ASSESSMENT OF FINANCIAL INCLUSION AND SAVINGS CULTURE OF HOUSEHOLDS IN UGANDA

A CASE OF BANK OF AFRICA IN MUKONO DISTRICT

BY

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DECLARATION

I, NSOBYA PETER SIMON declare that this research dissertation is my original work, and as far as I am aware it has never been submitted to any University or other institution of higher learning for the award of a master's degree or any other academic award.

Signature: .....

Date: 06-09-22

i

APPROVAL

This research project titled; ***Assessment of financial inclusion and savings culture of households in Uganda a case of Bank of Africa in Mukono District*** has been authorized to be submitted for examination with my approval as university supervisor.

Supervisor's Name: .....

Signature: .....

Date: ..... 06/04/2022 .....

ii

DEDICATION

This dissertation is dedicated to my dear family for their immeasurable love, care, and support to me during the course.

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This note of appreciation serves first and foremost to acknowledge and appreciate all the provisions of life, love and care by the Heavenly Father, God the Almighty who has enabled me reach this far.

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TABLE OF CONTENTS

LIST OF ABBREVIATIONS

ATMs	-	Auto-Teller Machines
BOU	-	Bank of Uganda
CBK	-	Central Bank of Kenya
CBS	-	Core Banking System
DOI	-	Diffusion of Innovation
FINCA	-	Foundation for International Community Assistance
GDP	-	Gross Domestic Product
MDGs	-	Millennium Development Goals
MDI's	-	Microfinance Deposit taking Institutions
OECD	-	Organization of Economic Cooperation and Development
POS	-	Point Of Scale
RRBs	-	Regional Rural Banks
SACCOs	-	Savings and Credit Cooperative Societies
UBA	-	Uganda Bankers Association
UN	-	United Nations

LIST OF TABLES

ABSTRACT

The study evaluated the assessment of financial inclusion and savings culture of households in Uganda using Bank of Africa in Mukono District as a case study. It was based on the following objectives; to assess the level of accessibility of banking services through agency banking for Bank of Africa, to assess the effect of low-cost banking services through agency banking channel for Bank of Africa and to determine the effects of increased customer transactions through agency banking for Bank of Africa in Mukono district. The study employed a descriptive research survey design based on a sample size of 97 out of 130 study population. Data was collected using questionnaires and the findings were as below;

There was a weak significant positive relationship between financial accessibility and savings culture of households at Bank of Africa ($r=0.484^{**}$ Sig=0.000≤0.01). It was further revealed that financial accessibility affects savings culture of households by 22.4% (Adjusted R-square =0.224) which implied that financial accessibility is not effectively administered / executed at the bank. There was a strong significant positive relationship between increased customer transactions and savings culture of households in Bank of Africa ($r=0.710^{**}$, Sig=0.000). It was revealed that increased customer transactions affect savings culture of households by 49.7% (Adjusted R-square = 0.497) which implied that increased customer transactions is not effectively administered/executed at the bank. There was a very strong significant positive relationship between low transaction cost and savings culture of households in Bank of Africa ($r=0.850^{**}$, Sig=0.000). It was revealed that low transaction cost affects savings culture of households by 71.9% (Adjusted R-square = 0.719) which implied that low transaction cost is somehow effectively administered/executed at the bank. The study concludes that geographical coverage is the most important benefit and therefore the most significant driver of financial inclusion. Customers don't have to travel far and then queue at ATMs and banking halls to make payments or withdrawals. The study recommends that Bank of Africa should adopt a risk – based approach to the supervision and regulation of agency banking. Enough agent security measures should be put in place as well.

CHAPTER ONE

INTRODUCTION

Financial inclusion has increasingly moved to the top of the policy agenda in many developing countries, reflected in several G20 statements (most recently in 2016 in Hangzhou), establishment of financial inclusion units in Central Bank and Ministries of Finance and specific financial inclusion targets. One important aspect of formulating policy goals, however, it is the ability to measure progress in achieving these goals. Over the past decade, enormous progress has been made in measuring financial inclusion across the globe.

At the same time, being able to measure financial inclusion has allowed us to gauge the progress due to financial innovation and policy interventions. Critically, as more evidence becomes available on what dimensions and aspects of financial inclusion are important for individual welfare and firm growth, data collection can be and has been adjusted accordingly. This study aims at establishing how financial inclusion impacts on savings culture among individuals in Mukono district in Uganda.

1.1 Background to the study

This chapter highlights the background of the study, statement of the problem, objectives of the study, scope of the study justification and significance of the study.

Financial inclusion is a multi-dimensional concept with the components of; access, usage and quality that are relevant for the purposeful expansion of financial products and services, such as savings, credit, insurance, and remittances to a broad number of people. It is an intervention strategy that seeks to overcome the type of market friction that hinders the markets from operating in favour of marginalized groups (Aduda & Kalunda, 2012). According to Sarma (2008), financial inclusion is a process which ensures easy access to financial services in an economy. According to the author, ease of access is measured by

proxies such as number of bank branches or ATMs per 1,000 adult populations. Khan (2011) contended that promoting financial inclusion, in the wider context of economic inclusion, can improve financial conditions and uplift the living standard of the poor and the disadvantaged.

According to him, financial inclusion can both improve the efficiency of intermediation between savings and investments and facilitate change in the financial system configuration. In the view of Aduda and Kalunda (2012), financial inclusion is the process of ensuring access to financial products and services needed by all sections of the society in general, but particularly, the vulnerable, weaker sections and low-income groups, fairly, transparently at an affordable cost in mainstream institutional players. Understood in this sense, financial inclusion has continued to assume increasing interest among policy makers, researchers and development-oriented agencies, across the globe. Accordingly, countries are devising various regulatory strategies and frameworks to ensure that all populations excluded from financial services are reached and served with a view of increasing savings.

According to the World Bank (2016), the total global gross savings (percentage of GDP) were 24.39% in the year 2016. Total gross savings in the sub-Saharan Africa was at 14.83% and in Uganda the gross savings rate was at 19.36% compared to its neighbor Rwanda which stood at 11.7%. Uganda Finscope report (2013) shows that 68 percent (representing 11.4 million adults) of the adult population had savings (both formally and informally). The demand for, and use of formal saving and investment products and services is low. However, the majority of the population that saved and invested used informal means. The survey results also revealed that formal saving products were mostly used by the urban population than those in rural arrears like Mukono municipality and the cited barriers to savings seem to point to the low financial literacy levels and low incomes, as low levels of financial inclusion.

In Africa, access to financial services mobilizes greater household savings (enabling such persons to invest in themselves and families), leverages capital for investments and expands the class of entrepreneurs. Financial inclusion offers incremental and complementary solutions to tackle poverty promote inclusive development and achieve the UN Sustainable (Millennium) Development Goals (MDGs). It aims at drawing the unbanked population into the formal financial services so that they have the opportunity to access the whole range of appropriate financial services. It is believed that "Financial inclusion is achieved when adults have easy access to a broad range of formal financial services that meet their needs at an affordable cost" (CBN, 2011). Such financial services include, but not limited to: payments, savings, loans, and insurance and pension products. Financial inclusion, which in this research study is defined as access to appropriate, fair, and affordable financial services, varies widely across the globe. This position implies that financial inclusion dictates deliberate attention to the historically excluded portions of the population from the formal financial sector due to their income levels and volatility, gender, location, type of activity or level of financial inclusion.

Globally, 2.5 billion people are financially excluded; approximately 80 percent in sub-Saharan Africa as compared to 8 percent in the high-income Organization of Economic Co-operation and Development (OECD) countries, and in Uganda, 80 percent have no access to mutually exclusive formal bank financial services (World Bank, 2014). Results from the Uganda Fin Scope survey of 2013 show that up to 76% of adults in urban areas in Uganda utilize either formal financial institutions (banks, Microfinance Deposit-taking Institutions (MDIs), or non-banks (mobile money, SACCOs and Micro Finance Institutions). In contrast, just 49% of adults utilized formal financial services in the rural areas of the country (Burlando & Canidio, 2015; Karlan & Robinson, 2013).

According to Demirguc-Kunt and Klapper (2012), survey data suggest that, even in advanced economies, almost one in five adults have no bank account or other form of access to the formal financial sector such that in many emerging and developing economies, the share of unbanked adults can be as high as ninety percent. In the same vein, in Uganda, a total of 19.2 million adults, representing 46.3 per cent of adult population, were excluded from financial services in Uganda as at 2014, out of which women, young adults (under 45years) and adults with no formal education accounted for 54.4 percent, 73.8 percent and 34 percent respectively (EFInA, 2013).

In Uganda, Financial inclusion is likely to keep expanding in the coming years, supported by economic development and initiatives of the Bank of Uganda (BOU) and other policymakers. These initiatives include nation-wide sensitization campaigns to enlighten the public on financial inclusion, geospatial mapping of financial Access Points, in collaboration with the Bill & Melinda Gates Foundation, to develop a business case for service providers on expanding access points to unbanked and under-served areas was completed. Further work to be done include leveraging on the outcome of 2014 Geo-spatial mapping survey to develop a business case for service providers on expanding access points to unbanked and under-served areas. For the central monetary authority, financial inclusion matters for several reasons.

Firstly, it would afford access to appropriate financial platforms which would allow the poor or otherwise disadvantaged to invest in physical assets and education, thus reducing income inequality and enhancing economic well-being. This would impact on financial development which would invariably aid poverty reduction and long-term economic growth (Burgess and Pande, 2005) and Levine (2005). Secondly, if greater financial access results in rapid credit growth or the expansion of relatively unregulated parts of the financial system, it may expose

banks to financial risks as appropriate support capacity may be unavailable for the new level of operations and outreach (Nwanko, 2014).

Additionally, the Ministry of Planning Finance and Economic Development in collaboration with Bank of Uganda came up with the National Financial Inclusion Strategy 2017-2022. This is Uganda's holistic strategy for promoting financial inclusion with emphasis on five pillars: Reduce financial exclusion and barriers to access financial services; Develop the credit infrastructure; Build the digital infrastructure; Deepen and broaden formal savings, investment, and insurance usage; and protect and empower individuals with enhanced financial capability.

Therefore, this study seeks to examine the impact of financial inclusion on savings culture in Uganda: A case of Mukono district. Specifically, it seeks to; examine how access to financial services affects deposits made to formal financial institutions; find out the effect of usage of financial services on deposits made to formal financial institutions and investigate the relationship between quality of financial services available and deposits made to formal financial institutions.

1.2 Problem statement

According to UBOS 2017, the number of households in Mukono municipality where any member holds a bank account were 6,569 amounting to only 56.3 percent and this is attributed to limited access to formal banking services since there are only 8 commercial bank branches, namely, Bank of Africa, Equity Bank, Barclays Bank (ABSA), Bank of Baroda, Stanbic Bank, Centenary Bank, DFCU Bank and Post Bank. There are only 2 Microfinance Deposit taking Institutions (MDI's), namely, FINCA Uganda Limited and Pride microfinance; all of which are concentrated in one geographical area in Central Division of Mukono Municipality. Financial inclusion is still low, especially in the rural areas of Mukono

district, where penetration of bank branches, Auto-Teller Machines (ATMs) and bank agents providing the formal financial products and services are unavailable. This ironically leaves the rural poor segment with no option but to rely on informal services which are often too costly, exploitative in nature, and at times lack a financial resource base sufficient for all at a given time.

Therefore, this study seeks to examine the impact of financial inclusion on savings culture in Uganda, A case of Mukono district. Specifically, it seeks to; examine how access to financial services affects transactions to formal financial institutions; find out the effectiveness and reliability of financial services offered by financial institutions and investigate the social impact on household savers.

1.3 Purpose of the study

The general objective of this study was to assess the impacts financial inclusion and savings culture in Uganda using Bank of Africa in Mukono district as a case study.

1.4 Objectives of the study

The specific objectives of this study were:

i. To assess the level of accessibility of banking services through agency banking for Bank of Africa in Mukono district.
ii. To assess the effect of low-cost banking services through agency banking channel for Bank of Africa in Mukono district.
iii. To determine the effects of increased customer transactions through agency banking for Bank of Africa in Mukono district.

1.5 Research questions

i. Describe the level of accessibility of banking services through agency banking for Bank of Africa in Mukono district?

ii. What is the impact of low-cost banking services through agency banking to Bank of Africa in Mukono district?

iii. What are the effects of increased customer transactions through agency banking for Bank of Africa in Mukono district?

1.6 Scope of the study

This was discussed under geographical, subject and time scope as below;

1.6.1 Geographical scope

The study was conducted at Bank of Africa. It is located in Mukono district as an area of coverage.

1.6.1 Content scope

The study focused on the impacts of financial inclusion on savings culture of households. For example it investigates access, usage, and quality of financial services by the rural poor in Uganda.

1.6.2 Time scope

The study covered a period of 6 years that is from 2017-2022. This period was chosen because there are challenges relating to processes of implementing the rate of savings culture of households within Bank of Africa in Mukono district.

1.7 Justification of the study

With respect to Uganda, many studies on financial inclusion have focused on the role of mobile money services in enhancing financial inclusion (see, for instance, Mbidde, 2017; Ssonko, 2010; and Musa & Annet, 2016). Others have focused on the effect of financial inclusion on economic growth (Harley et al., 2017; Ondiege, 2015). Considering the significant contribution that mobile money plays in enhancing financial inclusion, there is little empirical analysis in the academic arena on financial inclusion strategies used by financial institutions. This is particularly the case especially after the launch of the Financial Inclusion Project and the Uganda National Financial Inclusion Strategy 2017-2022.

