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Determinants of saving and credit access in Bugembe town council, Uganda

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Abstract-The study aimed at examining the determinants of savings and credit access in Bugembe town council. This is a cross sectional study that used quantitative approaches to collect data from both men and women aged 18 years and above. Data analysis was done at both univariate and bivariate levels using SPSS. Study results showed that financial literacy and occupation were significantly associated with access to credit. Gender of respondents, financial literacy, household headship, and marital status were significantly associated with savings. Conclusively financial literacy being a significant factor for both savings and credit access, there is need for both the public and private stakeholders to provide financial literacy trainings to the people in the country especially those in the rural and remote areas so that people get more informed about the various financial related services, learn basic financial related skills and be able to make the right financial decisions.

Keywords- Saving, credit access, Uganda, Financial Literacy

I. INTRODUCTION

The savings and credit cooperative history started way back in 1938. The savings and credit services use by most of the financial institutions to alleviate vulnerable people from poverty began from Bangladesh in 1976 with the founding of the Grameen Bank. It became popular in the 1980's as a response of doubts and research in the state delivery of subsidized credit to poor farmers[1]. According to [2] in the 1980s, government agencies were obligated to provide productive credit services to the vulnerable people especially those in the rural areas who had no access to credit facilities. Such financial assistances aimed to modernize the agricultural sector, mobilize "idle" savings, increase investment through credit, and reduce oppressive feudal relations that were enforced through indebtedness [3]. These efforts to expand access to agricultural credit used state-owned development finance institutions, or farmers' cooperatives to make loans to customers at below-market interest rates. However, the intervention failed because the vulnerable people in rural areas had poor repayment discipline. In most cases, the borrowers saw these loans as gifts from the government [3]. Therefore, by the end of 1980s, microcredit programs throughout the world improved on the original methodologies and defied conventional wisdom about financing for the poor [3]. In the 1990s, the international development agencies and networks came up with a new strategy of microfinance to alleviate poverty. Microfinance blossomed in many countries as a means to serve the needs of microentrepreneurs and poor households. In the early 1990s, the term "microfinance" rather than "microcredit" started to be used to refer to a range of financial services for the poor, including credit, savings, insurance, and money transfers. To reach ever larger numbers of poor clients, MFIs and their networks increasingly began to pursue a strategy of commercialization, thus transforming themselves into for-profit corporations that could attract more capital and become more permanent features of the financial system [3].

In East Africa microfinance has emerged as a potential solution by providing credit and savings services to the multitude of smallholder producers that make up the agricultural sectors. NGOs too have supported microfinance institutions in East Africa since the late 1980s based on methodologies adapted from Asia that reduce the costs and non-repayment risks associated with small loans through group-lending. In the early 2000s, the governments of many East African states (including Kenya, the United Republic of Tanzania and Uganda) made microfinance a pillar of their agricultural and rural development strategies hence growth of agricultural sectors of East African economies [4].

The paper is organized as follows. Section I contains the introduction of the study which gives background information about the study and the organization of the paper. Section II contains the related work of other scholars, details the problem statement of the study and the objectives of the study. Section III contains some of the measures undertaken to conduct the study and as well analyse the data. Section IV contains the results of the study displayed in tables as well as the discussion of the results. Section V contains the conclusion which also details the recommendations of the study and areas of further research. Section VI contains the acknowledgements whereas Section VII contains the references of the study.

II. Related Work

In Uganda, the microfinance market plays a big role in enabling low-income earners to access financial services. microfinance emerged in the early 90's during which it was dominated by a few institutions, mainly NGOs, government credit programmes and specialized financial institutions including one commercial bank and about five MFIs serving about 120,000 clients [5]. Overtime, the market has registered a sizeable growth in terms of number of institutions and over 1,000,000 clients. There has been increased private sector investment in microfinance as more MFIs prepare for regulation in order to access savings as a more reliable and cheaper source of funding [6]. However, the saving and credit services have not been fully utilized by the people in the rural and remote areas of the country because there still prevails individual and institutional factors that limit access to saving and credit services.

