The Impact of Village Banking on Financial Inclusion for Female Marketeers: A Case Study of Masala Market in Ndola.

BY

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DECLARATION

I, Mweene Elizabeth Lweendo, declare that this dissertation is my original work to the best of my knowledge. It has never been presented for consideration of any certification at this or any other institution. This research report has been complemented by referenced sources duly acknowledged

Name ……………………………………………………………..

Signature…………………………………………………………….

Date………………………………………………………………..

APPROVAL

This dissertation by Mweene Elizabeth Lweendo has been approved as partial fulfilment of the requirement for the award of Masters of Business Administration by the University of Zambia in collaboration with Zimbabwe Open University.

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ABSTRACT

The main aim of this study was to investigate the impact of village banking on financial inclusion for women marketers at the Main Masala market in Ndola district of Zambia. Village banking in Zambia is increasing at a faster rate, and it is said to be a tool that can provide financial inclusion to the unbanked. The research has three objectives: to identify the social economic problems faced by women marketers in village banking, investigate measures on how village banking can alleviate poverty among female marketers, and understand the benefits of village banking on female marketers.

The researcher used a qualitative approach with a sample size of 80 women marketeers and five stakeholders selected purposively as part of the study. Descriptive statistics were used to analyse the data. Data was collected using questionnaires and an interview guide with key informants. The study found that village banking has accommodated women from different educational backgrounds, religious affiliations, and age groupings incorporated in various village banking groups.

According to the findings, village banking groups need to formulate strict rules and regulations to deal with and prevent defaulting among group members; such as police callouts is one of the measures that would assist in curbing defaulting on loans and strict adherence the groups' constitution.

The study concludes that when village banking is adopted and used wisely, it can be employed as an economic empowerment tool that provides unbanked financial inclusion.

Acknowledgement

My special gratitude goes to God for giving me good health, grace and the ability to continue my studies. I also want to extend my special thanks to my Supervisor, Dr Brian Manchishi, for his guidance, constructive criticism, inspiration and selfless perspectives significantly contributed to the successful completion of my dissertation.

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List of Abbreviations

FINCA	foundation for international community assistance
GB	Grameen Bank Model
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
MFRS	microfinance regulations
MCGEE	Michigan coalition for gender equality
MDGs	millennium development goals
MFIs	Microfinance institutions
MFRs	Microfinance regulations
NGOs	non-governmental organisations
NFIS	national financial inclusion strategy
SDGs	sustainable development goals
SMEs	Small and medium business enterprises
UNDP	united nation development programme
UN	united nation
VBP	village bank programmes
VSLAs	village savings and loan associations

CHAPTER ONE: INTRODUCTION

1.1 OVER VIEW

This chapter introduces, topic and describes the statement of the problem, the purpose of the study, the research objectives, the research questions, and the significance of the study. The chapter also describes the study scope, operational definitions and ethical considerations, as well as study synthesis.

1.2 BACKGROUND TO THE STUDY

Village banking first started in Bolivia around 1984 by John Hatch after realising the lack of capital hindered poor Bolivian Farmers from getting traditional loans. This was because loans were expensive and required collateral that most farmers could not manage. As a result, John Hatch came up with the idea whereby if farmers formed groups to share a loan and guarantee repayment, they would access the funds they needed to invest in their farming activities. Consequently, village banking was born and with it came the dawn of what we know today as microfinance.

Ever since, village banking has become one of the many ways in which small and medium business enterprises (SMEs) can lend and borrow money. Mainly because of its flexibility as it does not require collateral and relies on a system of cross guarantee. It has become one of the tools for financial inclusion that gives funds to the unbanked and acts as a platform for savings (Muyunda, 2020). Poverty is more than just the lack of income and resources, it causes hunger and malnutrition, limited access to education and other basic needs.

Zambia is classified as ones of the poorest country and most of the people affected are women, according to (central statics office, 2020), about 65% of women are below the poverty line in Zambia. Most importantly, there is a need for these women to be financially included to improve their wellbeing and others'. Because of this, many individuals have joined these village banking groups and among them are female marketeers. This study will look at the impact of financial inclusion for women in village banking.

Women's economic empowerment refers to providing opportunities to women to access financial services, assets, income-generating activities, and increase their participation in financial decision-making (Mayoux et al, 2005). On this premise, microfinance has been one of the great success stories in Sub-Saharan Africa and other developing countries in the last decades. It is widely recognised as a sustainable solution in alleviating global poverty (MCGE, 2009).

According to UNDP (2015), micro-finance is defined as a set of innovative and alternative financial services to the poor who do not have access to formal institutions. Providing microcredit to the poor has been considered a tool for poverty reduction (Lidgerwood et al., 2013). Village banking is a microcredit methodology where financial services are administered locally rather than centralised in a traditional bank.

The earliest form of Village banking methods was innovated by Grameen Bank and then later developed by groups such as FINCA. Village Bank relies on the system of cross-guarantees. Each member ensures the loan of another member. By providing very low-income families with small loans to invest in their microenterprises, the village bank empowers them to create their jobs, raise their incomes, build assets, and increase their wellbeing (Grameen Bank, 2015). A Household is defined by (Reiter B et al 2015) as a person or co-resident group of people who contribute benefit from a collaborative economy, in either cash or domestic labour that is a group of people who live and eat together.

According to Yunus (2014), poor households can loan repayments and profit from the loans they borrow. Today, the micro-finance industry and the more significant development community believe that permanent poverty reduction requires addressing the multiple dimensions of poverty. For the international community, this means reaching specific Millennium Development Goals (MDGs) in education, women's empowerment, and health, among others. For micro-finance, this means viewing micro-finance as an essential element in any country's financial system (MCGE, 2009).

In Zambia, the Village Bank project is being implemented by the Ministry of Community Development and Social Services under the Department of Community Development. The Village Bank Project aims to develop an effective microfinance model for poverty reduction in Zambia through building the capacity.

The Village Bank project aims to strengthen the capacity of the two participating local microfinance institutions to provide sustainable microfinance services to the poor, especially women. The project seeks to develop an effective and viable model of microcredit delivery.

1.3 WHAT VILLAGE BANK OFFERS

The rate at which village banking provides financial services to the unbanked has come at the right time. Many organizations are actively involved in village banking as it provides financial inclusion to the underprivileged in society, including women marketeers. Village banking comprises 15 to 30 members who have a common goal of putting their monies together, providing loans among themselves for a specified period, and sharing their savings at the end of the cycle. At the end of the cycle of about six months to twelve months, members of the saving group share the savings plus interest and social fund, which each member contributed.

Each member can borrow twice the savings during the cycle, and minor charges are put on members who report late at the meeting or do not report without reason. The purpose of these charges goes toward each member's contribution and social fund, which also charged on members. The social fund is the amount that each member contributes each time they are at a meeting. For example, the minimum saving for each mother per individual is K500.00, social fund K20.00 and reporting late for meeting K10 if the group meets once a month. Furthermore, a member has been reporting late for six months during the cycle. Members agree on the interest to be 15 per cent, and the individual would have saved more than K3630.00 by the end of the cycle for six months. These village banking groups select a treasurer and other officers who will manage the group's affairs, such as writing minutes, receiving and providing banking services to its members.

Village banking institutions range from non-governmental organizations offering village banking to regulated commercial banks alongside solidarity groups. The clientele of village banking institution range from urban areas, peri-urban to remote rural areas boarding in different individuals from different geographical areas.

Furthermore, village banking targets the underprivileged in society. Most of the women are entrepreneurs who sell different products and services, such as low-scale farmers in agriculture production, vegetable producers, small hair saloon owners, and those that sell chicken, to mention a few. It has also been a tool that empowered women who are most actively involved in these saving groups Wooller G (2000).

Village banks offer different services such as credit, saving services, and internal accounts.

Credit: this is offered in the form of a loan to group members of about 15 to 30. For example, each member contributes an amount each month. If the member wants to get a loan, they can get it from their saving. By so doing, the village bank will offer credit to its members.

Saving services; saving is done in two ways which are forced savings and voluntary savings. Each member is supposed to save a minimum amount upon joining the group, and also every month, that can be referred to as forced saving, where voluntary saving is where a member choices to save more than the required amount. Therefore the two methods of collecting money from group members allow the group to provide saving services.

Non-financial: non-financial services may include information, education networking/access to market and recognition Branch B et al. (2000). The village banking group also offers a platform for members to learn. Training is provided with organizations that work with saving groups on how members can learn entrepreneur skills to boost their business.

1.4 STATEMENT OF THE PROBLEM

Village banks are formed for improving social inclusion and poverty alleviation. Village banking initiative significantly contributes towards a reduction in poverty particularly, it empowers poor women and encourages social and economic development in poor communities. The facilitation and coordination of the provision of financial services is a vital component of poverty alleviation, community and individual development, and harnessing the potential of poor households (Greene, 2002).

There has always been a strong demand or need for financial services such as savings, low-cost credit or loans, transmission and insurance by the poor households in Zambia. However, the formal financial institutions' provision of these financial services, both conventional banks and micro-lenders, is dominated and constrained by institutions' systemic weaknesses, high transaction costs, the need for traditional collateral, and low returns and infrastructural limitations.

Moreover, (Begasha 2012) observed that micro-finance schemes alone cannot alleviate poverty but can only contribute to poverty alleviation as one of the strategies. According to Nitch (2001) argue that only significantly few poor people have participated. This may mean that it is not an agenda in raising household income issues. However, it has been observed that there are currently many micro-finance NGOs that provide financial services to the poor in Zambia.

It is over this backdrop that this study draws its motivation since studies on this topic lack for Zambia. Yet, there is growing local demand and trend of Village banking being a tool that can be used for financial inclusion. This research was done to discover how Village banking can be a tool used for financial inclusion and ways it can be made efficient in the long run and protect the members' interests.

Purpose of the Study

The study explored the challenges faced by women marketeers on village banking at the Main Masala market in Ndola district, Copper belt province of Zambia.

1.5 OBJECTIVES

This section focused on the main objective, specific objectives and research questions and significance of the study.

2.5.1 Main Objective

To determine the impact of financial inclusion of female marketers in village banking.

2.5.2 Specific Objectives

- To identify the social and economic problems that are faced by women marketers in village banking.
- To investigate measures on how village banking can alleviate poverty among female marketers.
- To understand the benefits of village banking to female marketers.

1.6 RESEARCH QUESTION

- What socio-economic challenges do female marketers face in village banking?
- By what means can village banking alleviate poverty among female marketers?
- What are the benefits of village banking to female marketers?

1.7 LIMITATION OF THE STUDY

Many factors limited the study. It was done in Ndola at Masala market and village banking groups in different areas during the Covid-19 period. Insufficient financial resources for developing the research instrument and spending on other research-related activities and considering that the study was limited by the unwillingness of other respondents to give information due to the unexplained suspicions. Nevertheless, the limitations were overcome by using strategies such as visiting respondents, working within the budget, and informing the respondents on the importance of the study and how it can help them. Respondents were also informed that the information they shared will not be disclosed and will be strictly used for academic purposes following the ethical guidelines.

1.8 SIGNIFICANCE OF THE STUDY

This study sets out to highlight the impact of financial inclusion on village banking to female marketers at Masala Market Ndola district, cooper-belt province of Zambia. Furthermore, this study will shade more light on how to improve the village banking scheme among marketeers. The results will lead to social empowerment among women in the long run, which policymakers can adopt. The study can also add to the body of knowledge used as references to other researchers. Furthermore, the research will also understand the insight of village banking and what measures can be used to improve this tool.

