

THE ROLE OF MICROFINANCE BANKS ON POVERTY ERADICATION
A CASE STUDY OF CENTENARY BANK, ARUA BRANCH
ARUA DISTRICT-UGANDA

BY

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INTERNATIONAL
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DECLARATION

I **JOK DENG KUOL**, declare that this research work and all presentations made herein is my original work and has never been presented by any other person in any other University or institution for any kind of Award.

Researcher

JOK DENG KUOL

Signature

.....

Date

.....29/5/2012.....

APPROVAL

This is to certify that this research proposal of **JOK DENG KUOL** has been carried out under my supervision. It is now ready for submission to Kampala International University college of Economics and Management Sciences for the Award of a Bachelor's Degree in Business Administration, with my approval

Signed



(Supervisor): **Mr. HENRY BARASA OCHIENO**

Date



DEDICATION

This dissertation is dedicated to my beloved parents Mr. Jok Deng Kuol Arop and Mrs. Awut Wiir Akot and all my Friends and to all the staff of Centenary Bank-Arua branch for their great contribution towards the writing of this dissertation.

ACKNOWLEDGEMENT

First of all I would like to give my Honors and glory to the Almighty God who gave me good health, wisdom knowledge and hope to this study.

During the preparation of the research, I was blessed by many wonderful people who greatly contributed, corrected, guided and encouraged me and made the make much easier up to its final completion.

A special thank to my wonderful supervisor Jesse whose close supervision, guidance and thoughtful insight enables me to get a clear view to write this report. May God reward you and bless you abundantly.

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ABSTRACT

The study sought to establish the “the role of microfinance banks on poverty eradication” with a case study of Centenary bank-Arua branch and was driven by mainly three objectives. These objectives included; the need to identify the policies used by the Microfinance Institutions such as Centenary Bank, Arua Branch in administering loans. The need to determine the effectiveness of the above policies used by Microfinance Institutions such as Centenary Bank, Arua Branch towards poverty eradication, and the third objective is to examine the relationship between Microfinance Institutions and poverty eradication.

To achieve these objectives, the researcher sampled fifty (50) respondents from Centenary Bank-Arua branch. The study utilized qualitative and quantitative research methods; three data collection instruments were used, structured interview guides and questionnaires and the collected data was presented in tabular form and analyzed statistically to decipher findings.

The researcher was guided by three research questions; the first research question sought to find the policies used by the Microfinance Institutions (Centenary Bank, Arua Branch) to administer loans in a bid to reduce poverty and the research revealed that Centenary Bank-Arua branch uses numerous policies to administer loans such as the presentation of collateral security by the client before giving a loan to him or her.

The second research question sought to find out how effective are the policies used by the Microfinance Institutions such as Centenary Bank, Arua Branch in administering loans in its fight of poverty eradication and the findings revealed that these policies are not all that effective in administering loans as so many clients fail to fulfill the policies and those who have already obtained the loans sometimes do not follow the terms and the conditions of the loan agreement.

The third research question therefore sought to find out the relationship between Microfinance Institutions and poverty eradication in Uganda and the findings revealed that there is a very close relationship between the Microfinance institutions and poverty eradication in Uganda as those who are successful in getting these loans have their businesses prosper/expand, their standards of living have improved among others.

In summary therefore, the researcher concluded that Microfinance Banks play a very great role in the eradication of poverty in Uganda and the whole of Africa as they grant the poor clients to have access to loans and make savings thus expanding their businesses, improving their standards of living, increasing their per capita income, provide an employment to many people to mention but a few.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter contains the background of the study, statement of the problem, purpose of the study, objectives of the study, research questions, scope of the study, and the significance of the study.

1.1 Background of the study

Arua is a town in West Nile, Northern Uganda. An important local commercial centre, it is a base for a large refugee population from Southern Sudan and the Democratic Republic of the Congo and is an aid distribution centre for those nations bordering Uganda.

Location: Arua is located approximately 430 kilometers (270 mi), by road, northwest of Kampala. This location lies approximately 190 kilometers (120 mi), by road, west of Gulu, the largest city in Northern Uganda. The coordinates of the town are: 03 01 48N, 30 54 36E (Latitude: 3.0300; Longitude: 30.9100).

Overview: Arua was the capital of the former West Nile Province. However, with the breakup of the province in the 1970s into Arua, Nebbi and Moyo districts, Arua town became the capital of Arua District. Arua town was initially slotted as the proposed capital of Lado Enclave.

The dominant tribe in Arua District is the Lugbara, who are divided up into the different dialects of Vurra who come from Vurra county, Ayivu who are from Ayivu county, Madi who are from Madi-Okollo County. The Madi from Madi-Okollo have a variant dialect from those in Moyo District and Adjumani District.

Arua is an important base for NGOs working in the West Nile sub-region or serving Western Equatoria in Southern Sudan or northeastern Congo DRC. It has become increasingly important as a commercial supply centre and

transport route as the Yei-Juba road has opened up and supplies come into Juba from the south rather than through Khartoum.

The 2002 national census estimated the population of Arua town at 43,929. In 2008, the Uganda Bureau of Statistics (UBOS) estimated the population of the town to be 53,600. In 2011, UBOS estimated the population of the town at 59,400.

Centenary bank which has its headquarters in Kampala with 41 country wide branches was founded in 1983 as a credit trust, *Centenary Rural Development Trust (CRDT)*. In 1985, **CRDT** began to provide financial services to the public. Centenary Bank became a fully licensed commercial bank in 1993, after receiving a banking license from the Bank of Uganda, Uganda's Central Bank. As of December 2010, Centenary Bank was the 4th largest commercial bank in Uganda, with an asset base estimated at US\$344.7 million, representing approximately 7% of all bank assets in the country at that time.

As of February 2012, the bank is in the process of building permanent headquarters at **Mapeera House**, on Kampala Road opposite City Square. The bank boasts of over 875,000 deposit customers and over 109,000 loan accounts. Centenary Bank has the third largest branch network in Uganda, behind Stanbic Bank and Barclays Bank. The majority of the bank's branches are in rural areas and the bank plans to open more branches in future. The branches of the bank include the following locations:

In addition to the networked fixed branches, Centenary Bank maintains twenty-one (21) free-standing ATMs in various urban centers in all regions of Uganda.

Overview

The bank is a mid-sized financial services provider in Uganda. It is primarily involved in the promotion of development through loans to rural farmers,

processors of agricultural produce, small manufacturers, small traders, importers and exporters. While engaged in all areas of commercial banking, Centenary Bank has a significant portion of its portfolio in the microfinance arena in an attempt to meet the needs of the many individuals and business entities with limited means that the bank serves. As of December 2010, Centenary Bank had an asset base that was valued at about US\$344.7 million (UGX: 807 billion), with shareholder's equity of approximately US\$50.3 million (UGX: 115.6 billion).

Centenary Bank has also become a main employer in Uganda employing a total of 1,438+ people.

Microfinance refers to a variety of financial services that target low-income clients, particularly women. Since the clients of microfinance institutions (MFIs) have lower incomes and often have limited access to other financial services, microfinance products tend to be for smaller monetary amounts than traditional financial services. These services include loans, savings, insurance, and remittances. The loans offered by these Microfinance institutions are supposed to be in small amount collateralized with very low interest rate

Microloans are given for a variety of purposes, frequently for microenterprise development. The diversity of products and services offered reflects the fact that the financial needs of individuals, households, and enterprises can change significantly over time, especially for those who live in poverty. Because of these varied needs, and because of the industry's focus on the poor, microfinance institutions often use non-traditional methodologies, such as group lending or other forms of collateral not employed by the formal financial sector.

Microfinance institutions currently operate in over 100 countries, serving more than 92 million clients. To see the latest statistics on the microfinance industry and access in-depth data on microfinance institutions around the world, please visit/Read more: <http://www.themix.org/about/microfinance#ixzz1qW6pkuOv>

Poverty is the state of one who lacks a certain amount of material possessions or money. Absolute poverty or destitution refers to the one who lacks basic human needs, which commonly includes clean and fresh water, nutrition, health care, education, clothing and shelter. About 1.7 billion people are estimated to live in absolute poverty today. Relative poverty refers to lacking a usual or socially acceptable level of resources or income as compared with others within a society or country.

There are numerous indicators, of poverty such as high rates of morbidity and mortality, prevalence of malnutrition, illiteracy, high infant and maternal mortality rates, low life expectancy, poor quality housing, inadequate clothing low per capita income and expenditure, poor infrastructure (communication, transport, social services etc.). Others include high fertility, lack of access to basic services such as safe water, food insecurity and poor technology. In entirety, these futures can be used to identify poor and non poor individual's households and societies or communities. An individual house hold or community found to be characterised by some or all of these futures can be identified as being poor.

Poverty eradication is a measure or means used to reduce or eliminate poverty. It is a proper focus that tackles social exclusion especially in rural areas and target vulnerable grounds.

Microfinance institutions in Uganda play a significant role in poverty eradication by availing the households with capital to start small scale business and to improve on the already existing ones.

1.2 Statement of the problem.

It has been observed that poverty for the past decades has been the common in most parts of Uganda. One third of the Ugandans mainly the women in the rural areas stay below the poverty line. This could be as a result of have limited

or no access to financial institutions, high levels of unemployment, high levels of illiteracy among others

However, the Microfinance Institutions in Uganda are playing a very significant role in reducing poverty levels through provision of soft loans with low interest rates to the power, encouraging the spirit of savings among the power to mention but a few.

1.3 Purpose of the study

The purpose of the study was to assess the role of microfinance institutions in poverty eradication in Uganda, taking a case study of Centenary Bank-Arua branch.

1.4 Scope of the study

1.4.1 Content scope

The researcher carried out his study in a banking institution in Centenary Bank, Arua branch on the role of microfinance institutions in Poverty eradication in Uganda.

1.4.2 Geographical Scope

The study was conducted in Centenary Bank, Arua branch, which is located in Arua town.

1.4.3 Time scope

The researcher carried out his study in a banking institution (Centenary Bank) on poverty eradication. The study took three months. That is to say, from April to May 2012.

1.5 Objectives of this study

The research sought to

1. To identify the policies used by the Microfinance Institutions such as Centenary Bank, Arua Branch in administering loans.
2. To determine the effectiveness of the above policies used by Microfinance Institutions such as Centenary Bank, Arua Branch towards poverty eradication.
3. Examine the relationship between Microfinance Institutions and poverty eradication in Uganda.