Prior studies [7, 5, 8] have examined the determinants of saving and credit services in various parts of the country while some other studies [9, 10, 11] have assessed the determinants of saving and credit services in saving cooperatives (SACCOs). However, research is needed to examine the determinants of savings and access to credit by people in various communities especially the rural communities which are dominated by high numbers of poor and vulnerable people with limited access to credit and saving services. It is also believed that access to credit and saving services improves the economic empowerment of an individual in the community hence need for the study to examine determinants of saving and credit access among women and men in Bugembe Town council, Jinja district.

III. Methodology

Study Design

A cross-sectional study design was adopted for this particular study because the study intended to pick only some representative sample elements of the population one at a time without revisiting the respondents. The study also used quantitative research methods.

Study Area

The study was carried out in Bugembe town council, about 4km from Jinja municipality which is the second largest town of Uganda in the Country. Bugembe town council is bordered by the second largest fresh water lake in the world (Lake Victoria) in the south, while Mfubira sub county in the north and East and Jinja municipality in the west. The town council has five (5) wards, namely, Wanyama, Katende, Budhumbuli East, Budhumbuli west and Nakanyonyi. The total sample calculated to be interviewed based on the census population was 123 respondents. This number was distributed among the five wards in Bugembe town council giving and a minimum of 25 respondents per ward were interviewed.

Study Population

The study population included men and women who were 18 years of age and above, and available in the different households, markets, and trading centers at the time of the interviews in Bugembe town council. This was mainly to reach out to various categories of people including those who access micro finance services and those who did not.

Sampling Design

The study used simple random sampling. Respondents were randomly selected from the working population and for each respondent selected a questionnaire was administered. Simple random sampling was chosen because it gives each member of the population an equal chance of being selected and it reduces biasness in the selection of cases to be included in the sample.

Sample size determination

The required sample size was determined using the Yamane's formular.

$$n = N / (1 + (N(e^2))) \tag{1}$$

Where;
n = required sample size,
N = population size,
e = the desired level of precision; for this study, e ≤0.1
According to the Uganda National Population and Housing Census of 2014, Bugembe town council had a working population of 24,149 (NPHC, 2014) consisting of both males and females aged 15 years and above.

Therefore, considering N = 24,149 and e = 0.09;
Then; n = $(24149) / 1+ (24149(0.09)^2)$
n = 122.82885 ≈ 123 respondents

Over and above the calculated sample, 150 respondents were interviewed.

Data collection methods and instruments

In this study, a questionnaire was used to collect data from the study participants. In the questionnaire, closed-ended questions were administered to the target population.

A local language speaking research team was recruited and trained to work as research assistants. Training of the research assistant emphasized rapport building and confidentiality with respondents.

Computer Assisted Programmed Interviews (CAPI) were used and questionnaires uploaded on tablets by the trained research assistants. CAPI assisted in getting quality assured data on real time and adherence to time lines during data collection. Data from the field was uploaded on spot to the data server that was hosted at the Center for Population and Applied Statistics, Makerere University to check for consistence and cleaning as a data quality assurance measure.

Data analysis

Responses from the closed ended questionnaire were analyzed using univariate and bivariate level analyses; univariate was used to describe the variables and establish the different patterns in the distribution of respondents basing on socio-economic and demographic characteristics using frequency distributions and percentages which describe and summarize the variables. This formed the basis on which further statistical analyses between the dependent and independent variables was performed.

The relationship between the dependent variable and independent variables was measured whether or not a respondent utilized microfinance services. It was established at the bivariate level and the association tested using the chi-square test, set at P<0.05. Significance was obtained and used as the analysis yardstick given a p-value of less than 0.05.

Data management and analysis

Quantitative data

Data was collected and directly hosted at server based at the Makerere University Center for Population and Applies Statistics. Survey CTO was used for data handling. After data collection, data was downloaded and exported to STATA software for cleaning and analysis to bring out frequency tables and bivariate tables. The descriptive and bivariate analyses using appropriate tests of statistical significance was conducted.