1.9 SCOPE OF STUDY

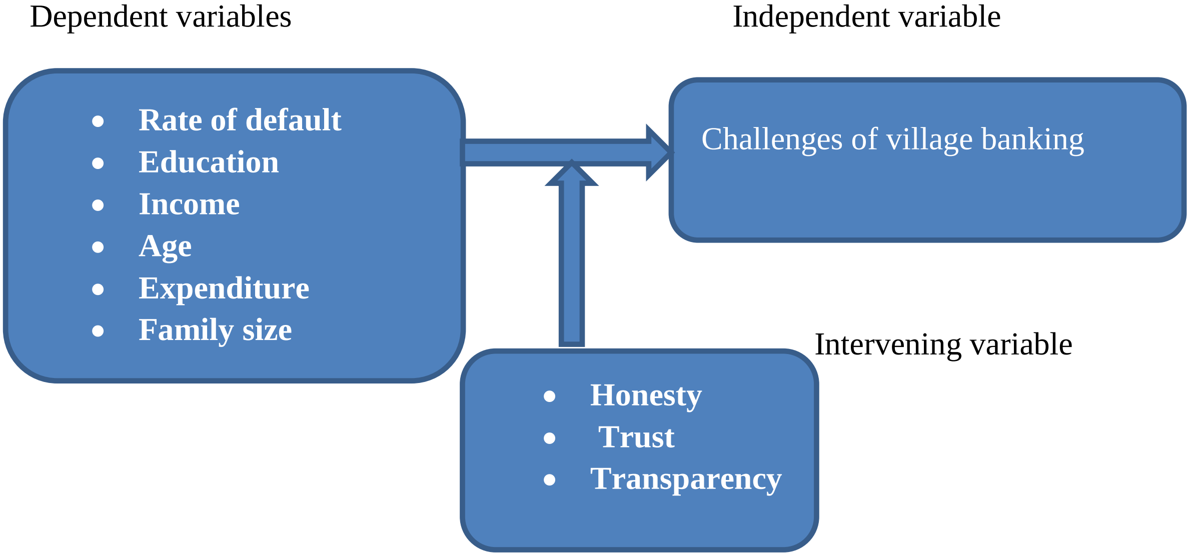
The study's coverage identified the financial inclusion of village banking groups on women and what measures can be taken to reduce these challenges. The study was conducted in the Copper-belt province of Zambia on the Ndola district at Main Masala markets within the district. Ndola was picked as the sample area because that was where the problem was identified.

1.10 CONCEPTUAL FRAMEWORK

A conceptual framework was used on this research to illustrate how certain variables interact to produce an outcome. In other word a conceptual framework shows the association between two or more variables. A conceptual framework can be either be explain in words or depicted in the form of graph and drawings. Dependent variable these are variables that are influenced by other variables. Independent variable these are variables that cannot be influenced by other variable. On out study the challenges of village banking are independent variable were as dependent variable are but not limited to education, income, expenditure, rate of default and family size. And variable that intervening are honesty, trust and transparency. These variables put together will provide village banking as a tool for financial inclusion measure will be identified from the challenges which these group face.

The figure 1.9.1 shows the researcher understands on variable which are used in this study and it provides a road map on the investigations of the study.

Figure1.9.1: The relationship between factors that affect village banking



Author :(Researcher, 2021)

The figure shows the study's conceptual framework, which was used as the foundation of the research. According to the figure above, it can be said that the independent variable are measures to improve village banking. The variables that may be influenced are called dependent variables that are not limited to family size, education default rate and age. The intervening variable is transparency, trust, and not limited to honesty.

1.11 THEORETICAL FRAMEWORK

2.5.3 Grameen Bank model (GB)

The Grameen Bank model was developed by Professor Muhammad Yunus around 1970. The Model was developed to remove the need for collateral and created a banking system based on mutual trust, accountability and participation. This model was first introduced to women who were managing small businesses in rural areas. The GB model was created in a way that loans can be provided to the rural without any collateral hence e it can be said that credit is a cost-effective defence to fight poverty, and it serves as a catalyst in the overall development of socio-economic conditions of people who have been kept outside the banking orbit on the ground that they do not meet the required conditions by the bank.

The GB theory will be used because it has some principles used in village banking; the groups are created based on mutual trust, accountability, participation, and creativity. Sometimes, the system does not involve collateral. The GB model states that if the poor people can access finance with better terms and conditions that are reasonable, they can contribute to the country's socio-economic development. Furthermore, this also means the GB model can be used to address some of the challenges faced by the female marketeers. The Model highlights the following;

- There is an limited focus on the underprivileged of the poor
- Borrowers are organised into small homogeneous groups
- Particular loans are organised which are suitable for the small and medium groups according to the saving group
- The simultaneous undertaking of social development agenda
- Design and development of organisation and management systems capable of delivering programme resources to the target clientele
- Expansion of loan portfolio to meet diverse development needs of the poor

Having looked at the Model and its features can be linked to this study in such a way that the Model looks at women whom we can also relate to the study being undertaken.

The model was applied to the group of marketers running small and medium business enterprises at Main Masala Market in Ndola. According to the GB model, it can be said that it is very much possible to lend to the small group without collateral which is the case with village banking.

2.5.4 Description of the basic VB Model

The basic exemplary for investments groups, originating in Niger, was unassuming: assemblies made up of disadvantaged women gathered weekly, all of them saved the same quantity, the affiliates permitted one-month advances, and all of the group's cash was shared out in the same way at the end of an agreed-upon cycle (6–12 months after start-up). The share-out was frequently scheduled to coincide with a period in the year when there was a foreseeable need for money. Minutes mainly were based on memorization, all businesses were approved out in visible of group members, and the surplus amount and any written information were kept in a three lockbox.

The members of the management committee was elected annually, and all groups had a constitution which was usually written down and kept in the box (The SEEP Network, 2010)

Late, there are different types of group documents that they keep, such as ledger, while others are still using memorization methods and others write on textbooks produced in their groups. Different groups have different guidelines which they follow, and such us members can be allowed to save different amounts. In contrast, others allow group members to withdraw different amounts according to their demands. Some allow longer-term loans and flexible reimbursement. Different ways of doing things have come up because of different experiences that groups face as they operate. Overall, the trend has been toward greater simplicity of management and record-keeping systems, combined with greater flexibility of offered products. The Aga Khan Foundation, who has done extensive work on saving groups, put together the following common principles shared by most active players:

- Groups are made up of self-selected individuals and range in size from 5 to 30 members, with an average of about 22 members.
- Members decide who joins the group.
- Groups elect their management committee and money counters. No one else touches the group's money.
- Groups use lockable cash boxes to keep surplus cash and records. The cash box often has multiple locks, the keys to which are held by separate members. Key holders are usually appointed from among the membership**.**
- Groups develop a set of rules, based on a template: It mandates regular elections, at least annually
- It defines the role and authority of the management committee
- It describes the services that the group offers to its members, including terms and conditions of savings, lending and insurance
- Members save regularly at a frequency determined by the group, sometimes the same amount for everyone, sometimes different amounts. The amount saved ranges between \$0.10 and \$5.00 (K5 and K100 in Zambia).some saving groups to be saved as a share value and allow members to save more than one share at each meeting, up to a specified maximum such as five shares.

- If the group's rules permit members to withdraw their savings, they are normally with drawn at face value; interest earned is retained by the savings group.
- Savings are used to capitalize a loan fund from which members can borrow.
- The loan conditions are set by the group; usually loan terms do not exceed three months.
- Monthly interest rates range from five to ten percent but they can also be low as one percent and as high as twenty percent
- The loan fund usually provides loans to individuals members but can also be used to fund group based investment such as grain trading or livestock rearing, so long as all of the members agree. Most group share out all their money among the members in proportions to the amount that each has saved, at intervals that are decided by the group, usually between six to twelve months. Some groups choose to roll over proportion of their funds to the next cycle

2.5.5 Village banking model

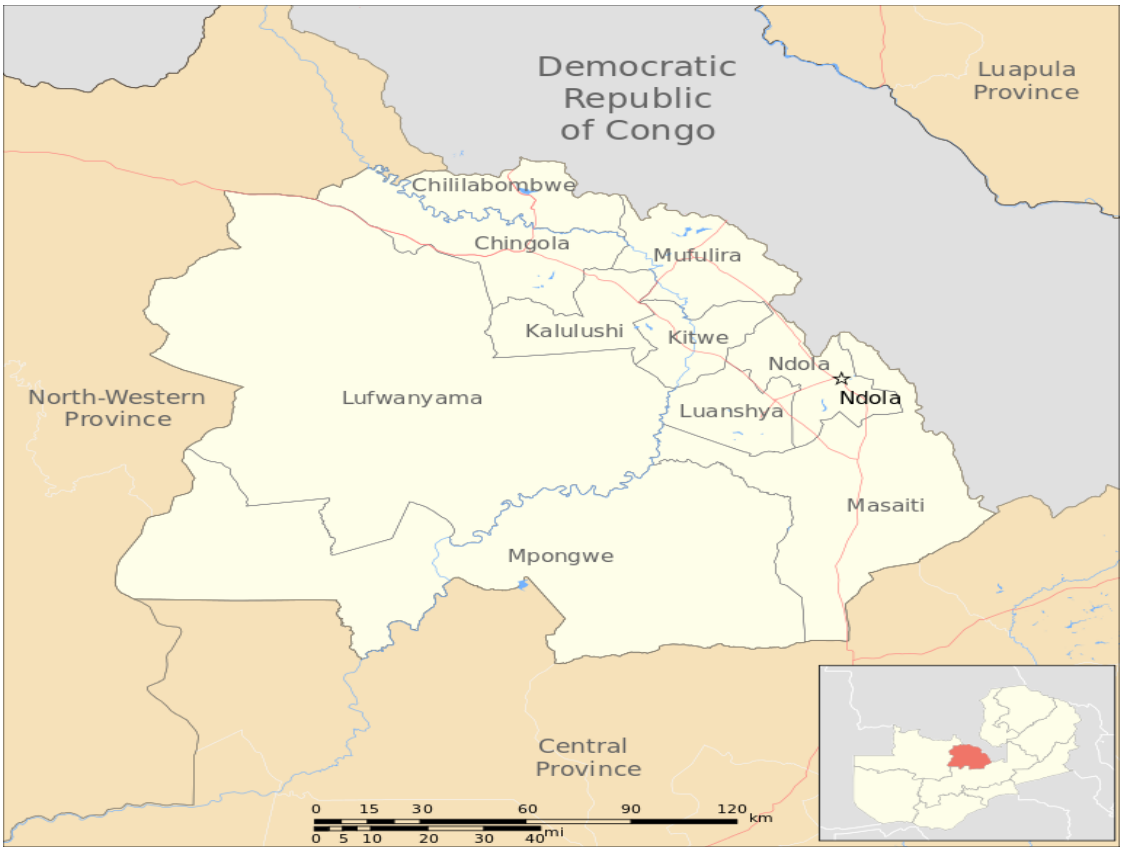
Village banking can be explained as a model that manages community savings and credit, which was pioneered in the mid-1980 by (FINCA) a foundation for the international community. This model assumes that poverty can be alleviated, especially for women, because of the low perception of personal capabilities and opportunities, limited access to external resources and low personal savings. This Village banking model provides the tools to enable people to break out of poverty, including loans for income-generating activities, incentives to save money, and a mutual support group of twenty to fifty members.

These loans are mostly given to members in village banking group are to paid within the agreed period with interest ranging from 10 to 20 percentages depending on the agreed amount in the constitution of that particular saving group. The amount invested in the saving group will increase according to the savings, interest charged, and other charges. Members may be required to pay, for example, social fund and or reporting late for the meeting.

After members repay their loans, they become eligible to borrow, and the borrowing usually depends on how much each has saved, and they can also borrow twice what they have saved. The model also shows that no interest is paid on the savings, but group members can benefit from re-lending activities and other group investments. The model also assumes that from the re-lending activities, group members can generate income and be able to finance their activities, which will improve their standard of living.

GEOGRAPHICAL LOCATION OF ZAMBIA AND NDOLA DISTRICT

Figure1.11.2: Map of Zambia that shows Cooperbelt province



Zambia is one of the developing country located in the southern part of Africa .it has been peaceful from 1964 to data. The population by gender female population amounted to 9.28 million while the male population amounted to 9.1 million central statistical office (2020).Ndola is one of the major city which is located in Cooperbelt region.

1.12 DEFINITION OF KEYWORD

Village Banking

Village banking is an informal self-help support group of 20 or more members, predominantly female, who meet once a week or once a month in the home of one of their members to avail themselves of working capital, a safe place to save, skill training, mentoring, and motivation (John Hatch., 2004).