1.6 Research questions

1. What are the policies used by the Microfinance Institutions (Centenary Bank, Arua Branch) to administer loans in a bid to reduce poverty?
2. How effective are the policies used by the Microfinance Institutions such as Centenary Bank, Arua Branch in administering loans in its fight of poverty eradication?
3. What is the relationship between Microfinance Institutions and poverty eradication in Uganda?

1.7 Conceptual framework

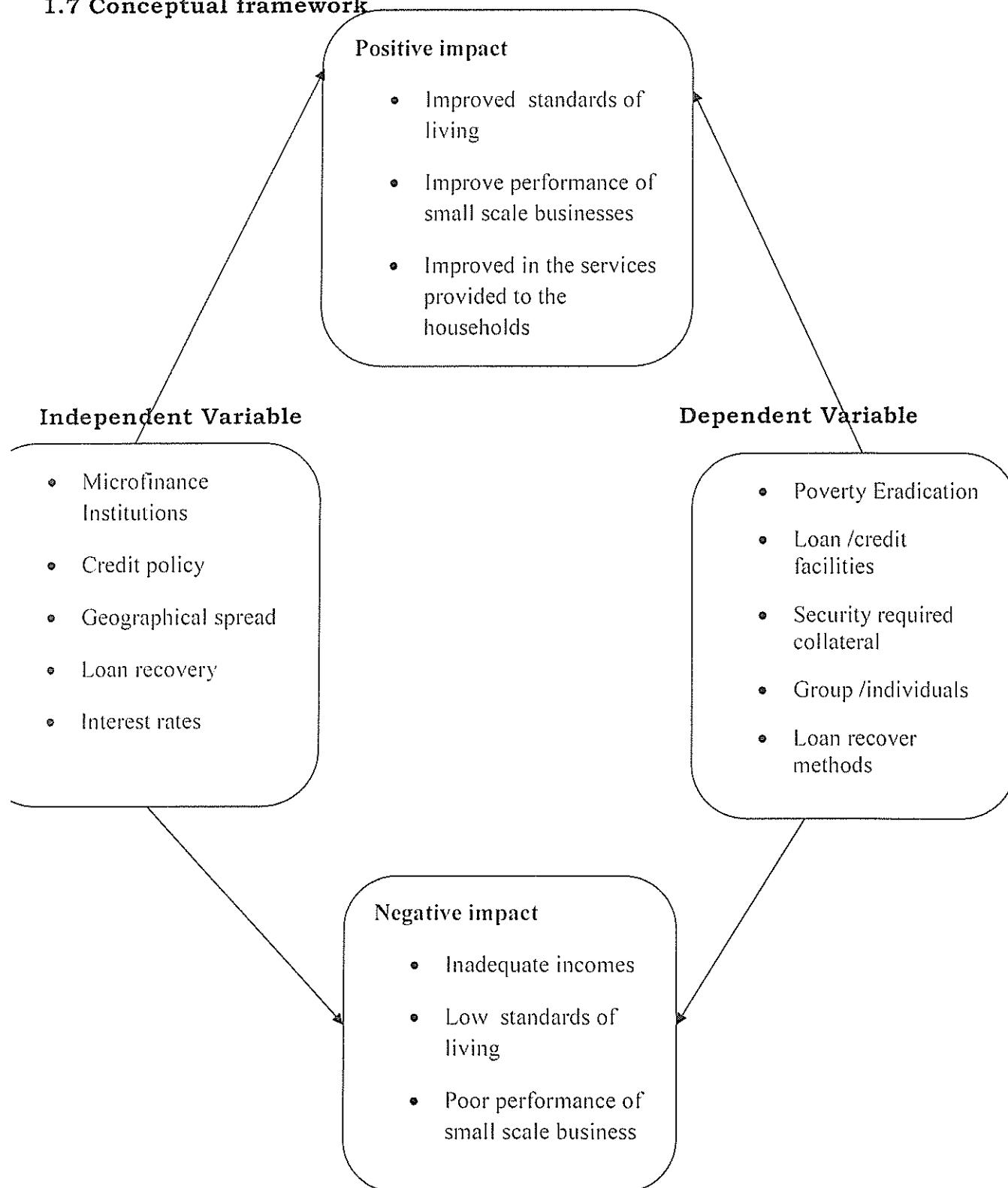


Figure 1:Conceptual framework

The above conceptual frame work represents the relationship between the independent variables and dependent variables. The independent variable here is the Microfinance Institutions (Centenary Bank-Arua branch) and the dependent variable is the Poverty Eradication.

When Microfinance Institution undertake good policies and procedures in eradicating poverty, it will result into positive results such as improved performance of small scale businesses, improved standards of living, increased urbanization, industrialization to mention but a few

However, when the strategies taken by the microfinance institutions in poverty eradication are poor, then there will be low/poor standards of living, income inequality, and low levels of development among others

1.9 Significance of the study

The researcher hope that the study will add to the existing stock of knowledge as regards to the role of microfinance institutions in poverty eradication and any other institution that has similar goal of eradicating poverty among the majority of the rural poor.

The researcher's findings is a guide to future researchers on how they can collect data, analyze data, interpret and communicate them to relevant authority so as to help in policy making and formulation.

The study will help to identify the gaps and see how they can be filled so as to reduce the loophole that exists in the fight against poverty eradication that has been a big problem in increasing the finances and household assets of most of the rural people in Uganda.

The decision makers will use the study findings for exacting policies and laws that are to be followed by any banking institutions in providing their services such as provision of loans, promotion of small scale businesses among others. Completion of this research work meant the researcher being awarded with a Bachelor's Degree in Business Administration in Kampala International University.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

In this chapter, the researcher will review the literature related to the topic under investigation. That is to say, "the role of microfinance institutions in poverty eradication in Uganda" (A case study of Centenary Bank, Arua branch).

In this chapter, also the researcher will identify the policies used by centenary bank in administering loans, the effectiveness of the above policies used by centenary bank, and the relationships between microfinance institutions and poverty eradication in Uganda.

2.1 Microfinance loans

Microfinance loans were obtained by individuals without much scarcity (Anouka 1998:39) and Semukono (1998) argued that microfinance bank loans are funds given out mostly in developing countries to combat poverty.

Semuknon (1998:23) further stated that microfinance bank loans are small loans granted to the borrower's cash flow and other loans granted to the poor and low income house holds for their micro enterprise and small business to enable them raise their income level and improve their standards of living. Semukuon (1998:23) also noted that low income clients wanted repaid and continued access to financial services rather than subsidies. Most self employed poor people micro enterprises borrow for short term working needs and the returns from their economic activities were normally subjected to high interest rates for loans and still hence profits.

White (1997:57) argued that microfinance loans refer to the money extended by these financial institutions (in this case centenary bank) to the borrowers deposits his/her collateral security with the lenders so that incase of borrower

failed to pay the lender would take collateral security unsecured loans are not backed by any collateral security.

Rugasira (2000:21) said that, there is hope that people will realize the benefits of loans as many have not fully understood its benefits initial loans for each member of a credit group are usually very small and paid over four months.

This is one mostly by wills “however, Rugasira (2000:21) further that loan should be discharged in 52 weeks installments spread over one year. This eases the process of repayment and inculcate financial disciplines among borrowers.

Robert (1997:596) noted that “loans from village bank aim at poverty eradication as well as improving social welfare.

2.2 Poverty eradication

Churchill (2000:142) noted that “the spectacular growth of the microfinance institutions or sector has been fuelled to reduce poverty level”

Brandt (1996) noted that poverty eradication refers to all economic and non-economic goods and services that provide utilities or satisfaction to individuals living in community to improve their social welfare. Brandt (1996) further noted that poverty eradication is a measure or means used to reduce or eliminate poverty a pro-poor focus that tackles social exclusion especially in rural areas targeting vulnerable groups particularly affected by poverty.

2.3 Microfinance institutions and poverty eradication.

According to Walugambe (2000:117) without some sort of credit , small scale business it could not operate, this called for the intervention of village bank loans to improve their performance in countries like Kenya, South Africa, Nigeria have been up lifted by village bank loans where this program was effective in stimulating that performance and expansion. Small and medium

enterprises (SME) policy unit, (2003) accessing loans bust way of uplifting small scale businesses hence reducing poverty.

Walugembe (2000:117) still noted that small scale businesses that access loans from village banks institutions have improved in their operations and have grown in size. However, management style and lack of strategic focus led to the collapse of most of these businesses. However CEEWA report (1999:9) small scale businesses have more problems after accessing credit from village bank institutions. This was due to the reason that they don't have expertise to utilize loans effectively and efficiently. There was further stipulated in the New Vision of 5th August (2000) that beneficiaries misuse loans by playing taxes for the husbands and buying cosmetic to beautify their bodies which was contrary to the objectives of village bank.

According to CEEWA (1999:79) the major problem of small scale businesses wars lack of capital and to male matters complicated, commercial banks request for collateral security in order to access loans. These greatly affect the performance of the small scale businesses therefore village bank institutions were bought to solve their problem. (Harpes 2002:141) noted that village bank credit is an interventionist strategy for poverty eradication and rural development and loans play a critical role by a way of out reach and spending to the rural areas and provide start up capital to small scale and micro entrepreneurs increase productivity, create job and expand production with assistance of loans.

His excellence the president of Republic of Uganda Y.K Museveni (New Vision October 1st 2007) fact that village banks should extended to local people so that they can gear the growth of agriculture and commercial sector and further suggests that interest rates should not exceed 13% per annum in agriculture and commercial project 17% per annum. President Y.K. Museveni while addressing people in Kisoro on 16th May 2005 (New Vision 17th May 2005

page 2) said that; “The government will soon issue a new policy on rural institutions to address the issue of interest rates that this would increase on the rate of borrowing which would consequently reduce poverty levels.”

The former minister of finance, Dr.Ezra Suruma while delivering 2005/2006 budget, New Vision 9th June 2005 page 2 says that; “The government will assist in provision of micro finance and or village bank infrastructure including training their management in area of record keeping, supervision of saving and credit association and other rural organizations. The government will build on these efforts to ensure that there is a village bank or micro finance institutions in every sub-county with in there years so that poverty can be reduced”

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter discusses the operational framework within which the factors of the study will be gathered. It covers sections on study design, area and population of the study, the nature and composition of respondents, instruments of data collection, sampling design and data collection procedures.

In this chapter, the researcher will identify, specify and discuss all the possible methods which will be applied in carrying out the study. Both qualitative and quantitative techniques of data collection and analysis will be used since one research method cannot yield an authentic report on the relationship between microfinance institutions (centenary bank) and poverty eradication in Uganda.