Association between independent variables and the dependent variables was measured. The level of statistical significance associated with dependent and independent variables was obtained. P values were used in answering research questions and interpreting the results. Detailed discussion was done only on significant variables.

IV. Results and Discussion

Results

Background characteristics of the respondents

Table 1: Distribution of respondents by background characteristics

Characteristics	Frequency, N (150)	Percentage, %
Village		
Wanyama	25	16.7
Katende	28	18.7
Budhumbuli East	15	10.0
Budhumuli West	46	30.7
Nakanyonyi	36	24.0
Gender		
Male	64	42.7
Female	86	57.3
Age		
18-25	44	29.3
26-35	53	35.3
36-45	33	22.0
46+	20	13.3
Youth Status		
Youths	97	64.7
Old people	53	35.3
Household headship		
Yes	95	63.3
No	55	36.7
Relationship with Household head		
Spouse	21	38.2
Son/Daughter	12	21.8
Grandchild	1	1.8
Step child	1	1.8
Parent of head or spouse	4	7.3
Sister/brother of head or spouse	11	20.0
Nephew/Niece	1	1.8
Other relatives	4	7.3
Religion		
Catholic	32	21.3
Anglican	39	26.0
Muslim	49	32.7
Pentecostal	26	17.3
SDA	4	2.7
Marital Status		
Single	50	33.3
Married/living together as married	85	56.7
Divorced/Separated	6	4.0
Widowed	9	6.0
Highest Education level		
Primary	30	20.0
Secondary	74	49.3
Tertiary	36	24.0
None	10	6.7
Financial literacy		
Yes	68	45.3
No	82	54.7
Occupation		
Casual worker	5	3.3
Farmer	10	6.7
Business/Trade	66	44.0
Professional worker	4	2.7
Artisan	12	8.0
Cottage industry	3	2.0
Nonprofessional salary worker	46	30.6
Others(specify)	4	2.7

Age

Majority of the respondents (35.3%) were aged 26-35 years, 29.3% aged 18-25 years, 22.0% aged 36-45, and 13.3% aged 46+ years.

Household headship

Among the respondents, the majority, 63.0% mentioned to be household heads while only 37.0% reported not to be household heads.

Relationship with household head

Among those who reported not to be household heads, most of them, 38.2% were found to be spouses to the household heads, followed by being a son or daughter to the household head at 21.8%, then a sister or brother to the household head or their spouses at 20.0%, other relatives and parents of household heads or their spouses both at 7.3%, and grandchildren, step children plus nephews/nieces all at 1.8%.

Religion

The largest proportion of respondents were Muslims at 32.7%, followed by Anglicans at 26.0%, then Catholics at 21.3%, Pentecostals at 17.3%, and least were SDAs at 2.7%.

Current Marital Status

In this study, 57.0% of the respondents were married or living together as married, 33.0% were never married (single), 6.0% mentioned to be widowed, and only 4.0% had divorced or separated.

Highest Education Level

In regard to the highest education level of the respondents, the majority (49.0%) had attained secondary level education, 24.0% had attained tertiary level education, 20.0% had attained primary level education, and only 7.0% had never gone to school.

Financial literacy

The higher proportion of respondents, 55.0% reported that they had never attended any financial literacy training while 45.0% mentioned to have ever attended a financial literacy training.

Occupation

The main occupation reported by respondents was business (44.0%), followed by restaurant/shop attendants (30.6%) Artisan (8.0%), farmer (6.7%), casual worker (3.3%), cottage industry (2.0%) and others (2.7%) respectively.