Collateral

Is a borrower's pledge of specific property to a lender to secure repayment of a loan. The collateral protects a lender against a borrower's default (Garret, 1995).

Loan

To give someone money that will be repaid with interest or an object that will be returned (Your Dictionary, 2018).

Defaulter

A person who fails to fulfil a duty, obligation, or undertaking (Oxford Dictionary, 2016).

Savings

Saving are the money you keep in an account in a bank or other similar financial organisation (Cambridge Business English Dictionary, 2020). It can be explained as the money which is put aside and accumulated interest at the end of a given time period. In village banking it can be term as the money which group members save weekly or monthly which gains interest as the cycle goes on and shared among members at the end of the cycle.

Unbanked

These are people outside the financial system for reasons ranging from the cost of inclusion to proximity to the financial system's infrastructure. It can also be explained to us individuals or groups who do not bank with traditional banks or rather who are not offered any financial services by the banks because they do not met the requirements

Financial inclusion

This is when individuals and businesses have access to useful and affordable financial products such as insurance, transactions, payments and savings which are delivered in a responsible and sustainable way.

Micro finance

This word if widely used when it comes to financial inclusion and poverty alleviation. Though it is commonly used rather interchangeably, Micro means small where as finance can mean the management of money but it goes beyond mere provision of small credit. Christen (1997) defines micro finance as these are financial services which are provided to poor individuals in response to markets and commercial approaches. This definition would suggest that money transfers, payments, savings, remittance and not limited to insurance. Therefore according to this definition we can say that microfinance is not limited to microfinance institutions or NGOs and it includes savings associations, cooperatives and clubs.

Borrowing

Borrowing is simply acquiring money from someone else with a promise to pay back, either without interest or with interest. In this paper, we want to see if the previously unbanked, via the mobile money platform are able to borrow money from the service providers or also how the ability to send and receive money on this platform has impacted their ability to borrow money from family and friends, and smaller money lending businesses

Empowerment

The ability to make a strategic choice, which requires power, choice, option, and control in one's day to day affairs. This also includes self-esteem, autonomy, agency and self-determination over life and economic resources to affect positively their own and dependents' wellbeing Malhotra, et al (2002).

1.13 ETHICAL CONSIDERATION

Ethics are rules for conduct that differentiate between acceptable and unacceptable behaviour. Research ethics refers to applying fundamental ethical principles to a variety of topics in scientific research (Kothari, 2004).

This study took into account all measures to secure the actual permission and interests of all those who participated. The information provided by each individual or entity remained confidential throughout the study. Below are some of the ethical principles that will be followed.

Confidentiality

Fisher C. et al (2010) defines confidentiality as a condition in which the researcher knows the identity of a research subject, but opts to protect their identity from being known by others. When dealing with humans re requires a signed consent agreement from participants and also about other personal information to be collected from them. The researcher are usually fully aware of the identity of the subject. There are many method which are used for confidentiality purpose, such as not recording information in a form of the participant to be known, by not putting names of respondents and also keeping information which has being provided to the researcher to themselves and assured that all information they supplied will be strictly used for academic purposes only.

Anonymity

According to Biggman (2011) anonymity is defined as a condition which the identity of a person being studied is not known to the researcher. To withhold the names of the respondents as well as their personal details such as phone numbers and location. The anonymity was to ensure maximum privacy in order to assure the respondents of the highest researcher ethics.

Approval

Approval from the University of Zambia in collaboration with Zimbabwe Open University was granted to me to conduct this research.

In addition Ethical issues such as guidelines for authorship, copyright and patenting policies, data sharing policies and confidential rules in peer review will be considered. Therefore, clearance will be obtained from the University of Zambia Ethical Committee.

1.14 SUMMARY

This chapter offered the background of the study, research problem, the statement of the problem, the objectives, significance and scope of the study, conceptual and theoretical framework, definition of key word and ethical consideration. The following chapter discussed literature review.

CHAPTER TWO: LITERATURE REVIEW

2.1 INTRODUCTION

This section covers the review of the secondary data related to the subject matter, which is the contribution of Micro Finance Institutions, MFIs to poverty reduction. In the beginning, it tries to provide conceptual definitions of critical terminologies used in this study. It also provides a critical review of supporting theories or theoretical analysis. Besides, it gives theoretical links of relevant studies, and it winds up with a research gap identified that would assist in analysing the study findings.

2.2 OVERVIEW OF LITERATURE REVIEW

According to Otero (1999), Microfinance provides financial services to low-income poor and destitute self-employed people. According to (Ledger wood, 2013), these financial services generally include savings and credit but can also include other financial services such as insurance and payment services.

The terms microcredit and microfinance are often used interchangeably in the literature, but it is important to highlight the difference between them because both terms are often confused. Microcredit refers to small loans given to individuals; on the other hand microfinance is appropriate where NGOs and MFIs supplement the loans with other financial services (savings, insurance).

Therefore, microcredit is a component of microfinance in that it involves providing credit to the poor. However, microfinance also involves additional non-credit financial services such as savings, insurance, pensions and payment services (Okio, 2005). The following are some of the theories on village banking and their views.

2.3 NATIONAL FINANCIAL INCLUSION STRATEGY

In 2018 the Zambian government formulated—the National Financial Inclusion Strategy (NFIS). The strategy provides a roadmap to accelerate our financial inclusion journey in Zambia by setting forth a series of specific, delineated, and sequenced actions for a wide range of stakeholders.

Enhanced financial inclusion in various countries has contributed to wealth creation, economic growth, and sustainable development. The government recognised the need for a comprehensive National Financial Inclusion Strategy to accelerate progress toward inclusive, stable, and competitive financial sector development in Zambia.

The strategy was developed to build on the successes of Zambia's first and second financial sector development plans (FSDPs which ran into two successive five year cycles from 2004 to 20009 and from 2010 to 2014. The vision of the government in terms of financial inclusion was stated as 'to achieve universal aces and usage of a broad range of quality and affordable financial services that meet the needs of both individuals and enterprise'. According to the Ministry of Finance (MOF, 2018) financial inclusion means that irrespective of social or economic status, gender, or level of education, we want to ensure that every segment of Zambian society has access to essential financial services.

2.4 RELATIONSHIP OF FINANCIAL INCLUSION AND VILLAGE BANKING

Village banking is an integral part of the local financial sector that is making a progressive contribution to financial inclusion, especially among women. Plus it has grown on the market such that it has established itself as a significant preposition in Zambia's financial drive as outlined in the national financial inclusion strategy 2017-2022 (NFIS2022). Financial services are delivered through two main avenues, which are formal and informal financial services. The formal financial services provided include banks and non-banks institutions, investments firms and insurance companies. These institutions are licensed, regulated and sometimes supervised by the Bank of Zambia. On the other hand, informal financial services providers include individuals and or groups of people who are not licensed nor regulated by the state or financial sectors. Therefore village banking provides a platform for financial inclusion for unbanked individuals.
7th national development plan

2.5 IMPORTANCE OF FINANCIAL INCLUSION AMONG THE WOMEN IN ZAMBIA

In this case, the research was used to investigate the impact of village banking on financial inclusion and its usage to female marketeers economic empowerment among women at masala market in Ndola. However, the female marketeers in Zambia face similar challenges. Regarding economic empowerment, it is essential to have a holistic view of the extent to which women benefit from villages banking.

It is vital to fully examine guidelines and strategies that the women follow and are guided by in order to manage their various village banking groups. Another essential aspect that will help one appreciate the impact of village banking among female marketers understands the various challenges they face and possible solutions to the challenges they face.

One will note that Village Banking among female marketers is rapidly becoming a widespread practice. This enthusiasm for village banking positively promotes self-sustainability among women. It rests on the idea that people who have next to no money deserve financial services just as much as those who have plenty. Primarily those who are found below poverty lines are women. Therefore, microcredit is often justified by of notions of equity or fairness, that is, and everyone should have clean water, health care and the right to deploy their talent Afshar (2016).

Economic empowerment is the capacity of women participation to contribute to and benefit from growth processes in ways that recognise the value of their contributions, respect their dignity and make it possible to negotiate a fairer distribution of the benefits of growth (Sultana and Hasan, 2010). Economic empowerment increases youth's access to economic resources and opportunities, including jobs, financial services, property and other productive assets, skills development and market information (Afshar, 2016). Women economic empowerment involves a program that seeks to improve the living standards of females, which can be achieved through education, access to credit, employment, and economic resources empowerment of women by addressing economic and personal empowerment dimensions.

Women marketeers economic participation and empowerment are fundamental to strengthening women's rights and enabling them to control their lives and exert influence in society. It is about creating just and equitable societies (Sultana and Hasan, 2010). Women often face discrimination and persistent gender inequalities, with some experiencing multiple discrimination and exclusion because of ethnicity or caste.

Women experience barriers in almost every aspect of work. Hence, employment opportunities need to be improved (Afshar, 2016). At the same time, it is essential to point out that women mostly perform the bulk of unpaid care work. Women's financial inclusion is an area for greater attention by development actors through increased recognition and valuing of how care work supports thriving economies (Ranjula B S 2009).

More equitable access to assets and services such as land, water, technology, innovation, credit, banking and financial services will strengthen women's rights (Maanen 2001). Furthermore, it could increase agricultural productivity, reduce hunger and promote economic growth. Other Infrastructure programs should be designed to maximise poor women's and men's access to the benefits of roads, transportation services, telecommunications, energy and water. Innovative approaches and partnerships are needed to scale up youth's economic empowerment (Okio 2005)

Increasing access and use of quality financial products and services are essential to inclusive economic growth and poverty reduction (Niaz and Iqbal, 2019). In addition, the research shows that when women participate in the financial system, they are better able to manage risk, start or invest in a business and fund large expenditures like education or home improvement (Sultana and Hasan, 2010). Consequently, increasing women's financial inclusion is especially important as women disproportionately experience poverty, stemming from unequal divisions of labour and a lack of control over economic resources. Many women remain dependent upon their parents (Afshar, 2016).

Village banking products are one of the catalysts for multiplying development efforts (Schreiner M & Colombet 2001). According to (Sultana & Hasan 2010), investments in gender equality yield the highest returns of all development investments. In their study, Sultana & Hasan (2010) observe that female youth usually invest a higher proportion of their earnings in innovative ideas than older men. A study conducted by (Chibamba M 2017)in Brazil indicated that the likelihood of women succeeding through soft loans increased by 20% when village banking was practices.

Despite substantial advances in expanding access to formal financial services in the developing world in recent years, a significant access gap remains between young and older adults (Sultana & Hasan, 2010). This is illustrated through a basic measure of financial inclusion like account ownership. Globally, only 20 per cent of women hold accounts in a formal institution than 80 per cent of men (Afshar, 2016). This gap is even more pronounced among women in developing markets.

Increasing the role of women in the economy is part of the solution to the financial and economic crises and is critical for economic resilience and growth (Sultana & Hasan, 2010). However, according to Afshar (2016), at the same time, there is a need to be mindful that women are in some contexts bearing the costs of recovering from the crisis, with the loss of jobs, poor working conditions and increasing precariousness. Well can therefore say that according to the world bank(2015), *putting resources into women's hands to attain gender equality is society will result in significant development*.

2.6 HISTORY OF MICROFINANCE

Microcredit and microfinance are relatively new terms in the field of development, first coming to prominence in the 1970s, according to (Johnson, 1997) and (Rogaly, 1997). Before then, from the 1950s through to the 1970s, the provision of financial services by donors or governments was mainly in the form of subsidised rural credit programmes.

These often resulted in high loan defaults, high loss and an inability to reach poor rural households (Johnson, 1997). Johnson states that the 1980s represented a turning point in the history of microfinance in that MFIs such as Grameen Bank and BRI2 began to show that they could provide small loans and savings services profitably on a large scale. They received no continuing subsidies, were commercially funded and fully sustainable, and could attain wide outreach to clients (Robinson, 2001).

