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CONTRIBUTION OF FINANCIAL INCLUSION ON LIVING STANDARDS OF BENEFICIARIES OF MICRO FINANCE INSTITUTIONS IN RWANDA. A CASE OF URWEGO BANK PLC

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ABSTRACT

Financial inclusion has been on top agenda of the government due to the role it plays in changing the people's lives. However, it is found that 38.2% of the population remain poor with poorer (43.1%) in rural area which is known to be the main target of access to finance activities (NISR, 2018). The main purpose of this study wasto investigate the contribution of Financial inclusion on living standards of the beneficiaries of microfinance institutions in Rwanda taking Urwego Bank Plc as a case study. The study used both a case study and explanatory research design. The Sample size of 260 respondents was selected using Krejcie & Moragn table (1970). Both open and ended questionnaire were used to collect data. The Statistical Packages for Social Sciences (SPSS) was used to analyze quantitative data while narrative analysis was applied for qualitative data. The findings revealed that Urwego Bank PLC facilitated in financial inclusion through proving both financial and non-financial services to the beneficiaries among others accepting deposits, providing group credit/Loans, financial education, family conflict management and resolution, etc. at very large extent (4.747 overall averages). It was found that Urwego Bank Plc provided different financial access tools with Agency and mobile money banking at the top as per 100% of the respondents. It was realized that the financial inclusion services offered by Urwego Bank Plc enabled the beneficiaries to improving their living standards in terms of finding food, increasing revenues, starting the small business, paying school fees of their children, finding shelters and overall improved their social status at very large extent (4.677 overall averages). The research concluded that the Financial inclusion activities have had a good impact on living standards of beneficiaries of Urwego Bank Plc at very large extent. The MFI was recommended to revise the loan interest rate and loan recovery system while the beneficiaries of MFIs were advised to be honest and understand that any fund misuse or non-payment prevent others from having access to finance.

Keywords: *Microfinance, Financial Inclusion, Living standards, Financial accessibility, Financial services*

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1.1. Introduction

Access to and use of financial services is considered an important factor in accelerating sustainable economic and social growth, reducing poverty and unemployment, and enhancing the stability of the financial sector (Zins & Weill, 2016).The easy access of finance encourages enterprises to invest more, accept more risk and thus, stimulate economic growth (Neaime&Gaysset, 2018).Financial inclusion is the provision of access to financial services particularly to disadvantaged people and the other people excluded from traditional banking system (Ozili, 2018). Financial inclusion is also defined as the use of, and access to, formal financial services (Sahay et al, 2015).Financial inclusion considers delivering financial services to the different income earners at low cost (Dev, 2006: Manohar, Sequeira & Varambally, 2016). The Rangarajan Committee, Government of India (2008), defines financial inclusion as the process of ensuring access to financial services and timely, adequate credit where needed, to vulnerable groups such as weaker sections and low-income groups, at an affordable cost. This is an effort geared towards mainstreaming the marginalized people which plays a key role in the process of inclusive growth involving all the sections of population and regions of the economy.

Nowadays, financial inclusion is put on top of official and social initiatives agendas that advocates developmental goals. According to the GPFI (2011), many people all over the world (around 2.5 billion) are excluded from the use of formal financial services, and that makes approximately 30% of the people around the world having no access to the formal financial sector and thus are more prone to financial instabilities that may arise. The World Bank (2017) shows that 59% of the 2 billion adults report to lack money and hence having no bank accounts. This reflects the inability of current financial services policies to fit low income users. It was also revealed that distance from the service provision point, lack of trust in financial services providers, religion principles, and deficiency of necessary documentation papers were obstacles to the opening of bank accounts. Additionally, an estimate of more than 200 million formal and informal MSMEs in emerging economies don't have access to adequate finance required for growth due to lack of collateral, insufficient credit history, and business informality.

The role of financial inclusion on poverty alleviation and social economic changes of the population formed a major policy objective for the government of many developing and emerging countries, and there is great promise that financial inclusion will bring the excluded population into the formal financial sector so that they can have access to formal financial products and services (Allen et al, 2016). Different governments have made significant efforts towards the achievements of financial inclusion intended goals among other changing the peoples' lives. (Nimbrayan, Tanwar & Tripathi, 2018; Lichtenstein, 2018; Otioma, Madureira& Martinez, 2019; Ndung'u, 2018; Hove and Dubus, 2019; Cámara and Tuesta 2015).Brazil has attempted different regulations to achieve universal access to financial services by enabling partnerships between banks and third-party agents. Brazil was the first to adopt agency banking through the introduction of "banking correspondents" aiming at including the unbanked people by giving them grants. A decade later, 170,000 agents across all Brazil's 5500 municipalities had already started offering services with 12 million active accounts (Kumar, Nair, Parsons & Urdapilleta, 2006).