Table 2: Respondents' saving behavior

Characteristics	Frequency, N (150)	Percentage, %
Savings		
Yes	125	83.3
No	25	16.7
Saving agency		
MFI	17	11.3
SACCO	20	13.3
VSLA	13	8.7
Others	25	16.7
None	50	40.0
Amount in Savings		
Below 200,000	55	44.0
200001 – 500000	42	33.6
500001 – 1000000	16	12.8
Above 1000000	8	6.4
Don't know	4	3.2
Duration of Savings		
1-2 months	29	23.2
3-6 months	48	38.4
7-12 months	19	15.2
Above 12 months	28	22.4
Don't know	1	0.8
Savings Status		
Increased	65	53.0
Reduced	29	23.2
Difference	31	24.8

Majority (83.3%) of the respondents reported that they kept some savings while 16.7% said they did not have any savings whatsoever. Those who saved said they saved most of these savings within or out of the household which stood at 29.5% of all respondents. 13.3% stated they keep their savings with SACCOs, 16.7% with others like banks, 11.3% with MFIs and 8.7% with VSLA'S.

A sizeable percentage (40.0%) reported to be not saving in the above-mentioned micro finance institutions. Those who reported that they saved had these savings for 3-6months at the time of the survey followed by those who had their savings for 1-2 weeks, then 7-12months. 22.4% of the respondents surveyed had their savings for a couple of days. 53.0% of the respondents said that their savings had increased while 23.2% said they had reduced, while 24.8% did not make any difference in the level of the savings.

In summary, most of the respondent's interviewed for this study had some amount of money saved away, and most of it saved within or outside the household, followed by SACCOs. The duration of these savings had lasted 3-6 months, and over this period, the majority 53.0% had seen these savings increase.

Table 3: Differentials in frequency and percentage of Access to saving services by background characteristics

Explanatory Variables	**Access to Saving services**		**Chi² (X^2)**	**p-value**
	Yes (N) = 125 (83.3) %	**No (N) = 25 (16.7) %**		
Gender			6.3009	**0.012**
Male	59 (47.2)	5 (20.0)		
Female	66 (52.8)	20 (80.0)		
Age			0.7710	0.856
18-25	36 (28.8)	8 (32.0)		
26-35	44 (35.2)	9 (36.0)		
36-45	27 (21.6)	6 (24.0)		
46+	18 (14.4)	2 (8.0)		
Youth status			0.1459	0.702
Youths	80 (64.0)	17 (68.0)		
Old people	45 (36.0)	8 (32.0)		
Household headship			16.1282	**0.000**
Yes	88 (70.4)	7 (28.0)		
No	37 (29.6)	18 (72.0)		
Relationship with HHH			8.6554	0.278
Spouse	16 (43.4)	5 (27.8)		
Son/Daughter	7 (18.9)	5 (27.8)		
Grandchild	1 (2.7)	0 (0.0)		
Step child	0 (0.0)	1 (5.6)		
Parent	3 (8.1)	1 (5.6)		
Sister/brother	5 (13.5)	6 (33.3)		
Nephew/Niece	1 (2.7)	0 (0.0)		
Other relatives	4 (10.8)	0 (0.0)		
Religion			5.8840	0.208
Catholic	29 (23.2)	3 (12.0)		
Anglican	32 (25.6)	7 (28.0)		
Muslim	43 (34.4)	6 (24.0)		
Pentecostal	18 (14.4)	8 (32.0)		
SDA	3 (2.4)	1 (4.0)		
Marital Status			9.2612	**0.026**
Single	40 (32.0)	40.0)		

Married/living together	76 (60.8)	9 (36.0)		
Divorced/Separated	3 (2.4)	3 (12.0)		
Widowed	6 (4.8)	3 (12.0)		
Highest Education level			1.4130	0.702
Primary	23 (18.4)	7 (28.0)		
Secondary	63 (50.4)	11 (44.0)		
Tertiary	31 (24.8)	5 (20.0)		
None	8 (6.4)	2 (8.0)		
Financial literacy			7.7690	**0.005**
Yes	63 (50.4)	5 (20.0)		
No	62 (49.6)	20 (80.0)		
Occupation			21.9888	0.341
Casual worker Farmer Business Professional worker Artisan Nonprofessional Salary worker Others	5(4.0) 9(7.2) 60(48.0) 3(2.4) 20(16.0) 26(20.8) 2(1.6)	1(4.0) 1(4.0) 7(28.0) 1(4.0) 2(8.0) 11(44.0) 2(8.0)		

Overall, the percentage of respondents who saved was 83.3 percent and varied significantly (p=0.012) by the gender of the respondents. It was higher (53.0%) among females and 47.0% among males. The act of saving was highest among those aged 26-35 years (35.2 percent) followed by those aged 18-25 (28.8 percent), 21.6 percent for those aged 36-45, and least among those aged 46+ at 14.4percent. This was not found statistically significant (p = 0.856). 64.0 percent of the respondents who saved were youths while 36.0 percent were older people and this was found insignificant (p=0.702).

