EVALUATING FINANCIAL INCLUSIVE ACTIVITIES PRACTICED BY MFIS IN UGANDA: A CASE OF PRIDE MICRO FINANCÉ LIMITED

BY
MURINGO DIANA WAMBUI KIRUNDA
2015/HD06/1217U

A RESEARCH REPORT SUBMITTED TO THE INSTITUTE OF BANKING AND FINANCIAL SERVICES IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR AWARD OF THE DEGREE OF MASTER OF ARTS IN FINANCIAL SERVICES OF MAKERERE UNIVERSITY

SEPTEMBER, 2018
DECLARATION

I, Muringo Diana Wambui Kirunda, do declare that this research report is my original work and has never been presented to any other institution for any other award.

Signature ........................................ Date ...................................

MURINGO DIANA WAMBUI KIRUNDA

2015/1ID06/1217U
APPROVAL

This is to certify that this research report has been submitted with my approval as University supervisor.

Signature........................................ Date...................... 14/09/2018

Dr. ERIC NZIBONERA
DEDICATION
I dedicate this piece of work to God, You made me what I am today, and this is the best tribute I could ever offer to you; My husband you encouraged me to pursue education and thank you for giving me the great gift, your courage and persistence in life has encouraged me in this endeavor, I will forever remain greatful. Special thanks to my mum charity and to my kids Daniela and Dawson for the love, encouragment and strength to finalise this research report.
ACKNOWLEDGEMENT

I would like to thank the following people that have made tremendous contribution in making this piece of work a success. I acknowledge with the most profound and distinguished thankfullness to my inspirational supervisor Dr. Eric Nzibonera for the mentorship and tireless efforts he put in to ensure that this work was completed. I would like to deeply thank all my lecturers at the Uganda Institute of Bankers. They adequately guided and equipped me with both theoretical and practical skills. Thank you so much for your dedicated efforts.

I would also like to acknowledge the contribution of my class mates on the Masters of Arts in financial services with whom I enjoyed fruitful discussions on challenging topics. My appreciation also goes to my respondents, and my colleagues at work. Thank you all.
# TABLE OF CONTENTS

DECLARATION ........................................................................................................................................... i
APPROVAL .................................................................................................................................................. ii
DEDICATION ............................................................................................................................................... iii
ACKNOWLEDGEMENT ............................................................................................................................ iv
LIST OF TABLES ......................................................................................................................................... viii
LIST OF ABBREVIATIONS ...................................................................................................................... ix
ABSTRACT .................................................................................................................................................. x
CHAPTER ONE .......................................................................................................................................... 1
INTRODUCTION ........................................................................................................................................ 1
1.1 Background of the Study ..................................................................................................................... 1
1.2 Problem Statement .............................................................................................................................. 3
1.3 Purpose of the Study .......................................................................................................................... 4
1.4 Objectives of the study ...................................................................................................................... 4
1.5 Research questions ............................................................................................................................ 4
1.6 Scope of the study .............................................................................................................................. 5
1.6.1 Content Scope ................................................................................................................................ 5
1.6.2 Geographical scope ...................................................................................................................... 5
1.6.3 Time Scope ..................................................................................................................................... 5
1.7 Significance of the study ................................................................................................................... 5
CHAPTER TWO .......................................................................................................................................... 7
LITERATURE REVIEW ............................................................................................................................... 7
2.0 Introduction ......................................................................................................................................... 7
2.1 Financial Inclusion ............................................................................................................................. 7
2.2 Microfinance .................................................................................................................................... 8
2.3 Microfinance Services ........................................................................................................... 11
2.4 Challenges that hinder microfinance financial inclusion activities in Uganda .......... 13
2.5 Strategies to enhance Financial Inclusion ........................................................................... 16
CHAPTER THREE ................................................................................................................. 17
METHODOLOGY .................................................................................................................... 17
3.0 Introduction ......................................................................................................................... 17
3.1 Research Design ................................................................................................................ 17
3.2 Study Population ................................................................................................................. 17
3.3 Sample size ........................................................................................................................ 17
3.4 Sampling Techniques ......................................................................................................... 18
3.5 Data Sources ...................................................................................................................... 18
3.6 Data Collection Instrument ............................................................................................... 18
3.7 Validity and Reliability ....................................................................................................... 18
3.8 Data Collection Methods .................................................................................................... 19
3.9 Data Processing, Analysis ................................................................................................. 19
3.10 Presentation of findings ..................................................................................................... 19
3.10 Ethical Procedure .............................................................................................................. 19
CHAPTER FOUR ..................................................................................................................... 21
PRESENTATION, INTERPRETATION AND DISCUSSION OF FINDINGS .......... 21
4.0 Introduction ......................................................................................................................... 21
4.1 Response Rate .................................................................................................................... 21
4.2 Demographic Characteristics of the respondents ................................................................. 21
4.2.1 Distribution by Gender .................................................................................................. 22
4.2.2 Distribution by Age bracket .......................................................................................... 22
4.2.3 Distribution by the level of Education ......................................................................... 23
4.2.4 Distribution by working experience at Pride Microfinance Limited .......................... 23
4.3 Financial Inclusive Activities by Pride Microfinance Limited .................................. 24
4.4 Challenges That Face the Application of Financial Inclusive Activities by Pride Microfinance Limited .......................................................................................................................... 27
4.5 Strategies for Improving the Application of Financial Inclusive Activities ............... 29
CHAPTER FIVE .................................................................................................................. 31
CONCLUSION AND RECOMMENDATIONS .................................................................. 31
5.0 Introduction .................................................................................................................. 31
5.1 Conclusion .................................................................................................................. 31
5.2 Recommendations ...................................................................................................... 32
REFERENCE .................................................................................................................... 33
Appendix I: Sample of the Questionnaire .......................................................................... 36
LIST OF TABLES

Table 1: Distribution of Population and Sample Size ................................................................. 17
Table 2: Response rate .................................................................................................................. 21
Table 3: Gender of respondents ................................................................................................. 22
Table 4: Age of respondents ...................................................................................................... 22
Table 5: Level of Education of Respondents ............................................................................. 23
Table 6: Working experience of respondents ............................................................................. 23
Table 7: Financial Inclusive Activities by Pride Microfinance Limited ................................. 24
Table 8: Challenges That Face the Application of Financial Inclusive Activities ................. 27
Table 9: Strategies for Improving the Application of Financial Inclusive Activities .......... 29
# LIST OF ABBREVIATIONS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>BOU</td>
<td>Bank of Uganda</td>
</tr>
<tr>
<td>MDI</td>
<td>Micro Deposit taking Institution</td>
</tr>
<tr>
<td>MFI</td>
<td>Microfinance Institution</td>
</tr>
<tr>
<td>UBOS</td>
<td>Uganda Bureau of Statistics</td>
</tr>
</tbody>
</table>
ABSTRACT
The purpose of the study was to examine financial inclusive activities practiced by MFIs in Uganda using Pride Microfinance Limited as the case study. The objectives of the study were, to establish the financial inclusive activities by Pride Microfinance Limited, to determine the challenges that face the application of financial inclusive activities by Pride Microfinance limited and designing strategies for improving the application of financial inclusive activities.

