverty amongst clients of Opportunity Bank.

5.4 Conclusions

The conclusions were drawn basing on the research objectives of the study.

5.4.1 Credit services and poverty reduction among Opportunity Bank clients in Nsangi Sub-County

The clients of Opportunity Bank in Nsangi have benefited from its microfinance initiatives like credit services through loans of which majority of the clients of Opportunity Bank have benefited from; their household income and welfare has increased and improved respectively. They have bought household items, are able to provide for basic household needs, they have educated their children, bought a plot of land and constructed a better house from the loans taken thus reducing on their poverty. It was therefore deduced that the higher the provision of microcredit services, the higher the reduction of poverty among Opportunity Bank clients in Nsangi Sub-County.

5.4.2 Savings services and Poverty reduction among Opportunity Bank clients in Nsangi Sub-County

It was established that savings services provided by Opportunity Bank has positively and significantly improved on poverty reduction among clients. The findings validate that the Savings services provided by Opportunity Bank have benefited her clients as it has enabled them increase their household income and welfare. They have been able to access quality medical care, buy a plot of land, purchase farm equipment, buy household items, install electricity, buy feeds for poultry and farm animals, start up a better business and also educate their children, and thus Savings services provided by Opportunity Bank have reduced the poverty levels of her clients in

Nsangi Sub County. It was therefore concluded that the higher the provision of saving services, the higher the reduction of poverty among Opportunity Bank clients in Nsangi Sub-County.

5.4.3 Financial literacy services and poverty reduction among Opportunity Bank clients in Nsangi Sub-County.

The study established that there is a strong positive and significant relationship between financial literacy services and poverty reduction among Opportunity Bank clients in Nsangi Sub-County. As a result of the financial literacy services, majority of the clients are able to manage their loan payments well and thus improve their household income attesting to the fact that financial literacy services have a positive impact on reducing poverty amongst clients of Opportunity Bank in Nsangi Sub County. It was therefore learnt that the higher the provision of financial literacy services, the higher the reduction of poverty among Opportunity Bank clients in Nsangi Sub-County.

5.5 Recommendations
5.5.1 Credit services and poverty reduction among Opportunity Bank clients in Nsangi Sub-County.

Basing on the study findings, there is need to reduce on the period and bureaucracy to get the loan will attract more clients to secure the credit facilities of the bank. Also, the bank's change in collateral requirements for their operations would alleviate the banks' funding stress and reduce financing obstacles making more money available for loans. Collateral requirements can also be changed in order to favor lending to particular sectors. Options include reducing the minimum rating requirements and the haircuts imposed on certain types of assets (for instance, on SME loans), pools of assets or ABS. If a bank makes the conditions on usage of a certain asset (for instance, loans to SMEs) more favorable, this can encourage bank lending to this sector. An

initiative with potential to reduce credit and valuation risks is the introduction of more efficient assessment tools for collateral operations.

5.5.2 Savings services and Poverty reduction among Opportunity Bank clients in Nsangi Sub-County.

Basing on the study findings, there is a need to emphasize saving through Mobile Money (Opportunity ku Siimu). Despite the potential of savings accounts, very few of the poor have them. New, second generation banking business models raise the possibility of reaching these underserved households with new financial products, but there are still many challenges. Recent data from Kenya show that the M-PESA mobile product has been taken up by more than 70 percent of households—including more than half of the poor, the unbanked, and rural households in the country—and is being used more and more as a savings tool. Additionally, preliminary analysis shows that having access to the M-PESA product improves families' welfare by increasing their ability to deal with risk.

5.5.3 Financial literacy services and poverty reduction among Opportunity Bank clients in Nsangi Sub-County.

Basing on the study findings, there is a need to provide more support for current financial literacy programs. Improving financial literacy services by Opportunity Bank will take considerable coordination, a multi-faceted approach, and time. Without better collaboration between clients, potential clients and their partners, efforts will continue to be inefficient, fragmented, and ad hoc. Opportunity Bank would benefit from having one entity/department responsible for the coordination of financial education efforts, either permanently or for a fixed term. The single entity would; study financial literacy issues in-depth; develop a training strategy, including setting goals and metrics; create a long-term plan for achieving goals like how many clients to add to the

clientele base; prioritize efforts and resources; identify revenue sources and provide funding for financial literacy work; encourage private/public partnerships and programs; measure and monitor progress in financial literacy; and ensure the implementation of lasting change.

