

ABSTRACT

The study was entitled operational costs and lending interest rates in AGASEKE MFI. The research was guided by four objectives; to establish the profile of the respondents in terms of age, gender, educational qualification, position in organization and length of service in the organization, determine the levels of operational costs prevalent in AGASEKE MFI, establish the extent of lending interest rates imposed by AGASEKE MFIs and to finally establish the relationship between operational costs and lending interest rates imposed by AGASEKE. The research followed a descriptive correlation survey design. Primary data was collected using self-administered questionnaires issued to the respondents. Data was collected using a sample size of 109 from a population of 150 of AGASEKE MFI in Rwanda. Data analysis was done with help of SPSS and with the use of Pearson's correlation coefficient which was used to measure the relationship between operational costs and lending interest rates in AGASEKE MFI. The findings disclose a positive and significant relationship between operational costs and lending interest rates in AGASEKE MFI. Thus the study recommends management of AGASEKE Micro Finance to design efficient and effective operational cost reduction policies so as to reduce the higher interest rate charged on clients.