Most of those who saved, (70.0 percent) mentioned to be household heads while 30.0% of those who saved reported not to be household heads and this was found to be statistically significant (p=0.000). Among those who reported not to be household heads but saved, 43.2% were spouses to household heads, 18.9 were sons and daughters to household heads, 13.5% were sisters and brothers to household heads, 10.8% were other relatives, 8.1% were parents of the household heads, while grandchildren and nephews plus nieces stood at 2.7%. However, this was not found statistically significant (p=0.278). Majority of those who saved (34.4 percent) were Muslims, followed by Anglicans at 25.6%, 23.2% were Catholics, 14.4% were Pentecostals, while SDAs were only 3.0%. And this was not found statistically significant (p=0.208).

The highest proportion of savers, 60.8% were married or living together as married, 32.0% were single, 4.8% were widowed, and only 2.4% reported to be divorced or have separated, this was found to be statistically significant (p=0.026). Majority had attained secondary level education, 50.4%, followed by 24.8% who had attained tertiary level education, 18.4% had attained primary level education while only 6.4% reported not to have gone to school. This did not significantly vary with savings (p=0.702).

Among those who saved 50.4% had attended a financial literacy training while 49.6% had never attended any financial literacy training and this varied statistically significant with savings (p=0.005). Occupation varied insignificantly with savings (p=0.341). Most of those who saved were business men and women at 38.4%, followed by, market vendors at 9.6%, local builders and restaurant/shop attendants each at 6.4%, and local crafts each at 5.6%, saloon workers at 4.0%, truck drivers, peasant crop farmers, and casual laborers each at 3.2%, housewives and fishermen each at 2.4%, peasant livestock farmers, local security personnel, and local artisans each at 1.6%, while the bar attendants, and un employed each stood at 0.8%.

In summary, financial literacy, marital status, household headship, and gender significantly varied with savings while occupation, highest education level, religion, relationship with household head, youth status, and age insignificantly varied with savings.

Table 4: Respondents' credit access behavior

Characteristics	Frequency, N= (150)	Percentage, %
Credit Access		
Yes	52	34.7
No	98	65.3
Credit Source		
MFI	17	11.3
SACCO	20	13.3
VSLA	13	8.7
Others	25	16.7
Credit Purpose		
Farming	15	10.0
Commerce/Trade	25	16.7
Paying school fees	19	12.7
Home purpose	14	9.3
Personal development	5	3.3
Others		
Collateral Used		
Bicycle	1	1.4
Car	2	2.7
Motorcycle	4	5.5
Land	5	6.9
Live stock	6	8.2
House	8	11.0
None	8	11.0
Other	19	26.0
Business enterprise/ merchandise	20	27.4
Interest rate status		
Low	15	28.9
Moderate	24	46.2
Expensive	13	25.0
Business involvement		
Yes	25	47.1
No	27	51.9
MFI Training		
Yes	36	69.2
No	16	30.8
Nature of Training		
Credit	20	27.4
Investment	23	31.5
Savings	30	41.1

Of the respondents interviewed for the study, 64.3% said they did not have access to credit while 34.7% said they had access to credit services. Those who had access to credit sources were asked what these sources were and 16.7% stated other sources of credit, 13.3% stated it was SACCOs, 11.3% stated it was micro-finance institutions while the least number 8.7% it was the VSLAs.

The majority of the respondents 16.7% of the respondents stated they got the credit for commerce and trade, 12.6% said it was for paying school fees, 10.0% for farming, and 9.3% for personal development while the least 3.3% it was for other uses.