Consequently, this study investigates the social impact of financial inclusion especially; access, usage and quality of financial services in Mukono district. More specifically, this study compliments the previous literature by using the most recent data on financial inclusion (with a special focus on mobile money services) to examine the linkage or relationship between the strategies and their favorable social outcomes. The findings of this study shed light on the significant role of financial inclusion and thus provide evidence-based policy analysis that can guide policymakers in formulating policies that can effectively reduce access barriers and broaden financial services in Uganda.

1.8 Significance of the study

With respect to Uganda, many studies on financial inclusion have focused on the role of mobile money services in enhancing financial inclusion (see, for instance, Mbidde, 2017; Ssonko, 2010; and Musa & Annet, 2016). Others have focused on the effect of financial inclusion on economic growth (Harley et al., 2017; Ondiege, 2015). Considering the significant contribution that for example, agency banking and mobile money plays in enhancing financial inclusion among Ugandans there is little empirical analysis in the

academic arena on impact of financial inclusion strategies used by financial institutions within Mukono district.

More specifically, this study compliments the previous literature by using the most recent data on financial inclusion (with a special focus on strategies to financial inclusion) to examine the impact of agency banking and mobile money services. The findings of this study will shed light on the significant role financial inclusion services play in reducing poverty, and thus provide evidence-based policy analysis that can guide policymakers in formulating policies that can effectively reduce access barriers and broaden financial services in Uganda.

1.9 Definition of key terms

Financial Inclusion

The United Nations and the World Bank, (2017) define financial inclusion as access to a wide range of financial products and services that are affordable or provided at reasonable cost, useful and able to meet the needs of households and businesses and provided in a responsible and sustainable manner. The World Bank classifies financial products and services as transactions, payments, savings, credit, and insurance.

Agency banking

Agency banking means providing limited scale banking and financial services to the underserved population through engaged agents under a valid agency agreement, rather than a bank teller or cashier (Kumar, Nair, Parsons and Urdapilleta, 2006; Rahman, 2016).

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter presents a review of existing literature and theories of fit and empirical data. It also looks at the summary of the literature review, critiques of literature review and the research gaps of findings regarding the past findings.

2.1 Theoretical review

2.1.1 Diffusion of Innovations Theory

Diffusion of Innovation (DOI) Theory, postulated by Rogers (1962), is one of the oldest social science theories. It originated in communication to explain how, over time, an idea or product gains momentum and diffuses (or spreads) through a specific population or social system. Researchers have found that people who adopt an innovation early have different characteristics than people who adopt an innovation later. When promoting an innovation to a target population, it is important to understand the characteristics of the target population that will help or hinder adoption of the innovation. There are five established categories of adopters, and while most of the general population tends to fall in the middle categories, it is still necessary to understand the characteristics of the target population. When promoting an innovation, there are different strategies used to appeal to the different adopter categories. Innovators: These are people who want to be the first to try the innovation. They are venturesome and interested in new ideas. These people are very willing to take risks and are often the first to develop new ideas. Very little, if anything, needs to be done to appeal to this population.

Early Adopters - These are people who represent opinion leaders. They enjoy leadership roles and embrace change opportunities. They are already aware of the need to change and so are very comfortable adopting new ideas. Strategies to appeal to this population include how-to manuals and information sheets on implementation. They do not need information to convince them to change.

2.2 The concept of agency banking

Agency banking means providing limited scale banking and financial services to the underserved population through engaged agents under a valid agency agreement, rather than a bank teller or cashier (Kumar, Nair, Parsons and Urdapilleta, 2006; Rahman, 2016). In agency banking, it is the owner of an outlet who conducts banking transactions on behalf of a particular bank, hence mimics real banking (Hawkins, 2012). Globally, retailers are increasingly utilized as important distribution channels for financial inclusion where shop retailers and post offices are used as agents (Bangladesh Bank Order, 2009; Mlachila et al., 2013). Instead of a branch cashier, it is the proprietor or a worker of the retail channel who does the transaction and conducts the clients deposit, withdrawals, funds transfer, and bills payment, check account balance, or takes delivery of government payments or an express deposit from their workplace (Vutsengwa and Ngugi, 2013). Agency banking model requires Bank of Africa to rely on the already existing institutions or business such as limited liability companies, cooperative societies, parastatals, trusts, partnerships, or individuals (BOU, 2014).

According to Ivantury and Timothy (2006), agency banking could be of benefit to the clients in the following ways: lower transaction cost (Closer to client's home), longer opening hours, shorter lines than in branches, more accessible for illiterates and the very poor who might feel intimidated in branches. To the agent; increased sales from additional foot-traffic, differentiation from other businesses, reputation from affiliation with well-known financial

institutions, additional revenue from commissions and incentives. Finally, to the financial institutions, increased customers base and market share, increased coverage with low-cost solutions in areas with potentially less number and volume of transactions, increased revenue from additional investments, interest and fee income, improved indirect branch productivity by reducing congestion.

2.3 The level of accessibility of banking services through agency banking

In Brazil, Agency banking was rolled out in year 2000 and within 5 years; it had over 90,000 new correspondent banking networks. These networks were from typically retail commercial outlets ranging from lottery kiosks, pharmacies, post offices, and construction goods stores. The agency network facilitated 12.4 million new bank accounts in the same period (Kumar et al., 2006). Peruvian banks started in December 2005 are the fourth in a number of agents worldwide after Brazil, the Philippines, and South Africa (Mas, 2008). Other widely known agency banking pioneers are in Kenya, Mongolia, South Africa, and the Philippines (Kumar et al., 2006).

Agency banking offers the potential to increase and deepen financial inclusion across Uganda. Following regulations passed in July 2017, banks in Uganda can use agency banking an extension of services traditionally offered in bank branches whereby third parties (agents) offer these services on behalf of banks to expand their presence, particularly in rural areas where brick-and-mortar branches are often expensive. For instance, estimates indicate that over 9 million Ugandans need to travel more than an hour to access a bank branch. For customers, agency banking means reduced travel time as well as greater access to and increased convenience of formal financial services (UNCDF Report February, 2019).

In Uganda agency banking model hoped to enhance access to financial services by allowing small businesses to operate as satellite branches. Based on early experiences, agency banking has a large contribution to make towards financial inclusiveness in developing countries. Policy makers and regulators are demonstrating keen interest in this topic, although in most countries regulation continues to constrain the emergency of agency banking. Where regulation permits, existing new branchless banking initiatives are being developed by a plethora of market participants (Neil and Leishman, 2010). However, agency banking has yet to demonstrate pro-poor, pro-growth impact for households, communities, and the National economics (Morawczynski and mark, 2009). Mukono district has witnessed an accelerated expansion of many banking services since independence.

Agency banking has enabled bank customer to access the banking services within the comfort of their neighbors-hood. Agency banking can dramatically reduce the cost of delivering financial services to unreached people. Agency banking helps address the two main problems of access to finance: the cost of roll-out (physical presence) and the cost of handling low-value transactions. This is achieved by leveraging networks of existing third-party agency for cash transactions and account opening and by conducting all transactions online. This sharp cost reduction creates the opportunity to significantly increase the share of the population with access to formal finance and in rural areas where many people in developing countries live (Lyman, et al, 2008).

There are 43 licensed commercial banks, 12 Micro Finance banks and 1 mortgage finance company in Kenya (Central Bank of Kenya [CBK], 2015). As of 30 June 2015, Central Bank of Kenya had authorized 17 commercial banks to offer banking services through third parties (agents). Since 2010 to June 2015, the 17 banks had contracted a total of 38,297 agents. These agents had undertaken over 175.4 million transactions valued at Kshs. 930.1 billion

(CBK, 2015). Mukono district has witnessed an accelerated expansion of many banking services since independence. However, despite the existence of banks in Mukono district, 32% of Mukono district's bankable population remains totally outside the orbit of financial services and many more being served by the informal financial systems (NFAS, 2009).

2.4 The effect of low-cost banking services through agency banking

When financial banks do not have branches that are close to the customer, the customer goes to transact with other services providers that are close to them (Kithaka, 2009). However, the innovation of new delivery models as a way of banking has helped the banks to be able to reach customers wherever they are in the world today. Through Agency banking, banks can provide banking services in an easy viable way to the customers because it provides convenience and reduces the cost. According to Podpiera (2008), the new model of Agency banking improves the economic status of the Agents because customers find it convenient to carry out transactions with the Agents than going to the bank.

Kithaka (2009) indicates that the transactions carried out by the Agent gives the cost and revenue estimation. These include the number of deposits, savings accounts transactions and reverse commitment accounts. The assumptions of revenue are made based on charges for withdrawals and transfers through Agent channels. Gardner (2010) says that Agent banking systems are three times cheaper to operate than branches because Agent banking minimizes fixed costs by leveraging existing retail outlets and reducing the need for banks to invest in their own infrastructure.

This argument is further supported by Kithaka (2009) who argues that setting up an Agent is cheaper than the cost of employing (costs 2 to 4 percent) a branch cashier. So even when operating at maximum capacity, a branch cashier incurs higher costs per transaction (78 cents in fixed costs per transaction) compared to Agents. Using banking Agents banks can acquire

entrepreneurs at less cost of a branch or POS-enabled Agent. Kithaka (2009) noted that, in many developing countries, banks have expanded their network through trusted local "Agents" or "correspondents" to offer their services. The sector has witnessed a rapid growth in the last ten years. For instance, whereas previously many banks focused on traditional banking, Agents in several countries are now authorized to offer many of the traditional products offered by banks. Banks have, therefore, moved up the ladder of product range to offer more sophisticated banking products such as bank supported insurance and asset financing products.

2.5 Effects of increased customer transactions through agency banking

According to Ivantury and Timothy (2006), agency banking could be of benefit to the clients in the following ways; lower transaction cost (Closer to clients home), longer opening hours, shorter lines than in branches, more accessible for illiterates and the very poor who might feel intimidated in branches, to the agency; increased sales from additional foot traffic, differentiation from other businesses, reputation from affiliation with well-known financial institutions, additional revenue from commissions and incentives, finally to the financial institutions; increased customers base and market share, increased coverage with low cost solutions in areas with potentially less number and volume of transactions , increased revenue from additional investments, interest and fee income, improved indirect branch productivity by reducing congestion.

According to (Neil & Leishman, 2010), When agents provide a range of services (e.g., account opening, deposits, withdrawals, bill payments, etc.) they can generate transaction volume and balance liquidity. An agent must maintain adequate cash and e-money float balances to meet customer cash-in/cash-out requests. If too much cash is taken in, the agent may run out of e-float and not be able to accept more deposits. If there are too many

withdrawals, the agent will accumulate e-float but run out of cash. In either case, customers will get discouraged if the agent cannot provide the services they need when they need them. This is a big risk in losing loyal customers of the other business operated by the agent. In addition, a secure mechanism needs to be in place to transport cash needs to and from an agent.

2.6 The level of utilization of agency banking for financial inclusion

Agency banking systems are up to three times cheaper to operate than branches for two reasons. First, agent banking minimizes fixed costs by leveraging existing retail outlets and reducing the need for financial agent banks to invest in their own infrastructure. Although agent banking incurs higher variable costs from commissions to agents and communications, fixed costs per transaction for branches are significantly higher (Gardner, 2000).

According to Dupas et al (2011), studies and interventions to date have focused almost exclusively on the supply side of banking. The quality of the financial services provided has important effects on rural demand. If people are not banked because they do not trust banks or banking agents, because they find services to be unreliable, or because account maintenance or withdrawal fees are prohibitive, then expanding such flawed services is unlikely to be appealing. On the demand side, little attention has been paid to understanding reasons other than access for why people may choose to stay out of the formal banking system. Before the agency banking model was introduced in Kenya, there was a heavy cost of including low-value bank accounts and providing the (physical) “brick and mortar” banking infrastructure to unbanked regions. There are 43 licensed commercial banks, 12 Micro Finance banks and 1 mortgage finance company (Central Bank of Kenya [CBK], 2015). As of 30 June 2015, Central Bank of Kenya had authorized 17 commercial banks to offer banking services through third parties (agents). Since 2010 to June 2015, the 17 banks had

contracted a total of 38,297 agents. These agents had undertaken over 175.4 million transactions valued at Kshs. 930.1 billion (CBK, 2015).

Agency banking has been advocated by various countries as a major aspect of financial deepening and inclusion. Financial inclusion or banking sector outreach can be defined broadly as the process of availing an array of required financial services, at a fair price, at the right place, form, and time and without any form of discrimination to all members of the society. The objective of financial inclusion should be advantaging the poor majority of who do not use formal financial services. Proponents of financial inclusion opine that financial exclusion leads to loss of opportunity to grow, a retarded country's growth and increased poverty levels (Aduda & Kalunda, 2012).

According to Chakrabarti (2012), financial inclusion has become one of the most critical aspects in the context of inclusive growth and development in the developing countries. India has, for a long time, recognized the social and economic imperatives for broader financial inclusion and has made a huge contribution to economic development by finding pioneering ways to empower the poor. Starting with the nationalization of banks, priority sector lending requirements for banks, lead bank scheme, establishment of Regional Rural Banks (RRBs), service area approach, self-help group-bank linkage programme, etc., multiple steps have been taken by the Reserve Bank of India (RBI) over the years to improve access to the poorer segments of society. The RBI has, therefore, formulated the policy of financial inclusion with a view to provide banking services at an affordable cost to the disadvantaged and low-income groups.