In his speech, Shri (2011), financial inclusion was the main policy objective in the Indian development agenda. In fact, for the sake of that action, the Indian central bank has attempted to reach the far located areas of the country to create awareness and promote inclusion. This objective has been achieved with the intervention of financial regulatory bodies in good financial inclusion framework in Indian context. The framework for financial inclusion has been bank led to a large extent and banks are closely regulated and supervised entities in the Indian context. According to the Finance Sector Deepening Report (FSD) of 2013, Kenya has witnessed increased financial inclusion and access to financial services in the last decade. In Kenya's Vision 2030, the country planned to increase financial access to 80% of the population. Financial inclusion is a key component in enhancing access. Financial inclusion in Kenya has been monitored through financial access survey conducted by FSD in 2006, 2009, 2013 and 2016.Bigirimana and Hongyi (2018) found that 89% of adults in Rwanda benefits from both formal and informal financial inclusion. It was also put forward that about 68% of Rwandan adults use formal financial products or services. However, 65% of adults in Rwanda use other formal non-bank financial products or services and only 26% of adults in Rwanda are banked. This brings about asking why a certain big number is financially excluded and whether financial inclusion might have achieved its intended goals. It is against that background that the researcher wanted to know how the financial inclusion might have contributed to the living standards of the beneficiaries of microfinance institutions in Rwanda.

1.2. Statement of the problem

Rwandan considers financial inclusion as an integral enabler for achieving its development and poverty reduction objectives. Rwanda targeted achieving 80 percent financial inclusion by 2017 and 90 percent by 2020, as stated in Vision 2020. Progress toward reaching this target to date has been excellent so far.It was found that the increasing number of customers with deposits has a positive implication on the stability and tends to reduce returns volatility, especially during financial crises (Han & Malecky, 2013). It is also believed that the effective access to finance plays a positive impact on the living standards of the people. (Hannig& Jansen, 2010). This is due to that the absence of financial services for the poor makes it difficult for them to make future decisions and leads to an inefficient use of resources and that the lack of inclusive and other obstructions to the financial system can widen income inequality (Conroy, 2008).

The Rwanda Government has put in place the financial inclusion strategy that is creating an enabling environment for financial institutions to provide a broader range of low-cost financial services to households including savings and deposit, mobile money banking, agency banking, micro insurance and micro leasing. Much of the innovation has come from non-traditional players mobile phone operators, or new entrants to the Rwandan banking market rolling out agency banking models, which highlights the importance of an outward looking policy (Minecofin, 2013). Due to the fact that financial inclusion offers microfinance services to the disadvantaged and low-income groups, it is believed to accelerate the uplifting of people from poverty. According to World Bank research report on access to finance (2008) financial access may have direct and indirect benefits on small firms and poor households, make them more capable to take advantage of investment opportunities and insures them against risks.

Despite the fact that a big number of people 89% (2016) and 93% (2020) of adult people have been financially includedwith 91% in rural area and have improved their standards of living (FinScope, 2020)38.2% of the population remain poor with poorer (43.1%) in rural area which is known to be the main target of access to finance activities(NISR, 2018). These people do not have enough food, faces the challenges of shelter, lack the access to adequate medical care and the alike. This poses a question to examine the role that financial inclusion on poverty reduction. It is against this background that the researcher wants to investigate the effects of financial inclusion on living standards of the population through microfinance institutions in Rwanda.

1.3. Objectives of the study

The general objective of the study was to determine the role of financial inclusion on living standards of beneficiaries of Microfinance Institutions in Rwanda. The Specific objectives include:

i) To find out the available financial services by URWEGO Bank Plc to its beneficiaries.
ii) To assess the accessibility of financial services by URWEGO Bank Plc to its beneficiaries
iii) To evaluate the impact of financial inclusion on living standards of beneficiaries of URWEGO Bank Plc.

2. Literature Review

2.1. Theoretical literature

The researchers elaborated on financial inclusion in microfinance institutions and its relationship with socio-economic life of the beneficiaries.