The collateral used to get these loans included business enterprise with 27.4%, followed by houses at 10.9%, livestock at 8.2%, land 6.9%, motorcycles at 5.5%, cars and bicycles at 2.7% and 1.4% respectively. 11.0% of the respondents said they did not take any collateral in exchange for their loans, while 26.0% mentioned items, not on the list.

Most respondent, 46.2% said their loan interest rates were moderate, 28.9% said their interest rates were low while 25.0% said their interest loans were expensive. More than 51.9% of the respondents said they were not involved in business while 47.1 said they took part in some form of business.

69.2% of the respondents had taken part in MFI training, while 30.7% of the respondents had not taken part in any training. Those who had taken part in MFI training said the nature of the training were 41.1% on savings, 31.5% on investment while 27.4% said the training was on credit.

In summary, the data shows most of the respondents had no access to credit. Most of them had taken credit from SACCOs and Microfinance institutions and this credit was for commerce and paying; school fees and farming; and home purposes. The most common collateral used to secure credit was the individual’s business. Those who took credit said the interest rates charged on their loans were moderate. Some of the respondents had taken part in some form of MFI training, and these trainings were about savings, followed by how to make investments.

Table 5: Differentials in frequency and percentage of Access to credit by background characteristics

Explanatory Variable	**Access to Credit**		**Chi^2 (X^2)**	**P-Value**
	Yes (N) = 52 (34.7%)	***No (N) = 98 (65.3%)***		
Gender			0.0796	0.778
Male	23 (44.2)	41 (41.8)		
Female	29 (55.8)	57 (58.2)		
Age			1.6091	0.657
18-25	12 (23.1)	32 (32.7)		
26-35	20 (38.5)	33 (33.7)		
36-45	13 (25.0)	20 (20.4)		
46+	7 (13.5)	13 (13.3)		
Youth status			0.3409	0.559
Youths	32 (61.5)	65 (66.3)		
Old people	20 (38.5)	33 (33.7)		
Household headship			3.2539	0.071
Yes	38 (73.1)	57 (58.2)		
No	14 (26.9)	41 (41.8)		
Relationship with HHH			4.8548	0.678
Spouse	7 (50.0)	14 (34.2)		
Son/Daughter	1 (7.1)	11 (26.8)		
Grandchild	0 (0.0)	1 (2.4)		
Step child	0 (0.0)	1 (2.44)		
Parent	2 (14.3)	2 (4.9)		
Sister/brother	3 (21.4)	8 (19.5)		
Nephew/Niece	0 (0.0)	1 (2.4)		
Other relatives	1 (7.1)	3 (7.3)		
Religion			6.9798	0.137
Catholic	11 (21.2)	21 (21.4)		
Anglican	13 (25.0)	26 (26.5)		
Muslim	22 (42.3)	27 (27.6)		
Pentecostal	4 (7.7)	22 (22.5)		
SDA	2 (3.9)	2 (2.0)		
Marital Status			3.9068	0.272
Single	14 (26.9)	36 (36.7)		
Married/living together	32 (61.5)	53 (54.1)		
Divorced/Separated	1 (1.9)	5 (5.1)		
Widowed	5 (9.6)	4 (4.1)		
Highest Education level			4.4957	0.213
Primary	15 (28.9)	15 (15.3)		
Secondary	24 (46.2)	50 (51.0)		
Tertiary	11 (21.2)	25 (25.5)		
None	2 (3.9)	8 (8.2)		
Financial literacy			8.4340	**0.004**
Yes	32 (61.5)	36 (36.7)		
No	20 (38.5)	62 (63.3)		
Occupation			36.0049	**0.015**
Casual worker	0(0.0)	5(5.1)		
Farmer	6(11.5)	4(4.1)		
Business	23(44.2)	44(44.9)		
Professional worker	0(0.0)	4(4.1)		
Artisan	6(11.5)	6(6.1)		
Nonprofessional	16(30.7)	32(32.6)		
Salary worker				
Others	1(1.9)	3(3.1)		

Overall, the percentage of respondents who accessed credit was only 35.0 percent and varied insignificantly (p=0.778) by the gender of the respondents. It was higher (56.0%) among females and 44.0% among males. Access to credit was highest among those aged 26-35 years (38.5 percent) followed by those aged 36-45 (25.0 percent), 23.1 percent for those aged 18-25, and least among those aged 46+ at 13.5 percent. This was also not found statistically significant (p = 0.657). 61.5 percent of the respondents who accessed credit were youths while 38.5 percent were older people and this was found insignificant (p=0.559).