3.1 Research Design

This was a case study of Centenary Bank-Arua branch.

This study was a descriptive cross section survey. The objective of descriptive research was to portray a profile of persons, situations or events (Saunders et al, 2000). It was not possible to access all the information in all the Microfinance Institutions in Uganda, so the researcher obtained information from representative sample based on Centenary Bank-Arua branch.

3.2 Study Population

The target population of the study was the clients and staff of centenary bank-Arua branch in Arua municipality and the total population was made up of 60 people for both cases.

3.3 Sample Design

The research was a stratified random sampling because there were different sub groups basing on the levels of the loans received. The sample size included respondents who will be selected as follows.

Table 1: Sampling Design

CATEGORY	POPULATION	RESPONDENTS	PERCENTAGES
Managers	4	2	3.9%
Loans officers	4	3	5.8%
Accountants	6	4	7.7%
Cashiers	7	6	11.5%
Attendants	6	5	9.6%
Clients	33	20	61.5
TOTAL	60	40	100%

Source: The Researcher

3.4 Sampling procedures

The sampling methods involved purposive random sampling since it was extensively used in the exploratory research stage and used very valuable in the making of a final questionnaire. This method also took care of non-responses and accurate information was obtained perfectly. Consequently, it gave the random size equal chance of participating and being selected.

3.5 Sample Size

A Sample is a small portion of a targeted population selected for comprehensive analysis to represent the whole population. Out of the total population of 60, 40 respondents were selected randomly to answer the questionnaires, interview questionnaires so as to come up with a good research work.

3.6 Data sources

The sources of data collection were both primary and secondary. These included the following:

3.6.1 Primary

This was the first hand information that was collected from the field by the researcher by the use of techniques like interview guide, questionnaires, observation and references to the secondary data.

3.6.2 Secondary

Under secondary data, information was extracted from the text books and work of other scholars whether published magazines, written data source including published and unpublished documents agency reports, news papers articles, internet sources, proposal books, local government, acts among others so as to obtain relevant information.

3.7. Data collection instruments

The researcher used both qualitative and quantitative techniques of data collection such as: questionnaire and documentary review of data collection. These instruments ensured maximum credibility and validity of data that was collected and helped in organizing it into meaningful information regarding the subject of the study.

3.7.1 Questionnaire

Questionnaire with open and close-ended questions well designed in line with the topics objectives and research questions were used to gather information from the bank officials and clients. Questionnaire were selected or used because of their ability to collect detailed and actual information and they maybe time friendly.

The respondent were approached and distributed with questionnaire which they filled with the answers of different views.

The researcher employed this instrument because it covered a large number of respondents relatively at a shorter time. Besides, Questionnaires allowed the respondents to give free and independent opinion because they would not be affected by the presence of the researcher. As well, respondents were expected to answer even sensitive questions since they would not be identified by their names.

3.7.2 Interviewing

Face to face interviews will be conducted more especially to bank officials to get information about their clients. This will give a clear picture on which economic activities client deal in. the verbal and other expressions will have to reveal more information needed from the respondents.

It creates a right type of friendly atmosphere which is very conducive for obtaining desired data.

It is often perceived and a cooperative venture because personal contract gives emphasis.

Flexibility identified in the nature of interviews enabled the researcher to adjust the interviews to meet many diverse situations for example language barrier, physical disabilities and others.

It has control over time, data and venue because if an interview is to be held at the certain time for example, after the evening news or Sunday after service, arrangement can be made.

It allowed discussions of the meaning to the questions to eliminate ambiguity, provide an opportunity of correcting misunderstandings by the researcher and the respondents, which is not common with other forms of data collection.

Interviews give a strong assurance and guarantee to the interview that the facts will be properly used and safe guarded.

3.7.3 Observation

This was conducted during the time of interview to observe state of workers and the real role in order to come up with the report.

The researcher used the method because it employed relatively less complicated and less time consuming procedures of the selection.

It approaches reality in its natural structure and studies events as they value. It shows collection of wide range of information even when this information is thought to be at the time of study, relevant and is also no relatively expensive.

It provides first hand information which is more valid than reported information obtained from questionnaires and interviews.

3.8 Procedures for collecting data

An introductory letter was given from the School of Business and management, Kampala International University, introducing the researcher to the officials of Centenary Bank-Arua branch.

3.9 Data Analysis

The data after being collected was edited and thereafter, the information the researcher gathered was tailed and tabulated, frequency tables, pie charts and graphs were used. The data was analyzed using a computer program called Microsoft, excel for windows.

3.10 Ethical consideration

Before I went to the field, I began with getting authorization letter from the Dean of School of Business and Management then took it to the respondents and that enabled me to attain adequate information from the respondents. During the process of data collection, confirmation was given to the respondents in that the researcher assured the respondents that the reason for

the research was only for academic purpose and that no information was to be disclosed.

3.11 Limitations of the study

The researcher expected to finish the research successfully; however, he faced the following challenges in the course for the study.

The time given to the researcher to complete the research work was too short since the maximum time for completing research report was only two months which was not give enough room for detailed study about the role of microfinance institutions banks on poverty eradication.

The researcher being a student, he faced a problem of money since a lot of money was needed to pay for stationary, transport expenses, typing and printing, binding, photocopying and necessary obligations at the university.

Some respondents feared to disclose off the secrets of the bank as they thought the information was used for other purposes other than academic.

CHAPTER FOUR

PRESENTATION INTERPRETATION AND DISCUSSION OF FINDINGS.

4.0 Introduction

This chapter presents the findings in relation to the research questions and research objectives established earlier. The chapter presents the findings by considering the research purpose which was to establish the role of microfinance institutions/banks on poverty eradication in Uganda.

The data collected from the field was processed and analyzed, qualitatively and quantitatively. The qualitative approach used in analysis provided more clarification and explanations on quantitative data. Quantitative information summarized by using tables, percentages to show the response of the respondents.

4.1 Demographic Details

The main purpose of this part was to analyze the background information of the respondents in relation to their age, gender (sex), marital status and level of education. The information was presented by the use of tabulation.

4.1.1 Shows the gender of the respondents.

Table 2 shows the gender of the respondents

Gender	Male	Female	Total
Frequency	24	16	40
Percentage	60	40	100

Source: Primary Data

Table 2: Shows the gender ratio of the respondents. The table reveals that out of the forty (40) respondents who were randomly selected to answer the questionnaires twenty four (24) of them were males and sixteen (16) of them

were females. This means that on this basis 60% of the respondents on the questionnaires were males while 40% of them were females.

Source: Primary data.

The pie chart above reveals that out of 100% respondents who were randomly selected to answer the questionnaires 60% of them were males and 40% of them, were females. This means that on this basis 60% of the respondents on the questionnaires were males while 40% of the respondents were females.

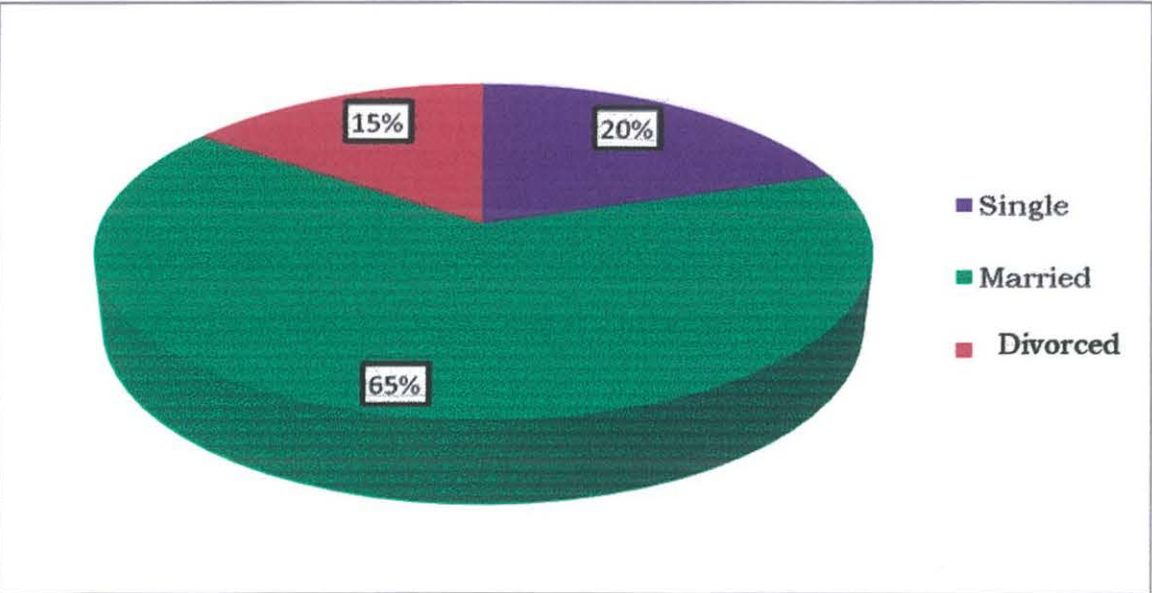
Table 3: Shows the marital status of the respondents

Status	Single	Married	Divorced	Total
Frequency	8	26	6	40
Percentage	20	65	15	100

Source: Primary data

According to the table above, out of the total respondents of 40, 8 of them making a percentage of 20% were still single, 26 of the respondents making a percentage of 65% were married and 6 respondents making a percentage of 15% divorced.

Figure 2: A pie chart showing the marital status of the respondents.