2.1.1. Financial inclusion

Financial inclusion has been defined as that financial exercise which brings financial services to the proximity of the previously disadvantaged and poor people at a good cost (Rangarajan, 2008). According to Collins, Morduch, Rutherford and Ruthven (2009), Financial inclusion has become all the more important as studies have increasingly shown that poor people, despite their low incomes and small amount of funds available at hand, they actively manage the small money they have and impacts their lives considerably. It has become an important component of financial development in the world. Increasing access of financial services to many citizens has been a priority to policy makers. According to CGAP, the achievement of an inclusive financial sector requires that every member of the economy should effectively use the financial services at their disposal. These services have to be available, accessible, affordable and in usage.

According to Allen et al. (2013), there are three basic measures of financial inclusion; bank availability, bank accessibility and bank usage. Bank availability dimension accounts for the level of penetration and presence of a bank physical outlet. It was observed that due to remoteness between banking point and the customers which is an important barrier to financial inclusion, the penetration of bank branches, ATMs and agents to represent bank availability dimension would be a solution to enhance financial inclusion (Mostak&Sushanta, 2015). For the bank accessibility, the number of bank deposits, loan and mobile accounts used to account for the financial inclusion deepen within the country. The bank usage dimension is measured using a combination of the total volume of credits and the total volume of deposits in comparison to the level of Gross Domestic Product (GDP) (Beck, De Jonghe& Schepens, 2013).

2.1.2. People's living conditions

The level of well-being is determined by the level of income, consumption or family expenses, conditions of residence, living facilities, health of family members, ease of obtaining health services, ease of entering children into education, and ease of obtaining transportation facilities (BPS, 2005). The welfare as of socio-economic development also requires humanitarian and spiritual aspects for holistic life change (Hafiduddin, 2002). Central Bureau of Statistics (BPS) Indonesia (2015) elaborated on the indicators of welfare and living conditions being the level of income, family expenditure, conditions of living, residential facilities, access to health care and access to children education. Based on the exposure above, the author was interested to conduct this research that aimed to determine the impact of financial inclusion on the welfare of the beneficiaries.

2.2. Theoretical framework

This part highlights the different theories and Assumptions/models pertaining the role of financial inclusion on the welfare of the beneficiaries.

2.1.1 Special agent theory of financial inclusion

According to Ozili (2020) the special agent theory of financial inclusion argues that there is need for specialized agents who understand the needs of the poor and provide them the needed financial services accordingly. This theory proposes that special agents must be expected: (i)to be a highly skilled and specialized agent, (ii) the one who understands the situation of the excluded population, (iii) and know more about the current informal financial system in the communities where the excluded members of the population reside, (iv) be able to identify areas for improvement through innovation, and (v) set strategies that aim at integrating the local financial system into the formal financial sector. The special agent must be competent, highly skilled and have the power to influence the excluded population to adhere to the formal financial sector where they are allowed to access to formal financial products and services.

2.1.2. Financial literacy theory of financial inclusion

Financial literacy theory focuses more on achieving financial inclusion through educating people on the use of money. This theory argues that financial literacy will increase people’s willingness to participate in the formal financial sector. Klühs, Grohmann and Menkh off (2017) assert that participants with high financial literacy make better financial decisions.

2.1.3. Extension of financial services is directly beneficial to the poor

According to Philip (2016), this assumption explains itself through two (2) sub assumptions: Financial inclusion directly reduces poverty and financial inclusion is intrinsically valuable (as a form of inclusion).UN (2006) assert that the access to a well-functioning financial system can economically and socially empower individuals, in particular poor people, allowing them to better integrate into the economy of their countries, actively contribute to their development and protect themselves against economic shocks.Thingalaya, Moodithaya and Shetty (2010) concur with the statements and added that providing access to finance is a form of empowerment of vulnerable groups. For the assumption of an intrinsic inclusionary value in financers, Teki and Mishra (2012) find that financial inclusion may well be about money and finance, but with the ultimate objective of directly abolishing the state of social exclusion in the economy.

2.3. Empirical Literature

According to the RBI (2006) financial inclusion is the “provision of financial service to the financial excluded people. Studies conducted by Chandran (2011) and Sarma and Pais (2011) concluded that financial inclusion is pro-poor. The authors pointed out that financial inclusion helps those families with low means to have access to the services including savings, micro credit and insurance which lead to the financial autonomy and economic growth. Access to financial services is a engine for the poor people to fight poverty, improve their life conditions and economic growth. (Avais, 2014).

The study conducted by Manohar, Sequeira &Varambally (2016) on Impact of Financial Inclusion on the Socio-Economic Status of Rural and Urban Households of Vulnerable Sections in Karnataka content that the access to, availing of formal banking services pave the way to positive changes in the socio-economic status of households belonging to vulnerable sections. This concurs with the findings of Kameshwar, Pooja And Bhuvanesh (2014) who commend the role that financial inclusion plays in social and economic development of the country. Prior studies (Chibba, 2009; Hannig & Jansen, 2010) have observed that financial inclusion is the best means to assess the role of finance in encouraging economic growth.