The study used a cross sectional research designed which was quantitative in nature. Simple random sampling method was used to select 52 respondents from the employees of Pride Microfinance Limited. Questionnaire method was used.

According to the findings, it was revealed that Pride Microfinance Limited carries out a number of financial inclusive activities like training, mobilization of people to save among others as revealed in the findings. On the challenges the study revealed a number of challenges faced by pride microfinance base on the findings from the respondents, the study further provided strategies to overcome the challenges which include massive advertising among others as evidenced by the findings.

Based on the findings the study recommends that microfinance institutions should take into account group lending, individual lending, village banking and saving mobilization in order to enhance financial inclusions in microfinance banking in Uganda. The study also recommends further studies to establish other factors that influence financial inclusion. Further studies are also recommended to establish the influence of microfinance banking on the growth of the small and medium enterprises in Uganda.
CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Financial inclusion is defined as the process of ensuring access and use of financial services (savings, insurance, remittance, payments) and timely and adequate credit where needed by vulnerable groups such as weaker sections and low-income groups at an affordable cost. Globally, about 74 percent of World’s population is excluded from formal banking sector; importance of financial inclusion is simply not overstated (Barclays, 2010). Countries with large proportion of population excluded from the formal financial sector show higher poverty ratios and higher inequalities (World Bank, 2008). Carbo et al. (2005) visualize financial exclusion as a manifestation of the broader problem of social exclusion. In this regard, achieving complete financial inclusion is not just limited to solving monetary and financial crisis of marginalized and disadvantaged people, rather its ultimate objective lies in abolishing the state of social exclusion in the economy (Rangarajan, 2008). Social implications from exclusion arise when denial to institutional credit makes certain segments of population susceptible to fall trap to loan-sharks/money lenders. Moreover, a non-inclusive financial system is a barrier to attain high economic growth rate with sustainability, causing serious economic implications (Mehrotra et al, 2009). With the growing realization of the importance of inclusive financial system, there has emerged a consensus on the nature of financial inclusion as a public good.

Microfinance has been described as an economic development approach intended to benefit low-income women and men. (Ledgerwood, 2000). It means that the purpose of microfinance is to reach the low income earners either in the urban or rural areas with financial services that will
enable them create wealth without any discrepancy as to the sex of such person. According to Asian Development Bank (2000), microfinance is the provision of a broad range of financial services such as deposits, loans, payment services, money transfers, and insurance to poor and low-income households and, their microenterprises. Microfinance services are provided by three types of sources: formal institutions, such as rural banks and cooperatives; semiformal institutions, such as nongovernmental organizations; and informal sources such as money lenders and shopkeepers. Institutional microfinance is defined to include microfinance services provided by both formal and semi-formal institutions. Microfinance institutions are defined as institutions whose major business is the provision of microfinance services. Interest in microfinance has soared in the recent decade and the instrument is now seen as one of the most promising tools to tackle poverty in the developing world. The fascination with microfinance derives from the fact that the provision of financial services can contribute to poverty reduction and pass the test of sustainability at the same time.

The poverty level in Uganda is shockingly high. According to the UBOS in the 2016/17 Household Survey, about 27% or 10 million people are poor. Although there are many ways to climb out of poverty, access to and usage of financial services is one of the critical strategies to improve financial inclusion despite of the many financial service still many people are not yet covered that’s why I look at the objectives (UBOS, 2017). The Survey also found that about 33% of Ugandans keep money at home or a secret place. That is the most common way people save money. Pride Microfinance Ltd (MDI) is a Microfinance Deposit-taking institution (MDI) regulated and supervised by Bank of Uganda (BoU) under the MDI Act, 2003 and MDI Regulations, 2004. From inception, Pride has grown to become the leading MDI in Uganda,
providing innovative financial solutions to the economically vulnerable people. Pride serves its customers through 33 networked branches spread across the country and 7 contact offices.

Littlefield (2003) indicated that microfinance institutions in the financial system play a critical role in achieving financial inclusion. While the commercial banks target the wealthy clients who have tangible assets to act as security for loans advanced, microfinance institutions offer financial services to the population whose livelihood is low and have no tangible assets. In addition, most of the latter financial institutions are based in the rural areas where most of the poor people reside in the third world economies, while the former are usually based in the urban areas. As a result of these factors, microfinance institutions enhance financial inclusion since they operate and have products and services that are accessible and affordable to the unbanked. (Handoo, 2010). Concluded that, there existed a direct effect between the provision of financial services and banking by microfinance institutions. He found out that after the women joined microfinance institutions and accessed their services and products, their poverty levels decreased since they were able to undertake income generating activities which earned them income.

1.2 Problem Statement

Globally microfinance institutions are recognized as vehicles to deliver financial services to many including those in remote areas. These are done through organized group lending, mobile banking, agency banking among others but still a high number of people are excluded from formal financial services.

However the gap between the rich and the poor in developing countries continues to grow each year, with the rich becoming richer and the poor poorer. This leads to stunted growth of the economies of these countries. The poverty level in Uganda is shockingly high. According to the UBOS in the 2016/17 Household Survey, about 27% or 10 million people are poor. Although
there are many ways to climb out of poverty, access to and usage of financial services is one of the critical strategies (UBOS, 2017).

1.3 Purpose of the Study

The purpose of the study was to examine financial inclusive activities practiced by MFIs in Uganda using Pride Microfinance Limited as the case study.