Under the BOU regulations (2017) and (FIA, amendment 2016), Bank of Africa agents can offer several banking services, including cash deposits and withdrawals, fund transfers, bill payments, loan payments, payment of benefits and salaries, and collection of account and

loan applications. However, agents are limited to cash-only transactions and cannot access other banking application systems. Agents earn a commission from banks per deposit, and for every customer withdrawal, split evenly between the bank and the agent (Kenya Commercial Bank [KCB], 2015). The BOU regulations (2017) require that agents have secure operating systems capable of carrying out real-time transactions, generating an audit trail, and protecting data confidentiality and integrity, which is all driven by technology. Transactions can be made via mobile phone, a Point of Sale (POS) system, or Internet banking, and must be reflected immediately on the bank's side in their Core Banking System (CBK, 2010).

2.7 Conclusion

The Parliament of the Republic of Uganda passed the Financial Institutions (Amendment) Act, 2016 which makes provisions for Agent Banking. Agent Banking, governed by Agent Banking Regulations 2017 has enable financial institutions enter the Digital Financing space to drive financial inclusion and increase access to financial/banking services to a range of under-served and unbanked population segments. Banks in Uganda through their umbrella body Uganda Bankers Association (UBA) have approached Agent Banking through a shared interoperable technology platform and agent network management framework to harness the benefits that accrue from collaboration / convergence. The approach is meant to enable all agents provide agent banking services to customers of all / any bank as the individual banking institutions continue to drive the recruitment of customers and marketing of their own products and services. Through this shared platform, banks will use Agent Banking Services to foster financial inclusion and deepen the financial infrastructure and financing lower levels of the economy helps families of any social and economic status to create wealth.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter presents the methodology that was used to conduct the study. It comprises of; the research design, the study area and population, the study sample and size, sampling techniques and procedures data collection methods, data collection instruments, data quality controls (validity and reliability), procedure of data collection, data analysis and measurement of variables and limitations of study.

3.1 Research design

The study adopted a cross-sectional survey research design which involved collecting data at a particular point in time that is useful in obtaining facts and perceptions of respondents. A cross sectional survey is also useful in making statistical explanations and inferences about the key variables of the study (Saunders et al., 2011). This type of research design enables the researcher to make inferences about key variables of the study (Saunders et al., 2011). Specifically statistical relationships between financial inclusion and household savings were examined. Cross-sectional studies are perceived to be relatively inexpensive, faster and easier to do, and useful for generating and clarifying hypotheses and can lay the groundwork for decisions about follow-up studies (Sekaran, 2000).

3.2 Target population

According to Cooper and Schindler (2006) a target population is a population having the desired information. In this study, the targeted population was both the customers, agents and the staff working for Bank of Africa Mukono branch in Mukono district. The targeted population of this study was therefore 130 respondents i.e. individual and SME customers, bank agents, Bank of Africa staff working in operations department, finance

department, retail sales department, ICT department, marketing department, bank agents, individual customers and SME businesses.

Table 3.1: Target population

Category of departments	**Target population**
Operations department	4
Finance department	5
Retail sales department	15
ICT department	4
Marketing department	2
Bank agents	30
Individual customers	50
SME Businesses	20
Total	**130**

Source: Primary data, 2022

3.3 Sampling design and procedure

This section discusses the different techniques of sampling procedure and sample size as follows;

3.3.1 Sampling design

The study adopted both probabilistic and non-probabilistic sampling techniques. Under probabilistic sampling the study employed stratified and simple random sampling techniques because it would give respondents equal chances to participate in the study. Furthermore, under non-probabilistic sampling technique the researcher used a purposive sampling technique. The purposive sampling techniques helped the researcher to get information

relevant in the study by sampling those employees having more knowledge regarding the variables under study (Cresswel, 2003).

3.3.2 Sampling procedure

The study used stratified sampling technique and then after a simple random sampling method (lottery approach) was used to select the respondents from each category. These categories included; operations department, finance and accounts department, retail sales department, ICT department, marketing department, bank agents, individual customers and SME businesses. The departments formed the strata. Simple random sampling was applied on the retail sales department, bank agents, individual customers and SME businesses where respondents' names were placed on a bowl and draw using rotary method. The selection technique was attributed to its key advantage of eliminating bias and giving all the targeted respondent equal chances of participating in the study (Kothari, 2003).

Purposive sampling was also used in selecting respondents on the basis of their knowledgeable and experience in line with the study variables. According to Katebire (2007), this technique sometimes referred to as judgmental sampling; where a researcher on his/her own judgments targets specific subjects to participate in the study because they had perceived knowledge or experience in relation to the study under investigation. Purposive sampling was used to select participants from operations department, finance department, marketing department and ICT department.

3.3.3 Sample size

The sample size was derived from Krejice and Morgan model of (1970). It comprised of operations department, finance and accounts department, retail sales department, ICT department, marketing department, bank agents, individual customers and SME businesses.

The sample size 97 was shown in the table below and was determined using the Krejice and Morgan (1970).

Table 3.2: Sample Size

Departments	**Target population**	**Sample size**	**Sampling technique**
Operations department	4	4	Purposive sampling
Finance and accounts department	5	5	Purposive sampling
Retail sales department	15	14	Simple random sampling
ICT department	4	4	Purposive sampling
Marketing department	2	2	Purposive sampling
Bank agents	30	28	Simple random sampling
Individual businesses and customers	70	59	Simple random sampling
Total	**130**	**97**	

Source: Primary data, 2022

3.4 Data Sources

The study utilized both primary and secondary sources of data.

3.4.1 Primary source

Primary data was essentially extracted from respondents and was collected by administering semi-structured questionnaire. A semi-structured questionnaire is deemed appropriate since part of the questionnaire offers the respondents a choice of picking their answers from a given set of alternatives while the other part of the questionnaire allowed them to qualify their responses (Amin, 2005).

3.4.2 Secondary source

Secondary data alternatively was extracted from literature, related texts, journals with literature relevant to the research topic was analyzed as secondary sources of data to strengthen the primary data got from interviews (Amin, 2005).

3.5 Data collection methods

3.5.1 Questionnaire

The study used the questionnaire survey method to collect data from the respondents. The use of a questionnaire in this study was important mainly because the purpose of the study was to establish the relationship financial inclusion and savings culture of respondents. Such information was collected on a closed ended questionnaire which allowed for easy correlation and regression of the respondent's attitudinal disposition on the independent and dependent variables. Secondly the use of a questionnaire method allowed busy respondents fill it at their convenient time. It also allowed the respondents express their views and opinions without fear of being victimized or exposed.

3.6 Data collection instruments

The researcher used questionnaires to collect the data and also used different instruments in data collection for example pens, pencils, notebooks, rulers and spread sheet.

3.6.1 Questionnaire

Dick, Bob Convergent (2018) says that a questionnaire refers to a research instrument consisting of a series of questions and other prompts for the purpose of gathering information from respondents. It was used because large amounts of information can be collected from many people in a short period of time and in a relatively cost-effective way, and it is so much practical. The researcher used both open-ended and closed questionnaires and was self-administered to respondents. The questionnaires were first pre-tested before going for the

actual data collection. This method was selected, and questionnaires were submitted in physically by the researcher for filling.

3.7 Data quality control

3.7.1 Validity

Validity is the extent to which research instruments measure what they are intended to measure (Russell, 2011). The researcher made use of expert judgment to confirm the validity of the instruments. The relevance of each item in the research instruments to the research objectives was evaluated. In particular, the reviewers rated each item as either relevant or not relevant. Validity was determined using Content Validity Index (C.V.I), where; C.V.I = Items rated relevant by both judges divided by the total number of items in the questionnaire as shown below;

$$CVI = \frac{\text{Number of items rated relevant by all judges}}{\text{Total number of items}}$$

CVI = 35/40 = **CVI = 0.875**

The validity of the instruments was tested and gave a result of 0.875 which was above 0.7 as agreed by Dawson (2005). This meant that the validity of the instrument was 76% which was above average.

3.7.2 Reliability Test

Reliability is the extent to which research instruments come up with consistent results. The questionnaires' reliability was statistically established by measuring the internal consistency. In turn, internal consistency was measured using Cronbach's Alpha (α). The alpha value ranges between 0 and 1 with reliability increasing consistently with increase in value. Coefficient of 0.6-0.7 is a normally accepted rule of thumb that designates acceptable reliability and 0.8 or higher indicated good reliability (Greener, 2008).

Table 3.3: Showing reliability statistics

Variables	Number of items	Cronbach's alpha
Financial accessibility	10	0.750
Low transaction cost	10	0.961
Increased customer satisfaction	10	0.794
Savings culture of households	10	0.967
Overall score	**40**	**0.961**

The Cranach's alpha value of 0.961 that was above 0.7 implied that data under analysis was reliable in accordance to Amin, (2005)

3.8 Data collection procedure

The researcher through proper channels asked for an introductory letter from Makerere University. The researcher ensured confidentiality of the survey sheet since the identities were not important. Participants were given time to respond and after the researcher collected the survey. Secondary data was collected from the bank journals, dissertations other records using document review guide.

3.9 Data Processing and Analysis

This discussed both data processing and analysis methods as follows.

3.9.1 Data processing

After data collection and editing, data cleaning process followed. Coding was done to ensure consistency, completeness, accuracy, and comprehensibility. Data editing was carried out to ensure that the data from the respondents was accurate, reliable, and consistent. After data

editing, the responses were translated into numerical terms and finally tabulated in form of frequencies, mean averages for easier analysis.

3.9.2 Data analysis

The researcher used both qualitative and quantitative methods of data analysis. Data analysis follows an inductive content analysis that permits identification of themes and patterns of explicit word used in raw data and literature review (Ragin, 2007).

Quantitative data Analysis- in analyzing data, data from questionnaires was first sorted and coded. Analysis was done using the Statistical Package for Social Science (SPSS). Both excel and SPSS have a similar feel, with a pull-down menu, a host of built-in statistical function and spread sheet format for easy data entry. SPSS has faster and easier tests (Junker & Pennink, 2010). The analysis relied on both descriptive and inferential statistics. Quantitative data got from the questionnaires was computed into frequency counts and percentage.

The descriptive statistics included use of frequency tables, mean, and standard deviation. The researcher adopted bivariate analysis techniques in analyzing his data. Bivariate analysis is the simplest form of analysis. The hypotheses were tested using person correlation Coefficient. In addition to frequency distribution, tables mean, and standard deviation and other measures of central tendency were used in data analysis.

3.10 Ethical considerations

There are several reasons why it is important to adhere to ethical norms in research. First, norms promote the aim of research, such as knowledge, truth, and avoidance of error. For example, prohibition against fabricating, falsifying or misrepresenting research data, promote truth and avoid errors.

Second, since research is often involving great deal of cooperation and coordination among many different people in different disciplines and institution, ethical standards promote the

values that are essential to collaborate work, such as trust, accountability, mutual respect, and fairness (Groves et al, 2009).

The researcher sought the consent of the respondents and gave them assurance that they study was purely academic for award from Makerere University.

The respondents' names were withheld to ensure anonymity and confidentiality in terms of any future prospect. To avoid bias, the researcher interviewed the respondents one after the other and ensured that he informed them about the nature and extent of his study and gave reasons as to why he was interviewing them.

3.11 Limitations of the study

The researcher encountered the following study limitations:

Some of the statements in the questionnaires were not filled whereas some questionnaire went missing this hindered the study because some people didn't give their important opinions; however, the study used a multi methods to get information like interviews and minor observations.

It was not easy for one to get information from the respondents because some people were biased to give information concerning their operations that are critical like declaring their savings however, assurance was given that the information was only for academic and not for any other business and the respective Bank staff played a great role in introducing the researcher so as to be trusted.

The costs of the study were high especially on secretarial work, transport, and communication.

Time constraint: The researcher expects to encounter a challenge of allocating enough time to do the research. However, the researcher utilized the limited time available to do the research by employing research assists.

Methodological limitation: Analysis of statistical data may be a challenge since the researcher has limited computer knowledge of analyzing the raw data. The researcher therefore, had use data statistician to overcome the limitation.

Literature review limitation. Due to lack of updated library facilities nearby where the research study was conducted, the researcher may meet high transport costs to the library in Kampala for literature review. However; the researcher with time used internet services to overcome this limitation.

CHAPTER FOUR

PRESENTATION, DISCUSSION, AND INTERPRETATION OF THE FINDINGS

4.0 Introduction

This sub-section presents the interpretation of the response rate and the background information of the respondents as was captured in the questionnaires. The study based on the study objectives and research questions as; to assess the level of accessibility of banking services through agency banking in Bank of Africa in Mukono district, to assess the effect of low cost of bank services through agency banking in Bank of Africa in Mukono district and to determine the effects increased customer transactions through agency banking to Bank of Africa in Mukono district. Data was analyzed using SPSS Version 20.0 and was presented using tables, graphs, and pie charts. Inferential statistics were used to present the relationship between variables, ANOVAs and Coefficient of variations as follows.

4.1 Response Rate

According to Saldivar (2012), the term response rate refers to the percentage of individuals who responded to a survey that was administered to them. The study targeted a sample size of 97 respondents from which 80 were returned, making a response rate of 82.5%. This response rate was good and representative. According to Mugenda and Mugenda, (2009) response rate above 50% is adequate to carry out an investigation, while 60% is good and 70% response rate is excellent thus this response rate passed the threshold of data analysis for this study; Assessment of financial inclusion and savings culture of households in Uganda a case of bank of Africa in Mukono District.