Onaolapo (2015) found that last thirty years the number of bank branches, loans to rural areas and agricultural credit guarantee scheme fund has a positive impact on a dependent variable per capita income.

Access to financial services enables the poorest and most vulnerable in society to step out of poverty and reduces the inequality in society. Financial inclusion not only helps individuals and families, but collectively it develops entire communities and can help drive economic growth. Financial inclusion is also about enabling and empowering people and communities. That is Enabling people to have the ability and tools to manage and save their money and empowering people with the skills and knowledge to make the right financial decisions. It was also found that participation within the financial system leads to all kinds of individual benefits, including: Ability to start and grow a business, which gives people an opportunity through micro-financing schemes for example to better long term prospects; Being able to pay for an education for children, which in turn enables a new generation of educated and informed individuals and The ability to handle uncertainties that require ad hoc and unexpected payments or ‘financial shocks.

Okereke (2011) conducted a research about the impact of financial services availability and accessibility on complete welfare in Nigeria and found that it has no significant effect on aggregate welfare. Then, the research conducted by Setyari (2012) aimed to evaluate the impact of microcredit on household welfare in Indonesia. The result of that research was microcredit had positive impact on the level of household welfare in Indonesia in terms of increasing per capita expenditure and labor supply in households receiving microcredit. However, at the level of children's education, there was no significant impact of microcredit.

The study conducted by on Multazam (2018) on Impact of Financial Inclusion for Welfare found that there is a significant effect of the amount of credit on household income, there is a significant influence on the amount of credit and savings/investments on household consumption expenditures, and there is no significant effect on the amount of credit and savings or investment household residence facilities. Kempson (2006) pointed out the role of financial inclusion on that fact that it reduces the income inequalities. World Bank research report on access to finance (2008), states that, financial access can have direct and indirect benefits on small firms and poor households, makes them more capable to take advantage of investment opportunities and insures them against risks.Gine and Townsend (2004), conducted a study between 1976 and 1996 on Thai households and found that the easy access to financial access leads to an increase in access to credit services and results into the quick growth in per capita GDP in the economy.

Burgess and Pande (2005) as cited by Haniffa&Hudaib(2006), found that the effort by the Government of India to open bank branches in rural areas reduced the poverty considerably. In the same context, Brune et al. (2011) found that the provision of easy and reliable access to financial services in Malawi was followed by commitment to increase savings which in turn resulted into the improvement of living conditions of poor families. Sarma(2008) showed broad objectives of financial inclusion for the poor are to address their needs through the formal financial system; transform money lender dependent rural poor into a highly bankable group; eliminate the high-cost interest regime; stop the resource drain from the poor; build up diversified and multiple livelihoods and instill a strong savings culture among them. Generally, financial inclusion aims at offering and easing access to a wide range of services for attaining the total and complete growth and development of the country.

2.4. Research gap identification

Several empirical studies have been done on areas of financial inclusion and living conditions of the people. Many of researchers have been conducted on the effect of financial inclusion on economic growth (Chibba, 2009; Hannig & Jansen, 2010), growth and development of society (Kameshwar, Pooja & Bhuvanesh, 2014), poverty reduction as a whole (Haniffa & Hudaib, 2006), access to credit and per capita GDP (Gine and Townsend, 2004) and so on. However, the growth and development of the community is not always an indicator or impact of financial inclusion. This goes beyond the people's living standards which is the basis for welfare. This study therefore aims to find out the role of financial inclusion on living standards of the beneficiaries. This looked at how financial inclusion improved people's living conditions in terms of basic needs namely access to food and shelter, education, health care, etc. as these are the basis and once fulfilled, they may lead to people's welfare which is in turn an indicator of economic growth and development.