It was also at this time that the term microcredit came to prominence in development (MIX, 2005). The difference between microcredit and the subsidised rural credit programmes of the 1950s and 1960s was that microcredit insisted on repayment, on charging interest rates that covered the cost of credit delivery and by focusing on clients who were dependent on the informal sector for credit (ibid). It was now clear for the first time that microcredit could provide large-scale outreach profitably.

The 1990s saw accelerated growth in the number of microfinance institutions created and an increased emphasis on reaching scale (Johnson, 2001). (Dichter, 1999) refers to the 1990s as the microfinance decade. Microfinance had now turned into an industry according to (Johnson, 1997). Along with the growth in microcredit institutions, attention changed from just the provision of credit to the poor microcredit, to the provision of other financial services such as savings and pensions microfinance when it became clear that the poor had a demand for these other services (MIX, 2005).

2.7 HISTORY OF VILLAGE BANKING

According to Barnes (1996) the history of village bank on household income state that, an almost infinite array of variables could identify to assess impacts on different units. To be of use, these must be able to define with precision and must be measurable. Conventionally, economic indicators have dominated microfinance as with assessors particularly keen to measure changes in income despite the enormous problems this presents. Other popular variables have been levels and patterns of expenditure, consumption and assets.

A strong case made that assets are a particularly useful indicator of impact because their level does not fluctuate as greatly as other economic indicators and not simply based on an annual estimate. (Murdoch, 1995) investigated that, first households can smooth incomes. This is most often achieved by making conservative production or employment choices and diversifying economic activities. In this way, households take the step to protect themselves from adverse income shocks before they occur. Second, households can smooth consumption by borrowing and saving, adjusting labour supply and employing formal and informal insurance arrangement. These mechanisms take force after aftershocks occur and help insulate consumption patterns from income variability.

Microcredit schemes have been practised in many parts of the world for poverty alleviation. According to (Sharma ,2000), many microcredit services in Asia and Africa targets women on the assumption that empowering women and targeting service to them leads to better allocation and use of household resources. Microcredit refers to programmes that are poverty-focused and that provide financial and business services to very poor women. Microfinance is defined differently by different researchers from a different point of view. Some viewed it as a tool for poverty reduction and others for women‘s empowerment.

According to (Noreen,2011), Microfinance is a type of banking service that provides access to financial and non-financial services to low income or unemployed people. For Van (Maanen ,2004), microfinance is about banking the un-bankable, bringing credit, savings and other essential financial services within the reach of the poorest to be served by regular banks, in most cases because they are unable to offer sufficient collateral. In the Rwandan context, Microfinance is simply defined as the provision of financial services to low-income clients, including the self-employed (Republic of Rwanda, 2007).

However, this programme of Microfinance is implemented under the Microfinance Institutions (MFIs), which are defined by (Murdoch 2002) as Institutions that provide financial services to low-income people who lack access to credit from the formal banking system for lack of guarantee. Among those MFIs, there are some which mainly target women. The products and services of most MFIs include Micro-Credits which have been defined by (Budweiser,2008) as small loans made by Microfinance Institutions (MFIs) to the poor to pursue self-employment and start small businesses to alleviate poverty and empower them.

Concerning empowerment, the Microfinance Programme is assumed to have the potential to transform gender power relations within the household and to empower women (Cheston et al, 2002). The literature differentiates two ways of empowering women through the Microfinance Programme; the first way is *direct empowerment* through offering non-financial services, including group pieces of training, workshops leading to the creation of greater awareness. The second way is *indirect empowerment* which is related to providing financial services to women to participate in the labour market and attain economic independence. Then that participation increases their choice capability, self-confidence, and decision-making power, leading them indirectly to empowerment (Swain et al, 2009).

Nonetheless, (Cheston et al, 2002) mentioned that even though women's access to financial services increased in the last decades, their ability to invest in and benefit from that access is still limited by the disadvantages related to household and community gender-based traditions and norms. Microfinance Programme is viewed in this paradigm as a part of an integrated programme for poverty reduction to the poorest households (Mayoux, 2005).

2.8 EMPIRICAL REVIEW

2.8.1 Extra continental Studies

We begin with the study conducted by (Aruna, 2011) on the study about the role of micro-finance on women empowerment. The study was conducted in India and it targeted the women who were the beneficiaries of Micro state branch of Hyderabad and focused on rural women in their study. The study elaborated that microfinance loans do not automatically empower women, but the proper utilisation of loans in productive areas fetches the way out of poverty. They continued by stating that the income in the hands of women generally improves the welfare of the household.

In their conclusion, the researchers stated that microfinance has a profound influence on the economic status, decision making power, knowledge and self-worthiness of women who participated in the self-help group. This study is very insightful because it conducted a study that targeted 300 women of which 150 were from the self-help groups women who were availed with loan and 150 from some group but were not availed with any loan.

Moving forward,(Sarahant ,2011) conducted a similar study in Bangladesh. The focus of the study was on microfinance and women empowerment which applied a panel data survey. The study measured the benefits of microfinance and the individual outcome on expenditure, children education, asset accumulation and labour supply by comparison. In their study, the analysis found a positive and significant relationship between microfinance and women empowerment. The researchers stated that most of the women with low income were highly involved in getting credit from the lending institution to educate their children, purchase land and increase labour productivity in agriculture activities.

They concluded that participating women have better significant results in terms of both individual and household level outcomes than eligible non-participants. This was very significant information that was unearthed in this research which will add to the quality of this study. Despite such an insightful study, the researchers overlooked the impact part on the businesses of women. Furthermore, the research was conducted on a highly women populated area which could have a different outcome if conducted in a different environment. Nonetheless, the targeting of women as a subject for study makes their study very beneficial to this study. Therefore, this study will attempt to bridge the gap by focusing on the benefits microfinance brings to the businesses which are managed by women at market places.

In another study conducted by Ani (2009) in Nepal which looked at the repayment performance of Nepali village bank. The study looked at informal financial institutions of 25 to 30 women. According to the finding on village banking all the 9 groups, they researched had never lost any loans, but they had a high level of delinquencies (whose payments were not made on time). The researcher stated that the loans were recovered sooner or later. According to the finding, it was discovered that high delinquencies would lose credibility among its members as it slows rotation on the loan portfolio.

This research is important to our study because according to (Ani, 2009), the study found that members in village banking groups had much interaction with each other and they cared a lot about how society would perceive them if other members considered someone to be untrustworthy and would be ostracised and excluded from all social interactions, which would affect their social standards. Despite such finding, the researcher overlooked at caused the high level of delinquencies. This study will try to find the causes of high delinquencies to the women in business.

Maldonado, J, et al (2005) study investigated microfinance‘s impact on Bolivian rural

Households‘education choices. It identifies several effects of microfinance that positively influence a household‘s demand for child education. Microfinance‘s ability to expand a household‘s income and serve as an income smoother, the empowering effect it has on women and their ability to make decisions regarding schooling, and the demand microfinance create**s** for children‘s education—especially in programs that include an educational aspect for the mother all lead to higher rates of primary school enrolment and completion.

Khandker (2003) in addition, many studies (primarily microfinance institution impact studies and academic researcher qualitative or case studies) have shown that microfinance programs were able to reduce poverty through increasing individual and household income levels, as well as improving healthcare, nutrition, education, and helping to empower women. For example, standard of living increases, which help to eradicate extreme poverty and hunger, have occurred at both the individual and household levels as a result of microfinance programs.

Bruce W (1999) study of a Guatemalan MFI illustrates one such case. He found that as long as hired labour could be easily substitute for child labour in a family‘s micro enterprise, then access to credit increased children‘s chances of being in school. In cases where the enterprise required skills that took years to teach, such as the weaving of traditional Guatemalan fabrics, families were reluctant to train hired labour and preferred to pass their knowledge to their own children. Children learned the trade at home rather than attending school. Parents chose to do this because it ensured that ―the rewards of the training would ultimately be captured within the household,‖ thus avoiding the danger that a trained hired labourer would start a competing business.

Shahidur K (1998*)* study of three Bangladeshi microfinance institutions found that for the two MFIs, which did not make children‘s, school enrolment a primary concern (unlike BRAC,)boy children of program participants are more likely to be enrolled in school as a result of the loan than girls. Regardless of whether the money lent to male or female participants in Grameen and RD-12, the probability that boys school enrolment would be increase. In contrast, only in one case (a Grameen loan to a female client) did the probability of girls‘ enrolment increase with a microfinance loan. Khandker attributes this to the fact that boys are less likely to be drawn into self-employment activity or into household no market.

Another study was conducted Niaz & Igbal (2019) titled, effect of microfinance on women empowerment. The geographical location of the study was done in pakistan. In their study data was collected from treated group 328 respondents and 342 from the controlled group, the respondents in their study belonged to both urban and rural area. Their results showed that access to micro finance has important impact on the poverty reduction and empowerment and social status of women.

They went on to say that increased involvement of women will increase economic empowerment and most importantly bring uplift the standard of living in their families as by De B et al(2014). Therefore, micro financing and MFIs are the most effective tools for achieving SDGs. Eight goals under the SDGs of UN including no poverty, zero hunger, good health and as well as quality education, gender equality, clean water and sanitation, decent work and economic growth to mention but a few. They went on by saying that if we elevate the poor above the poverty line, all the above would be achieved. The study is interesting as it highlight some of the areas that this research looked at.

In addition, to the body of knowledge (Yoman, 2019) conducted a study on the role of banking agencies and village crediting institutions on economic growth inclusion in Bali province. The researcher elaborated in their study that the increase in financial inclusion had a positive impact on individuals' economic growth, which led to the increase in capital information, increase in non-food consumption, and increase in modern production.

In conclusion, the researcher discovered that financial inclusion caused a reduction in unemployment, poverty and income was distributed more evenly. According to their findings, informal institution helped individuals who were not able to borrow from the bank to have access to credit through village credit this information was very important to this study as it looks at the economic contribution of village banking to individuals. Nevertheless, the research was conducted on both formal and informal financial sectors. This research will be conducted on the informal sector and targeting women who are in business.

2.8.2 Intercontinental Studies

This chapter begins with the well-elaborated study that was conducted by (Lemba, 2014) in Kenya. His study focused on the perception of village banking. He looked at the impact of village banking on dry land rural poverty alleviation. The researcher elaborated in his study that poverty alleviation alone cannot be achieved by village banking. Nevertheless, it does provide much-needed credit which may be used for short-term food consumption or emergency domestic purposes.

As a conclusion, Lemba (2014) suggested that other microfinance institutions need to revise the design to ensure credit becomes especially beneficial to the poor women in the targeted communities. However, despite all these eulogies, the researcher missed the opportunity to avail the main reason for the specific economic benefits village banking would bring to the individuals which could have added more quality to the finding. Therefore, this study will ensure that it considers and look at a section of the specific benefit that is driven by women who participate in VB groups and are also doing business at the main Masala markets in Ndola.

In addition to the body of knowledge, (Philip, 2013), conducted a study where he looked at the contribution worth of village banking to the economic empowerment of women in the Salvation Army. The focus of his study was on the economic empowerment of women through worthy groups. The main objective of the study was to discuss teachings of the SA on holistic transformation and redemption concerning economic empowerment of women in Kenya and the researcher applied Salvation Army holistic group programme methodologies of simple random sampling by using questionnaires to his study.

Therefore, the economic empowerment of women was the main focus of the study and the programme was seen in the way women become economically independent. This could be done through reducing dependence and sometimes, increasing their levels of income in comparison to the time when they did not belong to any worth group (Philip, 2013). The researcher found the reason was that women were able to invest in projects such as poultry production, goat production and many others. This was according to the findings of the study and that the worth group were limited on the project they wanted to conducted. That was entirely following the amount each of them contributed

Like this study, the researcher chose women as the subjects who have the likeliness of getting a comparable finding. Besides, the sample size that was used in the research was enough to make a reasonable conclusion and add value to this study. However, the researcher did not consider looking at women who are already doing business and how village banking will benefit them. This can have the potential to alter the findings and later on the conclusion. Therefore, this gap will be taken note of in this study.