4.2 Demographic characteristics of respondents

The findings on demographic characteristics of respondents were considered and can be evidenced as below.

4.2.1 Findings on the gender of the respondents

Respondents were asked to state their gender to find out whether it has an effect on their responses. The following data was obtained.

Table 4.1: Gender distribution of the respondents

	Gender	**Frequency**	**Percent**
Valid	Male	50	62.5
	Female	30	37.5
	Total	**80**	**100.0**

Source: Primary data, 2022

Table 4.1 shows that out of the 80 respondents, most of the respondents were male with a respondent rate of 62.5% and 37.5% were female. This clearly shows that male participants were more in number compared to female participants and thus the research interprets the above collected data that males are more engaged in financial activities compared to females in Mukono district.

4.2.2 Age level of the respondents

Findings on the age of respondents were considered to find out whether the age of the respondents could help the researcher to get valid information on the effect of financial inclusion and savings culture of households within Mukono district. The findings are as verified in the table below;

Table 4.2: Age distribution of the respondents

	Age bracket	**Frequency**	**Percent**
Valid	18-30 years	20	25.0
	31-40 years	35	43.8
	41-50 years	15	18.8
	51 years and above	10	12.5
	Total	**80**	**100.0**

Source: Primary data, 2022

Table 4.2 shows that majority of the respondents were aged between 31-40 years and these were 43.8% of respondents, 18.8% were aged between 41-50 years, 25.0% were between 18-30 years and 12.5% were above 51 years. This clearly shows that majority of people between the age of 31-40 are financially included and they also carryout savings with their respective financial institutions. This is because majority of them have sources of income, whether from business or gainful employment.

4.2.3 Educational level of the respondents

Findings on the education level of respondents were considered to find out whether they influenced the relationship between financial inclusion and savings culture of households within Bank of Africa in the study.

Table 4.3: Education level of the respondents

	Education level	**Frequency**	**Percent**
Valid	Certificate	5	6.2
	Diploma	24	30.0
	Bachelor's degree	39	48.8
	Master's degree	10	12.5
	PhD	2	2.5
	Total	**80**	**100.0**

Source: Primary data, 2022

Table 4.3 shows that majority of the respondents were bachelor's degree graduates and response rate was 48.8%. These were followed by the diploma holders at 30.0%, certificate holders at 6.2%, 12.5% were master's degree holders while PhD holders were 2.5%. Therefore, it is clearly indicated that majority of the respondents who participated in the study were degree holders and minority were PhD holders. This can be attributed to the utilization of government programmes. This shows that most of the respondents in this study had undergraduate education and hence they had the information required in relation to financial inclusion and savings culture of households in Mukono district a case for Bank of Africa.

4.2.4 Response on the number of years taken while having a bank account

The researcher managed to collect information from the respondents about the number of years respondents spent while having a bank account in Bank of Africa, the information was got and presented as below in the table;

Table 4.4: Number of years while having a bank account

	Years	**Frequency**	**Percent**
Valid	One year	16	20.0
	2-5 years	44	55.0
	6-10 years	12	15.0
	Above 10 years	8	10.0
	Total	**80**	**100.0**

Source: Primary data, 2022

From the above table 4.4, majority (55.0%) of the respondents had spent 2-5 years saving with Bank of Africa, (20.0%) had spent one year, (15.0%) had spent 6-10 years while 10.0% had spent above 10 years saving with Bank of Africa.

4.2.5 Marital status of the respondents

The researcher also collected data on marital status of the respondents. Findings on the marital status of the respondents were considered to find out whether the marital status of the respondents can help the researcher to get valid information on financial inclusion and savings culture of households within Mukono district. The findings are as verified in the table below;

Table 4.5: Marital status of the respondents

	Marital status	**Frequency**	**Percent**
Valid	Married	38	47.5
	Single	30	37.5
	Widowed	8	10.0
	Separated	4	5.0
	Total	**80**	**100.0**

Source: Primary data, 2022

Concerning marital status of the respondents, majority of the respondents were married (47.5%) followed by those who were single (37.5%). Those who were widowed were 10.0% and lastly those separated were 5.0%. This implies that the staff, agents and customers for Bank of Africa were those mostly married or have ever been married, which reflects on them being responsible persons. The married group adopts agency banking more than the single group category probable because of different roles they play (work, family, social and academic) and they find agency banking helping in balancing their life activities unlike the single group who are restricted in this regard.

4.2.6 Working period

The study sought to establish whether the period spent while working within Bank of Africa influenced financial inclusion and savings culture of households.

Table 4.6: Period spent while working with Bank of Africa

	Years	**Frequency**	**Percent**
Valid	Below 1 year	12	15.0
	1-5 years	41	51.2
	6-10 years	10	12.5
	11-15 years	15	18.8
	Above 15 years	2	2.5
	Total	**80**	**100.0**

Source: Primary data, 2022

According to Table 4.6 above shows that majority of the respondents had between 1-5 years of work catering for 51.2% of the respondents. 18.8% had worked for between 11-15 years, 15.0% had worked below 1 year, 12.5% had worked for 6-10 years while 2.5% had worked for 15 years and above. This implies that most of the respondents had a binding relationship with the bank and were thus concerned about financial inclusion and savings culture of households, so our study would yield valid results from the study. This also meant that majority of the employees in Bank of Africa tend to enjoy long employment tenure ship.

4.2.7 Findings on the department of respondents

Respondents were asked to indicate the various departments of operation as a basis to determine the credibility of their information regarding financial inclusion and savings culture of households, the data obtained is presented in the table 4.7 below;

Table 4.7: Departments of respondents at work

	Departments	**Frequency**	**Percent**
Valid	Operations department	8	10.0
	Finance and accounts department	5	6.2
	Retail sales department	6	7.5
	ICT department	2	2.5
	Marketing department	5	6.2
	Bank agent	4	5.0
	Individual businesses and customers	50	62.5
	Total	**80**	**100.0**

Source: Primary data, 2022

From the table 4.7 above, it was observed that 10.0% of the respondents were from operations department, 6.2% were from the finance and accounts department, 7.5% were from retail sales department, 2.5% from ICT department, 6.2% were from the marketing department while 5.0% were from Bank agent and 62.5% were individual businesses and customers. This meant that the study managed to gather data from at least each department in the Bank of Africa structure without bias thus the results were highly dependable.

4.2.8 The minimum saving per deposit of the respondents

Table 4.8: Minimum saving per deposit

	Saving per deposit	Frequency	Percent
Valid	1-500,000	27	33.8
	500,001-1,000,000	47	58.8
	1,000,001 and above	6	7.5
	Total	**80**	**100.0**

Source: Primary data, 2022

From the data presented in table 4.8 above, majority of the respondents clearly stated that they saved between 500,001/= to 1,000,000/= which contributed to 58.8%. This was followed by 33.8% of respondents who stated that they saved between UGX 1/= to UGX 500,000/=, then 7.5% who save UGX 1,000,001 and above. Hence research interpreted the above findings in table 4.8 that majority of the respondents were saving an average between UGX 500,001 to UGX 1,000,000/=, a factor that shows improved income earnings for people in Mukono District.

4.2.9 Occupation of the respondents

The study also examined the description of the respondents' occupation in Mukono district and which is indicated below:

Table 4.9: Occupation of the respondents

	Occupation	**Frequency**	**Percent**
Valid	Business	45	56.2
	Farmer	14	17.5
	Employed	21	26.2
	Total	**80**	**100.0**

Source: Primary data, 2022

According to table 4.9 above showed the results from the study that were collected from the field using questionnaires that were conducted at Bank of Africa indicated that the percentage of the respondents employed were 26.2% and those doing business were 56.2% while 17.5% were farmers. The highest representation was (56.2%), which implied that most customers for Bank of Africa had enough experience at their work stations to help them execute their duties satisfactorily. In analyzing financial inclusion and savings culture of households of Bank of Africa, the question of respondents with less experience was not applicable.

4.2.10 Type of account of the respondents

Respondents' views on type of account of the respondents they have.

Table 4.10: Type of account of the respondents

	Type of account	Frequency	Percent
Valid	Savings account	53	66.2
	Fixed deposit account	8	10.0
	Current account	17	21.2
	Others	2	2.5
	Total	**80**	**100.0**

Source: Primary data, 2022

Table 4.10 show above shows that 66.2% of the respondents in Bank of Africa have savings account, 10.0% have fixed deposit account, 21.2% have current account while 2.5% have other types of accounts.

4.2.11 Nature of the family of the respondents

Table 4.11: Nature of the family of the respondents

	Nature of family	Frequency	Percent
Valid	Polygamy	60	75.0
	Monogamy	20	25.0
	Total	**80**	**100.0**

Source: Primary data, 2022

According to Table 4.11 data show that 75.0% of respondents had polygamous family while 25.0% had monogamous family.

4.2.12 Number of children of the respondents

Respondents were asked about the number of children they have and below were the findings.

Table 4.12: Number of children of the respondents

	Number of children	Frequency	Percent
Valid	1-5	28	35.0
	6-10	50	62.5
	None	2	2.5
	Total	**80**	**100.0**

Source: Primary data, 2022

Table 4.12 above shows that 62.5% respondents have 6-10 children, 35.0% have 1-5 children and 2.5% do not have children. This implies that most of the respondents in Bank of Africa have children.

4.2.13 Response on whether respondents save with any other bank?

The researcher managed to collect information from respondents on whether staff, agents and customers save with any other bank and the information was got and presented as below in the table;

Table 4.13: Do you save with any other bank?

	Response	Frequency	Percent
Valid	Yes	60	75.0
	No	20	25.0
	Total	**80**	**100.0**

Source: Primary data, 2022

From the table 4.13 above, it was revealed that most of the respondents said yes by 75.0% and followed by who said No by 25.0% meaning that respondents save with other banks apart from Bank of Africa since majority of the respondents agreed with the statement.

4.3 The level of accessibility of banking services through agency banking for Bank of Africa in Mukono district

4.3.1 Findings on whether accessibility of banking services through agency banking affect the savings culture of households in Bank of Africa

Respondents were asked whether accessibility of banking services through agency banking affect the savings culture of households in Bank of Africa and the findings were presented in table below.

Table 4.14: Showing whether accessibility of banking services through agency banking affect the savings culture of households in Bank of Africa

	Response	**Frequency**	**Percent**
Valid	Yes	70	87.5
	No	10	12.5
	Total	**80**	**100.0**

Source: Primary data, 2022

From the table 4.14 above, it was revealed that most of the respondents said yes by 87.5% that accessibility of banking services through agency banking affects the savings culture in Uganda and those who said No by 12.5% meaning that they disagreed with the statement.

Table 4.15: Showing the extent whether low transaction cost through agency banking affect the savings culture of households in Mukono district

	Response	Frequency	Percent
Valid	To a very great extent	20	25.0
	To a great extent	34	42.5
	To a moderate extent	10	12.5
	To a little extent	12	15.0
	To no extent	4	5.0
	Total	**80**	**100.0**

Source: Primary data, 2022

The study revealed that majority 42.5% of the respondents agreed to a great extent that low transaction cost through agency banking affect the savings culture of households in Mukono district, 25.0% argued that to a very great extent, 12.5% to a moderate extent, 15.0% to a little extent and 5.0%disagreed that to no extent.

The first objective of this study was to assess the level of accessibility of banking services through agency banking for Bank of Africa in Mukono district. To achieve this objective, respondents were asked to react to several statements on financial accessibility. In this case the respondents were asked to rate or give their opinion on this variable using the scale ranging from minimum of 1-5: Likert scale of 1= Strongly disagree, 2 = Disagree, 3 =Not sure, 4=Agree, 5 = Strongly Agree. Data on this objective was analyzed using the Likert-scale questionnaire responses and the results are summarized in tables below;

Table 4.16: Descriptive Statistics on financial accessibility

Statements	1	2	3	4	5	Mean	Std. Deviation
	SD	D	NS	A	SA		
Financial inclusion is a multi-dimensional concept with the components of access, usage, and quality	2 2.5%	8 10.0%	9 11.2%	46 57.5%	15 18.8%	3.80	.947
Financial inclusion is a process which ensures easy access to financial services in an economy	20 25.0%	30 37.5%	1 1.2%	16 20.0%	13 16.2%	2.65	1.459
Financial inclusion can both improve the efficiency of intermediation between savings and investments	5 6.2%	22 27.5%	8 10.0%	34 42.5%	11 13.8%	3.30	1.195
Ensuring access to financial products and services needed by all sections of the society	4 5.0%	9 11.2%	12 15.0%	43 53.8%	12 15.0%	3.63	1.036
There is great potential of using agent banking for provision of banking services to unbanked community	2 2.5%	10 12.5%	1 21.2%	40 50.0%	11 13.8%	3.60	.963
Agency banking improves banking environment	32 40.0%	25 31.2%	5 6.2%	12 15.0	6 7.5%	2.19	1.313
There is great potential of using agent banking for provision of banking services to unbanked community	9 11.2%	19 23.8%	-	41 51.2%	11 13.8	3.68	.854
Agency banking has led to accessibility of low- cost financial service to many customer in remote areas	11 13.8%	15 18.8%	-	43 53.8%	11 13.8%	3.68	.883
Accessibility of banking service through agency banking has led to profitability of commercial banks	3 3.8%	13 16.2%	6 7.5%	36 45.0%	22 27.5%	3.76	1.139
Agency banking increases effectiveness and efficiency of savings culture of households for commercial banks in Uganda	2 2.5%	9 11.2%	15 18.8%	32 40.0%	22 27.5%	3.79	1.052
Average mean scores							

Source: Primary data, 2022

Majority 57.5% and 18.8% agree that financial inclusion is a multi-dimensional concept with the components of access, usage, and quality, 10.0% disagree and 11.2% were not sure and on the other hand however financial inclusion is a process which ensures easy access to financial services in an economy majority 25% and 37.5% disagree and 20.0% and 16.2% agree that easy access to financial services is one of the measurements of financial inclusion. This implies that non accessibility and usage are criterion to financial inclusion but also other factors such as; costs and equity should be put into consideration. The above findings imply that financial inclusion models enhance access to financial services by allowing small businesses to operate as satellite branches. Based on early experiences, agency banking has a large contribution to make towards financial inclusiveness in developing countries. Policy makers and regulators are demonstrating keen interest in this topic, although in most countries regulation continues to constrain the emergency of agency banking. Where regulation permits, existing new branchless banking initiatives are being developed by a plethora of market participants (Neil and Leishman, 2010).