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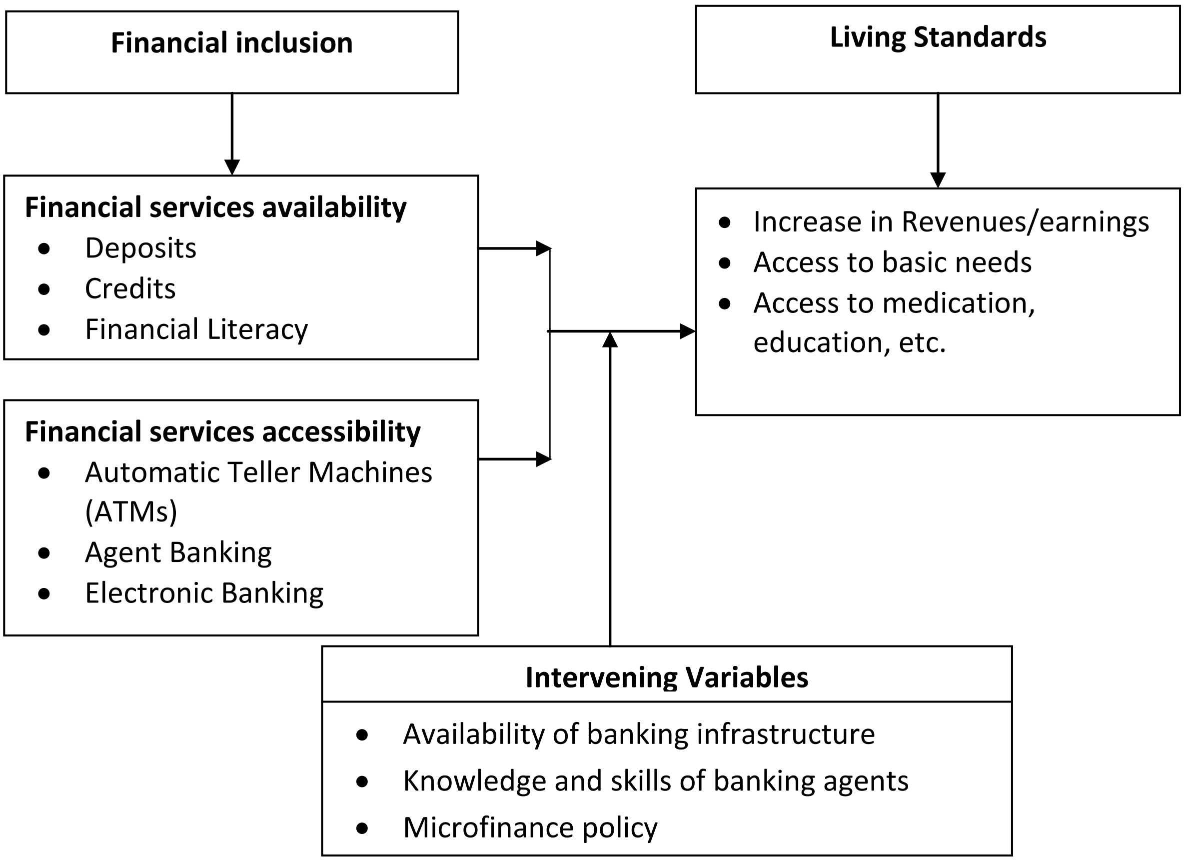
2.5. Conceptual framework

The conceptual framework about financial inclusion and living conditions of the beneficiaries of Microfinance institutions is demonstrated as follows:

Figure 2.1: Conceptual framework



Source: Researcher, 2021

The figure 2.1 above shows the relationship between independent variables and dependent variables linked to intervening variables. Independent variable which is financial inclusion encompasses the financial and non-financial products and services availability and financial services accessibility and dependent variable which is living conditions of the beneficiaries of microfinance institutions that include increase in revenues/earnings, access to basic needs, education, health care, etc. However, some intervening variables were also identified and these include banking infrastructure, knowledge of banking agent and microfinance policy.

3. Research design and methodology

This study used explanatory research design along with case study design. Explanatory research design establishes causal and effect relationship between variables as it is in this study. Saunders, Lewis and Thornhill (2009) and Sekaran and Bougie (2011) stipulate that an explanatory research work is to obtain the cause and effect between study variables. A case study research design was alsoused as it provided insight analysis of the phenomena. URWEGO Bank PLC was considered as a case and the results were generalized for the similar microfinance institutions. These two designs are found appropriate in analyzing the effect of financial inclusion on the living standards of the beneficiaries of microfinance institutions in Rwanda. The target population was 700 people including banking staff from different department and microfinance beneficiaries. The sample size was 260 respondents selected using Krejcie and Morgan table (1970). The sample size in each department was selected using both simple random sampling and purposive sampling. Data were collected by use of questionnaire and interview. Reliability of research instruments was ensured using test-retest method along with reliability coefficient (0.80) Bless and Higson-Smith (2000), Validity was tested and confirmed using Content Validity Index (CVI)(0.70) (Amin, 2005).Quantitative data were analysed using descriptive approach with frequency distribution, percentages and means/average through Statistical Packaging for Socio Sciences (SPSS) 21 version. Qualitative ones were analysed by means of narrative analysis in that the data from various sources being interviews and questionnaire were used to determine the effect of financial inclusion on living standards.