In a different study, Dupas (2012) looked at the challenges of banking faced by the rural poor in Kenya. The study was conducted in the set up where banking services were limited and had one financial institution and one village banking group. In his finding, the two services both were active in that community and minimal fees were charged for the account opening

fee. This was done this way because the bank was charging a service fee, were as the village banking group were using the fee as a mood of saving to share among members at the end of the cycle.
In their conclusion, they stated that knowledge of banking information was limited mainly due to the area only having one financial institution that offers banking services. Apart from the above, it was discovered that the community had trust issues because of the scandal which were there on village banking about freezing their account for a long time. This study is very important because it involved the methodology of 1898 sample size was selected from households using stratified sampling which are vital to my study. On the other hand, this study was being conducted to find out what measures can be taken to avoid the rate of default which has not been considered by the Study by Dupas.

In attempting to the role’s microfinance play in poverty alleviation, (Kabri, 2009) conducted a study in South Africa. The study focused on efficiency analysis on microcredit in developing countries. The study suggested that the source of inefficiency is pure rather than scale and microfinance are either wasting resources or are not producing enough output (making loans, raising funds and getting more borrowers). They concluded that microfinance plays an important role in helping to reduce poverty through financial inclusion. This study is significant because it shows that indeed microfinance can increase the standard of living of individuals. On the other hand, this study will be able to show how efficient microfinance is important in empowering women. Despite the study bringing numerous valid information, the researchers overlooked the cause of default by which this study will seek to bridge by applying measures that may improve the default rates, such as training to women marketeers in savings groups.

Omar (2020) using panel data studied the impact of financial inclusion in 116 developing countries. They found that financial inclusion significantly reduces poverty rates and income inequality in developing countries and recommended that access to formal financial services by marginalized segments of the population be promoted for the overall maximization of societies welfare. This study also recommended that financial institutions cater innovative and need based financial services suited to financially excluded segments of the population to appeal to the difference in culture, customs, beliefs, and income levels. Innovations that solutions the current barriers that are presented to the financially excluded by the current products and services currently on the market. This study is important as it shows the financial inclusion is a strategy which can be used to include the unbanked.

Adding to the body of knowledge, another study was conducted by (Bayeh, 2012) titled financial sustainability of microfinance which was conducted in Ethiopia; the main objective of the study was to identify factors affecting the financial sustainability of MFI. The study used a quantitative research approach using a balanced panel data set of 126 observations from 14 MFI, according to the finding, it was discovered that microfinance breadth of outreach, depth of outreach, dependency ratio and cost per borrowing affect the financial sustainability of microfinance institutions.

The study concluded that microfinance capital structure and staff productivity have an insignificant impact on the financial sustainability of MFI during the study period .this research is important to our study because it shows that the cost per borrowing affects the capital structure of the business for borrowers, the researcher went on and mentioned that the positive impact of microfinance institution on the welfare of the poor can only be sustained if the institution can achieve a good financial performance. This study is relevant to the study being conducted because it shows that the cost per borrowing affects the funds of the saving group and the rate of default in village banking.

2.8.3 Local studies

The Microfinance sector in Zambia is unusually undeveloped, even by African standards. The sector is young, small in size, fragmented, and has a limited outreach. Financial inclusion is low, at just 37.3% of adults and the demand for microfinance in Zambia is high. Although well-diversified, with a variety of different institution types, the sector has had limited support and will have to overcome many challenges in its development. A combination of circumstances led to this late development and slow advancement. Until the liberalization of the banking sector in the 1990s, credit finance in Zambia was dominated by several large public sector institutions.

Unsustainable business practices lead to the closure of these throughout the decade, giving space for the late emergence of MFIs. Subsequently, these MFIs did not benefit from the donor support that promoted microfinance in other countries around that time. The donor support reaching Zambia since then has largely been targeted at HIV/Aids and debt reduction, so has not benefited the microfinance sector. Any attention towards the financial sector has been focused on the formal banking sector and the development of regulatory and supervisory standards. On 30th January 2006 the Banking and Financial Services (Microfinance) Regulations (MFRs) became law, with the intention of propelling the sector to maturity. Regulation divides Zambia's MFIs into two types, deposit-taking MFIs (development MFIs) and non-deposit taking MFIs (credit companies).

The microfinance sector has seen slow and unsteady growth. This has been attributed to the poor credit culture amongst clients, a lack of donor support, and the high expense of service provision in a country with inadequate transport and communication structure. MFI‘s operational costs are often not aligned with the low volume of activities and so many of the development MFIs are loss-making even though they are expensive by international standards. The credit MFIs (mostly subsidiaries of South African companies) are more financially robust; however, it is feared the market for these will soon saturate as they target salaried employees, of which there are just 450,000 in Zambia.

Although many of these factors exist in other countries, the Zambian microfinance sector has yet to overcome them, largely due to limited microfinance expertise. Unusually, there is an absence of an obvious market leader in Zambia, so there is no one MFI to demonstrate good practices and spur others to improve their operations.

Microfinance Institutions Data from the MIX shows that the microfinance sector in Zambia, as at 2009, recorded 31,340 borrowers and a gross loan portfolio of USD 6.5 million31. The sector‘s main players include several salary-based lenders with significantly higher numbers of borrowers and gross loan portfolio than of the institutions listed below. These salary-based lenders are categorized as microfinance institutions under Zambian regulation, however operational and financial data on their loan portfolios is not readily available.

In Zambia, the project was first implemented in Chongwe District Replicated in 3 Districts namely Katete, Chama and Mambwe .In Katete district, the project began in 2006 and it was implemented in 4 wards namely Vulamkoko, Kafumbwe, Kagoro and Mphangwe. The Village Bank program gives soft loans to poor women it targets the vulnerable but viable women engaged and willing to be involved in entrepreneurship activities. The village bank women beneficiaries are given soft loans ranging from k500 to K2000, and they are required to pay the loan in a cycle which is the period of 6 months. The loan repayment is done weekly where an individual is required to pay 0.5% of whatever she got and 20% of the total amount.

In a Zambian context, we begin by looking at the study by (Martha, 2018) on the research titled measuring the effect of village banking programme on household income. The study focused on the effect of village banking on households in Katete district Eastern province. According to (Martha, 2018), microfinance is a tool that is used around the globe to help reduce the gap between the rich and the poor. The researcher used a cross-section design methodology and a target sample size of 100, which is enough to provide a reliable conclusion.

Therefore, this study focused on providing benefits at the household level which are not limited to creating income-generating opportunities at the household level and consumption level. Martha also mentioned that the assets holding and induced savings improve the standards of living for households through the microfinance outreach program. Other benefits obtained from microfinance are but not limited to; job creations, reduced unemployment, and poverty alleviation.

However, the study is focused on subsistence farmers based in the rural area of the eastern province. At some time, the study was conducted on individuals who are both in village banking and also those that are not in the village banking group. This is important because the study can be assessed for any differences in findings between the two groups of people. On the other hand, this study is based on the urban area of Ndola cooper-belt province area called Main masala market and it is focused on just one gender which is female which gives a mismatch to the Study by Martha

Moving forward, it suffices to say that the majority of the poor population of Vulamkoko in the Katete district do not have access to financial services and are ignored by the microfinance institutions. According to their findings (Martha, 2018), there were many complaints regarding the staff of microfinance institutions for business with extremely vulnerable clients. Also, the cost of borrowing was high and complicated procedures were major difficult to access (Martha, 2018). Furthermore, it’s important to mention that this study will be done in the Ndola area which has many microfinance services.

In addition to the body of knowledge Nalungwe A (2018) conducted a study on the implementations of village banking whose objective was to explore the experience of village banking programme implementation by the government agency in Zambia, the research was conducted in Chongwe district and according to the findings, she elaborated that village banking comes with its challenges such as the embarrassment and shame related to failure to meet the payment obligation. The researcher had a sample size of 85. This study is very significant to my study in that it involves the methodology of questionnaires, interviews and direct observation which will also be the tools that will be used in my study. The Study by Anna overlooked measures that can be used to overcome some challenges faced by village banking which this study will consider.

On the other hand, Nalungwe A, (2018) regards that the people who were involved in microfinance needed to have skills and knowledge. The researcher believed it to be a must requirement for one to manage microfinance services. A contradiction, however, is cardinal to mention that skill and knowledge can be developed provided one is in that particular field they can learn. From this point, we can argue the researcher's finding where it was concluded that village banking does not require a financial expert for it to be well managed. She further mentioned that village banking just requires women focused on achieving a goal by saving and borrowing to improve themselves and their family’s financial status.

Subsequently, the researcher reviewed that some beneficiaries of the village banking programme in her study area were not specified (community) to their business area. For example, some study subjects were agriculture farmers and poultry farmers. This means that their form of savings was not favouring the nature of the business because farmers take time to harvest their produce and so are those that are in chicken production, yet their savings were scheduled to be weekly, which was a challenge. On the other hand, this study will focus on women receiving income from their businesses every week.

Adding to the body of knowledge Chibamba (2017) conducted a study that looked at village saving and loan associations and household welfare from Eastern and Western Province of Zambia, the study used a cross-section survey from Kaoma, Mongu, Katete and Petauke districts where village saving groups were implemented. The study had a total sample of 313 treatment groups which used simple random sampling and stratified sampling. According to (Chibamba, 2017), the study aimed to estimate the impact of participation in village savings and loan association (VSLAs).

According to his findings, he mentioned that the treatment households revealed that the introduction of village banking allowed the group members to be saving an even smaller amount of money. His study was focused on farming households based in rural areas on both male and female participants. Unlike his study, this study will be conducted in an urban area and look at women who belong in village banking based at the market area and the target groups might not entirely be farmers but those that sell farming products.

Another study was conducted by (Banda R. 2020) titled an evaluation on the challenges of village banking on the saving culture in the financial sector, and the study was conducted in Lusaka, which was targeting both men and women. The study looked at the objective, which states how village banking influences the popularity of the community and experience regarding the saving culture in the savings group. According to his finding in her studies, it was discovered that most individuals had accounts with traditional banks. The study showed that participants preferred saving their money in village banking groups. The reason highlighted was that the traditional banks are somehow unreliable, lack of collateral on the part of the banks, other banks had poor services when saving their customers, overcharge on the part of the individuals that saved their money in banks and also banks where far from there residential homes.

In addition to her study, it was mentioned that some of the major challenges that were found in village banking groups are and not limited to the unwillingness of other members to repay the loans they get, other village banking groups did not have the constitution to guide members and faulty group information. This study is very insightful because it is discovered the challenges which are faced in village banking. Banda (2020) reviewed that members in the village baking group had sources of income, and most of them had an income of about K3000.00. This study will look at women marketeers who generate their income by selling different products at the market. On the other hand, (Banda 2020) adopted mixed methods of data collection methodology, where this study used qualitative methods only.

Lungu A (2020) using qualitative post positivist approach conducted a study on the impact of village project on young women's economic status and lessons learnt by implementing staff of the DREAMS project. The aim of her study was to bridge the knowledge gap by providing in sight on the efficiency of microcredit initiatives lime VBP in economic status among young women. The sample that was drawn was 30 respondents comprising of current and formal village banking beneficiaries under Lusaka in different area such as Matero Main, Chilenge and Mandevu. The result of his findings showed that women started accessing their own funds and used credit to make contributions to their household which improved the wellbeing of their family. This study is important to our study as it has the some gender of individuals being studied.

Another study was conducted In the Lusaka district by Sinkala M (2020). The focus of the study was on an assessment of the impact of village banking as a means of youth economic empowerment. The researcher elaborated in the study that village banking provides a cheaper way of borrowing and saving money. When the interest is compared to the one formal bank, village banking has low-interest charges; hence, this encouraged them to be in those groups. It allowed members access to credit from village banking groups, and members contributed to the social and economic decisions. It provided a platform for members to encourage saving because the interest made was shared at the end of the cycle, increasing their income. Simkamba (2020) stated that village banking is a better tool that can be used for financial inclusion as it allows members who are unbanked to have access to financial services. According to the finding, it was observed that because of having access to credit, members were able to start up new businesses where others were able to purchase property, and others were able to pay for their education.