Source: Primary data

4.1.2 Response of respondents by age.

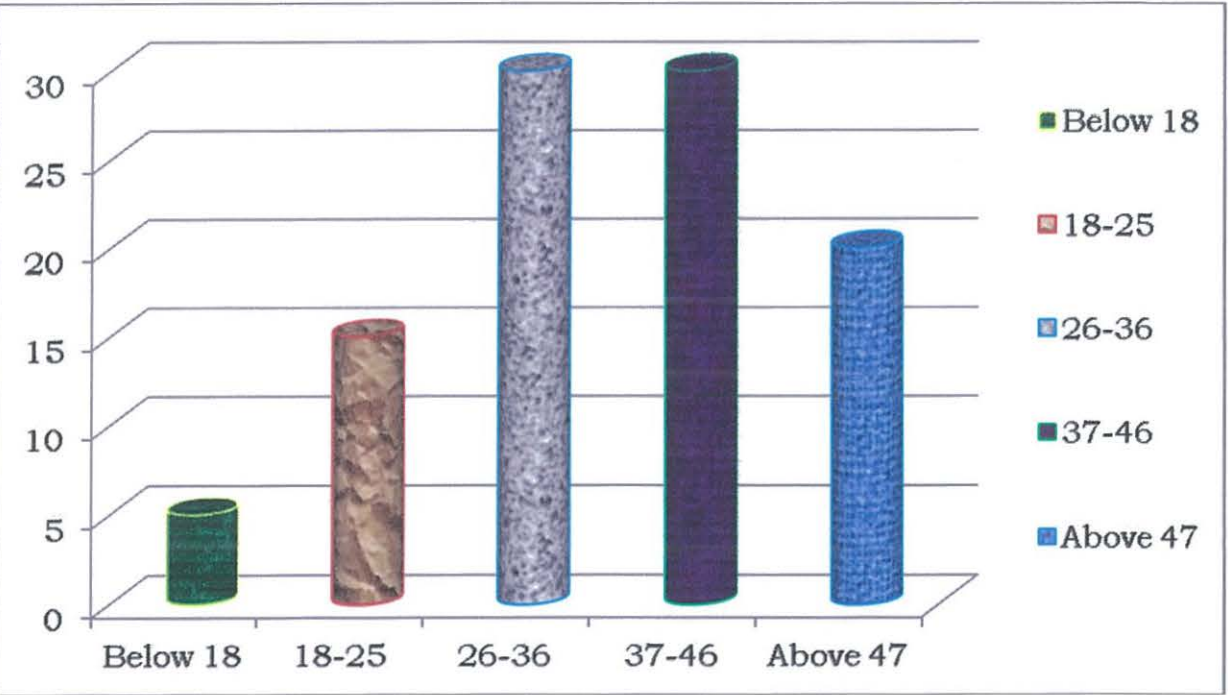
Table 4: Shows the responses of clients by age.

Ages	Below 18	18-25	26-36	37-46	Above 47	Total
Frequency	2	6	12	12	8	40
Percentage	5	15	30	30	20	100

Source: Primary

From the above table, the majority of the respondents who are benefiting from the services provided by the microfinance banks are between the age brackets of 26-36 and 37-46 making a percentage of 30% each. Those below 18 were only 2 representing 5% and those above 47 were 8 representing 20% of the total respondents. It is evident that the youth between the ages of 26 and 46 utilize the services of Centenary Bank-Arua branch so well and are benefiting more than the other age groups. This is probably because of the fact that it is this age group that very actively engages in commercial farming and trade and therefore has the capacity to pay back the loans and present collateral securities.

Fig 3: Response of respondents by age.



Source: Primary data.

According to the bar graph above, the majority of the respondents who are benefiting from the services provided by the microfinance banks are between the age brackets of 26-36 and 37-46 making a percentage of 30% each. Those below 18 were only 2 representing 5% and those above 47 were 8 representing 20% of the total respondents. It is evident that the youth between the ages of 26 and 46 utilize the services of Centenary Bank-Arua branch so well and are benefiting more than the other age groups.

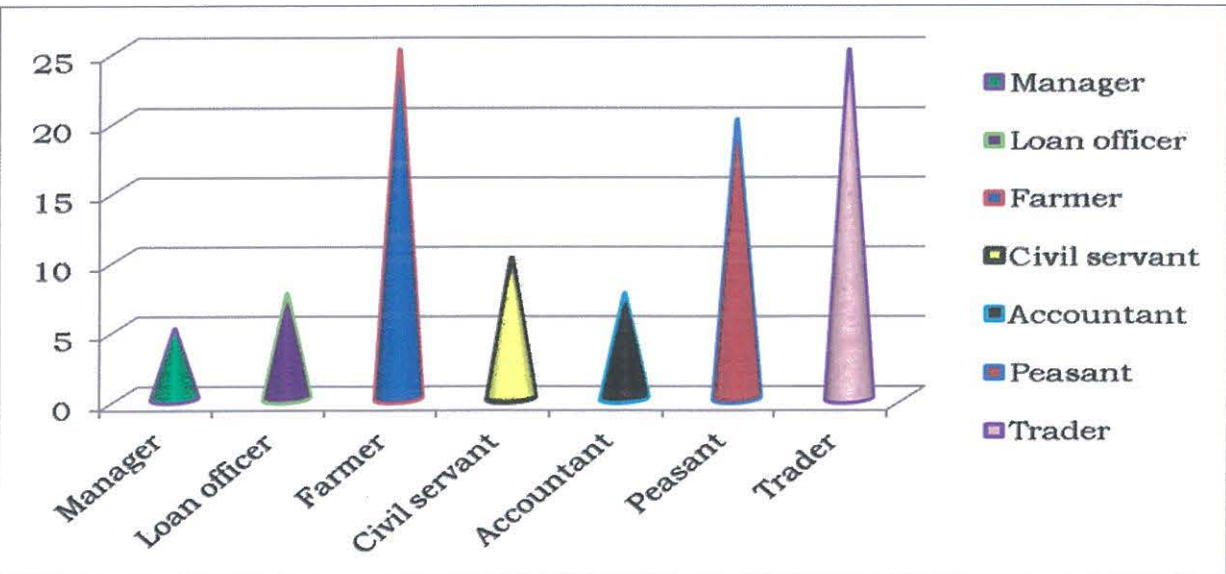
Table 5: Response of respondents by occupation

Occupation	Manager	Loan officer	Farmer	Civil servant	Accountant	Peasant	Trader
Frequency	2	3	10	4	3	8	10
Percentage	5	7.5	25	10	7.5	20	25

Source: Primary data

According to the table above, 2 respondents representing 5% were managers of the bank, 3 representing 7.5% were loan officers of the same bank, 10 of them representing 25% were farmers, 4 respondents representing 10% were civil servants, 3 representing 7.5% were accountants, 8 respondents representing 20% were peasants and the remaining 10 representing 25% were engaged in trade.

Bar Graph 4 : Shows the occupation of the respondents



Source: Primary data.

From the bar graph above, 2 respondents representing 5% were managers of the bank, 3 representing 7.5% were loan officers of the same bank, 10 of them representing 25% were farmers, 4 respondents representing 7.5% were accountants, 8 respondents representing 20% were peasants and the remaining 10 representing 25% were engaged in trade.

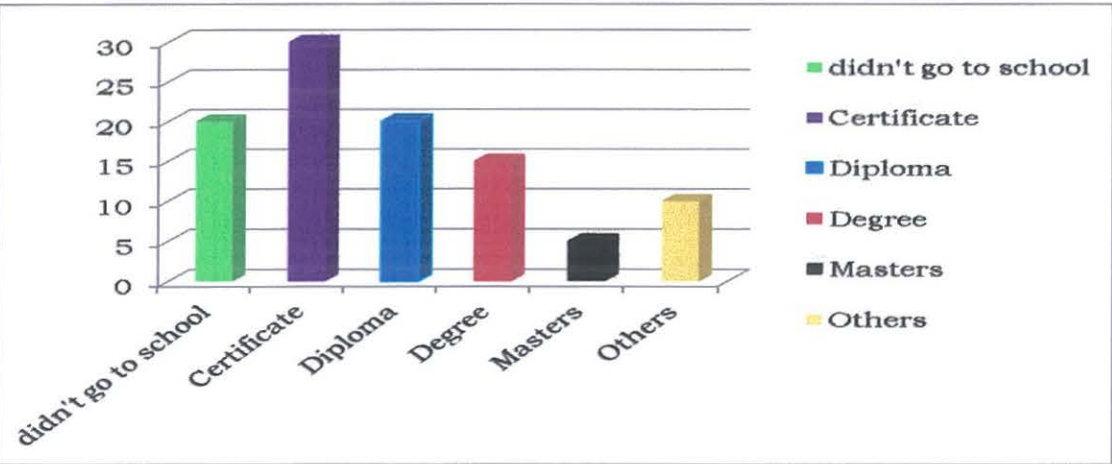
Table 6: Education Levels of the respondents

Level of education	Did not go to school	Certificate	Diploma	Degree	Masters	Others	Total
Frequency	8	12	8	6	2	4	40
Percentage (%)	20	30	20	15	5	10	100

Source: Primary Data

According to the table above, 20% of the respondents did not go to school at all, 30% that made the majority attained certificate, 30% had diploma, 15% attained Degrees, only 5% had masters and 10% had other academic qualifications such as CPA, PhD to mention but a few. This implies that most of those illiterate or did not attain higher levels of education who are probably the farmers, peasants and the traders do not know much about the services offered by Centenary Bank and as a result, they fail to utilize these services to the maximum thus their problem of poverty continue to persist.

Figure 5: Shows the Education Levels of the respondents



Source: Primary data

According to the bar graph above, 20% of the respondents did not go to school at all, 30% that made the majority attained certificate, 30% had diploma, 15% attained Degrees, only 5% had masters and 10% had other academic qualifications such as CPA, PhD to mention but a few. This implies that most of those illiterate or did not attain higher levels of education who are probably the farmers, peasants and the traders do not know much about the services offered by Centenary Bank and as a result, they fail to utilize these services to the maximum thus their problem of poverty continue to persist.

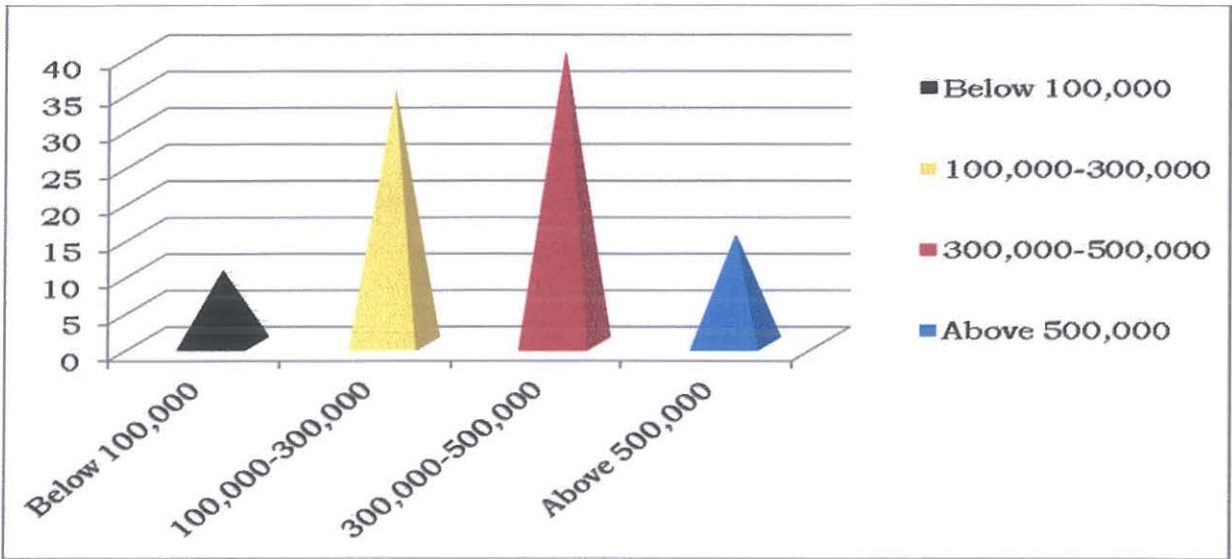
Table 7: Shows the monthly incomes levels of the respondents.

