

**IMPROVING SMES ACCESS TO CREDIT THROUGH STRUCTURED TRADE  
FINANCING STRATEGY: A CASE STUDY OF DFCU UGANDA**

**BY**

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## **ABSTRACT**

The purpose of the study was to investigate how structured trade financing strategy can improve access to credit facilities among small and medium enterprises in Kampala. The research was guided by following study objectives: To assess the current terms and conditions that SMEs have to meet in order to access credit, to establish how structured trade financing strategy can be utilized to improve SME access to credit.

The research followed a cross sectional design. Primary data was collected using self administered questionnaires issued to the respondents. Data was collected and analyzed using a sample size of 79 respondents from a randomly selected population of 95 respondents including DFCU Bank staff and owners of SMEs in Kampala area. Data analysis was done with help of SPSS and with the use of descriptive statistics of mean, mode and standard deviation.

Study findings indicate that there are a number of mechanisms that have been devised by financial institutions to ensure that SMEs access credit and as well be in position to repay the loan amounts. However, it was found out that some of these terms and conditions that SMEs have to meet before accessing credit are quite unfavorable for them though they help the to get bank loans. Study findings have also indicated that since collateral security still remains a challenge to SMEs access to credit, structured trade financing strategy has been operationalized which has indeed enable many to access credit without necessarily providing collateral security. It was concluded that SMEs credit terms have facilitated them to have access to credit, structured trade finance is a good strategy for them to get credit given the multiplicity of challenges they face. It was recommended that financial institutions should grant SMEs a grace period, encourage SMEs to deposit collectively in centrally located storages to ease access to credit.