1.4 Objectives of the study

The study will be guided by the following objectives;

i. To establish the financial inclusive activities by Pride Microfinance Limited

ii. To determine the challenges that face the application of financial inclusive activities by Pride Microfinance limited

iii. Designing strategies for improving the application of financial inclusive activities.

1.5 Research questions

i. What are the financial inclusive activities offered by Pride Microfinance Limited?

ii. What are the challenges that face the application of financial inclusive activities by Pride Microfinance limited?

iii. What strategies can be used for improving the application of financial inclusive activities?
1.6 Scope of the study

1.6.1 Content Scope

The study focused on drawing strategies for MFIs to enhance financial inclusion in Uganda.

1.6.2 Geographical scope

The study was carried out at pride Microfinance Limited headquarters located at Victoria Office Park, Block B, Bukoto, and Plot 6-9 Ben Kiwanuka Okot Close

1.6.3 Time Scope

The study explored microfinance banking and financial inclusion in Uganda between 2000 and 2018. The study was conducted for a period 6 months.

1.7 Significance of the study

This study will assist the MFIs to understand the impact of microfinance in regard to financial inclusion in Uganda with a specific objective of improving the livelihoods of the poor. This objective focus will make the organizations develop effective strategies to ensure that they provide products and services that will be affordable and easily accessible to the unbanked.

The study shall be of great assistance to the government and policy makers since it will provide additional information that will enable the formulation of relevant and appropriate legislation to ensure that the country meets its objective of financial inclusion.

In addition, the study shall also offer appropriate information to the products and services offered by the microfinance institutions. This will reduce the information asymmetry and hence enhance financial inclusion.
In relation to the contribution to the existing literature on financial inclusion, it will also contribute to future researchers and academicians in terms of knowledge addition.
CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter will discuss the literature related to mechanisms used by microfinance institutions in addressing the financial inclusion barriers for individuals in Uganda. It will cover theoretical perspectives related to the study. Additionally the chapter will review literature on financial inclusion.

2.1 Financial Inclusion

Financial inclusion is defined as the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost” (Ibeachu, 2010). The essence of financial inclusion is trying to ensure that a range of appropriate financial services is available to every individual and enabling them to understand and access those services. Apart from the regular form of financial intermediation, it may include a basic no frills banking account for making and receiving payments, a savings product suited to the pattern of cash flows of a poor household, money transfer facilities, small loans and overdrafts for productive, personal and other purposes, insurance (life and non-life) among others.

To achieve a rapid economic growth in developing economies, it is therefore necessary to ensure that economic growth performance is inclusive and sustained. This requires particular attention to specific portions of the population that have been historically excluded from the formal financial sector either because of their income level and volatility, gender, location, type of activity, or level of financial literacy (Demirgus-Kunt, 2013). In so doing, there is a need to
harness the untapped potential of those individuals and businesses commonly excluded from the formal financial sector or underserved, and enable them to develop their capacity, strengthen their human and physical capital, engage in income-generating activities, and manage risks associated with their livelihoods. Financial inclusion does not imply that everyone will use all available financial services; rather everyone has the option to use them. A continuum of financial services needs to be made accessible to individuals as they improve their standard of living. More recently, financial inclusion has been defined by the World Bank (2015), as the absence of price and non-price barriers in the use of financial services.

Financial inclusion varies greatly on the African continent between regions and also between countries (Demirgüç-Kunt and Klapper, 2012a). For example, while 51 percent of Southern Africans owned an account in 2011, only 11 percent of Central Africans did. Concerning formal saving, only 4 percent of North Africans saved money at a formal financial institution while 18 percent of Western Africans did. Africa is at the leading position in terms of mobile banking with all 13 countries with the highest share of the population owning a mobile money account – 10 percent or more – being African (Demirgüç-Kunt et al., 2015). In a few African countries (Côte d’Ivoire, Somalia, Tanzania, Uganda, and Zimbabwe), more people declared owning a mobile money account than a formal account at a financial institution. The phenomenon is especially important in Eastern Africa, but also in Southern Africa.

2.2 Microfinance

The origin of microfinance can be traced back in the European nations many decades ago, which a form of informal was banking for the poor. In Ireland, for example, the microfinance evolution commenced in the 18th Century and was mainly characterized by self help and informal way of
banking. The evolution of Microfinance sector is filled with how self-improvement led to financial advancement, lawful sponsorship and conductive direction, which led to a mass microfinance evolution (Roy, 2003). (Ehigiamusoe, 2005) described microfinance as the supply of loans, savings and other basic financial services to the poor. The owners of micro and small enterprise require a diverse range of financial instrument to meet working capital requirement, build asset, stabilize consumption, and shield them against risk. Financial services include working capital loan, consumer credit, savings pension insurance and money transfer services. Micro financing is the provision of financial services to poor and low income households without access to formal financial institutions (Conroy, 2013). Microfinance is described also as banking for the poor. Micro finance programmes provide loans, savings and other financial service to low-income and poor people for use in small business.

Microfinance” is often defined as financial services for poor and low-income clients offered by different types of service providers. In practice, the term is often used more narrowly to refer to loans and other services from providers that identify themselves as “microfinance institutions” (MFIs). More broadly, microfinance refers to a movement that envisions a world in which low-income households have permanent access to a range of high quality and affordable financial services offered by a range of retail providers to finance income-producing activities, build assets, stabilize consumption, and protect against risks. These services include savings, credit, insurance, remittances, and payments, and others (CGAP, 2012).

This is also the opinion of (Kimotha, 2005). In basic terms, he saw microfinance as the provision of very small loans (Micro) credit to the poor, to help them engage in new productive business activities, or to grow expand existing ones. However, overtime microfinance has come to include a broader range of services. These include mainly credit, savings opportunities, insurance and
money transfer, as practitioners came to realize that the poor, who lacked access to traditional formal financial institution, needed and required a variety of financial products to achieve meaningful improvement in their business activities.

Microfinance is not a charity despite its appellation as “poverty lending”. Primarily, microfinance seeks to create access to credit for the poor who ordinarily are locked out of financial services in the formal financial market for reason of their poverty, which is lack of command over assets. It therefore places obligation on the borrowers for proper utilization and complete repayment of borrowed amounts even at commercial interest rates (Kpakol, 2005).