Income levels	Below 100,000	100,000 to 300,000	300,000 to 500,000	Above 500,000	Total
Frequency	4	14	16	6	40
Percentage (%)	10	35	40	15	100

Source: Primary Data

As seen from the above bar graph, the majority of people who utilize the financial services are middle income earners, that is those earning between 300,000/= and 500,000/= represented by 40% closely followed by those earning between 100,000/= and 300.000/= represented by 35%. The real poor earning less than 100,000/= per month representing 10% rarely utilize the services while only 6 representing 15% the rich earning above 500,000/= utilize the services of Centenary Bank-Arua Branch.

Figure 6: Bar Graph showing response of Clients by monthly incomes levels.



Source: Primary Data

As seen from the above bar graph, the majority of people who utilize the financial services are middle income earners, that is those earning between 300,000/= and 500,000/= represented by 40% closely followed by those earning between 100,000/= and 300.000/= represented by 35%. The real poor earning less than 100,000/= per month representing 10% rarely utilize the services while only 6 representing 15% the rich earning above 500,000/= utilize the services of Centenary Bank-Arua Branch.

Table 8: Responses of employees according to how long they have served in Centenary Bank-Arua branch.

Categories	Frequency	Percentage
Less than a year	3	15
1-2 years	4	20
2-4 years	8	40
Above 4 years	5	25
Total	20	100

Source: Primary Data

Of the employee respondents, three (3) had served for less than a year, four (4) had served for 1 to 2 years, eight (8) had served for 2-4 years and five (5) had served in the bank for more than four years.

4.2 Findings on services offered I received

Table 9: Response of employees and clients about services offered by Centenary Bank-Arua Branch.

Type of service	Employees		Clients	
	Frequency	Percentage	Frequency	percentage
Mobilizing savings	4	20	6	30
Loan facilities	2	10	4	20
Advisory services	4	20	2	10
Monitoring & supervision	2	10	3	15
Micro insurance	0	0	0	0
Community mobilization	3	15	5	25
Employment opportunities	3	15	0	0
Participation in social activities	1	5	0	0
Keeping clients other documents	1	5	0	0
Total	20	100	20	100

Source; Primary data

From the table above, all the 20 employees selected from Centenary bank-Arua branch responded as below regarding the services offered by the bank: 4 said the services offered are mobilization of savings and advisory services respectively, 2 responded about loan facilities and monitoring supervision respectively, 3 said the services offered are community mobilization and employment opportunities respectively, only 1 said participation in social activities and keeping clients other documents respectively and non responded regarding micro insurance.

On the other hand, 6 clients believe mobilization of savings is the main service offered by Centenary Bank, 4 said it is loan facilities, 2 said it is advisory

services, 3 said it is monitoring and supervision and 5 said the service offered by this bank is community mobilization as shown on the table above

The above analysis indicates a sharp disagreement between what bank officials agree to be offering to the community and what the community believes it gets from the bank.

Table 10: Employee's response on which services clients utilize most.

Categories	Frequency	Percentage (%)
Mobilizing savings	8	40
Loan facilities	6	30
Advisory services	0	0
Monitoring & supervision	2	10
Micro insurance	0	0
Community mobilization	2	0
Employment opportunities	2	10
Participation in social activities	0	0
Total	20	100

Source: Primary data

Majority of the employees agreed that the clients use the bank to save their money while 6 of the employees representing 30% indicated that most clients rush for loan facilities. 2 of the employees representing 10% agreed that clients utilize the service of monitoring and supervision other than loan facilities, 2 said clients are involved in community mobilization and 2 others said clients utilize the bank for employment opportunities.

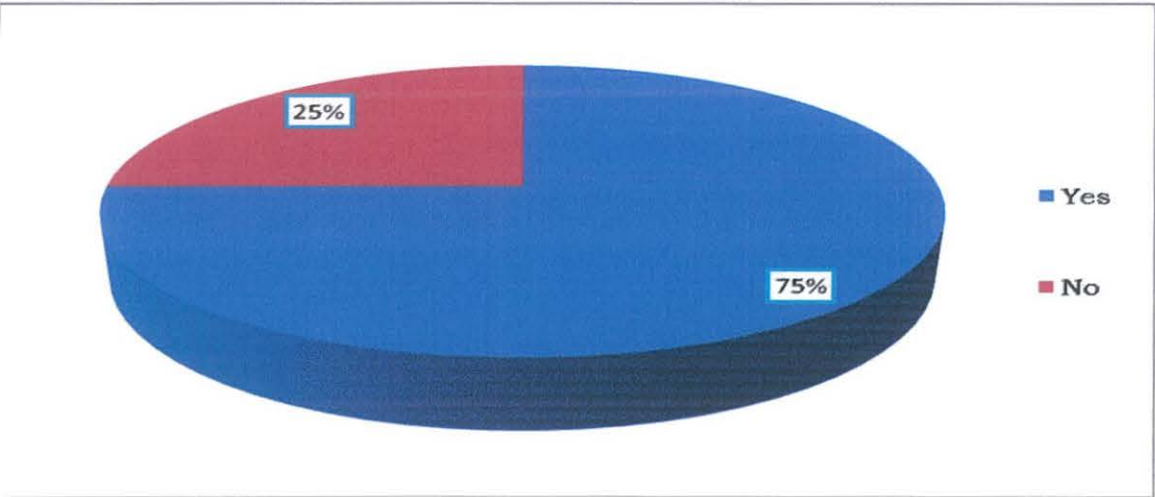
Table 11: Shows whether the clients had ever got loan facilities from Centenary Bank-Arua branch

Response	Frequency	Percentage
Yes	30	75
No	10	25
Total	40	100

Source: Primary Data

From the table above table, 30 out of 40 clients representing 75% have utilized the loan facility and only 10% did not. This shows that majority of the clients have ever got loans from Centenary Bank-Arua branch. This analysis can be further showed in the pie chart below.

Figure 7: Shows whether the clients have ever got a Loan from Centenary Bank-Arua Branch



Source: Primary Data

According to the pie chart above, 30 out of 40 clients representing 75% have utilized the loan facility and only 10% did not. This shows that majority of the clients have ever got loans from Centenary Bank-Arua branch. This analysis can be further showed in the pie chart below.

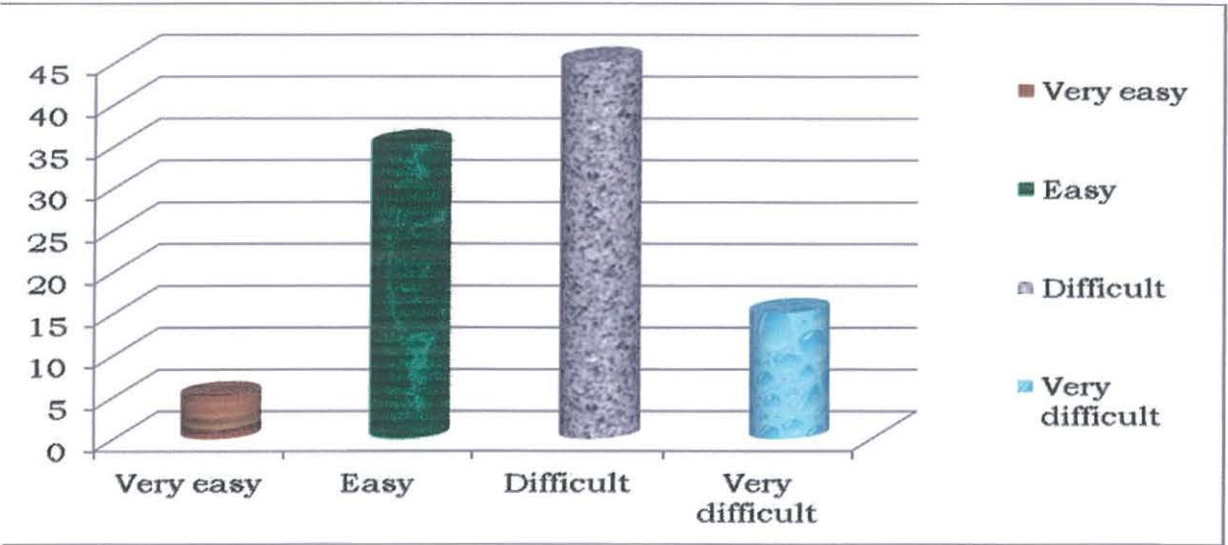
Table 12: Response on how easy it was to get loans from the bank.

Response	Frequency	Percentage
Very easy	2	5
Easy	14	35
Difficult	18	45
Very difficult	6	15
Total	40	100

Source: Primary Data

Only 2 of the clients found it very easy to get a loan from Centenary bank-Arua branch 14 representing 35% of the respondents found it easy to get a loan from Centenary Bank, 18 representing 45% of the sampled clients found it difficult while 6 representing 15% of the clients found it very difficult to get a loan from the bank. From the above analysis, it was evident that getting a loan from the village bank is not easy as there are a number of procedures one has to follow and the requirements such as collateral securities for obtaining are beyond the reach of majority of the clients.

Fig 8: A bar graph showing the ease of getting loans



Source: Prlmary Data

Only 2 of the clients found it very easy to get a loan from Centenary bank-Arua branch 14 representing 35% of the respondents found it easy to get a loan from

Centenary Bank, 18 representing 45% of the sampled clients found it difficult while 6 representing 15% of the clients found it very difficult to get a loan from the bank. From the above analysis, it was evident that getting a loan from the village bank is not easy as there are a number of procedures one has to follow and the requirements such as collateral securities for obtaining are beyond the reach of majority of the clients.