The finding on his study was essential because, according to the researcher, individuals could start up businesses, to mention but a few were us. This study will look at women who are already doing business and how village banking will improve. The other gap discovered was that the researcher based the findings on 50 participants who were youths only and at a different location where this study will focus on women only who are homogenous.

Musonda (April 2021) conducted a study in the Eastern province of Zambia in Petauka district on the impact of village saving and loans associations on low-income households. Their study reviewed that 57% of the agricultural camps respondents were women who are actively involved in business generating activities and are also significant decision-makers on how income generated can be spent at their households. Her findings also show that members in village banks had improved on their savings ranging from K500.00 to K1500.00, and before members joined these saving groups, they had little or no money to save. Musonda April (2020) showed that village banking is a tool that can provide wealth creation to low-income individuals and provide financial services. These findings are important because they show that village banking brings economic development and acts as a financial inclusion tool to the unbanked. The study was also similar as it used purposive and simple random sampling, which is similar to the researchers.

Sishumba J & M Mulunda (2019) conducted a study on village banking which looked at a feasible tool for accelerating financial inclusion for the unbanked poor communities in Zambia. Sishumba J & M Mulunda adopted qualitative research, which is the same as the researchers. Never the less it used desktop researchers well this research both primary and secondary data.

The researcher elaborated that with a proper legal and regulatory framework, village banks can reach the hard to reach by creating Easy access to essential financial services to the poor communities on a sustainable basis anchoring on mutual trust, relationship, accountability, customs, values and participation.

In conclusion, the researcher discovered that saving groups in Zambia such as Chilimba and village banking, have not been recognised and supported regardless of their recognition by many stakeholders.

A different study by Chishale J & T Chowa (2020) their study looked at the determinants of financial inclusion among social cash transfer beneficiaries. It was conducted in the Lusaka district. According to their findings, most of the individuals involved in social cash transfer were also engaged in village banking which could not be said to be safe and reliable.

Furthermore, there was the need to integrate informal and formal markets because the volume of informal activity among social cash transfer beneficiaries was way bigger than the organised financial institution. Furthermore, Chishale J & T Chowa (2020) mentioned that the effort of financial education put in place by financial institutions improved the income levels of beneficiaries. This study is critical because it used some methodology of description research study, which was also used in this study. Nevertheless, the researcher did not mention which gender is more involved in social cash transfers as it is a tool for financial inclusion.

Moving forward Dr Phiri W et al (2020) conducted on the effect of village saving and loan associations on micro small and medium enterprise growth. The study was conducted on the Eastern province of Zambia in Chipata district. The objective was to assess the influence of loans on current investment, start-up capital and annual turnover on the performance of micro small and medium enterprises and to determine the adequacy of loans realized through village saving and loan association. A case study research design was adopted and a methodology used was mixed methods. Dr Phiri W et al (2020) reviewed that most business activities were dominated by women and had a higher percentage of no enterprises. It also reviewed that access to credit positively influenced the number of goods and services of starting a new business, among others. The study mainly focused on the effect of village savings and loans.

2.8.4 Summary

The Chapter presented literature on the topic the researcher conducted. After it reviewed the literature, the next chapter showed the methodology of the study.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 INTRODUCTION

This study has the following components: research design, study area, study population, study sample, sampling techniques, simple random sampling, purposive and sampling. It is followed by data collection instruments, primary data, secondary data, and data analysis and reliability.

3.2 RESEARCH DESIGN

A research design focuses on the end product and all the steps to achieve that outcome. Therefore, a research design is an operational plan in which research methods and procedures are linked together to acquire a reliable and valid body of data for empirically grounded analyses, conclusions and theory formulation. According to Kothari (2004), the research design is the arrangement of the conditions for collecting and analysing data in a manner that aims to combine relevance to the research purpose with economy in procedure. The research design used in this study was descriptive. The study used data collection tools to collect information from respondents. Further, the survey was qualitative in its approach, and as such focus was on establishing the financial inclusion on Village Banking.

3.3 STUDY AREA

The study will be conducted at the Main Masala market-based in Ndola district cooper-belt province of Zambia. The market is in the Kabushi constituency. The area was selected because of the group's economic status, which is being targeted, and the business conducted among women marketeers. The area was also selected because most marketers raise the capital in their various businesses (microloans).

3.4 STUDY POPULATION

A study population is defined as a group of individuals selected based on inclusion and exclusion criteria related to the studied variables Boote D N et al (2004) . The study will target women marketeers who are involved in different saving groups at the main Masala market. According to the statistics held by the council for the period 2010 to 2020, the Ndola city council Main Masala area has a population of 409 women marketeers who are actively involved in the village banking group. The study will also look at other organisations working with women in village banking groups. The ministry of community development, FINCA international Zambia Ndola branch, catholic Relief services Ndola branch and ZANACO bank Ndola branch.

3.5 STUDY SAMPLE

The study adopted the Yamane formula to calculate the sample of 80 women marketeers actively involved in village banking at Main Masala market in Ndola to be used in the study. A study sample can be explained as a group of items, people, and objects obtained from the population of which is to be studied. According to (Yamane and Taro, 1967) this formula is as stipulated below.

Equation 1: Sample Size

$$n = \frac{N}{1 + Ne^2}$$

Where:

Equation 1: Formula for calculating a sample for proportions

n= The sample size

e - The desired level of precision (i.e., the margin of error). The study will be based on a 90% confidence interval hence used a level of precision at 0.1

N= The population.

Therefore, based on the above, the sample size will be as follows:

$$\frac{409}{1+409(0.1)2} = 80$$

3.6 SAMPLING TECHNIQUES

A sampling technique is the name and or different identification of specific procedures by which the entities of the sample have been selected. These can be divided into two methods which are probability sampling and non-probability sampling. The research adopted simple random sampling and purposive sampling.

3.5 Simple random sampling

Simple random sample is a form of probability sampling, on the other hand probability sampling can be explained us a technique that allows all element in the sample to have an equal chance of being selected in the sample. (Lawrence N 2014) defines simple random as a sampling technique where every item in the population has an even chance and likelihood of being selected in the sample. The technique was used in such a way that, a list of all village banking group members at masala market was made and each member was marked with a specific number, and a sample was down. This method was used on respondents for questionnaire. The following are the steps used when using simple random sampling method

- The first step is to decide the population which the study will use. Information of individual members to be selected from the population must be known. For sample in our study the population which is being used is 409 women marketeers who are actively involved in village banking at main Masala market in Ndola district Cooperbelt province of Zambia
- The next step is you need to decide on how large you want your sample size to be. There are formulas which one may adopt to come up with the sample size, consideration other factors such as cost and time. This research adopted (Yamane and Taro, 1967) formula to come up with the sample size.
- The following step is to randomly select the sample. This is done by assigning a number to each element, according to this study in the sample size of 80 , each member will be assigned a number to that they can have an equal chance of being included in the sample.
- The last step is to make sure data is collected from the sample which was drawn.

3.6 Purposive sampling

Non- probability sampling is defined as a technique in which the researcher selects samples based on the subjective of the researcher rather than random selection, the method is purely dependent on the expertise of the researchers. This sample method is designed in such a way that not all members of the population will have an equal chance of being selected in the study, unlike probability sample.

According to (Creswell,2007), Purposive sampling is known as judgemental sampling it is a form of non-probability sampling in which the researcher relies on their judgement when choosing members in their study. Purposive sampling was used to select organisations for interviews.

This method of sampling was effective in this study when selecting an organisation that is involved in village banking because only a limited number is required and the organisations chosen are homogenous. The advantages of this type of sampling are that it is cost-effective and time-effective.

3.7 DATA COLLECTION INSTRUMENTS

These are tools which are used by the researcher to collect data. In addition the research used a questionnaire and interview guide to collect data.

3.7.1 Questionnaire

On a layman's language a question can be said to be a written interview which is given to the respondents .Denise et al (2001) defines a questionnaire is a research instrument which consist of series of questions for the purpose of gathering information for respondents. While Creswell (2005) defines a questionnaire as a research tool featuring a series of questions used to collect useful information from respondents. The questionnaire is structured in such a way that it can either have be written, in a case where the participant can respond to questions by writing them, on the other hand they can be in oral format which is comprised of interview format, these are where the researcher helps the participants to write on the questionnaire as they are responding to question.

On this research both means where used. The structure questionnaire comprised of closed-ended questions and open-ended questionnaire was used as the main instrument for data collection Driver P (2002). Closed-ended questions are questions that are provided by the researcher and participant are given options to choose from. Furthermore, open-ended questions allow respondents to express themselves as they are directed to specific response. The questionnaire designed had both open-ended questions and closed-ended question

3.7.2 Interview guide

Interview guide where used on selected organisation purposively that deal with marketeers who are actively involved in village banking activities. They are list of topics and questions the researcher plans to cover when they are conducting interview for a job and or other industry interviewee. These tools are very effective and important as they save as a guideline on a topic which is research on Saunders M et al (2016). The interview guide was used in order to collect data from organisation that deal with village banking group.

3.7.3 Primary Data

Primary data was collected by the researcher and study data was collected by administering questionnaires to village banking groups at main Masala market. Primary data can be explained us the methodology used by the researcher to collect data directly , rather than depending on data collected from previous done (Worley, 2015). The advantage used on collecting data is that, it was collected for the first time, accurate and the research focuses on problem solving which means that the attention of the study was directed at finding probable solutions for the research

3.7.4 Secondary Data

Secondary Data was collected from reports and published documents. Secondary can be explained as data that was already collected using primary methods Bryman A. (2009). Some of the merits of using Secondary data are that , the information is ready available and the researcher needs to collect what is relevant and at the sometime there are many sources where the information can be obtained from such as , the internet, books, journal, newspaper to mention but a few. According to this study the sources that were used to collect secondary data are but not limited to the following Ministry of Community Development and Social Services, Centre Statistics Office (CSO) and the Internet. The secondary Date period that was covered is from 1995:2020.

3.8 **DATA ANALYSIS**

According to Kothari et al (2004) data analysis is explained as the process of inspecting, cleaning, transforming and modelling data to discover useful information, arriving at conclusions, and supporting the decision-making process. Data collected in this study was analysed using SPSS and Excel Pivot Tables for data interpretation.

3.9 VALIDITY AND RELIABILITY

Validity is the degree to which an instrument measures what it is intended to (Denise, et al. 2001). The instruments for this study were pre-tested. Pre-testing was done to determine whether the questions are clear, unambiguous and could be understood by the study participants. Some adjustments to the questions in terms of the language used, content and flow were made. Ondeng (2000) refers reliability to the question of whether a measuring instrument or process can produce the same result if successively employed by different researchers.

3.10 SUMMARY

This chapter presented the methodology that was used to attack the delinquent at hand. The researcher adopted descriptive studies and qualitative data analysis .The study used a questionnaire and interview guide to collect date. And simple random sampling and purposive sampling techniques were used.

CHAPTER FOUR: PRESENTATION OF FINDING

4.1 INTRODUCTION

This chapter discusses the presentation of findings of the research study on an investigation into the impact of village banking on financial inclusion for female marketers, using Ndola masala market as a case study.

The collected data was analysed using SPSS and Excel Pivot Tables.

4.2 DEMOGRAPHIC INFORMATION

Table4.2.1: Age group of respondents

Age group		
Age group	Frequency	Percentage
21-25	6	7.59%
26-30	22	27.85%
31-35	36	45.57%
36 and above	15	18.99%

Table 4.2.1 shows that out of the 80 respondents, the majority were between the age groups of 26 to 35, represented by about 73 percent and interesting enough, 19 percent were 36 years and above, those where below 26 were represented by 8 percent.