Most of those who accessed credit, (73.0 percent) mentioned to be household heads while 27.0% of those who saved reported not to be household heads and this was found to be statistically insignificant (p=0.071). Among those who reported not to be household heads and accessed credit, 50.0% were spouses to household heads, 7.1% were sons and daughters to household heads, 21.4% were sisters and brothers to household heads, 7.1% were other relatives, 14.3% were parents of the household heads, nephews stood at 7.1%, while no grandchildren neither step children accessed any credit. However, this was not found statistically significant (p=0.678). Majority of those who accessed credit (42.3 percent) were Muslims, followed by Anglicans at 25.0%, 21.2% were Catholics, 7.7% were Pentecostals, while SDAs were only 3.9%. And this was not found statistically significant (p=0.137).

The highest proportion of those that accessed credit, 61.5% were married or living together as married, 26.9% were single, 9.6% were widowed, and only 1.9% mentioned to be divorced or have separated, this was found to be statistically insignificant (p=0.272). Majority had attained secondary level education, 46.2%, followed by 28.9% who had attained primary level education, 21.2% had attained primary level education while only 3.9% reported not to have gone to school. This did not significantly vary with access to credit (p=0.213).

Most of the respondents (61.5%) had attended a financial literacy training while 38.5% had never attended any financial literacy training and this varied statistically significant with savings (p=0.004). Occupation varied significantly with access to credit (p=0.015). Most of those who accessed credit were business men and women at 28.9%, followed by, market vendors at 15.4%, restaurant/shop attendants, and local crafts each at 9.6%, local builders at 7.7%, peasant crop farmers, housewives and fishermen each at 5.8%, mechanics, the unemployed, footballers, truck drivers, local security personnel and carpenters all each stood at 1.9%, while none of the others accessed credit.

In summary, only financial literacy, and occupation significantly varied with access to credit while financial literacy, marital status, household headship, gender, highest education level, religion, relationship with household head, youth status, and age insignificantly varied with access to credit.

Discussion

Credit Access

Bivariate analysis results ascertain that financial literacy and occupation were significantly associated with access to credit. Other factors like gender, age, youth status, and household headship, relationship with household head, religion, marital status, and highest education level were all found to be insignificantly associated with access to credit.

The results reveal that there exists a significant relationship between financial literacy and access to credit. This is in line with studies on the importance of financial literacy and credit access by [12] who argued that without understanding of basic financial concepts, people find it hard to make financial management decisions. [13] also argued that financially literate people are likely to make informed financial choices regarding financial choices that may include saving, investing, borrowing among others. [14] further found out that individuals with poor financial literacy are more likely to lack confidence when interpreting credit terms, and to exhibit confusion over financial concepts.

However, study results are contradicting studies conducted by [15] who found out that there existed no relationship between financial literacy and access to credit. Financial literacy is associated with access to credit because financially literate individuals can make comparisons on and evaluate the various options and financial services that are available at any financial institution. This makes them able to make effective and efficient decisions regarding where and when to get the loan. Also, financially knowledgeable individuals tend to better decipher complex financial systems and in turn make sound self-beneficial decisions as regards to credit access [16].

Occupation too had a significant relationship with access to credit. Study results are in line with a study conducted by [17] who found out that credit access was very beneficial for the success of small businesses. Consistent with study findings, [18] also found out that there existed a significant and positive relationship between occupation and access to credit. Such a relationship exists because occupations act as collateral for one to access credit from any financial institution.

Savings

Bivariate analysis indicated that financial literacy, gender, household headship, and marital status were significantly associated with access to saving services.