4. Results and discussions

The purpose of this study was to analyze the effects of financial Inclusion on Living standards of the beneficiaries of microfinance institutions in Rwanda. This section indicates the findings of the study, provides the analysis and interprets the data which were collected in line with the research objectives.

4.1. Respondent rate

The sample size was 260 respondents out of whom 247, being 27 from banking staff and 220 from customers, filled and returned the questionnaire. This brought the response rate to 95%. This is presented in the Table 4.1. Below:

Table 4.1. Respondent rate

Response	Frequencies	Percent
Responded	247	95
Not Responded	13	5
Total	**260**	**100.0**

Source: Primary data, 2021

As per the Table 4.1. the response rate turned to 95%. According to Mugenda and Mugenda (2003), when the response rate turns to 50%, the rate is satisfactory for reporting and analysis, while a 60% rate is good and that of 70% and above is perceived as excellent. Considering this study, the rate of 95% was found to be excellent and was used for analysis and interpretation of the findings.

4.2. Background information of the respondents

The researchers considered the level of education of the respondents both from Urwego Bank PLC staff and customers and the working experience of the respondents from Urwego Bank Staff.

Table 4.2: Educational level and working experience of respondents

Details	**Educational level**	**Frequencies**	**Percent (%)**
Educational level of the respondents	Doctorate	-	-
	Master	11	4.5
	Bachelor's degree	25	10.1
	Secondary school studies	104	42.1
	Primary studies	107	43.3
	Total	**247**	100
Working experience of respondents	**Working experience**	**Frequencies**	**Percent(%)**
	Less than 1 year	-	-
	2-5 years	14	51.9
	6-10 years	8	29.6
	11 and above	5	18.5
	Total	**27**	**100**

Source: Primary data, 2021

The Table 4.2 shows the educational level of the respondents. As per the data above, the majority (43.3%) of the respondents completed only primary studies while 42.1% went up to secondary schools. It was also revealed the bachelor's degree holders are 10.1% followed by Master Degree holder who represent 4.5% of the respondents. As per the results, the big number of respondents is in the section of primary and secondary studies and these are the customers who have been financially facilitated by Urwego Bank PLC. A certain number is in Master and Bachelor degree and some of these are the bank staff and others are the customers. It was also realized that the bank includes more customers of low educational levels as they fall into their mission.

From the same Table, it is evident that there is a good number of respondents who have worked with the bank for a period up to 5 years as shown by 51.9%. From that table, 29.6% and 18.5% of the respondents had spent between 6 to 10 years and 11 and above working with the bank. The level of working experience matters more in competitive environment as far as the speed in service, accuracy, knowledge of market conditions and trends, demands, anticipations and challenges from customers are concerned. Having experienced employees and banking agents in the domain of banking services helped Urwego Bank Plc be competitive and leading Microfinance Institutions in Financial Inclusion.

4.3. Findings and discussions

The findings on financial inclusion practices and its impact on living standards of the beneficiaries of microfinance institutions have been discussed below:

4.3.1. Financial and non-financial services offered by Urwego Bank Plc to its customers

The researchers were interested in knowing the Financial and non-services offered by Urwego Bank Plc to its customers. They were latter asked to rate them as per the degree of frequency and indicated in the Table 4.3 below:

Table 4.3: Frequency of provision of Financial and non-financial services offered by Urwego Bank Plc to its customers.

Financial and non-financial services	Very much frequent 5	Much frequent 4	Frequent 3	Little 2	Not at all 1	Mean
Accepting deposits and opening bank accounts	205	15	-	-	-	4.932
Self and group credit/Loans	150	52	18	-	-	4.355
Account management and information provision	190	30	-	-	-	4.864
Money withdrawal and transfer	205	10	5			4.909
Financial education	220	-	-	-	-	5.000
Family conflict management and resolution	190	21	9	-	-	4.823
Business management skills	170	10	30	10		4.545
Cash management	168	18	21	13		4.550
Grand Mean						**4.747**

Source: Primary data, 2021

It is assumed that the proper offering of financial and non-financial services to the customers constitutes an engine to financial inclusion. The findings in the Table 4.3 reveals that Urwego Bank Plc offers the different services to the customers at different levels: Accepting deposits, opening bank accounts and savings is offered at very good level as per 4.932 average of frequency. Self and group credit/Loans is offered at very large frequency at 4.355 average, account management and information provision at 4.864, money withdrawal and transfer at 4.909, financial education at 5.000, family conflict management and resolution at 4.823, business management skills at 4.545 and cash management at 4.550 average. Considering the frequency of offering financial and non-financial services to the customers of Urwego Bank Plc, it is found that this microfinance institution made very good contribution in financial inclusion. The overall average of 4.747 shows the very large extent of offering financial services to the customers.