Financial inclusion can both improve the efficiency of intermediation between savings and investments with 42.5% majority agreeing and still further majority 53.8% of the respondents agree that Bank of Africa ensures access to financial products and services needed by all sections of the society and on the same note there is a great potential of using agent banking for provision of banking services to unbanked community with 50% and 13.8% of the respondents agreeing. Findings in this case concur with Agency banking has enabled bank customers to access the banking services within the comfort of their neighbours-hood. Ensuring financial inclusion can dramatically reduce the cost of delivering financial services to unreached people. Agency banking helps address the two main problems of access to finance: the cost of roll-out (physical presence) and the cost of handling low- value transactions. This is achieved by leveraging networks of existing third-

party agency for cash transactions and account opening and by conducting all transactions online. This sharp cost reduction creates the opportunity to significantly increase the share of the population with access to formal finance and in rural areas where many people in developing countries live (Lyman, et, al, 2008).

On the other note however, agency banking has not improved banking environment majority 40.0% and 31.2% disagreeing but there is a great potential of using agent banking for provision of banking services to unbanked community where by majority 51.2% and 13.8% agree but still agency banking has led to accessibility of low- cost financial service to many customers in remote areas whereby majority 53.8% agree and still accessibility of banking service through agency banking has led to profitability of Bank of Africa. Policy makers and regulators are demonstrating keen interest in this topic, although in most countries regulation continues to constrain the emergency of agency banking. Where regulation permits, existing new branchless banking initiatives are being developed by a plethora of market participants (Neil and Leishman, 2010). However, agency banking has yet to demonstrate pro-poor, pro-growth impact for households, communities, and the National economics (Morawczynski and mark, 2009). Mukono district has witnessed an accelerated expansion of many banking services since independence. However, despite the existence of banks in Mukono district, 32% of Mukono district's bankable population remains totally outside the orbit of financial services and many more being served by the informal financial systems (NFAS, 2009).

4.3.2 The relationship between financial accessibility and savings culture of households

The study sought to establish the relationship between financial accessibility and savings culture of households for Bank of Africa and below were the findings.

Table 4.17: Correlations of financial accessibility and savings culture of households

		Financial accessibility	Savings culture of households
Financial accessibility	Pearson Correlation	1	.484**
	Sig. (2-tailed)		.000
	N	80	80
Savings culture of households	Pearson Correlation	.484**	1
	Sig. (2-tailed)	.000	
	N	80	80

**. Correlation is significant at the 0.01 level (2-tailed).

The table 4.17 shows a weak significant positive relationship between financial accessibility and savings culture of households at Bank of Africa ($r=0.484^{**}$ $Sig=0.000 \leq 0.01$). Therefore, there was a positive relationship between financial accessibility and savings culture of households since the two variables (financial accessibility and savings culture of households) move in the same direction. This means that as Bank of Africa improves on financial accessibility, savings culture of households in Mukono district also improves, this further means when there is a decline in financial accessibility, savings culture of households also declines.

4.3.3 Regressions of financial accessibility and influenced savings culture of households

The study sought to establish the extent to which financial accessibility influenced savings culture of households within Bank of Africa Using the model summary, ANOVAs and Coefficient of variations below were the findings.

Table 4.18: Model Summary between financial accessibility and savings culture of households

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.484[a]	.234	.224	.97876

a. Predictors: (Constant), Financial accessibility

Table 4.18 provides the R and Adjusted R square values. The R-value represented the simple correlation and is 0.484[a], which represents an average degree of correlation. The adjusted R-squared is a corrected goodness-of-fit (model accuracy) it identifies the percentage of variance in the dependent variable, savings culture of households that is explained by the independent variable financial accessibility. From table 4.7, financial accessibility explains 22.4% of effects on savings culture of households within Bank of Africa (Adjusted R-square=0.224). The remaining 77.6% of variance is explained by other factors such as; economic and social that is not under the control of management.

Table 4.19: ANOVA Values on financial accessibility and savings culture of households

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	22.858	1	22.858	23.861	.000[a]
	Residual	74.722	78	.958		
	Total	97.580	79			

a. Predictors: (Constant), Financial accessibility

b. Dependent Variable: Savings culture of households

Table 4.19 shows that financial accessibility aspects collectively predict financial accessibility (Sig = 0.000, F-value = 23.861). F-value 23.861 is statistically significant (P-value of 0.000≤0.01). This signifies that financial accessibility significantly predicts savings culture of households. Therefore, there is a relationship between accessibility significantly and savings culture of households.

Table 4.20: Coefficients of variations financial accessibility and savings culture of households

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.694	.625		1.110	.270
	Financial accessibility	.883	.181	.484	4.885	.000

a. Dependent Variable: Savings culture of households

It was found that the t-value for financial accessibility is 4.885 and a beta value of 0.484 which is significant at 0.000. This signifies that an improvement in financial accessibility positively and strongly contributes to savings culture of households; because of Bank of Africa through various managerial skills an improvement in savings culture of households is achieved.

4.4 The effect of low-cost banking services through agency banking channel for Bank of Africa

The respondents were further asked to indicate the extent to which low transaction cost of agency banking affects the savings culture of households of Bank of Africa in Mukono district. The findings were as show in table 4.8 below.

4.4.1 Findings on whether low cost of agency banking transactions affects the savings culture of households

Table 4.21: Showing whether low cost of agency banking transactions affects the savings culture of customers

	Response	**Frequency**	**Percent**
Valid	Yes	68	85.0
	No	12	15.0
	Total	**80**	**100.0**

Source: Primary data, 2022

Findings in table 4.21 above show that 85.0% of the respondents said yes/agreed that low cost of agency banking transactions affects the savings culture of customers while 15.0% of the respondents said No or disagreed. This shows that low cost of agency banking transactions affects the savings culture of households. The finding is however in disagreement with Kinyajui (2011) who found that many banks are finding that agents lack capacity to handle large transactions of cash and under-spend on security measures.

Table 4.22: Showing the extent to which low transaction cost through agency banking affect the savings culture of Households in Mukono district

	Response	Frequency	Percent
Valid	To a very great extent	20	25.0
	To a great extent	30	37.5
	To a moderate extent	15	18.8
	To a little extent	10	12.5
	To no extent	5	6.2
	Total	**80**	**100.0**

Source: Primary data, 2022

From the findings, 37.5% of the respondents reported that low transaction cost of agency banking affects the savings culture of households of bank of Africa in Mukono district to a great extent, 38.1% reported to a very great extent, 16.7% reported to a moderate extent and 4.8% reported to a little extent. The findings establish that low transaction cost of agency banking does to a great extent affects the savings culture of households of bank of Africa in Mukono district.

The respondents were asked questions which they were to respond and based on a five-point Likert scale where 1= Strongly disagree (SD), 2= disagree (D), 3= Not sure (NS), 4= Agree (A), and 5= Strongly agree (SA). The questions were structured based on low-cost banking services.

Table 4.23: Descriptive Statistics on low transaction cost

Statements	**1**	**2**	**3**	**4**	**5**	**Mean**	**Std. Deviation**
	SD	**D**	**NS**	**A**	**SA**		
Product reliability is one of the important components of savings culture of households in our bank	16 20.0%	13 16.2%	8 10.0%	23 28.8%	20 25.0	3.22	1.492
Product unreliability tends to result in significant degree of dissatisfaction with customers	24 30.0%	23 28.8%	9 11.2%	14 17.5%	10 12.5%	2.54	1.405
Staff play an important role on bank's product savings culture of households	11 13.8%	7 8.8%	35 43.8%	16 20.0%	11 13.8%	3.11	1.180
For our banks quality has been viewed in terms of products attribute	7 8.8%	11 13.8%	6 7.5%	25 31.2%	31 38.8%	3.78	1.331
Our bank products comprise of savings culture of households, features, conformance, reliability, durability, and serviceability	15 18.8%	38 47.5%	7 8.8%	12 15.0%	8 10.0%	2.50	1.243
Product quality has become a priority of mangers to build a strong reputation for our bank	22 27.5%	20 25.0%	18 22.5%	9 11.2%	11 13.8%	2.59	1.366
Our customers value products as well as services while accumulating the judgment over time about quality which determines the effectiveness	18 22.5%	29 36.2%	14 17.5%	10 12.5%	9 11.2%	2.54	1.282
Delivering quality product and service to customer is essential for success and survival in today's competitive banking environment	10 12.5%	18 22.5%	10 12.5%	17 21.2%	25 31.2%	3.36	1.443
The provision of products and services through word of mouth of high quality enhances reputation, improve customer retention and attract new customers.	18 22.5%	15 18.8%	5 6.2%	25 31.2%	17 21.2%	3.10	1.506
We minimize fixed costs by leveraging existing retail outlets	6 7.5%	20 25.0%	6 7.5%	23 28.8%	25 31.2%	3.51	1.359

Statements	**1**	**2**	**3**	**4**	**5**	**Mean**	**Std. Deviation**
	SD	**D**	**NS**	**A**	**SA**		
Product reliability is one of the important components of savings culture of households in our bank	16 20.0%	13 16.2%	8 10.0%	23 28.8%	20 25.0	3.22	1.492
Product unreliability tends to result in significant degree of dissatisfaction with customers	24 30.0%	23 28.8%	9 11.2%	14 17.5%	10 12.5%	2.54	1.405
Staff play an important role on bank's product savings culture of households	11 13.8%	7 8.8%	35 43.8%	16 20.0%	11 13.8%	3.11	1.180
For our banks quality has been viewed in terms of products attribute	7 8.8%	11 13.8%	6 7.5%	25 31.2%	31 38.8%	3.78	1.331
Our bank products comprise of savings culture of households, features, conformance, reliability, durability, and serviceability	15 18.8%	38 47.5%	7 8.8%	12 15.0%	8 10.0%	2.50	1.243
Product quality has become a priority of mangers to build a strong reputation for our bank	22 27.5%	20 25.0%	18 22.5%	9 11.2%	11 13.8%	2.59	1.366
Our customers value products as well as services while accumulating the judgment over time about quality which determines the effectiveness	18 22.5%	29 36.2%	14 17.5%	10 12.5%	9 11.2%	2.54	1.282
Delivering quality product and service to customer is essential for success and survival in today's competitive banking environment	10 12.5%	18 22.5%	10 12.5%	17 21.2%	25 31.2%	3.36	1.443
The provision of products and services through word of mouth of high quality enhances reputation, improve customer retention and attract new customers.	18 22.5%	15 18.8%	5 6.2%	25 31.2%	17 21.2%	3.10	1.506
We minimize fixed costs by leveraging existing retail outlets	6 7.5%	20 25.0%	6 7.5%	23 28.8%	25 31.2%	3.51	1.359
Average mean scores							

Source: Primary data, 2022

53.8% of the respondents agree that product reliability is one of the important components of savings culture of households in our bank and product unreliability has not resulted in significant degree of dissatisfaction with customers with majority 58.8% disagreeing on the other hand however 43.8% of the respondents are not sure. When financial banks do not have branches that are close to the customer, the customer goes to transact with other services providers that are close to them (Kitaka, 2009). However, the innovation of new delivery models as a way of banking has helped the banks to be able to reach customers wherever they are in the world today. Through Agency banking, banks can provide banking services in an easy viable way to the customers because it provides convenience and reduces the cost.

Our bank products have not comprised of savings culture of households, features, conformance, reliability, durability, and serviceability whereby majority 47.5% disagree and 18.8% also disagree further still, product quality has become a priority of mangers to build a strong reputation for our bank and customers of Bank of Africa have not valued products as well as services in the course of accumulating the judgment over time about quality which determines the effectiveness whereby majority 58.7% disagreed. According to Podpiera (2008), the new model of Agency banking improves the economic status of the Agents because customers find it convenient to carry out transactions with the Agency than going to the bank. Kithaka (2009) indicates that the transactions carried out by the Agency gives the cost and revenue estimation. These include the number of deposits, savings accounts transactions and reverse commitment accounts. The assumptions of revenue are made based on charges for withdrawals and transfers through Agent channels. Gardner (2010) says that Agent banking systems are three times cheaper to operate than branches because Agent banking minimizes fixed costs by leveraging existing retail outlets and reducing the need for banks to invest in their own infrastructure.