Figure4.2.3: Marital Status

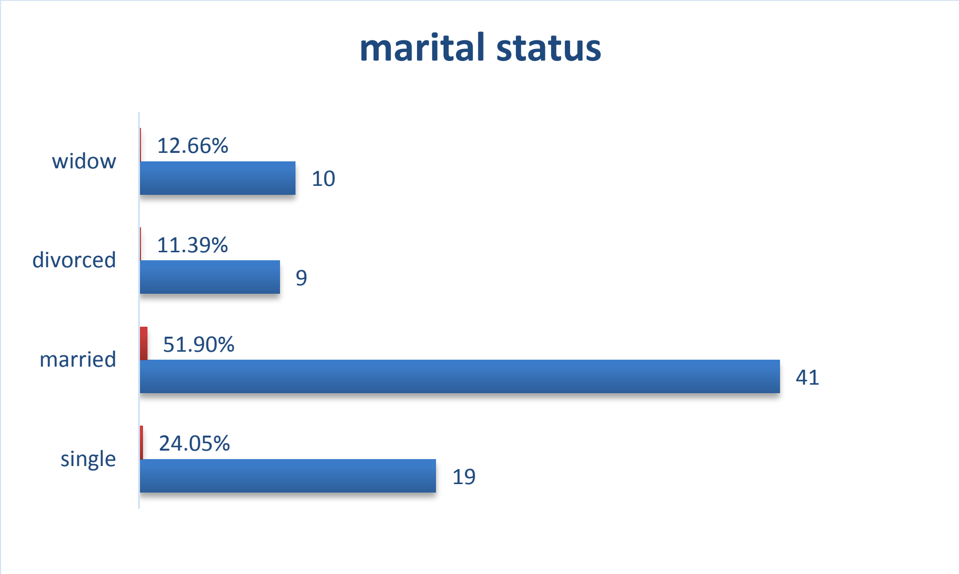
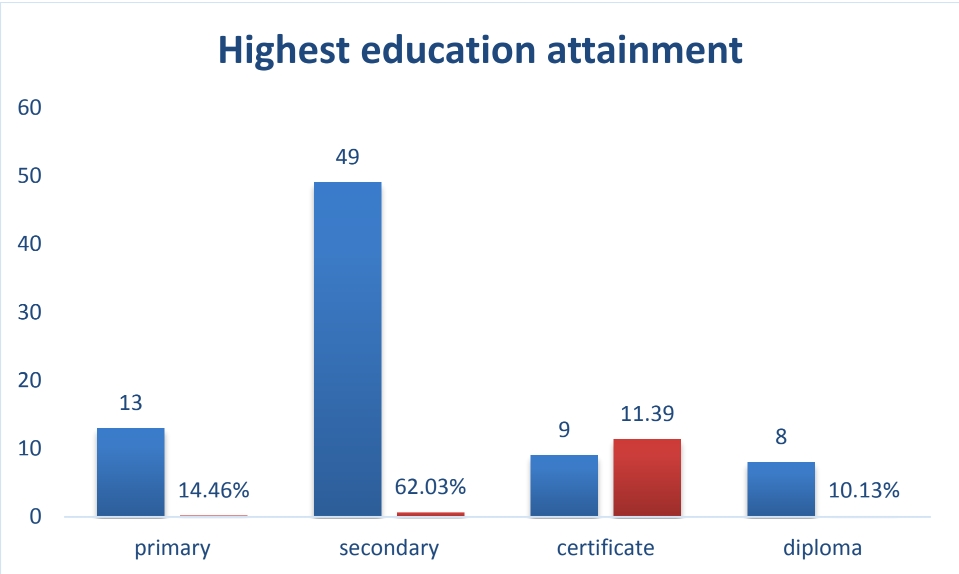


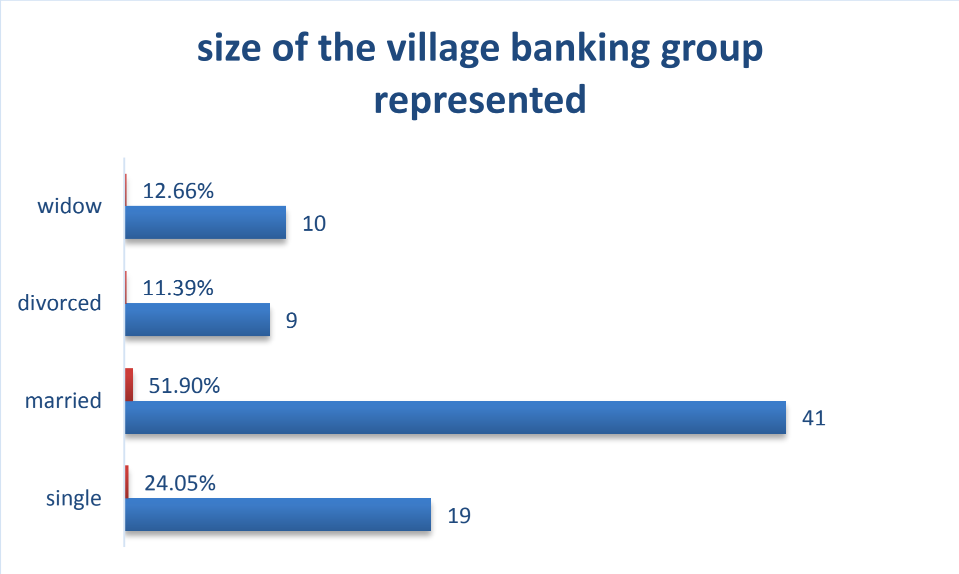
Figure 4.2.3, shows that 52 percent of respondents were married, 24 percent single, and 13 percent widowed and 11 percent divorced at the time the research was conducted.

Figure4.2.4: Highest education attainment



As the figure 4.2.4 shows that the majority of respondents, represented by 62 percent have secondary school certificates as their highest level of education. It was followed by 14 percent who had primary school education. 11 percent of respondents had certificates and about 10 percent had diplomas at the time of research study.

Figure4.2.5: Size of the village banking group represented



The figure 4.2.5 shows that the majority of respondents, 43 members or 54 percent of respondents belonged to groups containing only about 11 to 20 people.

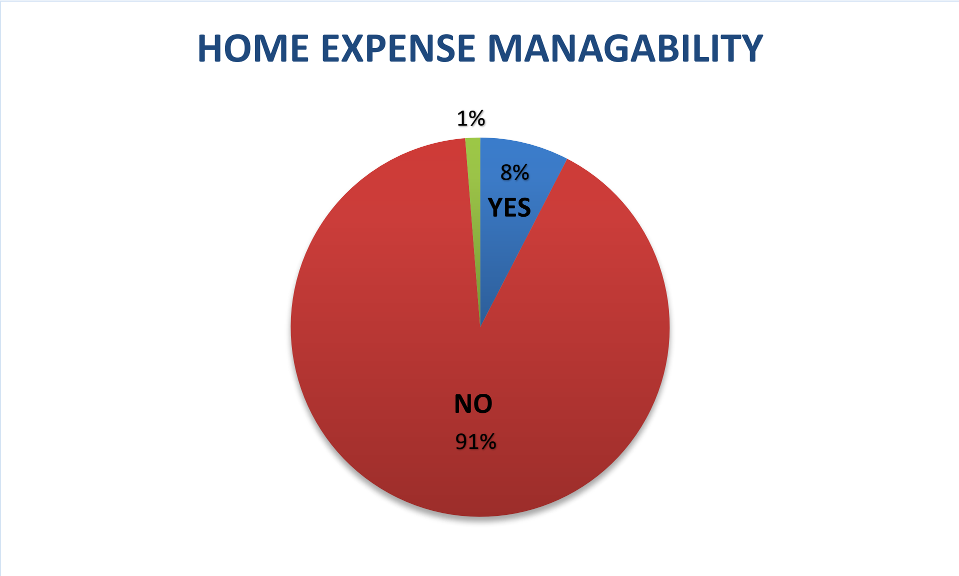
Table4.2.2: Monthly earnings

Monthly Earning		
Below 1000	3	3.80%
1001-2000	29	36.71%
2001-2500	30	37.97%
2501-3000	9	11.39%
3001-3500	3	3.80%
3501-Above	5	6.33%

The majority on the table on 4.2.2 shows that, 38 percent and 37 percent of respondents reported to earn amounts between K2000 and K2500, and K1000 to K2000 respectively. The data show 4 percent and 6 percent earned between K3000 and above.

4.3 VILLAGE BANKING FUNDS

Figure4.3.6: Home Expense Manageability



According to Figure 4.3.6: above, out of the 80 respondents, 91 percent said that the money they earned monthly from their businesses was not enough to manage home expenses and 8 percent said the money was enough.

Figure4.3. 7: People Loaning

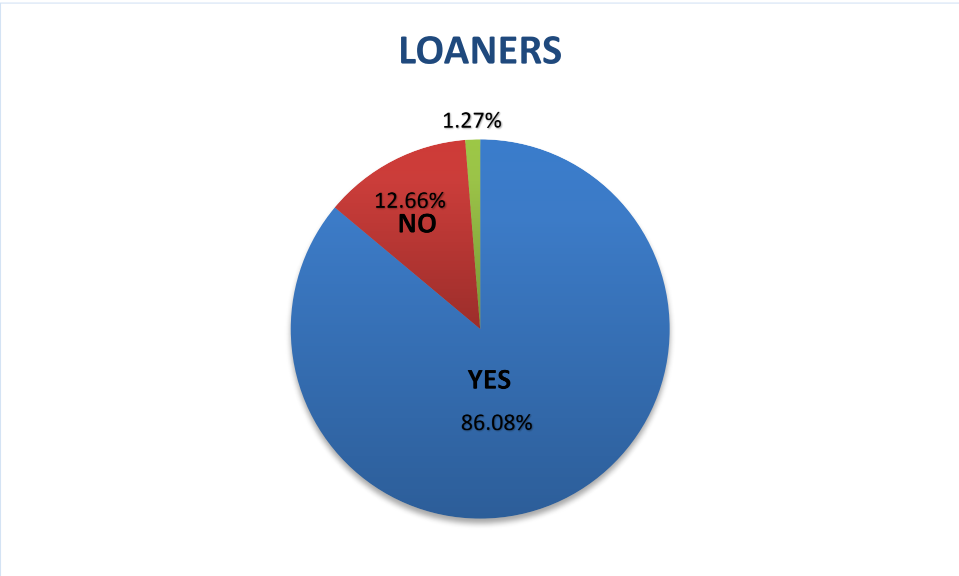
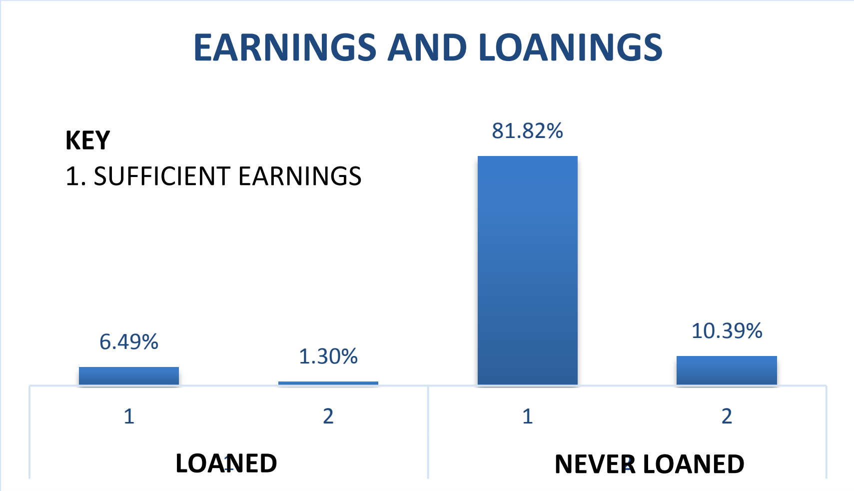


Figure.4.3.7: shows that 86 percent of respondents managed to get loans from their village banking groups.