Adeyemi (2007), argues that since the poor constitutes the bulk of the population in most developing nations, both governments, social entrepreneurs and in some cases, conventional banks have through one programme or the other, attempted to address their financial needs. The study remarks that while government attempts have largely failed, the efforts of social entrepreneurs have only met limited success. Further, deposit money banks largely view venturing into microfinance business as a form of corporate social responsibility. The study highlights some of these efforts as establishment of the Bank for Agriculture and Rural Development in Vietnam, Bank for Agriculture and Agricultural cooperatives in Thailand, as well as the Bank Rakyat in Indonesia. Other attempts by non-governmental organizations include Opportunity International, which commenced lending operations in Columbia in 1971 ACCION International which disbursed its first microcredit in 1973, the Grameen Bank, which commenced microcredit lending operations in Bangladesh in 1976 among others. Apart from the problem of accessing funds for borrowing, microfinance has also, provided the participating poor with the capacity to save and also, patronize other financial services products. In this direction, Seibeil,(2000), argues that although the active poor lack access to financial services emanating
from the formal financial sector, studies and experience have shown that they are bankable as they have acquired capacities to save, invest, repay loans and even patronize insurance services as a result of improved incomes resulting from microfinance operations. The findings of Quinones and Remenyi (2000), substantially demonstrate that on the average, household units with access to micro credits significantly realize higher incomes as well as asset acquisition relative to households without access to micro credits.

2.3 Microfinance Services

The access to finance by the poor is a prerequisite for poverty reduction and sustainable economic development of an economy. It is therefore necessary to establish the determinants of financial inclusion in order to develop policies that will assist the economy achieve this objective.

Group Lending

Group based lending is an important approach used to lend to the poor people who do not have securities to pledge against the credit advanced. The members come together, select themselves, and form a group where the membership varies according to the group constitution as agreed upon by the members. The members are advanced loans which are secured by the co-guarantee mechanism, where each member guarantees each other. In some instances, the groups may be required to contribute some cash which serves as cash collateral. The eligibility of who to receive the loans is mainly determined by the group members themselves and not by the lender (Murray and Boros, 2002).
Individual Lending

Individual lending refers to the loans that are advanced to an individual as opposed to an individual in a group setting. This type of lending to the poor is not common within the commercial banks since they are not able to provide collaterals required to secure these loans. In addition, offering of small loan amounts is not considered profitable by the commercial banks; hence these products offering are highly discouraged. However, microfinance institutions have innovative new products focusing on lending to individuals; hence they are able to meet the needs of these people who otherwise would not have accessed these loans (Murray and Boros, 2002).

Village Banking

Village banking occurs whereby the poor people come together and form associations whereby they start mobilizing deposits out of which they lend out loans among themselves at an interest rate agreed upon by the members. In some cases, the village banks may engage a financial service provider to provide them with capital for on-lending. These loans are not secured with any collateral and the banks offer the members an avenue to save for future needs. Like the group loans, the clients here use peer pressure to enforce loan repayment (Murray and Boros, 2002).

Savings Mobilization

Savings mobilization has in the recent past become as a key area of focus in microfinance. In previous years, microfinance concentrated solely on lending; deposits mobilization was not given much importance and therefore the financial intermediation process was incomplete. When individuals are unable to save, they depend mainly on hand-outs, ROSCAs (Rotating Savings and Credit Associations) or shylocks among other informal service providers. Microfinance
institutions offer the savings avenue for the poor which accrues immense benefits to the savers. (Elser, et al, 2009).

2.4 Challenges that hinder microfinance financial inclusion activities in Uganda

The major problems with formal financing are inadequacy and delayed processing. Microfinance has tried to avoid these two problems but are lacking on part of their cost of lending. Vincent (2007) concluded that access to credit promotes a sense of entrepreneurship. However, only 5% of the micro credit demand is fulfilled leaving a great potential to this sector to grow. The author is very optimistic about the role of microfinance and entrepreneurship and stated that “Despite several challenges ahead, this emerging industry, and the process of sustainable entrepreneurship combine to offer a potential alleviation solution to the poverty crisis of the 21st century, and into a sustainable future” (Vincent, 2014).

Savings groups, informal in nature, also lack recognition by West African country governments. Without recognition, their ability to access and partake within the formal financial sector is limited. Although members may thrive within their groups, they remain on the margins of formal financial systems, unable to access financial services, particularly those that are tailored to their needs or financial capabilities (Perry, & Gail, 2008). Often, lack of education and understanding of product terms are the first barriers to access. As a result, financial service providers view these groups as being too complicated and financially illiterate to serve.

Beyond regulatory systems, there are also challenges at the individual level. A large percentage of smallholder farmers are unbanked and need a mix of financial and other services to succeed. They have limited or no access to markets, no way to learn which variety of crops will return the best profits, and no training to maximize their harvests. They are also unable to access loans or
can only get agricultural loans with unfavorable terms to purchase the inputs and materials they need. Although these same challenges face their fellow farmers in East Africa, remedies are not as readily available.

Grootaert (2009), stipulates that given the potential of micro-finance to alleviate poverty and stimulate economic growth in a poor developing country, it is necessary to develop a viable and responsive financial services strategy for the poor in developing countries. One active way that has been used to attract commercial banks to low-income clients in some countries is through the use of financial intermediaries operating closer to the target clients. If there is strong emphasis on savings mobilization, micro-finance would effectively bring help to the low income people to increase and stabilize their income and assets. In this regard, the role of the financial sector in savings mobilization cannot be over-emphasized.

Emielu (2008), contends that the absence of microfinance institutions in most rural communities in Uganda has made the CBN’s drive to enhance the cultivation of savings culture or habit among our rural populace ineffective. The rural communities and in particular, the low income group in the society have their own traditional machinery for mobilizing savings, and sometimes it would be beneficial to build on such tradition in operating these schemes. If the formal financial sector can tap into these traditional entities and be prepared to pay the appropriate interest rates, it would have succeeded in fulfilling its role as financial Intermediaries and, thus, facilitate access to banking and other financial devices by the poor.