Majority of respondents 31.2% and 21.2% agree that delivering quality product and service to customer is essential for success and survival in today's competitive banking environment and the provision of products and services through word of mouth of high quality enhances reputation, improve customer retention and attract new customers to Bank of Africa and still on this note the bank has minimized fixed costs by leveraging existing retail outlets. This argument is further supported by Kitaka (2009) who argues that setting up an Agent is cheaper than the cost of employing (costs 2 to 4 percent) a branch cashier. So even when operating at maximum capacity, a branch cashier incurs higher costs per transaction per transaction (78 cents in fixed costs per transaction) compared to Agents. Using banking Agents banks are able to acquire entrepreneurs at less cost of a branch or POS-enabled Agent. Kitaka (2009) noted that, in many developing countries, banks have expanded their network through trusted local "Agents" or "correspondents" to offer their services. The sector has witnessed a rapid growth in the last ten years. For instance, whereas previously many banks focused on traditional banking, Agents in several countries are now authorized to offer many of the traditional products offered by banks. Banks have, therefore, moved up the ladder of product range to offer more sophisticated banking products such as bank supported insurance and asset financing products.

4.4.2 Regression and correlation analysis of low transaction cost and savings culture of households

In order for the researcher to understanding whether low transaction cost in any way affected savings culture of households, a bivariate analysis and simple regression using a Pearson correlation coefficient was used in this case as shown in the table 4.24 below;

Table 4.24: Correlations of low transaction cost and savings culture of households

		Low transaction cost	Savings culture of households
Low transaction cost	Pearson Correlation	1	.850**
	Sig. (2-tailed)		.000
	N	80	80
Savings culture of households	Pearson Correlation	.850**	1
	Sig. (2-tailed)	.000	
	N	80	80

**. Correlation is significant at the 0.01 level (2-tailed).

Table 4.24 shows correlation between the variables of interest low transaction cost and savings culture of households. The bivariate correlation shows that these variables correlate positively and statistically significant with each other at significant level of 0.01 level. The correlation between low transaction cost and savings culture of households was very strong at $r=.850$, $p<0.01$. This means that if low transaction cost is effectively implemented, savings culture of households will also increase and if low transaction cost is not well implemented, savings culture of households will be low.

Table 4.25: Model Summary of low transaction cost and savings culture of households

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.850[a]	.722	.719	.58967

a. Predictors: (Constant), Low transaction cost

According to the results in the table 4.25, the simple linear regression model summary and overall fit statistics. The adjusted R square estimates the population R square for the model used in the study and thus gives a more realistic indication of its predictive power. An adjusted R squared of 0.719 shows that low transaction cost significantly predicts savings culture of households. Adjusted $R^2 = 0.719$ at a standard error of 0.58967 indicates the proportion of variance in savings culture of households that can be explained by application of low transaction cost. The regression indicates that low transaction cost influences variation in savings culture of households by 71.9%. The remaining 28.1% is contributed by other factors that were outside this study and further, these explain the inaccuracies that exist within the study. Therefore, low transaction cost is a significant determinant of savings culture of households. This implies a causal effect relationship between low transaction cost and savings culture of households.

Table 4.26: ANOVA of low transaction cost and savings culture of households

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	70.459	1	70.459	202.640	.000[a]
	Residual	27.121	78	.348		
	Total	97.580	79			

a. Predictors: (Constant), Low transaction cost

b. Dependent Variable: Savings culture of households

Table 4.26 indicates the F-test results which were used to determine whether the model is a good fit for the data; F-test also explains the variance in the dependent variable. The F-test of 202.640 is statistically significant, thus it can be assumed that the model fairly explains a significant amount of the variance in savings culture of households whereby p-value (0.000< 0.01) at 99% confidence level. If this test is significant, at 1% the model in general has good predictive capability of savings culture of households. It therefore confirms that there is a statistically significant relationship between low transaction cost and savings culture of households. Therefore, by adopting efficient low transaction cost uplifts savings culture of households.

Table 4.27: Coefficients of low transaction cost and savings culture of households

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.269	.183		6.933	.000
	Low transaction cost	.804	.056	.850	14.235	.000

a. Dependent Variable: Savings culture of households

The results in table 4.27 above shows Beta coefficient on how many units of savings culture of households increase for a single unit increase in low transaction cost. Since beta coefficients = 0.850, this implies that a unit increase in savings culture of households is as a result of 0.850 increase in low transaction cost. T-value of 14.235 was used to test whether the beta coefficient is statistically significant and since its p-value of .000 is smaller than 0.01 and this confirms that low transaction cost has a high associative relationship with savings culture of households.

Based on the output of regression coefficient table, the following equation can be generated. Y = C + BX where y = savings culture of households, c = beta coefficient for the constant, and B = b-coefficient of low transaction cost and x = low transaction cost. The constant is 1.269, and this is the predicted value when low transaction cost equals zero. Therefore, savings culture of households = 1.269 + (0.850 x low transaction cost).

4.5 The effects of increased customer transactions through agency banking for Bank of Africa in Mukono district

Response on whether customers' transactions in Bank of Africa have increased because of saving.

Table 4:28: Showing whether customers' transactions in Bank of Africa have increased because of saving

	Response	**Frequency**	**Percent**
Valid	Yes	64	80.0
	No	16	20.0
	Total	**80**	**100.0**

Source: Primary data, 2022

According to table 4.28 above majority 80.0% of the respondents agreed that customers' transactions in Bank of Africa have increased because of saving whereas 20.0% disagreed with the statement.

4.5.1 The extent of to whether the increase in the number of customer transaction influences the savings culture

The respondents were also asked to indicate the extent to which the increase in the number of customers' transaction influences the savings culture of households of Bank of Africa. The results are shown in table below.

Table 4.29: Showing the extent to whether the increase in the number of customer transaction influences the savings culture

		Frequency	Percent
Valid	To a very great extent	30	37.5
	To a great extent	40	50.0
	To a moderate extent	7	8.75
	To a little extent	3	3.75
	Total	**80**	**100.0**

Source: Primary data, 2022

From the findings, 37.5% of the respondents reported that the increase in the number of customers transaction influence the savings culture of households to a very great extent, 50.0% indicated to a great extent, 8.75% indicated to a moderate extent and 3.75% indicated to a little extent. From these findings we can deduce that the increase in the number of customers transaction influence the savings culture of households in Mukono district to a very great extent.

Table 4.30: Descriptive Statistics on increased customer transaction

Statements	1	2	3	4	5	Mean	Std. Deviation
	SD	D	NS	A	SA		
Volume of withdrawal transactions increases the savings culture among customers	10 12.5%	12 15.0%	2 2.5%	34 42.5%	22 27.5%	3.58	1.367
Volume of deposits transactions increases the savings culture among customers	23 28.8%	18 22.5%	4 5.0%	20 25.0%	15 18.8%	2.82	1.541
Number of active customers has been increased	10 12.5%	23 28.8%	5 6.2%	27 33.8%	15 18.8%	3.17	1.367
Customers can pay their loans through agency banking	19 23.8%	21 26.2%	3 3.8%	19 23.9%	18 22.5%	2.95	1.542
Efficiency and convenience access to agency banking have increased the banks customers' transactions	7 8.8%	6 7.5%	7 8.8%	27 33.8%	33 41.2%	3.91	1.265
We have increased sales from additional foot traffic, differentiation from other businesses	17 21.2%	18 22.5%	8 10.0%	25 31.2%	12 15.0%	2.96	1.418
The bank has additional revenue from commissions and incentives	17 21.2%	24 30.0%	3 3.8%	17 21.2%	19 23.8%	2.96	1.530
We have increased customer base and market share	13 16.2%	8 10.0%	2 2.5%	39 48.8%	18 22.5%	3.51	1.378
We have gained improved indirect branch productivity by reducing congestion.	21 26.2%	33 41.2%	5 6.2%	15 18.8%	6 7.5%	2.40	1.269
We have maintained adequate cash and e-money float balances to meet customer cash-in/cash-out requests	7 8.8%	19 23.8%	7 8.8%	24 30.0%	23 28.8	3.46	1.359
Average mean scores							

Source: Primary data, 2022

Volume of withdrawal transactions increases the savings culture among customers for Bank of Africa whereby majority 42.5% and 27.5% agree respectively, however on the other hand Volume of deposit transactions has not increased the savings culture among customers. Numbers of active customers have been increased within the bank, but customers cannot pay their loans through agency banking with majority 60% of the respondents disagreeing. According to Ivantury and Timothy (2006), financial inclusion could be of benefit to the clients in the following ways; lower transaction cost (Closer to clients home), longer opening hours, shorter lines than in branches, more accessible for illiterates and the very poor who might feel intimidated in branches, to the agency; increased sales from additional foot traffic, differentiation from other businesses, reputation from affiliation with well-known financial institutions, additional revenue from commissions and incentives, finally to the financial institutions; increased customers base and market share, increased coverage with low cost solutions in areas with potentially less number and volume of transactions , increased revenue from additional investments, interest and fee income, improved indirect branch productivity by reducing congestion.

Majority 41.2% and 33.8% of the respondents agree that efficiency and convenience access to agency banking have increased the banks customers' transactions but it has not increased sales from additional foot traffic, differentiation from other businesses but always the bank has additional revenue from commissions and incentives and the customer base has increased leading to improved market share. According to (Neil & Leishman, 2010), When agents provide a range of services (e.g., account opening, deposits, withdrawals, bill payments, etc.) they can generate transaction volume and balance liquidity. An agent must maintain adequate cash and e-money float balances to meet customer cash-in/cash-out requests. If too much cash is taken in, the agent may run out of e-float and not be able to accept more deposits. If

there are too many withdrawals, the agent will accumulate e-float but run out of cash. In either case, customers will get discouraged if the agent cannot provide the services they need when they need them. This is a big risk in losing loyal customers of the other business operated by the agent. In addition, a secure mechanism needs to be in place to transport cash needs to and from an agent.

However, on the other hand the bank has not gained improved indirect branch productivity by reducing congestion, but it has maintained adequate cash and e-money float balances to meet customer cash-in/cash-out requests. According to Chakrabarti (2012), financial inclusion has become one of the most critical aspects in the context of inclusive growth and development in the developing countries. India has, for a long time, recognized the social and economic imperatives for broader financial inclusion and has made a huge contribution to economic development by finding pioneering ways to empower the poor. Starting with the nationalization of banks, priority sector lending requirements for banks, lead bank scheme, establishment of regional rural banks (RRBs), service area approach, self-help group-bank linkage programme, etc., multiple steps have been taken by the Reserve Bank of India (RBI) over the years to improve access to the poorer segments of society. The RBI has, therefore, formulated the policy of financial inclusion with a view to provide banking services at an affordable cost to the disadvantaged and low-income groups.

4.5.2 Regression and correlation analysis of increased customer transactions and savings culture of households

In order the researcher to understanding whether increased customer transactions in any way affected savings culture of households, a bivariate analysis and simple regression using a Pearson correlation coefficient was used in this case as shown in the table below;

Table 4.31: Correlations of increased customer transactions and savings culture of households

		Increased customer transactions	Savings culture of households
Increased customer transactions	Pearson Correlation	1	.710**
	Sig. (2-tailed)		.000
	N	80	80
Savings culture of households	Pearson Correlation	.710**	1
	Sig. (2-tailed)	.000	
	N	80	80

**. Correlation is significant at the 0.01 level (2-tailed).

From the finding in table 4.31 shows correlation between the variables of interest that is to say increased customer transactions and savings culture of households. The bivariate correlation shows that these variables correlate positively and significantly with each other at significant level of 0.01 level. The correlation between increased customer transactions in relation to savings culture of households was strong at $r = .710^{**}$, $n=80$, $p<0.01$. This means that if increased customer transactions are fully functional, savings culture of households will

also increase and if the increased customer transactions are not duly followed, savings culture of households will be low.

Table 4.32: Model Summary of increased customer transactions and savings culture of households

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.710[a]	.504	.497	.78789

a. Predictors: (Constant), Increased customer transactions

According to the results in the table above, the simple linear regression model summary and overall fit statistics. The adjusted R square estimates the population R square for the model used in the study and thus gives a more realistic indication of its predictive power. An adjusted R squared of 0.497 shows that increased customer transactions significantly predict savings culture of households. Adjusted $R^2 = 0.497$ at a standard error of 0.78789 indicates the proportion of variance in savings culture of households that can be explained by application of increased customer transactions. The regression indicates that increased customer transaction influences variation in savings culture of households by 49.7%. Therefore, an increased customer transaction is a significant determinant of savings culture of households. This implies a causal effect relationship between increased customer transactions and savings culture of households.

Table 4.33: ANOVA of increased customer transactions in relation to savings culture of households

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	49.160	1	49.160	79.192	.000[a]
	Residual	48.420	78	.621		
	Total	97.580	79			

a. Predictors: (Constant), Increased customer transactions

b. Dependent Variable: Savings culture of households

Table 4.33 indicates the F-test results which were used to determine whether the model is a good fit for the data; F-test also explains the variance in the dependent variable. The F-test of 79.192 is highly statistically significant, thus it can be assumed that the model fairly explains a significant amount of the variance in savings culture of households whereby p-value (0.000< 0.01) at 99% confidence level. If this test is significant at 1%, the model in general has good predictive capability of savings culture of households. It therefore confirms that there is a statistically significant relationship between increased customer transactions and savings culture of households.