4.3 Findings on how clients utilize the services they get from Centenary bank.

Table 13: Responses from employees and clients on what they use the services for.

Activity	Employees		Clients	
	Frequency	Percentage	Frequency	percentage
Increase trade	6	30	6	30
Domestic welfare	2	10	2	10
Increased farming	6	30	7	35
Cater for emergencies	4	20	0	0
Buying land	0	20	2	10
Paying school fees	2	10	3	15
Paying debts	0	0	0	0
Total	20	100	20	100

Source: Primary Data

All employees agreed that clients utilize the services especially loans to increase trade. 2 out of 20 representing 10% agreed that clients utilize their services to improve their domestic welfare, 6 representing 30% use the loans to increase farming and catering for emergencies. None of the employees agreed that the clients use the loans for buying land and paying debts, an implication that there is no multiple borrowing. 2 of the employees agreed that the loans are used for paying school fees.

On the side of the clients, 6 respondents representing 30% agreed that they use the loans they get from the bank to increase trade, 7 representing 35% accepted that they used the loans to improve farming. 2 representing 10% of

the clients indicated that they use the loan to buy land and paying debts respectively, while 3 representing 15% of the clients agreed that they use the loans to pay school fees of their children. While none of the respondents agreed that they use the loans to cater for emergency and pay debts

Table 14: Response of clients on the source of funds they use for paying back loans.

Source	Frequency	Percentage
Business	9	45
Salary	3	15
Farming	6	30
Others	2	10
Total	20	100

Source: Primary Data

Out of 40 people/clients that took the loans 9 (45%) agreed that they paid loans from incomes they got from their businesses, 3 (15%) said that they were helped by their salaries and other employment income, 6 (30%) repaid the loans from the income they got from farming, and 2 (10%) paid back the loans from incomes they got from other sources such as borrowing from a colleague, selling personal assets, previous savings and so on. This shows that traders are at a better advantage followed by the farmers.

Table 15: Showing responses of clients on whether it was easy to pay back the loans

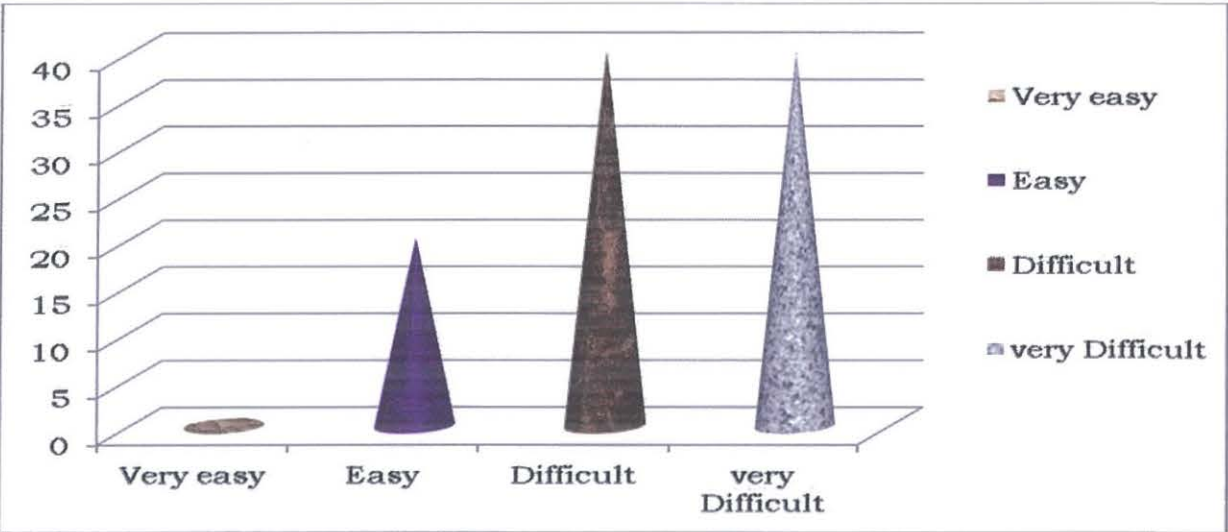
Response	Frequency	Percentage
Very easy	-	-
Easy	4	20
Difficult	8	40
Very difficult	8	40
Total	20	100

Source: Primary data.

Of the 4 clients who were randomly selected to answer the questionnaires, none said it was very easy to pay back the loans they got, 4 (20%) said that it

was easy to pay back the loans while 8(40%) believed that it was a bit difficult, and another 8 (40%) said it was very difficult to pay back the loans. When the responses were compared with where they raised sources of income to pay back the loans it was found out that those whose source was trade found it easy to pay the loans where as those whose source was farming paid with a bit of difficulty.

Fig 9: Responses of clients on whether it was easy to pay back the loans



Source: Prlmary Data

Of the 4 clients who were randomly selected to answer the questionnaires, none said it was very easy to pay back the loans they got, 4 (20%) said that it was easy to pay back the loans while 8(40%) believed that it was a bit difficult, and another 8 (40%) said it was very difficult to pay back the loans. When the responses were compared with where they raised sources of income to pay back the loans it was found out that those whose source was trade found it easy to pay the loans where as those whose source was farming paid with a bit of difficulty.

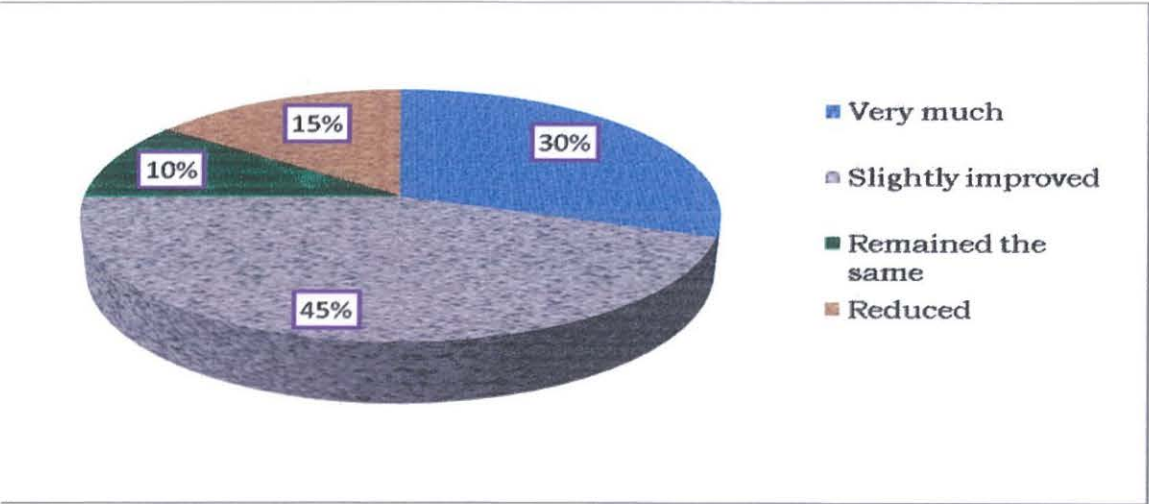
Table 16: Shows whether their incomes improved after getting some services from Centenary Bank-Arua Branch

Response	Frequency	Percentage (%)
Very much	6	30
Slightly improved	9	45
Remained the same	2	10
Reduced	3	15
Total	40	100

Source: primary data.

According to the table above, 6 respondent out of 40 representing 30% agreed that after receiving services from Centenary bank their incomes improved very much, 9(45%) agreed that their incomes slightly improved, 2 respondents representing 10% believed that their incomes remained unchanged after utilizing the Centenary bank loan while 3 respondents representing 15% agreed that their incomes reduced after utilizing the loans hence a negative impact on their incomes.

Fig 10: A pie chart showing whether client's incomes improved after obtaining a loan



Source: Primary data

According to the pie chart above, 6 respondent out of 40 representing 30% agreed that after receiving services from Centenary bank their incomes

improved very much, 9(45%) agreed that their incomes slightly improved, 2 respondents representing 10% believed that their incomes remained unchanged after utilizing the Centenary bank loan while 3 respondents representing 15% agreed that their incomes reduced after utilizing the loans hence a negative impact on their incomes.

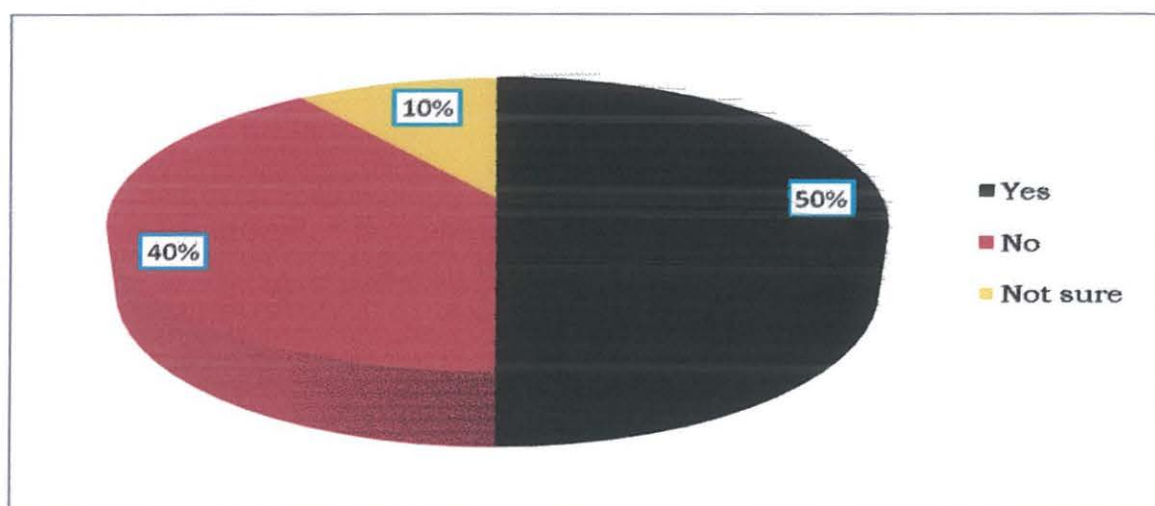
Table 17: Showing responses of employees on whether they educate clients on utilizing the services.

Response	Frequency	Percentage
Yes	10	50
No	8	40
Sometimes	2	10
Total	20	100

Source: primary data

According to the table above, 10 employees representing 50% agreed that clients are sensitized on how to utilize the services, while 8 representing 40% said that they do not educate the their clients on the usages of these services and another 2 respondents employees said that they do not educate clients.