Mitlin (2002), postulates that the recent initiative by microfinance institutions to set aside 10 percent of their profits before tax for equity participation in small and medium scale industries is noteworthy, but would not likely fully address the financing problems of the rural sector. He added that the main issue that needs to be vigorously addressed is how to mobilize savings for
micro finance. The poor in the society have demonstrated tremendous capacity to use their limited access to financial services to improve them and what they need is an empowerment to do so. This can be done by developing sound, innovative, autonomous and responsive financial intermediaries that are located very close to the target areas. Such financial intermediaries should be able to: Mobilize savings from rural communities and low income earners, Liaise with external bodies to obtain funds; Provide other formal products and lending services targeted at the client; Provide social banking and other technical services to the poor such as project, and business plan preparation, capacity building and providing market information; Coordinate loan recovery efforts and manage funds received from community groups using banks and generate and manage a set of information system for record keeping, monitoring and evaluation (Emielu, 2008).

The monetary authorities can contribute significantly to reducing poverty in Uganda through improvements in the macroeconomic environment and ensuring the soundness and stability of the financial system. With regard to the macroeconomic policy environment, the Central Bank has an important role by ensuring that price stability remains its primary policy objective. This is important because in a macroeconomic environment characterized by high inflation and exchange rate instability, it is the poor that are the most vulnerable group in the society that suffer most and bear the brunt of the instability. This is because they do not hold or have access to assets that they could use as hedges. Thus, monetary policy that guarantees medium to long-term price stability would protect the poor, facilitate economic growth and, hence, indirectly contribute to reducing poverty in the country (Mitlin, 2002).

A sound, stable and efficient financial sector is necessary for the attainment of the main macroeconomic objectives, including sustainable output and employment growth. An efficient
financial sector improves the demand for money and, therefore, the process of physical capital accumulation, which promotes economic growth, a prerequisite for poverty reduction (Aryeetey, 2009).

2.5 Strategies to enhance Financial Inclusion

Recognize the importance of savings groups in economic development. Village savings groups are a valuable platform for development. But national financial inclusion frameworks are either nonexistent or do not take them into account (Conroy, 2013). MFIs must ensure first that countries have a clear roadmap of how they plan to achieve financial inclusion and have outlined all the actors including savings groups as a vehicle on the ramp to formal financial inclusion. Peer-to-Peer training and exposure visits of regulators are also key in advancing financial inclusion and defining the most appropriate strategies (Carbo, et al, 2005).

Create better digital solutions. The rapid spread of mobile technology represents a great opportunity to expand financial inclusion. But without well thought out client-centric solutions, interconnectivity and user-friendly applications, those most in need of these services cannot access or benefit from them (Naser, et al, 2000). MFIs must support regulatory policies that enhance collaboration between financial service providers and mobile network operators to deliberately develop digital solutions that are inclusive of the very poor (Adeyemi, 2007).

Expand financial education. MFIs know that training is a necessary ingredient for progress out of poverty (Xu, et al, 2012). Beyond training in basic digital and financial literacy, including education on how to save, borrow and manage assets, education can be expanded to include health and agricultural financial services. It can also serve to empower first-time users of new digital financial products (Duflo, & Saez, 2003).
CHAPTER THREE

METHODOLOGY

3.0 Introduction

The chapter presents the methods that were used to fully and efficiently conduct the study. It presents the research design, sampling techniques and procedure, data collection, processing and analysis and also outlines the limitations of the study and how they were solved.

3.1 Research Design

The study was carried out using a cross-sectional research design. This method was used because it is effective when gathering data of a sample population at a particular point in time (Amin, 2005). It involved the use of both descriptive and quantitative techniques.

3.2 Study Population

A study population of 60 employees of pride microfinance limited was used for this research drawn from various departments of Pride Microfinance Limited (Human recourses’ records, 2015).

3.3 sample size

Basing on (Krejcie and Morgan, 1970), a sample of 52 respondents was selected from the population of employees of Pride Microfinance to participate in the study.

Table 1: Distribution of Population and Sample Size

<table>
<thead>
<tr>
<th>STAFF</th>
<th>POPULATION</th>
<th>SAMPLE SIZE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans offices</td>
<td>30</td>
<td>28</td>
</tr>
<tr>
<td>Tellers</td>
<td>19</td>
<td>14</td>
</tr>
<tr>
<td>Managers</td>
<td>11</td>
<td>10</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>52</td>
</tr>
</tbody>
</table>

Source: Primary Data
3.4 Sampling Techniques

Simple random sampling method was used for the study. This method gives respondents equal chance to participate in the study. A simple random sample was generated by obtaining an exhaustive list of employees from the Human Resource Manager of the bank and then selecting, at random, a certain number of individuals to comprise the sample. Purposive sampling was also used to select the managers because they possess particular information that is vital for the study.

3.5 Data Sources

Primary data was obtained from the respondents using a questionnaire. In order to get secondary data, published journal articles, reports and policy papers with the variables under study were consulted.

3.6 Data Collection Instrument

A self-administered questionnaire was used as the data collection instrument. The questionnaire had three sections based on the objectives. The respondents were requested to indicate the extent of their agreement with a series of questions on a five-point Likert scale (Raaijmakers et al., 2000). Since it does not force the participant to take a stand on a particular topic, but allows them to respond in a degree of agreement; this makes question answering easier on the respondent. Also, the responses presented accommodate neutral or undecided feelings of participants. These responses are very easy to code when accumulating data since a single number represents the participant’s response.

3.7 Validity and Reliability

Validity of the questionnaire was established using Content validity Index (CVI) to determine the relevance of the questions in measuring the variables (Campbell & Stanley, 1966) and face
validity was tested by asking the views from people in the field. The Reliability of the questionnaire was tested using Cronbach’s alpha test since its one of the widely used measure of internal reliability (Kimberlin & Winterstein, 2008). Cronbach’s alpha coefficient above 0.5 was accepted implying the instrument was valid (Nunnally, 1978).

3.8 Data Collection Methods
Raw data collected was edited to ensure accuracy, uniformity, consistency and completeness. Cross examination of already gathered data was done to eliminate errors and check omissions.

3.9 Data Processing, Analysis
The collected data was coded, edited and analysed using a blend of both manual and computer data analysis packages. The data was tabulated and input in the Statistical Package for Social Sciences research (SPSS). Principal component analysis was performed to identify patterns in data and to reduce data to a manageable level (Field, 2006). And varimax rotation was applied. Both descriptive and inferential statistics was generated.

3.10 Presentation of findings
After collection and processing of relevant data, findings were presented through themes for text presentation using tables and graphs because they are easy to use and occupy less space.