Table 4.34: Coefficients of increased customer transactions in relation to savings culture of households

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.695	.349		1.991	.050
	Increased customer transactions	.947	.106	.710	8.899	.000

a. Dependent Variable: Savings culture of households

The results in table 4.34 show Beta coefficient on how many units of savings culture of households increase for a single unit increase in increased customer transactions. Since beta coefficients = 0.710, this implies that a unit increase in savings culture of households is because of 0.710 increase in increased customer transactions. T-value of 8.899 was used to test whether the beta coefficient is statistically significant since its p-value of 0.000 is smaller than 0.01 and this confirms that increased customer transactions have a highly associative relationship with savings culture of households. Based on the output of regression coefficient table, the following equation can be generated. Y = C + BX where y = savings culture of households, c = beta coefficient for the constant =, and B = b-coefficient of increased customer transactions and x = increased customer transactions. The constant is 0.695, and this is the predicted value when implementation of increased customer transactions equal zero. Savings culture of households = 0.695 + (0.710 x increased customer transactions).

4.6 Savings culture of households (Dependent variable)

The dependent variable for this study was savings culture of households. Respondents were asked to respond to statements on savings culture of households and their responses were as recorded in table 4.34 below.

Table 4.35: Descriptive Statistics on savings culture of households

Statements	**1**	**2**	**3**	**4**	**5**	**Mean**	**Std. Deviation**
	SD	**D**	**NS**	**A**	**SA**		
Distance to the bank has reduced	5 6.2%	7 8.8%	2 2.5%	25 31.2%	41 51.2%	4.12	1.205
Time lining up in the bank has reduced	21 26.2%	33 41.2%	1 1.2%	16 20.0%	9 11.2%	2.49	1.369
Levels of poverty have reduced	11 13.8%	9 11.2%	4 5.0%	29 36.2%	27 33.8%	3.65	1.406
The interest rate earnings on deposits have increased	4 5.0%	2 2.5%	1 1.2%	32 40.0%	41 51.2%	4.30	.999
Level of household incomes have increased	15 18.8%	10 12.5%	3 3.8%	26 32.5%	26 32.5%	3.48	1.518
Number of beneficiaries on savings have increased	5 6.2%	6 7.5%	1 1.2%	24 30.0%	44 55.0%	4.20	1.184
Awareness of the saving products available have improved	30 37.5%	20 25.0%	3 3.8%	17 21.2%	10 12.5%	2.46	1.484
Service varieties of products have multiplied	6 7.5%	4 5.0%	1 1.2%	44 55.0%	25 31.2%	3.97	1.102
Confidence with the bank has improved	2 2.5%	3 3.8%	1 1.2%	26 32.5%	48 60.0%	4.44	.898
The level of inflation has reduced	10 12.5%	5 6.2%	1 1.2%	28 35.0%	36 45.0%	3.94	1.363
Average mean scores							

Source: Primary data, 2022

On whether distance to the bank has reduced, majority strongly agreed and agreed with 51.2% and 31.2% respectively while those who strongly disagreed and disagreed were 6.2% and 8.8% respectively while 2.5% were not sure. (Mean score = 4.12 and SD =1.205). This implies that the Bank of Africa has used different channels in allowing branch connectivity and influencing the level of savings culture of households in Mukono district.

More still, on whether time lining up in the bank has reduced, majority disagreed with a respondent rate of 41.2% and 26.2% strongly disagreed (Mean score = 2.49 and SD = 1.369). 1.2% of the respondents were not sure, 20.0% agreed while 11.2% strongly agreed with the statement. This implied that designing of products is one of the activities carried out by Bank of Africa to improve on savings culture of households.

However on fears whether levels of poverty have reduced, majority agreed and strongly agreed with 36.2% and 33.8% respectively (Mean score = 3.65 and SD =1.406). 13.8% strongly disagreed, 11.2% disagreed and 5.0% were not sure.

While whether the interest rate earnings on deposits have increased, majority strongly agreed and agreed with 51.2% and 40.0% correspondingly. (Mean score= 4.30 and SD=.999). 5.0% strongly disagreed, 2.5% disagreed and 1.2% of the respondents were not sure. This implies that

From the findings in table 4.34 above, most respondents (65.0%) strongly agreed and disagreed while 3.8% were not sure and 18.8% strongly disagreed, 12.5% disagreed that level of household incomes have increased. The mean was slightly high at 3.48 with a standard deviation of 1.518 this implies that average agreed.

From the finding in table 4.34 revealed that 55.0% of the respondents strongly agreed to the proposition, 30.0% agreed, 1.2% of the respondents were not sure and only 6.2% and 7.5% strongly disagreed and disagreed respectively on the statement that "Number of beneficiaries on savings have increased". The means of 4.20 was high and the standard deviation was 1.184.

When respondents were asked about whether awareness of the saving products available have improved, majority (62.5%) disagreed and strongly disagreed that awareness of the saving products is not available. This was followed by minority (33.7%) of respondents who agreed and strongly agreed respectively and 3.8% who were not sure. This was supported by a slightly higher mean of 2.46 and standard deviation of 1.484.

Respondents' views on whether service varieties of products have multiplied, majority (55.0%) agreed with the statement, 31.2% strongly agreed with the statement, while 7.5% strongly disagreed. The rest 5.0% and 1.2% were not sure and disagreed respectively. This was represented by mean of 3.97 and standard deviation of 1.102.

From table 4.35 above when respondents were asked whether confidence with the bank has improved. This was stated by 60.0% of the respondents who strongly agreed, 32.5% of them also agreed with the statement while 1.2% of the respondents were not sure about whether their confidence with the Bank of Africa. The rest of respondents (3.8%) disagreed and 2.5% strongly disagreed. This was represented by highest mean of 4.44 and standard deviation of 0.898.

On the question of whether the level of inflation has reduced; majority (45.0%) of them strongly agreed with the statement, 35.0% of them agreed with the statement while 6.2% disagreed and 12.5% strongly disagreed with the statement while 1.2% of them were not sure. Mean is 3.94 and standard deviation is 1.363

4.6.1 Regression analysis

Table 4.36: Model Summary of financial inclusion and savings culture of households

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.858[a]	.736	.726	.58225

a. Predictors: (Constant), Increased customer transactions, financial accessibility, low transaction cost

According to the results in the table 4.36 above, the simple linear regression model summary and overall fit statistics. The adjusted R square estimates the population R square for the model used in the study and thus gives a more realistic indication of its predictive power. Adjusted R squared of 0.726 shows that increased customer transactions, financial accessibility; low transaction cost does a great job in the model predicting savings culture of households. Adjusted R^2= 0.726 at a standard error of 0.582 indicate the proportion of variance in savings culture of households that can be explained by application of financial inclusion. This means that the multiple regressions explain 72.6% of the variance in savings culture of households. Therefore, financial inclusions are significant determinants of savings culture of households. This implies there is a relationship between the financial inclusion and savings culture of households. The more Bank of Africa implements the financial inclusion, the more its savings culture of households will improve and when the financial inclusion are not well implemented, savings culture of households will decline. This also means that financial inclusion is significant in predicting saving culture of households.

Table 4.37: ANOVA of financial inclusion and savings culture of households

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	71.814	3	23.938	70.610	.000[a]
	Residual	25.766	76	.339		
	Total	97.580	79			

a. Predictors: (Constant), Increased customer transactions, Financial accessibility, Low transaction cost

b. Dependent Variable: Savings culture of households

Regression results in table 4.37 above indicate that financial inclusion (increased customer transactions, financial accessibility, and low transaction cost) significantly contributes to savings culture of households in Bank of Africa. Considering F = 70.610 and Sig. 0.000 which is less than 0.01. This is also supported by the regression mean square value of 71.814 compared to the residual mean square of 25.766 which is significant to zero. Implying that, the regression model is a good fit for the data. This therefore implies that there is a significant relationship between financial inclusion (increased customer transactions, financial accessibility, and low transaction cost) and Savings culture of households in Bank of Africa.

Table 4.38: Coefficients for financial inclusion and savings culture of households

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.588	.386		1.521	.132
	Financial accessibility	.200	.125	.110	1.596	.115
	Low transaction cost	.703	.090	.744	7.797	.000
	Increased customer transactions	.096	.131	.072	.727	.470

a. Dependent Variable: Savings culture of households

From table 4.38 above, analysis of coefficients of variations aimed at establishing the extent of influences of the independent variables; increased customer transactions, financial accessibility and low transaction cost affected savings culture of households. Findings revealed that financial accessibility with a beta-coefficient of 0.110 Sig at 0.115 and a t-value of 1.596 explained 11.0% of the variance in the dependent variable, savings culture of households of Bank of Africa. Further still low transaction cost explained 74.4% of the variance in the dependent variable, savings culture of households of Bank of Africa (beta-value =0.744 (Sig at 0.000 with t-value of 7.797). Findings further revealed that increased customer transactions explained 7.2% of the variance in the dependent variable savings culture of households of Bank of Africa with a beta value of 0.072, Sig at 0.470. This means that in Bank of Africa managers need to focus on increased customer transactions, financial accessibility, and low transaction cost in that order, to influence changes in savings culture of households. Findings revealed that financial accessibility had insignificant effects on savings culture of households in Mukono.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter contains a summary of the results as presented in the previous chapter and give conclusions, recommendations and the recommendation of future research based on the findings of the study.

5.1 Summary of findings

5.1.1 The level of accessibility of banking services through agency banking

According to study findings, majority 57.5% and 18.8% agreed that financial inclusion is a multi-dimensional concept with the components of access, usage, and quality, 10.0% disagreed and 11.2% were not sure on the other hand however financial inclusion is a process which ensures easy access to financial services in an economy majority 25% and 37.5% disagree and 20.0% and 16.2% agreed that easy access to financial services is one of the measurements of financial inclusion. This implies that not only accessibility and usage are criterion to financial inclusion but also other factors such as; costs and equity should be put into consideration. The above findings imply that financial inclusion models enhance access to financial services by allowing small businesses to operate as satellite branches. Based on early experiences, agency banking has a large contribution to make towards financial inclusiveness in developing countries. Policy makers and regulators are demonstrating keen interest in this topic, although in most countries regulation continues to constrain the emergency of agency banking. Where regulation permits, existing new branchless banking initiatives are being developed by a plethora of market participants (Neil and Leishman, 2010).

5.1.2 The effect of low-cost banking services through agency banking channel

As per the findings, (53.8%) of the respondents agree that product reliability is one of the important components of savings culture of households in Mukono district and product unreliability has not resulted into a significant degree of dissatisfaction with customers majority 58.8% disagreeing on the other hand however 43.8% of the respondents are not sure. When financial banks do not have branches that are close to the customer, the customer goes to transact with other services providers that are close to them (Kitaka, 2009). However, the innovation of new delivery models as a way of banking has helped the banks to be able to reach customers wherever they are in the world today. Through Agency banking, banks can provide banking services in an easy viable way to the customers because it provides convenience and reduces the cost.

5.1.3 The effects of increased customer transactions through agency banking

As per the findings, majority 41.2% and 33.8% of the respondents agree that efficiency and convenience access to agency banking have increased the banks customers' transactions but it has not increased sales from additional foot traffic, differentiation from other businesses but always the bank has additional revenue from commissions and incentives and the customer base has increased leading to improved market share. According to (Neil & Leishman, 2010), When agents provide a range of services (e.g., account opening, deposits, withdrawals, bill payments, etc.) they can generate transaction volume and balance liquidity. An agent must maintain adequate cash and e-money float balances to meet customer cash-in/cash-out requests. If too much cash is taken in, the agent may run out of e-float and not be able to accept more deposits. If there are too many withdrawals, the agent will accumulate e-float but run out of cash. In either case, customers will get discouraged if the agent cannot provide the services they need when required. This is a big risk in losing loyal customers of the other business operated by the agent. In addition, a secure mechanism needs to be in place to

transport cash needs to and from an agent.

5.2 Conclusions

5.2.1 The level of accessibility of banking services through agency banking

The study concluded that there was a weak significant positive relationship between financial accessibility and savings culture of households at Bank of Africa ($r=0.484^{**}$ Sig=0.000≤0.01). Financial accessibility explains 22.4% of effects on savings culture of households within Mukono district (Adjusted R-square=0.224). The remaining 77.6% of variance is explained by other factors such as; economic and social factors that are not under the control of Bank of Africa management.

5.2.2 The effect of low-cost banking services through agency banking channel

The correlation between low transaction cost and savings culture of households was very strong at r=.850, p<0.01. This means that if low transaction cost is effectively implemented, savings culture of households will also increase and if low transaction cost is not well implemented, savings culture of households will be low. The regression indicates that low transaction cost influences variation in savings culture of households by 71.9%. The remaining 28.1% is contributed by other factors that were outside this study and further, these explain the inaccuracies that exist within the study.

5.2.3 The effects of increased customer transactions through agency banking

The correlation between increased customer transactions in relation to savings culture of households was strong at r =.710**, n=80, p<0.01. The regression indicates that increased customer transactions influences variation in savings culture of households by 49.7%. Therefore, an increased customer transaction is a significant determinant of savings culture of households. This implies that there is a causal effect relationship between increased customer transactions and savings culture of households.