5.6 Limitations of the study.

During the study, the following problems were encountered by the researcher:

There was difficulty in the retrieval of all questionnaires, since majority was lost by the potential respondents; more questionnaires were issued out to make up for the lost ones. Secondly, respondents were scared giving out information and so they did not provide information on all the research items. This explains the missing findings. Given the fact that most of the respondents were involved in their own personal businesses and agriculture, some respondents were too busy to entertain researchers which delayed the data collection process. The researcher therefore had to administer the questionnaires at the most convenient time for the respondents. It is unethical to make scientific conclusions based on attitudinal and behavioral results of a 1 year study. Given the fact that data was to be collected at one point in time, the researcher might have collected much narrower and superficial information that eventually made it irrational to provide an elaborate account of human perceptions.

5.6 Areas for further study.

i) The research only focused on three microfinance support initiatives; credit services, savings and financial literacy services, not considering other micro-finance initiatives studied by other researchers. Microfinance has broad areas which can be researched on in relation to Poverty reduction.

ii) The study took a form of a case study, however to carry out an extensive study of the impact of micro-finance initiatives on poverty reduction, a longitudinal study is more appropriate

since poverty is a complex concept influenced by a wide variety of variables that could be identified for further studies.

iii) A similar study may be carried out on a community based financial institution or SACCO as opposed to a bank to better assess the association between localized micro-finance initiatives and poverty reduction in a rural area.

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APPENDICES

APPENDIX I:

QUESTIONNAIRE FOR CUSTOMERS USING OPPORTUNITY BANK

Introduction

Dear Respondent,

The researcher is a student of Master in Business Administration at Uganda Management Institute (UMI), Kampala, Uganda. She is undertaking a research to generate data and information on "Financial literacy services and Poverty Reduction in Nsangi Sub County, Wakiso District Uganda; A Case of Opportunity Bank". You have been selected to participate in this study because your contribution you make to your organization is central to the kind of information required. The information you provide is solely for academic purposes and will be treated with utmost confidentiality. Kindly spare some of your valuable time to answer these questions by giving your views where necessary or ticking one of the alternatives given. Indeed your name may not be required. Thank you for your time and cooperation.

SECTION A: BACKGROUND DATA

Please circle the numbers representing the most appropriate responses for you in respect of the following items:

1. What is your age group?

a) 20-29,   b) 30-39,   c) 40-49,   d) 50 and above

2. What is your highest level of education?

a) No education,   b) Primary,   c) Secondary   d) Tertiary e) Others (specify) ---------------

3. What is your marital status?

a) Single   b) Married   c) divorced   d) Separated   e) Widowed

4. What is your religion?

a) Catholic   b) Protestants   c) Muslim d) Pentecostal   e) Others specify ---------------

5. Time taken while using Opportunity Bank?

a) Less than one year   b) 1-5 years   c) 6-10 years   4) Over 10years

SECTION B: INDEPENDENT VARIABLE: FINANCIAL LITERACY SERVICES

I)   Credit services

In this section please tick in the box that corresponds to your opinion/view according to a scale of 1 = Strongly Disagree, 2 = Disagree, 3 = Not Sure, 4 = Agree, 5 = Strongly Agree

No	Statement	1	2	3	4	5
1	Opportunity Bank has small group loans provided to people to improve their businesses					
2	Many associations have been facilitated by Opportunity Bank to get funding with no collateral					
3	Business loans are often provided to individuals with no much collateral					
4	The repayment terms of individual based loans are affordable					
5	Opportunity Bank has welfare programmes to improve people's standard of living					
6	Opportunity Bank allows application for health insurance					
7	The interest rate is affordable on Opportunity Bank loans provided					

ii) Saving services

In this section please tick in the box that corresponds to your opinion/view according to a scale of 1 = Strongly Disagree, 2 = Disagree, 3 = Not Sure, 4 = Agree, 5 = Strongly Agree