3.10 Ethical Procedure
In order to ensure ethical research principles, the researcher obtained an introductory letter from The Institute of Banking and Financial Services and sought permission to undertake the research in Pride Microfinance. Appointments were arranged to determine the proper time for questionnaires to be submitted and picked. The research instrument was delivered and collected.
by the researcher after being filled by the respondents. The research is purely academic and confidentiality and anonymity of the respondents was strongly protected.
CHAPTER FOUR
PRESENTATION, INTERPRETATION AND DISCUSSION OF FINDINGS

4.0 Introduction
This chapter presents the results of the various analyses performed and their interpretations therein. Specifically, descriptive and results on inferential analyses are presented. The results were meant to test the study objectives below:

i. To establish the financial inclusive activities by Pride Microfinance Limited

ii. To determine the challenges that face the application of financial inclusive activities by Pride Microfinance limited

iii. Designing strategies for improving the application of financial inclusive activities.

4.1 Response Rate

Table 2: Response rate

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Population</th>
<th>Sample size</th>
<th>Response</th>
<th>Response rate</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>60</td>
<td>52</td>
<td>48</td>
<td>.92</td>
<td>92%</td>
</tr>
</tbody>
</table>

Source: Primary data

From table 1 above, out of 52 sampled respondents, only 48 were able to respond to the questionnaires representing 92%.

4.2 Demographic Characteristics of the respondents.
Frequency tabulations in this section shows individual characteristics that include; Gender, Age bracket, respondents’ level of education and years with microfinance. The sample characteristics were presented basing on the responses from the respondents from Pride Microfinance.
4.2.1 Distribution by Gender

The respondents were asked about their gender and the results are indicated in table 3

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>27</td>
<td>56.3</td>
<td>56.3</td>
</tr>
<tr>
<td>Valid Female</td>
<td>21</td>
<td>43.8</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>48</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary Data

The results in table 3 indicated that majority of the respondents were male (56.3%) and their female counterparts were (43.8%).

4.2.2 Distribution by Age bracket

The respondents were asked about their age bracket and the results are indicated in table 4

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>18 - 25</td>
<td>9</td>
<td>18.8</td>
<td>18.8</td>
</tr>
<tr>
<td>26 - 30</td>
<td>13</td>
<td>27.1</td>
<td>45.8</td>
</tr>
<tr>
<td>31 - 35</td>
<td>16</td>
<td>33.3</td>
<td>79.2</td>
</tr>
<tr>
<td>36 - 40</td>
<td>6</td>
<td>12.5</td>
<td>91.7</td>
</tr>
<tr>
<td>Above 40</td>
<td>4</td>
<td>8.3</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>48</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary Data

The results in table 4 indicated that majority of the respondents were between the age bracket of 31-35 years followed by those between 26-30 years and the least group were above 40 years.
4.2.3 Distribution by the level of Education

The respondents were asked about their level of education and the results are indicated in table 5.

<table>
<thead>
<tr>
<th>Level of Education</th>
<th>Frequency</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diploma</td>
<td>7</td>
<td>14.6</td>
<td>14.6</td>
</tr>
<tr>
<td>Degree</td>
<td>24</td>
<td>50.0</td>
<td>64.6</td>
</tr>
<tr>
<td>Masters</td>
<td>13</td>
<td>27.1</td>
<td>91.7</td>
</tr>
<tr>
<td>PhD</td>
<td>3</td>
<td>6.3</td>
<td>97.9</td>
</tr>
<tr>
<td>Others</td>
<td>1</td>
<td>2.1</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>48</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary Data

The results in table 5 indicated that majority of the respondents had degrees (50%) and these were followed by those who had Masters Degrees (27.1%) (14.6% had diplomas, whereas (6.3%) had PhD and the least group had other qualifications like certificates (2.1%).

4.2.4 Distribution by working experience at Pride Microfinance Limited

The respondents were asked about their working experience with Pride Microfinance limited and the results are indicated in table 6.

<table>
<thead>
<tr>
<th>Working experience</th>
<th>Frequency</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 3 years</td>
<td>9</td>
<td>18.8</td>
<td>18.8</td>
</tr>
<tr>
<td>3 - 5 years</td>
<td>22</td>
<td>45.8</td>
<td>64.6</td>
</tr>
<tr>
<td>Valid</td>
<td>14</td>
<td>29.2</td>
<td>93.8</td>
</tr>
<tr>
<td>6 - 10 Years</td>
<td>14</td>
<td>29.2</td>
<td>93.8</td>
</tr>
<tr>
<td>Above 10 years</td>
<td>3</td>
<td>6.3</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>48</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary Data

The results in table 6 above majority of the respondents (45.8%) had worked with Pride Microfinance for 3-5 years, (29.2%) had worked for 6-10 years, (18.8%) had worked for less than 3 years and (6.3%) had worked with Pride Microfinance for over 10 years.
4.3 Financial Inclusive Activities by Pride Microfinance Limited

Results about the financial inclusive activities by Pride Microfinance limited were generated and items were rated on a five point Likert Scale ranging from, Strongly Disagree=1, Disagree=2, Not Sure=3, Agree=4 and Strongly Agree=5, was adopted.

<table>
<thead>
<tr>
<th>Table 7: Financial Inclusive Activities by Pride Microfinance Limited</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pride microfinance limited regularly trains customers on various source and uses of financial service</td>
</tr>
<tr>
<td>The institution encourages customers who can't access money to form groups</td>
</tr>
<tr>
<td>The institution is now innovation new products such as paying utilities to encourage access to financial service</td>
</tr>
<tr>
<td>Savings mobilization has recently been recognized as a major force in Pride Microfinance</td>
</tr>
<tr>
<td>Pride microfinance encourages customers to save as an avenue for the poor which accrues to immense benefits to the savers</td>
</tr>
<tr>
<td>Encourage Customers to access several services offered such as insurance</td>
</tr>
<tr>
<td>Peer pressure and peer support among the member are considered as the bank guarantees of these loans</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
</tr>
</tbody>
</table>

Source: Primary Data
Table 7 above shows that respondents agreed that Pride microfinance limited regularly trains customers on various sources and uses of financial service (Mean = 4.02, Std.dev =.89) as Xu, et al.(2012), stated.

This implies that Pride Microfinance trains its clients on various sources and uses of financial services which have improved their financial stability. Those who hardly had any asset become owners through sensitization and provision of funds.