5.2.4 Overall conclusion

From the findings in the table 4.36 above (chapter four) it's evident that there is a strong positive relationship between financial inclusion and savings culture of households. The tests conducted shows that the correlation coefficient between financial inclusion aspects (the independent variables) and savings culture of households (the dependent variable) was 0.858[a] which is enough to indicate the existence of strong relationship between the independent variables and the dependent variable. The R-square (coefficient of determination) is 0.726 which means that 72.6% of the variance in the financial inclusion variable can be explained and predicted by the agency banking aspects variables. Therefore, the effect of agency banking on inclusive financing cannot be ignored but should be embraced by all the stakeholders as it's a measure of reducing poverty.

5.3 Recommendations

Agency banking has enabled cost saving and accessibility of financial services by banks and customers as well. Bank of Africa has made huge savings on operational costs and infrastructure costs by using banking agents. Customers can access the basic banking services as opposed to the traditional banking. However, despite these achievements, cash availability and security are most critical factors in agency banking, and they influence the performance of Agents and customer service on behalf of the bank. It's therefore recommended that Bank of Africa should adopt a risk – based approach to the supervision and regulation of agency banking. Enough security measures should be put in place because of the rampant cybercrimes and burglary to agent premises.

Agency banking as a branchless banking model has enabled Bank of Africa to reach the unbanked population, its therefore critical that Bank of Africa should allow agents to be more financially inclusive than just offering the cash transfer services, agents should be able to convert cheques into cash, deal with foreign currency exchange among other services. The selection criteria of agents should be restructured to favor heavy cash operations in order to meet the demand of cash availability as well as handling large cash transactions.

5.4 Suggestions for future study

Further research should be carried on the effect of agency banking on the economic development of a country. This will help the stakeholders to know how important this model is and if at all it will aid in the economic empowerment of the country.

Further research should be conducted on the quality of service the agents offer to its clients and the security measures that are put in place by the banks to ensure for the security of both the customers and the agents carrying on services on their behalf.

The also study recommended that a study be done on the role of employees at Bank of Africa on the competitive advantage. This would help in determining the extent of influence of the employees on the competitive advantage in Bank of Africa.

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LIST OF APPENDICES

APPENDIX I: QUESTIONNAIRE

A QUESTIONNAIRE FOR STAFF AND AGENTS FOR BANK OF AFRICA

Dear respondent,

I am **NSOBYA PETER SIMON** a student of Makerere University and I am conducting a research as a requirement for the award of a Degree of Masters of Arts in Financial Services. I am doing a study about; "**Assessment of financial inclusion and savings culture of households in Uganda a case of bank of Africa in Mukono District**." You have been selected as one of my key respondents in this study because I strongly believe you have the necessary information required for the study. You are kindly required to spare some time and fill this questionnaire. This information obtained will be treated with most confidentiality.

Thank you!

SECTION A: BACKGROUND INFORMATION

Kindly tick the most appropriate option in the space provided below.

1. Please indicate your gender

a) Male ☐

b) Female ☐

2. Indicate your age bracket

a) 18-30 years ☐

b) 31-40 years ☐

c) 41-50 years ☐

d) 51 years and above ☐

3. State your highest level of education

   a) Certificate ☐
   b) Diploma ☐
   c) Bachelor's degree ☐
   d) Master's degree ☐
   e) PhD ☐

4. How long have you been having a bank account?

   a) One year ☐
   b) 2-5 years ☐
   c) 6-10 years ☐
   d) Above 10 years ☐

5. Marital status

   a) Married ☐
   b) Single ☐
   c) Widow ☐
   d) Separates ☐

6. Period spent with Bank of Africa

   (a) Below 1 year ☐
   (b) 1-5 years ☐
   (c) 6-10 year ☐
   (d) 11-15 years ☐
   (e) Above 15 years ☐

7. Department of work

a) Retail sales department ☐

b) Agent bank ☐

c) Finance and accounts dpeartment ☐

d) ICT department ☐

e) Operations department ☐

f) Marketing department ☐

8. Do you save with any other bank?

a) Yes ☐

b) No ☐

SECTION A: ACCESSIBILITY OF BANKING SERVICES (BANK OF AFRICA AGENTS)

9. Does accessibility of banking services through agency banking affect the savings culture of customers?

a) Yes ☐

b) No ☐

10. To what extent does accessibility of banking services through agency banking affect the savings culture in Uganda?

a) To a great extent ☐

b) To a lesser extent ☐

c) None of the above ☐

11. Please indicate the extent to which you agree with financial accessibility as being important in saving culture among households in Mukono district

(Where; 1=strongly disagree 2=Disagree, 3= Not sure, 4=Agree, 5=Strongly agree

Financial accessibility	**SD**	**D**	**NS**	**A**	**SA**
	1	**2**	**3**	**4**	**5**
Financial inclusion is a multi-dimensional concept with the components of access, usage and quality					
Financial inclusion is a process which ensures easy access to financial services in an economy					
Financial inclusion can both improve the efficiency of intermediation between savings and investments					
Ensuring access to financial products and services needed by all sections of the society					
There is great potential of using agent banking for provision of banking services to unbanked community					
Agency banking improves banking environment					
There is great potential of using agent banking for provision of banking services to unbanked community					
Agency banking has led to accessibility of low- cost financial service to many customer in remote areas					
Accessibility of banking service through agency banking has led to profitability of commercial banks					
Agency banking increases effectiveness and efficiency of service delivery for commercial banks in Uganda					

12. How does Bank of Africa financial services affect households in Mukono district?

.....

.....

.....

SECTION B: LOW COST OF SERVICE (BANK OF AFRICA CUSTOMERS)

13. Does low cost of agency banking transactions affect the savings culture of Households in Mukono district?

a) Yes ☐

b) No ☐

14. To what extent does low transaction cost through agency banking affect the savings culture of Households in Mukono district?

a) To a very great extent ☐

b) To a great extent ☐

c) To a moderate extent ☐

d) To a little extent ☐

e) To no extent ☐

15. To what extent do you agree with the following statement relating to low transaction cost through agency banking and its effects on savings culture of Households in Mukono district in Uganda? Where1=strongly disagree, 2=disagree, 3=neutral, 4=agree and 5=strongly agree)

Low transaction cost	**SD**	**D**	**NS**	**A**	**SA**
	1	**2**	**3**	**4**	**5**
Product reliability is one of the important components of financial performance in our bank					
Product unreliability tends to result in significant degree of dissatisfaction with customers					
Staff play an important role on bank's product financial performance					
For our banks quality has been viewed in terms of products attribute					
Our bank products comprise of financial performance, features, conformance, reliability, durability, and serviceability					
Product quality has become a priority of mangers to build a strong reputation for our bank					
Our customers value products as well as services while accumulating the judgment over time about quality which determines the effectiveness					
Delivering quality product and service to customer is essential for success and survival in today's competitive banking environment					
The provision of products and services through word of mouth of high quality enhances reputation, improve customer retention, and attract new customers.					
We minimize fixed costs by leveraging existing retail outlets					

16. What are the effects of transaction costs through agency banking on the savings culture of households in Mukono district?

.....

.....

SECTION C: INCREASED CUSTOMER TRANSACTIONS (BANK OF AFRICA STAFF)

17. Do you think customers transactions in your bank have increased because of saving?

a) Yes ☐

b) No ☐

18. To what extent does the increase in the number of customer transaction influence the savings culture? (Tick what applies)

a) To a very great extent ☐

b) To a great extent ☐

c) To a moderate extent ☐

19. To what extent do you agree with the following statement relating to increased customer transactions to agency banking and its effects on savings culture of households in Mukono district Where; 1= strongly disagree, 2= disagree, 3= neutral, 4= agree and 5= strongly agree.

Increased customer transactions	**SD**	**D**	**NS**	**A**	**SA**
	1	**2**	**3**	**4**	**5**
Volume of withdrawal transactions increases the savings culture among customers					
Volume of deposits transactions increases the savings culture among customers					
Number of active customers has been increased					
Customers can pay their loans through agency banking					
Efficiency and convenience access to agency banking have increased the banks customers' transactions					
We have increased sales from additional foot traffic, differentiation from other businesses					
The bank has additional revenue from commissions and incentives					
We have increased customer base and market share					
We have gained improved indirect branch productivity by reducing congestion.					
We have maintained adequate cash and e-money float balances to meet customer cash-in/cash-out requests					

20. What are the effects of increased customers transactions as a result of agency banking on Bank of Africa?

……

……

……

SECTION D: SAVINGS CULTURES OF HOUSEHOLDS

In the subsequent sections B, C, D you will be required to use the scale given to tick the number that best represents your opinion as follows; 1- Strongly Agree, 2- Agree, 3-Not sure 4. Disagree. 5- Strongly Disagree

Level of savings culture	**1**	**2**	**3**	**4**	**5**
Distance to the Bank has reduced					
Time lining up in the bank has reduced					
Levels of poverty have reduced					
The interest rate earnings on deposits have increased					
Level of household incomes have increased					
Number of beneficiaries on savings have increased					
Awareness of the saving products available have improved					
Service varieties of products have multiplied					
Confidence with the bank has improved					
The level of inflation has reduced					

21. What challenges do you face while saving with bank of Africa?

……..……

……..……

……..……

22. What should the Bank of Africa do to enhance the level of savings mobilization?

……

……

……..……

……

Thank you for your cooperation

A QUESTIONNAIRE FOR THE CUSTOMERS OF BANK OF AFRICA

Dear respondent,

I am **NSOBYA PETER SIMON** a student of Makerere University and I am conducting a research as a requirement for the award of a Degree of Masters of Arts in Financial Services. I am doing a study about; "**Assessment of financial inclusion and savings culture of households in Uganda a case of bank of Africa in Mukono District**." You have been selected as one of my key respondents in this study because I strongly believe you have the necessary information required for the study. You are kindly required to spare some time and fill this questionnaire. This information obtained will be treated with most confidentiality.

Thank you!

SECTION A: BACKGROUND INFORMATION

Kindly tick the most appropriate option in the space provided below.

1. Please indicate your gender
   a) Male ☐
   b) Female ☐

2. How long have you been having a bank account?
   a) One year ☐
   b) 2-5 years ☐
   c) 6-10 years ☐
   d) Above 10 years ☐

3. Marital status

   a) Married ☐
   b) Single ☐
   c) Widow ☐
   d) Widowed ☐
   e) Separated ☐

4. Period spent with Bank of Africa

   a) Below 1 year ☐
   b) 1-5 years ☐
   c) 6-10 years ☐
   d) 11-15 years ☐
   e) Above 15 years ☐

5. Indicate your age bracket

   a) 18-30 years ☐
   b) 31-40 years ☐
   c) 41-50 years ☐
   d) 51 years and above ☐

6. State your highest level of education

   a) Certificate ☐
   b) Diploma ☐
   c) Bachelor's degree ☐
   d) Master's degree ☐
   e) PhD ☐

7. Do you save with any bank?
   a) Yes ☐
   b) No ☐

8. Minimum saving per deposit
   a) 1-500,000 ☐
   b) 500,001-1,000,000 ☐
   c) 1000,001 and above ☐

9. Occupation
   a) Business ☐
   b) Farmer ☐
   c) Employed ☐

10. Type of account
   a) Savings account ☐
   b) Fixed deposit ☐
   c) Current account ☐
   d) Others specify
      ……

11. Nature of family
   a) Polygamy ☐
   b) Monogamy ☐

12. Number of children
   a) 1-5 ☐
   b) 6-10 ☐
   c) None ☐

13. Type of account

a) Savings account ☐

b) Fixed deposit ☐

c) Current account ☐

d) Others specify ……

14. Nature of family

a) Polygamy ☐

b) Monogamy ☐

15. Number of children

a) 1-5 ☐

b) 6-10 ☐

c) None ☐

SECTION B: SAVINGS CULTURE

In the subsequent sections B, C, D you will be required to use the scale given to tick the number that best represents your opinion as follows; 1- Strongly Agree, 2- Agree, 3-Not sure 4. Disagree. 5- Strongly Disagree

Level of savings culture	**1**	**2**	**3**	**4**	**5**
Distance to the bank has reduced					
Time lining up in the bank has reduced					
Levels of poverty have reduced					
The interest rate earnings on deposits have increased					
Level of household incomes have increased					
Number of beneficiaries on savings have increased					
Awareness of the saving products available have improved					
Service varieties of products have multiplied					
Confidence with the bank has improved					
The level of inflation has reduced					

8. What challenges do you face while saving with bank of Africa?

……..…..……

……

……

9. What should the Bank of Africa do to enhance the level of savings mobilization?

……

……

……..……

……

Thank you for your cooperation

APPENDIX II: TABLE OF R.V KREJCIE AND D.W. MORGAN (1970)

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	256	3000	341
20	19	120	92	300	169	900	269	3500	346
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	354
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	191	1200	291	6000	361
45	40	170	118	400	196	1300	297	700	364
50	44	180	123	420	201	1400	302	8000	367
55	48	190	127	440	205	1500	306	9000	368
60	52	200	132	460	210	1600	310	10000	370
65	56	210	136	480	214	1700	313	15000	375
70	59	220	140	500	217	1800	317	20000	377
75	63	230	144	550	226	1900	320	30000	379
80	66	240	148	600	234	2000	322	40000	380
85	70	250	152	650	242	2200	327	50000	381
90	73	260	155	700	248	2400	331	75000	382
95	76	270	159	750	254	2600	335	100000	384

Key: N=Population S=Sample size

Source: From Krejcie R.V. & Morgan D.W. (1970). Determining sample size from private population for social research, education and psychological measurement, 30608, Sage Publications.