Fig 11: A pie chart showing whether employees sensitize their clients about the usage of the loans obtained.



Source: Primary data

According to the pie chart above, 10 employees representing 50% agreed that clients are sensitized on how to utilize the services, while 8 representing 40% said that they do not educate the their clients on the usages of these services and another 2 respondents employees said that they do not educate clients.

Table 18: Showing the opinion of employees on whether their organization has reduced poverty.

Response	Frequency	Percentage
Yes	12	60
No	2	10
Some how	6	30
Total	20	100

Source: primary data.

According to the table above, 12 representing 60% of the employees accepted that their bank has done a great job in reducing poverty among the poor, 6 employees representing 30% said somehow they have reduced poverty and only 2 employee representing 10% said their services have not helped in reducing poverty at all.

Fig 12: A pie chart showing whether Centenary Bank-Arua Branch has helped in reducing poverty in the region.



Source: Primary data.

According to the pie chart above, 12 representing 60% of the employees accepted that their bank has done a great job in reducing poverty among the poor, 6 employees representing 30% said somehow they have reduced poverty and only 2 employee representing 10% said their services have not helped in reducing poverty at all.

Table 19: Showing reasons why employees believe that poverty has somehow reduced.

Response	Frequency	Percentage (%)
Increased savings	6	30
Easy repayment of loan	2	10
More children going to school	2	10
Improved business	7	35
Construction of houses	2	10
Many people becoming self employed	3	15
Total	20	100

Source: Primary data

The table above shows that 6 (30) employees agreed that increased saving is a sign of reduced poverty, 2 (10%) said, easy repayments of loans, more children going to school and construction of better houses respectively is a sign of reduced poverty, 7 (35%) said improved businesses is a sign of reduced poverty.

Table 20: showing responses of clients on how they rate services offered by Centenary bank-Arua branch

Response	Frequency	Percentage
Very good	4	20
Good	8	40
Need improvement	6	35
Bad	2	10
Total	20	100

Source: Primary data

According to the table above, 4 out of 20 (20%) respondents said the services offered by Centenary Bank are very good, 8 (40%) said the services are good, 6 (40%) said that the bank needs to improve in its services to serve clients well, while only 2 out of 20 representing 10% rated Centenary bank services bad.

Table 21: Showing responses on whether clients keep their money in Centenary Bank-Arua branch.

Response	Frequency	Percentage
Yes	16	80
No	4	20
Total	20	100

Source: Primary data

Out of the 20 employees of Centenary Bank-Arua branch who were randomly chosen to answer the questionnaires, 16 representing 80% said the clients keep money in the bank but only 4 making a percentage of 20% said no.

Table 22: Showing responses on whether their clients receive interests on their deposits.

Response	Frequency	Percentage
Yes	3	15
No	17	85
Total	20	100

Source: primary data

According to the table above, 85% of the employees of Centenary Bank respondents that clients do not receive any interest on their deposits while only 15% said the clients do receive interests.

Table 23: Showing responses on how often clients deposit their money to Centenary bank-Arua Branch.

Response	Frequency	Percentage
Every day	4	20
Every week	8	40
Every month	6	30
Rarely	2	10
Total	20	100

Source: primary data

Eight (8) out of the twenty (20) clients said that they deposit every week , this was 40% of the respondents while 6 out of 20 representing 30% said that they deposit monthly 2 (10%)respondents rarely deposit their money with Centenary Bank-Arua branch. According to the table, there are only 4 (20%) clients who deposit money on daily basis to Centenary Bank-Arua branch.

4.4 Findings on problems encountered by the bank and clients in their bid to reduce poverty.

Table 24: Showing responses of problems encountered in proving services.

Problem	Frequency	Percentage
High level of defaulters	9	45
Shortage of cash to meet customers needs	1	5
Multiple borrowing of customers	2	10
Coordination and monitoring problem	0	0
Competition with other institutions	2	10
High operational costs	2	10
Manual methods of entering transactions	0	0
Inactive Board of Directors	0	0
Some clients are inactive	2	10
Overworking	2	10
Total	20	100

Source: primary data.

According to the table above, 9 employees representing 45% said the main problem they face is the high level of defaulters by the clients, while 1 out of 20

employees representing 5% said that shortage of cash to meet customers' needs is the problem, 2 employees representing 10% said the problems they are facing are multiple borrowing of customers, competition with other institutions, high operational costs, inactive clients and overworking respectively, coordination and monitoring problem, manual methods of entering transactions and inactive Board of Directors was not commented about by the employees.

Table 25 Showing responses of clients on problems they encounter in dealing with Centenary bank-Arua branch.

Problem	Frequency	Percentage
High interest rates	10	50
Many other charges	2	20
Short period of repaying the loans	6	30
Getting less than expected	2	10
Forcing clients to buy shares	0	0
Low dividends paid on shares	0	0
Total	20	100

Source: primary data.

Out of the 20 clients who answered the questionnaires, 10 of them representing 50% complained of high interest rates charges on loans while those who complained that the bank charged other charges were 2 representing 10%, 6 clients making a percentage of 30% complained of short period of repaying the loans, 2 clients representing 10% said getting less than expected is the major problem. None of the clients said they have not been forced to buy shares from the bank.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the discussions and findings from the previous chapters. It was on the basis of chapter four with reference to research objectives and the aid of literature review where the conclusions and recommendations were made. The general objective of this research work was to analyze the impact of microfinance banks on poverty eradication, with a case study of Centenary Bank-Arua branch.

However, the first specific objective was to identify the policies used by the Microfinance Institutions such as Centenary Bank, Arua Branch in administering loans. The second objective was to determine the effectiveness of the above policies used by Microfinance Institutions such as Centenary Bank, Arua Branch towards poverty eradication.

Lastly, to examine the relationship between Microfinance Institutions and poverty eradication in Uganda.

From the analysis, evaluation and interpretation of the data and information the researcher found that in the field were correctly performed; therefore, the conclusion and recommendation given below were precisely derived from the chapter and areas mentioned above.

5.2 Summary of findings

The findings in chapter four were discussed in relation to specific objectives of the study and research questions as already mentioned in chapter one. The review of literature and were to examine services offered by Centenary bank-Arua branch that reduce poverty, how clients utilize the bank services to fight poverty and to identify problems met by Centenary bank-Arua branch and clients in their effort to reduce poverty

5.2.1: Services offered by Centenary bank-Arua branch.

From table 8, 50% of respondents both employees and clients revealed that Centenary bank mobilize savings and gives loan facilities. This was in line with Joanna Lidgerwood (2000 LTNDP and UNCPF report 1999) and Omeke Michael (2008) 50% of the employment revealed that Centenary bank gives advisory services monitor and supervises their clients, project , mobilize and participate in community activities this is in line with Omeke Michael (2008), in contrast however the clients show less response that the bank was giving advisory services , none of the respondents revealed that they got advisory services, 10% showered that the bank was participating in community mobilization activities All employees agreed that the bank was offering employment opportunities this was in line with Omeke Michael (2008)

5.2.2: How clients utilize the services.

Table 12 showed that the majority of employees and clients 30% and 30% respectively agreed that services are used to increase trade while 10% of the clients said that the services help them to improve their domestic welfare, 30% and 35% used the services to increases farming while 0% and 10% were using the services to buy land and to cater for emergencies respectively. This is in line with Isabel Carter (2001).

5.2.3: Problems faced by Centenary bank and the clients in their bid to reduced poverty.

According to table 21 the problems Centenary bank face in its bid to reduce poverty followed the following order;

45% of the respondents identified the major problem as high level defaulters. This is in line with Omeke Michael (2008), Lloyd Thomas (1997) and Baguma (2007). 10% of the respondents said that the major problem as multiple borrowing as people get loans from different financial Institutions and end up failing to pay back the loans. This is in line with Omeke Michael (2008).

None of respondents identified the problems as manual methods of entering transactions, inactive board members and clients whose accounts remain dormant for sometime and that staff is overworked. Clients also identified the problem faced by the bank as coordination and monitoring problems competition with other institution and high operational costs, this is in line with Chromium Francis (2002), Harvey Jack (1998) and Omeke Michael (2008). The problem s faced by clients included the following;

According to table 21 all clients revealed that the major problem was short the high interest rates fixed by the bank followed by the short period of repaying the loan. This was in line with the major statement of the problem which asserted that the period for repaying the loans in so short that these loans can not yield enough money to pay themselves. Many other charges and getting less than expected are some of the problems the clients commented about.

None of the clients commented on the problem of forcing them to buy shares from the bank and yet they are paid little dividends.

5.3 Summary

The study covered 40 respondents out of which 20 were employees of Centenary bank-Arua branch and the other 20 were clients of the same bank.

The employees had served in the bank for a period of up to 4 years indicating that they had good experience in whatever they were responding to and also enough qualifications to enabled them do their work efficiently -

The 20 clients selected included both new clients and the old ones- All the clients and the employees identified accepting client's deposits and extending loan facilities as the major services got from Centenary bank-Arua branch. Loans facilities were taken to include even the short term borrowing where repayments were in less than 3 months.

On whether bank facilities are used to reduce poverty the researcher found that most use the facilities especially loans to increase trade which reduces poverty but the real poor were benefiting less from the loan facilities.

On the problems faced by the bank and clients in the bid to reduce poverty it was found that the major problems faced by the banks included among others;

- High degree of defaulting by the clients.
- Manual recording of transactions.
- Shortage o cash to met customer needs.
- Multiple borrowing of clients and
- High operational costs
- Inactive members of boars plus clients whose accounts remain dormant for sometime

The clients however complained of the following challenges;

- High interest rates
- Short period of repaying the loans
- Being forced to buy shares on which low dividends are paid.

5.4 Conclusion

The role of Centenary bank-Arua branch loans on the reduction of poverty must go beyond financial support to include things like educating clients on how they can utilize those loans to raise incomes. Though some impact has been made, there is a need to strengthen entrepreneurial development rather than just providing loan facilities without knowledge on how to invest money resulting in utilizing them for non profit making ventures and thus ending up defaulting, loans duration which is too short remains a hurdle which must be overcome and also interests rates must be user friendly. But also the village banks need to be helped in one way or another because it is the interest rates they charge that has to meet all the costs like insuring against those that default , meeting all operational costs and paying dividends to members.