Respondents also revealed that the institution encourages customers who can't access money to form groups (mean = 4.13, std. dev=.87). This is in agreement with Murray & Boros (2002), which indicates that with groups it became easy to access credit regardless of your level of income and these has helped many people especially those in villages and the poor improve on the standards of living.

It was further revealed that the institution had innovated new products such as paying utilities to encourage access to financial services (mean = 3.90, std.dev = .63)

This implies that with the introduction of new ideas it has encouraged all people to stay banked since it made it easy for clients to carry out transactions not necessarily having bank accounts.

Respondents also agreed that savings mobilization has recently been recognized as a major force in Pride Microfinance (mean = 4.17, std.dev=1.04)

With increased savings among the poor it has encouraged many people to prepare for uncertainties, increase productivity as well as improve their standards of living example many parents are able to send their children to school especially institutions of higher learning since they can access a bigger credit facility against their savings.
Respondents further agreed that Pride microfinance encourages customers to save as an avenue for the poor which accrues to immense benefits to the savers (mean = 4.52, std.dev = .85) in line with (Elser, et al, 2009).

Pride Microfinance Encourages Customers to access several services offered such as insurance (mean = 4.35, std.dev = .60) this implies that with clients accessing these services in helps improve financial inclusion which before was harder and especially when many relied on commercial banks and insurance companies.

Respondent also agreed that peer pressure and peer support among the member are considered as the bank guarantees of these loans (mean = 4.02, std.dev= .33) as stated by (Kpakol, 2005).

Meaning even those without assets can be able to access credit facilities by use of the group members as guarantors. It has largely contributed to the financial inclusion of many especially the poor.
4.4 Challenges That Face the Application of Financial Inclusive Activities by Pride Microfinance Limited

Results about the Challenges That Face the Application of Financial Inclusive Activities by Pride Microfinance limited were generated and items were rated on a five point Likert Scale ranging from, Strongly Disagree=1, Disagree=2, Not Sure=3, Agree=4 and Strongly Agree=5, was adopted.

Table 8: Challenges That Face the Application of Financial Inclusive Activities

<table>
<thead>
<tr>
<th>Challenge</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of appropriate institutional savings facilities forces the individual to rely upon in-kind savings</td>
<td>48</td>
<td>1.00</td>
<td>5.00</td>
<td>4.25</td>
<td>.48</td>
</tr>
<tr>
<td>Lack of education and understanding of product terms are the first barriers to access</td>
<td>48</td>
<td>1.00</td>
<td>5.00</td>
<td>4.33</td>
<td>.88</td>
</tr>
<tr>
<td>Poor clients are considered higher risk clients due to lack of collateral</td>
<td>48</td>
<td>1.00</td>
<td>5.00</td>
<td>4.33</td>
<td>1.02</td>
</tr>
<tr>
<td>Lack of enough facilities to educate masses on proper financial management skills</td>
<td>48</td>
<td>1.00</td>
<td>5.00</td>
<td>3.89</td>
<td>.42</td>
</tr>
<tr>
<td>Large percentage of people are unbanked hence difficult to get services offered by Pride Microfinance</td>
<td>48</td>
<td>1.00</td>
<td>5.00</td>
<td>3.89</td>
<td>1.08</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>48</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary Data

From table 8 above findings respondents agreed that Lack of appropriate institutional savings facilities forces the individual to rely upon in-kind savings (mean =4.25, std.dev = .48) hence limiting financial inclusive activities, in line with ( Perry, & Gail, 2008).

This implies that with the lack of institutional facilities financial inclusion is hard especially to those leaving in villages.
It was further agreed that lack of education and understanding of product term are the first barriers to access (mean = 4.33, std.dev = .88) this implies that the high illiteracy levels among the unbanked are the leading barriers to financial inclusion.

Respondents also agreed that poor clients are considered higher risk clients due to lack of collateral (mean = 4.33, std.dev= 1.00) The denial to access of credit facilities due to lack of collateral limits financial inclusion as stated by (Emielu,2008). The institution lacks enough facilities to educate masses on proper financial management skills thus it cannot reach various areas. With lack of collateral financial institution find it difficult to offer credit to many because that’s the banks fallback position in case of default which is a big barrier to financial inclusion.

It was also agreed that Pride microfinance lacks enough facilities to educate masses on proper financial management skills (mean = 3.89, std.dev = .42).thus becoming difficult for many clients to understand and appreciate the products and services offered by Pride microfinance.

Finally respondents agreed that large percentage of people are unbanked hence difficult to get services offered by Pride Microfinance (mean = 3.89, std.dev = 1.08) with the largest population of people unbanked this creates a big barrier to financial inclusion.
4.5 Strategies for Improving the Application of Financial Inclusive Activities

Results about the strategies for improving the application of financial inclusive activities were generated and items were rated on a five point Likert Scale ranging from, Strongly Disagree=1, Disagree=2, Not Sure=3, Agree=4 and Strongly Agree=5, was adopted.

Table 9: Strategies for Improving the Application of Financial Inclusive Activities

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The institution should move to villages so as to get closer to the poor people</td>
<td>48</td>
<td>1.00</td>
<td>5.00</td>
<td>4.17</td>
<td>.97</td>
</tr>
<tr>
<td>Pride microfinance should carry out intensive advertising to attract more people into banking</td>
<td>48</td>
<td>1.00</td>
<td>5.00</td>
<td>3.83</td>
<td>.95</td>
</tr>
<tr>
<td>The institution should introduce agency banking where they can easily reach to the people in the villages</td>
<td>48</td>
<td>1.00</td>
<td>5.00</td>
<td>4.08</td>
<td>.96</td>
</tr>
<tr>
<td>Pride microfinance should embrace mobile banking since most people can access phones at any time</td>
<td>48</td>
<td>1.00</td>
<td>5.00</td>
<td>3.92</td>
<td>1.09</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>48</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary Data

The table above shows that the institution should move to villages so as to get closer to the poor people (mean = 4.17, std.dev = .97)

On the strategies respondents advised that Pride microfinance should take closer it’s services to villages so as to get closer to all those who cannot afford to move to towns to access financial services, as stated by (Conroy,2013).
Respondents further agreed that Pride microfinance should carry out intensive advertising to attract more people into banking a means to improve financial inclusion, (mean = 3.83, std.dev=.97) (Carbo, et al, 2005).