Study results showed that gender had a positive significant association with access to savings. In support with study findings, [19] also found out that women formed a bigger percentage of savers and this contributed largely to their wellbeing. However, in a study conducted by [20], they found out that women were less likely to save because they have always been dependant on men for their financial security. Additionally, [21] also found out that male students had a higher level of financial knowledge, financial skills, perceived earlier childhood consumer practices and better savings behavior than female students. On the other hand, [22] in a study about saving habits and its determinants in Amhara national regional state found out that gender of the respondents had no relationship with saving habits of respondents. Women are more likely to save because of recent they have been engaged in financial literacy education which have improved on their saving skills. Additionally, there have been interventions targeting to improve on women’s economic empowerment which makes them able to earn and as well save part of their incomes.

Study revealed that one being a household head would be intrigued to save compared to the non-household heads. The study also found out that most of those who saved were married or living together as married. In agreement with the study findings, [23] in their study about the price of female headship: gender, inheritance, and wealth accumulation in the united states found out that female heads were able to save almost half a percentage point less of their income than male heads. This is true because traditionally men are the bread winners at home so they have to take care of each and everyone in the family which is not the case with women headed households where everyone of legal age in the family has to pool to meet the household needs and also ensure the wellbeing of the family. This saves the female head from spending part of their so as to meet household needs.

Study results show that marital status is positively associated with access to savings. Consistent with study findings, [24] and [25] also found out that marital status affected the way members saved. Additionally, in a study conducted by [25], about microfinance and women in Kerala, results showed that married members deposited more money for saving as compared to the unmarried members. However, in a study conducted by [22] resulted revealed that there existed no significant association between marital status and saving habit of the members. The relationship exists because in most cases when couples live together, they minimize expenditures in anticipation to save more money, accumulate wealth so that they are able to meet their future goals.

Lastly study results also showed that financial literacy had a positive significant relationship with access to saving. In support of study findings, [26 ,27, 28] who in their studies also found out that members who had training in financial literacy had higher chances of saving. The relationship exists because financially literate people are able to know how to manage their money, understand how financial institutions work and also possess a range of analytical skills to minimize expenditures hence increased savings.

V. CONCLUSION and Future Scope

The study concludes that majority of the people in Bugembe town council utilize saving services as compared to the fewer numbers of people who utilize credit services. The study also recommends the following suggestions:

With financial literacy having a significant association with saving and credit access, there is need for both the public and private stakeholders to provide financial literacy trainings to the people in the country especially those in the rural and remote areas so that people get more informed about the various financial related services, learn basic financial related skills and be able to make the right financial decisions.

The occupational status of men and women was also associated with access to credit. In this regard, the study commends that there is need for the loan officers from various institutions to charge appropriate interest rates on the loans given out. There is also need for these loan officers to clearly explain and elaborate all the necessary information one needs to know before asking for a loan. This will encourage people from professional occupations to also access credit.

Gender being a significant determinant of savings, there is need for private and public institutions to formulate gender sensitive policies, especially when addressing alternative means of collateral for women. For example, the savings the women have with MFIs should be used as collaterals. There is also need to ensure that group co-guarantee should not be limited to a small amount of people but be left open to all amounts of money as another collateral that women can provide as loan security.

Household headship having a significant association with saving, there is need to provide financial literacy training to both men and women in Bugembe town council so that they can give priority to purchase of basic needs, eliminate miscellaneous spending hence increased savings.

Lastly, marital status was also found out to have a significant association with savings. In this regard, the study suggests that there is need to sensitize communities to embrace the culture of saving right from childhood. There is also need to introduce saving trainings in the education curriculum of children in high schools so that they begin saving at an earlier age and do not only wait when they have children or get married.

The study suggests that there is need to further analyse other factors that affect male and female household heads to save because study findings that female heads were more likely to save contradicts with many research findings that revealed that male headed household were more likely to save as compared to the female headed households.

One of the main limitations to the study was that it was quite expensive to collect information from the respondents since the study used primary data.

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