5.5 Recommendations.

The researcher recommends the following;

- All the branches of Centenary bank needs to work hand in hand and establishes a form of credit reference bureau to safeguard against multiple borrowing which makes some people to default. These banks should not only rush clients but have to co-operate in fighting that vice.
- To safeguard human error, reduce on stress of overworking, and avoid data loss the Centenary bank needs to purchase at least one of their efficient running.
- The government needs to come in and support the Microfinance banks or institutions as it can help them through provision of subsidies, tax holidays, fixing fair interest rates to mention but a few which can reduce on operational costs and enable them to lower interest rates to benefit the poor. Also it should strengthen laws on defaulters.
- The Microfinance banks need to offer long-term credits to enable people making enough returns before paying back the loans.

Microfinance institutions need to increase their services to go beyond accepting deposits and giving loans to include activities like community mobilization, Entrepreneurial development which can increases peoples ability to make money and become rich.

- The Microfinance banks like Centenary bank-Arua branch should try to give some interests on peoples saving to encourage more savings where people can pool enough funds to invest than merely depending on loans for investment. Laws streamlining the operation of Microfinance banks should be enacted and carefully monitored.

5.6 Areas recommended for future research

Future researchers should consider the following areas

- ❖ The effect of Microfinance banks on entrepreneurial development.
- ❖ The causes of high level of loans on investment

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APPENDIX I
QUESTIONNAIRE FOR EMPLOYEES

Dear respondent

I am Jok Deng kuol a student of Kampala International University conducting a research a partial requirement for the fulfillment of the award of Bachelor of Business Administration. I am requesting you to spare sometime and fill this questionnaire. The information obtained will be strictly for academic purposes and will be treated with utmost confidentiality. Thank you very much.

SECTIONS A: Employee introductory data

Tick the appropriate answer

1. Sex/Gender

(a) Male

☐

(b) Female

☐

2. Marital status

(a) Married

☐

(b) Single

☐

(c) Divorced

☐

3. Age in years

(a) 18-25

☐

(c) 37-46

☐

(b) 26-36

☐

(d) Above 47

☐

4. Academic qualifications

(a) Certificate

☐

(b) Diploma

☐

(c) Degree

☐

(d) Masters

☐

(e) Other professional course.....

5. Which department do you belong to?

(a) Finance

☐

(b) Loan

☐

(c) Administration

☐

(d)

Others.....

6. Position held in this organization

(a) Manager

(b) Loan officer

(c) Accountant

(d) Cashier

(e) Others (Specify).....

7. How long have you served in the institution?

(a) Less than a year

(b) 1 to 2 years

(c) 2 to 4 year s

(d) Above 4 years

SECTION B: service offered by Centenary Bank-Arua Branch

8. What types of services do you offer to your clients?

	Strongly agree	Agree	Not sure	Disagree	Strongly disagree
Mobilizing savings					
Advisory services					
Monitoring and supervision					
Micro insurance					
Community mobilization					
Employment opportunities					
Others specify					

9. Which of the above services do your clients utilize most?

	Strongly agree	Agree	Not sure	Disagree	Strongly disagree
Mobilizing savings					
Advisory services					
Monitoring and supervision					
Micro insurance					
Community mobilization					
Employment opportunities					
Others specify					

10. Using a rating scale, show by ticking, which groups of people normally utilize the services listed in 6 above?

	Strongly agree	Agree	Not sure	Disagree	Strongly disagree
Farmers					
Traders					
Men					
Women					
Employed					
Unemployed					
Others specify					

SECTION C: How the services are utilized.

11. How do the clients utilize the services listed in 5 above?

	Strongly agree	Agree	Not sure	Disagree	Strongly disagree
Increase trade income					
Cater for domestic welfare					
Increase farming					
Cater for emergencies					
Others specify					

12. Do you normally visit your clients to educate them on how to utilize the services?

Strongly agree	Agree	Not sure	Disagree	Strongly disagree

13. In your opinion, has your organization helped to reduce poverty?

Strongly agree	Agree	Not sure	Disagree	Strongly disagree

14. Give reasons for your answer in 10 above

	Strongly agree	Agree	Not sure	Disagree	Strongly disagree
Increase in savings					
Clients easily paid back loans					
More children have gone to school					
Businesses have improved					
Clients have constructed residential houses					
Many people have become self employed					
Others specify					

SECTION D: Problems faced by Centenary Bank-Arua Branch

15. State the problems faced by Centenary Bank-Arua Branch in attempt to eradicate poverty.

	Strongly agree	Agree	Not sure	Disagree	Strongly disagree
High levels of defaulters					
Shortage of cash flow to meet the demands of clients					
Multiple borrowing of clients					
High interest rates in case of borrowing from other institutions					
Political interferences					
Coordination, monitoring and supervision problems					

THANK YOU AND MAY GOD BLESS YOU ABUNDANTLY.

QUESTIONNAIRE FOR CLIENTS

Dear respondent

I am a student of Kampala International University conducting a research as a partial requirement for the fulfillment of the award of Bachelor of Business Administration. I am requesting you to spare sometime and fill this questionnaire. The information obtained will be strictly for academic purposes and will be treated with utmost confidentiality. Thank you very much.

SECTIONS A: Client Introductory answer

Tick the appropriate answer

SECTIONS A: Employee introductory data

Tick the appropriate answer

1. Sex/Gender

(b) Male

☐

(b) Female

☐

2. Marital status

(a) Married

☐

(b) Single

☐

(c) Divorced

☐

3. Age in years

(a) 18-26

☐

(c) 37-46

☐

(b) 27-36

☐

(d) Above 47

☐

4. Academic qualifications

(a) Certificate

☐

(b) Diploma

☐

(c) Degree

☐

(d) Masters

☐

(e) Other professional course.....

4. Occupation

(a) Peasant

(b) Civil servant

(c) Trader

(d) Farmer

(e) Others (Specify).....

5. What do you estimate to be your monthly level of income?

(a) Below 100,000/=

(b) Between 100,000 to

300,000/=

(c) Between 300,000/= to 500,000/=

(d) Above 500,000/=

SECTION B: Services got from Centenary Bank Arua branch

6. What services do you receive from Centenary Bank-Arua branch?

	Strongly agree	Agree	Not sure	Disagree	Strongly disagree
Mobilizing savings					
Advisory services					
Monitoring and supervision					
Micro insurance					
Community mobilization					
Employment opportunities					
Others specify					

7. Have you received a loan from the above institution?

Yes	
No	

8. If your answer in 7 above is yes, how easy was it to get?

Very easy	Easy	Difficult	Very difficult

9. What had you applied a loan for

	Strongly agree	Agree	Not sure	Disagree	Strongly disagree
To boost farming					
To pay school fees					
To expand or start business					
To construct a house					
To pay debts					
To buy land					
Others specify					

SECTION C: Application of the services

10. If you received a loan, how did you use it:

	Strongly agree	Agree	Not sure	Disagree	Strongly disagree
To boost farming					
To pay school fees					
To expand or start business					
To construct a house					
To pay debts					
To buy land					
Others specify					

11. Did you pay back the loan?

Yes	
No	

12. If you paid back, from where did you raise the money to pay back the loan?

	Strongly agree	Agree	Not sure	Disagree	Strongly disagree
Farming					
Salary					
Business					
Sold some property					
Employment income					
From other financial institutions					
Others specify					

13. Was it easy to pay back the loan?

	Strongly agree	Agree	Not sure	Disagree	Strongly disagree
Very easy					
Easy					
Difficult					
Very difficult					

14. Has your income increased after getting a loan from Centenary Bank-Arua Branch?

	Strongly agree	Agree	Not sure	Disagree	Strongly disagree
Very much					
Slightly improved					
Remained the same					
Reduced					

15. How do you rate Centenary Bank loans on poverty eradication?

	Strongly agree	Agree	Not sure	Disagree	Strongly disagree
Very good					
good					
Need for improvement					
Bad					

16. Did you keep your money with Centenary bank-Arua Branch?

Yes	
No	

17. If yes, do you receive interest on your savings?

Yes	
No	

SECTION D:

Problems encountered in dealing with Centenary bank-Arua branch.

18. What problems do you encounter when dealing with Centenary Bank-Arua branch?

	Strongly agree	Agree	Not sure	Disagree	Strongly disagree
High interest					
Many other charges					
Difficulty in accessing money on savings account					
Getting less than expected					
Short period for paying back					
Bad treatment by bank employees					
Corruption and bribery in providing services					
Others specify					

THANK YOU AND MAY GOD BLESS YOU ABUNDANTLY

APPENDIX II
INTERVIEW GUIDE.

(i) FOR EMPLOYEES OF THE BANK

1. According to your own understanding, what do you understand by the following terms?
 - a) Microfinance institution
 - b) Poverty
 - c) Poverty eradication?
2. What types of services do you offer to your clients?
3. Which of services do your clients utilize most?
4. Which groups of people normally utilize the services provided by your bank most?
5. How do the clients utilize the services listed in question 2 above?
6. Do you normally visit your clients to educate them on how to utilize the services?
7. In your opinion as an employee of Centenary Bank-Arua Branch, has your organization helped to reduce poverty in the district or region?
8. What reasons can you give to support your answer in question7 above
9. What do you think are some of the problems met by Centenary Bank-Arua Branch in attempt to eradicate poverty?
10. What is the management of Centenary Bank-Arua branch doing in order to overcome these problems?

(ii) INTERVIEW GUIDE FOR CLIENTS

1. What work do you do?
2. What do you estimate to be your monthly level of income?
3. Have you ever got a loan from Centenary Bank-Arua branch?
4. What did you use the loan for?
5. Was it easy to obtain the loan?
6. What other services do you receive from Centenary Bank-Arua branch?
7. If you received a loan, how did you use it:
8. Did you pay back the loan?
9. If you paid back, from where did you raise the money to pay back the loan?
10. Was it easy to pay back the loan?
11. Has your income increased after getting a loan from Centenary Bank-Arua Branch?
12. How do you rate Centenary Bank loans on poverty eradication?
13. Did you keep your money with Centenary bank-Arua Branch?
14. If yes, do you receive interest on your savings?
15. What do you think are some of the areas that need to be corrected so as for Centenary Bank to effectively eradicate poverty in Arua district?

APPENDIX IV
BUDGET FOR THE STUDY

S/No	ITEMS	AMOUNT (Shs)
1	The cost of stationary: Pens, files, Sets, rulers, Ream papers	25,000
2	The cost of computer use	120,000
3	Travel and communication expenses for distribution of questionnaires	40,000
4	Subsistence allowance, for examples, Breakfast and Lunch	50,000
5	Contingent	50,000
	TOTAL	285,000