It was advised that the institution should introduce agency banking where they can easily reach to people in the villages which are branch less (mean = 4.08, std.dev=.96)

Respondents also agreed that Pride microfinance should embrace mobile banking since most people can access phones at any time anytime in agreement with Naser, et al, 2000) unlike bank branches which are few and in specific areas (mean = 3.92, std.dev = 1.09). This strategy could increase the number of the number of people accessing financial services largely.
CHAPTER FIVE
CONCLUSION AND RECOMMENDATIONS

5.0 Introduction
This chapter presents the conclusion and recommendation(s) arising from the research findings from chapter four.

5.1 Conclusion
The financial inclusive activities findings revealed that Pride carries out a number of financial inclusive activities. The study also concluded that group based lending is one of the most novel approaches of lending small amounts of money to a large number of clients who cannot offer collateral hence increasing financial inclusion.

The study revealed that there are a number of challenges facing the application of financial inclusive activities by MFIs which have created a barrier for successful financial inclusion to their clients.

In this regard the study established a number of strategies for improving the application of financial inclusive activities. Additionally the study concluded that innovating new products helps to meet the needs of the customers.

Further it was concluded that that village banks provides non–collateralized loans to its members and a place to invest savings which promotes social solidarity.

In addition the study concluded that availability of micro banking facilities and strong branch network are the major facilitators of developmental and expansionary activities hence greater inclusion of more community members.
Finally the study concluded that savings mobilization is a major force in microfinance and other microenterprise programs that play a significant role for fostering savings among the poor populations.

5.2 Recommendations
Based on the findings the study recommends that microfinance institutions should take into account group lending, individual lending, village banking and saving mobilization in order to enhance financial inclusions in microfinance banking in Uganda.

The study also recommends further studies to establish other factors that influence financial inclusion.

Further studies are also recommended to establish the influence of microfinance banking on the growth of the small and medium enterprises in Uganda.

The study sought to examine financial inclusive activities practiced by MFIs in Uganda thus further studies should be carried out to establish the influence Microfinance banking on the performance of financing institutions. Also, further studies should be carried out to establish the influence of Microfinance banking on the growth of small and medium enterprises in Uganda.
REFERENCE


Littlefield, E. (2003). Is microfinance an effective strategy to reach the millennium development goals. CGAP.


Xu, Lisa, and Bilal Zia. (2012). literacy around the world: an overview of the evidence with practical suggestions for the way forward.
Appendix I: Sample of the Questionnaire

MAKERERE UNIVERSITY

Dear respondent,

I’m Muringo Diana Wambui Kirunda a student on Masters of Arts in Financial Services offered by Makerere University but taught at the Institute of Banking and Financial Services. As a partial fulfillment of the programme, I’m carrying out a research on financial inclusive Activities practiced By Pride Microfinance limited Uganda. You have been selected as one of the respondents and I kindly request you to fill the questionnaire. Information provided will be kept confidential and will be used for academic purposes only.

SECTION A: Background Information

Please tick the most appropriate option

1. Gender:

<table>
<thead>
<tr>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
</table>

2. Age:

<table>
<thead>
<tr>
<th>18 - 25</th>
<th>26 – 30</th>
<th>31 - 35</th>
<th>36 - 40</th>
<th>Above 40</th>
</tr>
</thead>
</table>

3. Education

<table>
<thead>
<tr>
<th>Diploma</th>
<th>Bachelors Degree</th>
<th>Masters Degree</th>
<th>PhD</th>
<th>Others</th>
</tr>
</thead>
</table>

4. Working Experience

<table>
<thead>
<tr>
<th>Less than 3 years</th>
<th>3 – 5 Years</th>
<th>6 – 10 years</th>
<th>Above 10 years</th>
</tr>
</thead>
</table>
SECTION B: FINANCIAL INCLUSION ACTIVITIES BY MICROFINANCE INSTITUTIONS IN UGANDA (Tick where appropriate)

(1 = Strongly Disagree, 2 = Disagree, 3 = Not Sure 4 = Agree, 5 = Strongly Agree)

<table>
<thead>
<tr>
<th>S/N</th>
<th></th>
<th>SA</th>
<th>A</th>
<th>NS</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Pride Microfinance limited regularly trains customers on various sources and uses of financial services.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>The institution encourages customers who can’t access money to form groups</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>3</td>
<td>The institution is now innovating new products such as paying utilities to encourage access to financial services.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>Savings mobilization has recently been recognized as a major force in Pride microfinance limited</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>5</td>
<td>Pride Microfinance institution encourages customers to save an avenue for the poor which accrues immense benefits to the savers</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>6</td>
<td>Encourage customers to access several services offered such as insurance.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>7</td>
<td>Peer pressure and peer support among the members are considered as the bank guarantees of these loans</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

SECTION C: CHALLENGES THAT HINDER MICROFINANCE FINANCIAL INCLUSION ACTIVITIES IN UGANDA (Tick where appropriate)

(1 = Strongly Disagree, 2 = Disagree, 3 = Not Sure 4 = Agree, 5 = Strongly Agree)

<table>
<thead>
<tr>
<th>S/N</th>
<th></th>
<th>SA</th>
<th>A</th>
<th>NS</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Lack of appropriate institutional savings facilities forces the individual to rely upon in-kind savings</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>Lack of education and understanding of product terms are the first barriers to access</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>3</td>
<td>Poorer clients are considered higher risk clients due to their lack of collateral</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>Lack of enough facilities to educate masses on proper financial management skills</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>
Large percentage of people are unbanked hence difficult to get service offered by Pride Microfinance limited

SECTION C: STRATEGIES TO ENHANCE FINANCIAL INCLUSION (Tick where appropriate)

(1 = Strongly Disagree, 2 = Disagree, 3 = Not Sure 4 = Agree, 5 = Strongly Agree)

<table>
<thead>
<tr>
<th>S/N</th>
<th>Strategy</th>
<th>SA</th>
<th>A</th>
<th>NS</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The institution should move to villages so as to get closer to poor people</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>Pride Microfinance should Carry out intensive advertising to attract more people into banking</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>3</td>
<td>The institution should introduce agency banking where they can easily reach to the people in the villages</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>Pride Microfinance should embrace Mobile banking since most people can access phone at any time</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

i. Kindly provide any more strategies if possible.

i) ...........................................................................................................................................

ii) ...............................................................................................................................................

Thank you very much

END