4.3.2. Tools used by Urwego Bank Plc to facilitate financial inclusion of unbanked people

Promoting financial services awareness is one of the activities aiming at informing unbanked people about financial services and hence contributing to financial inclusion. The researchers identified the different tools that Urwego Bank Plc used to promote financial inclusion. Nicole (2009) asserts that different delivery channels including mobile bank vehicles, remote ATMs, telephone and online banking are sought to guarantee access in both rural and urban deprived areas. The author found that the internet and telephone banking have some potential for including low-income consumers into the financial mainstream. These have been presented in the Table 4.4 below:

Table 4.4: Tools of Financial Inclusion used by Urwego Bank Plc.

Alternatives	**Rank**	**Frequency N= 27**	**Percent**
Agency banking	1	27	100
Online banking	2	25	92.6
Opening of bank branches	3	24	88.9
Money transfer system	4	22	81.5
ATM Points	5	20	74.1

Source: Primary data, 2021

The Table 4.4shows the different tools used by Urwego Bank Plc in promoting financial inclusion of the deprived people. The Bank opened different agencies and/or point of sales (POS) all around Kigali city to facilitated transactions. This comes to the first position in terms of access tools as confirmed by 100% of the respondents. Secondly, online banking as reported by 92.6% of the respondent is another tool that this MFI adopted. Increasing the number of branches was very important as it reduces the distance to reach the access point. This was in 3rd position as per 88.9% of the respondents. Money transfer and Automatic Teller Machines (ATMs) points were found to be other important tools that Urwego Bank Plc uses to provide access to its customers as reported by 81.5 %% and 74.1% of the respondents respectively. These findings suggest that Urwego Bank Plc contributed a lot in financial inclusion through providing different financial access tools for the convenience of the customers.

4.3.3. Strategies used by Urwego Bank Plc to enhance access to finance by the beneficiaries.

The researchers went further and asked the strategies that Urwego Bank Plc uses to attract underprivileged people to access to finance. The results have been discussed in the Table 4.5 below:

Table 4.5: Strategies used by Urwego Bank Plc in enhancing the access to finance

Details	Alternatives	Frequency	Percent (%)
Easing the conditions of opening bank account has attracted many customers to banking services	Strongly agree	20	74.1
	Agree	7	25.9
	Not sure	-	
	Disagree	-	
	Strongly disagree	-	
	Total	**27**	**100**
Encouraging people to save even small amount and in installment promoted financial inclusion	Strongly agree	25	92.6
	Agree	2	7.4
	Not sure	-	
	Disagree	-	
	Strongly disagree	-	
	Total	**27**	**100**
Group lending encouraged people to access the financial services through peer encouragement	Strongly agree	19	70.4
	Agree	8	29.6
	Not sure	-	
	Disagree	-	
	Strongly disagree	-	
	Total	**27**	**100**
Educating people about the benefits of access to finance eliminated fear and motivated them.	Strongly agree	27	100
	Agree	-	
	Not sure	-	
	Disagree	-	
	Strongly disagree	-	
	Total	**27**	**100**

Source: Primary data, 2021

The Table 4.5 shows the different strategies used by Urwego Bank Plc in enhancing access to financial services. It was found that 74.1% of the respondents strongly agree with the fact that easing the conditions of opening bank account has attracted many customers to banking services while 25.9% agreed on the statement. Urwego Bank Plc. was found to encourage people to save even small amount and in installment to promote financial inclusion as strongly agreed with 92.6% of the respondents and agreed by 7.4% of the respondents. Group lending was also used to encourage people to access the financial services through peer encouragement as confirmed by 70.4% of the respondents who strongly agreed and 29.6% who agreed. Educating people about the benefits of access to finance eliminated fear and motivated them to access financial services as strongly agreed by 100% of the respondents.

