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**AGENCY BANKING IN UGANDA: OPPORTUNITIES AND
CHALLENGES**

A case study of selected banks in Uganda

BY

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ABSTRACT

The study focus was to examine the Opportunities and Challenges of Agency banking in Uganda. This was driven by the fact that agency banking is an innovative strategy of financial inclusion which is recommended by entrepreneurs in banking industry, scholars and researchers.

The study was guided by three research objectives which include: to identify the critical factors to consider before implementing Agency Banking in Uganda, to establish the opportunities and challenges of implementing Agency Banking in Uganda, and to recommend ways of maximizing the opportunities and countering possible challenges of Agency Banking in Uganda.

The research study adopted quantitative and qualitative cross-sectional design which was non-experimental in nature. Primary data was collected by questionnaire method for quantitative data and interview guides for qualitative data. Quantitative data was analyzed using SPSS to generate descriptive statistic that is frequency tables, mean and standard deviation while qualitative data was coded in explanatory way to supplement the numerical results from the questionnaire.

Results from the study revealed that Agency banking regulations, customers and agents' sensitization and willingness by financial intermediaries to venture into Agency banking were key to the implementations of Agency banking. However, reduction in operating costs, ability to reach remote areas that were previous unbanked, increase in revenues and overall financial inclusion are the main opportunities of Agency banking amidst of pervasive challenges including risk of customer data leakage, system failures, fraud, agents' liquidity issues and security.

The study recommends enactment of Agency Banking regulations that are airtight yet flexible enough to encourage banks and agents to venture into Agency Banking so they can benefit from the available opportunities by engaging in awareness drives and establishment of effective financial data security controls to boost the operations of agency banking.