No.	Statement	1	2	3	4	5
1	Opportunity Bank has an ordinary saving account for those people who desire to have secure and unlimited access to their money					
2	Opportunity Bank has an ordinary fixed term deposit saving account for those customers who want to save without withdrawing for specified periods and earn attractive interests.					
3	Opportunity Bank has a group saving account for those customers who wish to save in groups					
4	Opportunity Bank has a target saving account designed to cater for customers who have a specific target at a given date and wish to save specific amounts regularly without withdrawing it until maturity time					
5	Saving with Opportunity Bank has given me a higher chance to access credit without hassle					
6	Opportunity Bank has helped a good number of people to open up saving accounts in the area					

iii)   Financial Literacy services

In this section please tick in the box that corresponds to your opinion/view according to a scale of 1 = Strongly Disagree, 2 = Disagree, 3 = Not Sure, 4 = Agree, 5 = Strongly Agree

No.	Statement	1	2	3	4	5
1	Opportunity Bank has trained us in managing cash flow					
2	Opportunity Bank has trained us how we plan a business					
3	Opportunity Bank has trained us to develop a saving plan					
4	Opportunity Bank has trained us to regularly record my income and expenditures					
5	Opportunity Bank has trained us in how best to invest money					

SECTION C: INDEPENDENT VARIABLE: POVERTY REDUCTION

In this section please tick in the box that corresponds to your opinion/view according to a scale of 1 = Strongly Disagree, 2 = Disagree, 3 = Not Sure, 4 = Agree, 5 = Strongly Agree

No.	Statement	1	2	3	4	5
1	My income has increased ever since I joined Opportunity Bank					
2	My business provides me with profits ever since I joined Opportunity Bank					
3	Problems regarding health have now been solved ever since I joined Opportunity Bank					
4	I have earned a number of assets as a result of Opportunity Bank					

No.	Statement	1	2	3	4	5
5	I have managed to build houses that brings money in my pocket every month on credit I got from Opportunity Bank					
6	Issues to do with lack of food in my household have been solved ever since I joined Opportunity Bank					
7	I can be able to provide clothing to myself without waiting for my husband ever since I joined Opportunity Bank					
8	My Children can now go to school without being disturbed for school fees because of Opportunity Bank					
9	My business has expanded because of Opportunity Bank					
10	My social capital and networks have widened because of Opportunity Bank					

THANK YOU FOR YOUR PARTICIPATION!

APPENDIX II:

INTERVIEW SCHEDULE FOR OPPORTUNITY BANK MANAGERS

1. Position in the bank ……………………………………………………………..

2. Explain the extent to which people can access microcredit in Opportunity Bank?

3. What are forms of microcredit services offered by Opportunity Bank in Nsangi Sub-county?

4. How has those microcredit services provided by Opportunity Bank reduced on poverty in Nsangi Sub-county/household level?

5. To what extent are people saving with Opportunity Bank?

6. What forms of saving accounts are found in Opportunity Bank?

7. Has saving accounts or services provided by Opportunity Bank reduced on the extent of poverty among its customers? Explain

8. Does Opportunity Bank provide financial literacy services   trainings to its customers?

9. If yes to the above, what forms of financial literacy services   trainings provided to customers?

10. Have those financial literacy services reduced on the extent of poverty among its customers? Explain

THANK YOU SO MUCH!

APPENDIX III:

TABLE FOR DETERMINING SAMPLE SIZE FROM A GIVEN POPULATION

N	S	N	S	N	S
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	1000000	384

Source: Krejcie & Morgan (1970, as cited by Amin, 2005)
Note.—*N* is population size.

S is sample size.

Appendix IV:

Client showing off the commercial house he was able to construct in Kinaawa

Appendix V:

A man in Nsagu tends to his Banana plantation, on a piece of land he acquired through aloan from Opportunity Bank.

Appendix VI:

Bakyala Kwagalana during their weekly savings gathering.

Appendix VII:

Financial training seasons ongoing