Basing on the results above, it is realized that Urwego Bank Plc plays a big role in financial inclusion through different strategies aiming at loan provision, encouraging people to save, easing banking conditions and the alike. This is also justified by the fact that Urwego Bank Plc experiences a loan and advances growth of 23% to its customers in 2019 (Urwego Bank, 2019)

4.3.4. Impact of financial inclusion to the living conditions of the beneficiaries of Urwego Bank Plc

Financial Inclusion through financial service availability and accessibility helps the unbanked and leads to increase in savings, investment and thereby spurring the processes of economic growth. It provides the habit of savings specially to the lower income category that will in the end help them improving their living conditions. The researcher gathered information on how financial inclusion enhanced by Microfinance Institution has improved the lives of the beneficiaries:

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Table 4.6: Impact of Financial inclusion on living conditions of the beneficiaries of Urwego Bank Plc to its customers.

Role of financial inclusion	Very Large Extent 5	Large extent 4	Moderate extent 3	little extent 2	Not at all 1	Mean
I am now able to feed our families due to services offered by Urwego Bank Plc.	179	31	10	-	-	4.768
My revenues have increasedconsiderably	120	34	30	20	16	4.009
We have been able to save money due to money management skills we got from Urwego Bank Plc	173	33	14	-	-	4.723
I was able to start my small businesses	188	20	12	-	-	4.800
It helped us in the creation of other jobs	157	39	24	-	-	4.605
Facilitates my access to medical care	214	6	-	-	-	4.973
Helped me in school fees payment	189	21	10	-	-	4.814
Facilitated me in finding where to live/shelter	140	57	15	8	-	4.495
My social status has improved	199	21	-	-	-	4.905
Grand Mean						**4.677**

Source: Primary data, 2021

The findings in the Table 4.6 established that financial inclusion has played a big role on living conditions of the beneficiaries of Urwego Bank Plc in a number of ways. It was revealed that the access to finance has facilitated the beneficiaries to have access to the food at very large extent as per 4.768 averages. The beneficiaries were able to increase their revenues as shown by 4.009 averages. Majority of the respondents (as per 4.723averages) confirmed: “After getting financial advice from Urwego Bank Plc, especially money management, we were able to save money regularly and this helped us to solve our future needs as well as starting small business (as per 4.800 averages), creating the indirect jobs (as per 4.605 averages) and we could not achieve this without that support”. The access and use of finance helped the beneficiaries to pay school fees of their children (as per 4.814 averages), finding shelters (as per 4.495 averages) and improved their social status (as per 4.905 averages).

These concur with the findings of Molefhi (2019) who asserts that the benefits of financial inclusion for the poor are incredibly significant. This is also in line with Kgangyame (2020) findings on the effects of financial inclusion on poverty reduction and income inequality in Botswana who contended that the access to and use of formal financial services, especially access to credit, enable poor households to increase their ability to consume, deal with disruptive shocks and improve their investment ability. This is because those who are able to participate in the formal financial system have more chance on different business opportunities (Trendlab, 2013). These results match with those of Amendola, Boccia, Mele and Sensini (2016) in a study to measure the impact of access to credit on household indicators in Mauritania, where a Household Living Conditions survey in 2014 covering 9557 households was used. It showed that the households who can acquire credit had higher living standards and greater food security.

5. Conclusion

The study concludes thatUrwego Bank played a big role in financial inclusion through proving both financial and non-financial services to the beneficiaries namely accepting deposits, opening bank accounts and encouraging savings, giving self and group credit/Loans, customers account management and provision of necessary information to customers, facilitating quick and convenient withdrawal and fund transfer, financial education, family conflict management and resolution, offering business management skills and cash management, etc.

It is concluded that Urwego Bank Plc contributed a lot in financial inclusion through providing different financial access tools including bringing branches and banking agency to the proximity of unbanked people, promoting online and mobile money banking, installing ATMs, etc. In addition to that, Urwego Bank Plc has encouraged people to save, eased banking conditions and the alike. This enhanced financial inclusion among this Microfinance Institutions customers.

There is basis to conclude that with financial inclusion services offered by Urwego Bank Plc to its customers, the latter were able to have access to the food, increase their revenues, able to save money regularly, started the small business, created the indirect jobs. It is also concluded that this helped them to pay school fees of their children, to find where to live(shelters) and overall improved their social status.

6. Recommendations

The beneficiaries of microfinance should work in group and report any financial misusesor deviation of money given to them as this was identified as the cause of defaulting.They are also requested to understand that any fund misuse or non-payment prevent others from having access to finance.

Microfinance Institutions should revise the loan interest rate to facilitate mor small income earners and other beneficiaries of MFIs products and services to have access and use their financial services. It is also suggested that MFIs should not opt for selling the properties of customers tending to default, rather they may accept payment period extension and revise modalities to allow those people possibility to pay into small and future installments.

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