Figure4.3.8: Earnings and Loaning



See figure 4.3.8 as presented. 81.82 percent shows the number of women marketeers who got loans earnings where sufficient while 10 percent shows insufficient earnings at 1 percent

Figure4.3.9: Loaned Amounts

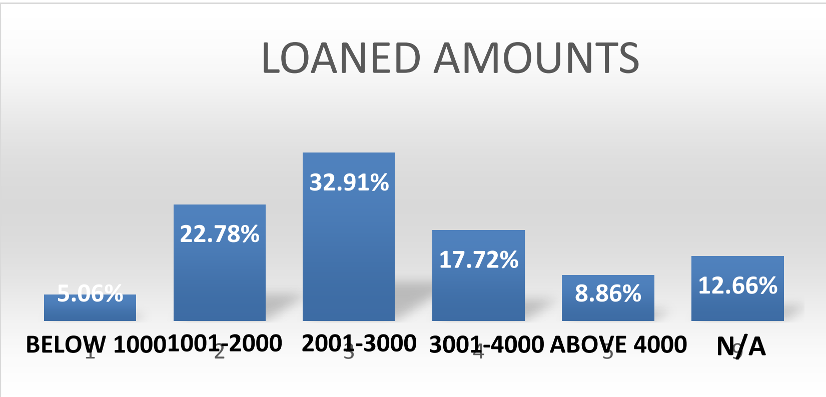


Figure 4.3.9 shows that, about 32.91 percent of village banking group individual get loan ranging from k2000 to k3000, 22.78 percent get loans amount to K1000 TO k2000, 17.72 percent loans from there saving group of about K3000 to K4000 and as the about increases to K4000 only 8.86 percent are able to get loan. On the other hand, a small number of village banking group members of 5.06 percent are able to get loans which are below K1000.

It can be seen that most of these people loaned amounts between K2000 to K3000. The study found that the respondents with sufficient earnings identified never to have loaned from their village banking groups.

Table4.3.3: Uses of Loaned Funds

PERCENTAGE USAGE	
FOOD AND FARMING	16.46%
CLOTHES	1.27%
SCHOOL FEES	6.33%
BUILDING	5.06%
BUSINESS EXPANSION	77.22%

The table 4.3.3 show that on food and farming 16.46 use their loaned amount on food and farming, 1.27 percent use for clothing, 6.33 percent use the loaned amount on school schools, 5.06 percent was used on building and about 77.22 percent was used on business expansion.

The findings from the researcher are that access to credit is essential to uplifting the livelihoods of village banking members. Members are able to get loans at very low interest rates, which would not be possible informal banks. Access to credit from village banking gives members the ability and power to make personal social and economic decisions. Table 2 shows that the majority of respondents attained money from their village banking groups for business expansion.

After involvement in village banking, respondents reported that food security and nutrition, household expenditure and welfare as well as household savings have improved according to Table 4.3.4. It was also observed that village banking members are able to save money, their level of income had increased, some members have started their own business, other has managed to own property, like land. Village banking has also made it possible for them to sort out issues like school fees for their children and other emergencies which would have been impossible to do without village banking.

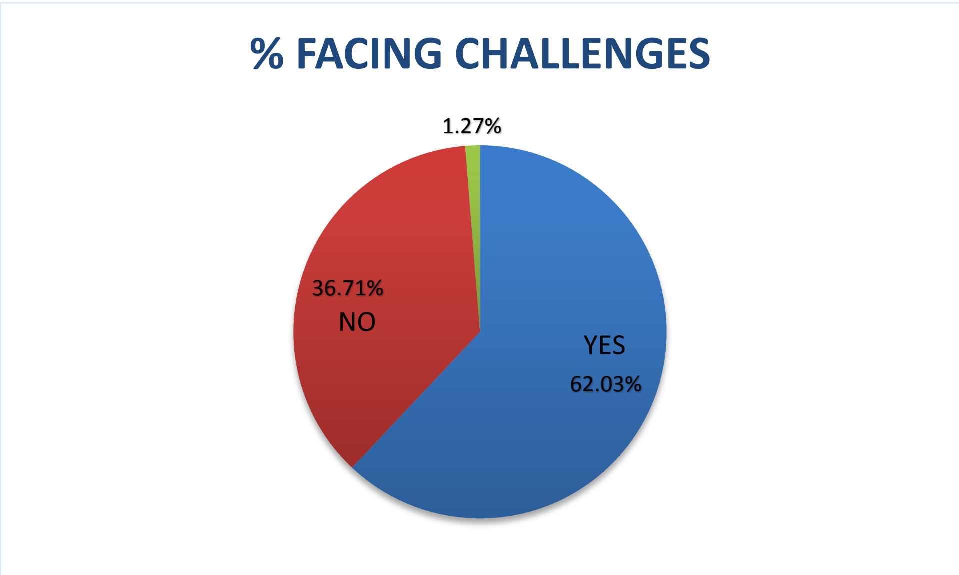
Table4.3.4: Areas of Improvement

AREAS OF IMPROVEMENT	
SOCIAL FUND	3.80%
HOUSEHOLD SAVINGS	25.32%
HOUSEHOLD EXPENDITURE AND WELFARE	46.84%
HEALTH EXPENSES	1.27%
FOOD SECURITY AND NUTRITION	74.68%
FARMING INPUTS AVAILABILITY	20.25%
SCHOOL FEES PAYMENTS	21.52%

Table 4.3.4 showed the areas which were improved because of using village banking respectively.

4.4 CHALLENGES OF VILLAGE BANKING

Figure4.4.10: Number Facing Challenges



In Figure 4.4.10, shows that only 62 percent of respondents agreed that they faced challenges in village banking, however, all the respondents knew someone who was facing a challenge or more with Village Banking.

Table4.4.5: Challenges

CHALLENGES FACED	
PAYBACK DELAY	64.56%
DEFAULTING	88.61%
THEFT	48.10%

According to table 4.4.5, the rate of default in village banking group was at 87 percent where as 65 percent delayed paying back and 48 percent stole from the group.

Figure4.4.11: Number Facing Challenges when Loaning

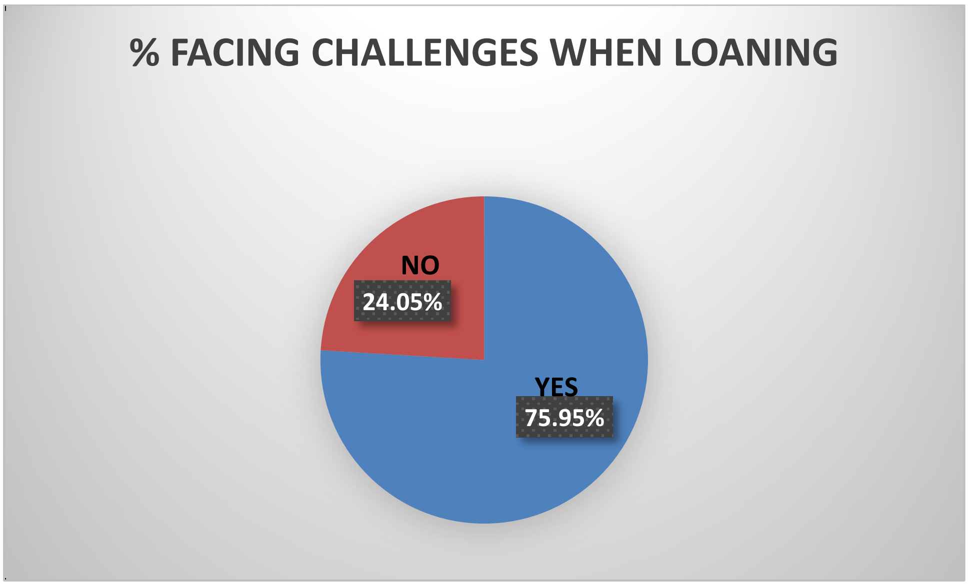


Figure 4.4.11 shows that 76 percent of respondents confessed having faced challenges at the time of obtaining a loan from their village banking groups. Table 4.4.6 lists some of the challenges faced, among which are the time taken for the loan to be availed to the person loaning. Some respondents complained that since they have small capital in their small businesses, the amount available for them to loan is very little.

Table4.4.6: Challenges Faced when Loaning

CHALLENGES FACED	
TIMELINESS	43.04%
SMALL CAPITAL	39.24%
MISINFORMATION	24.05%
DEMAND FOR COLLATERAL	7.59%

Table 4.6 shows challenges faced as stipulated above.

Figure4.4.12: Number Attending Trainings

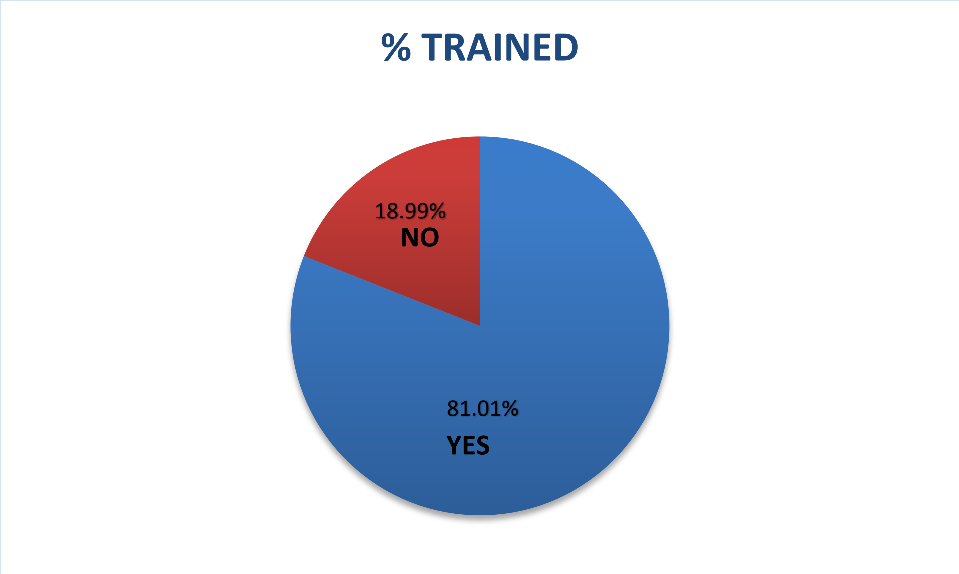
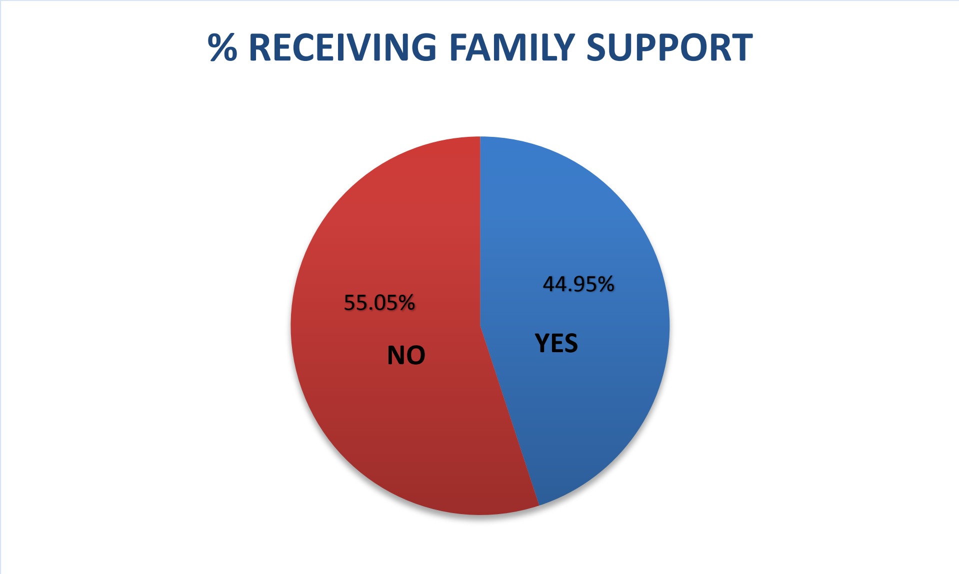


Figure 4.4.12 above shows that 81 percent of respondents received training from their village banking group, and as shown in the pie chart below, figure 8, most people had entrepreneurship training.

Figure 4.4.13: Type of Trainings Conducted

Figure4.4.14: Number Receiving Family Support



The majority of respondents, 55 percent said that they do not receive family support in decision making at home. The figure below, figure 10, also shows that most respondents make the family decisions at home.

Figure4.4.15: Decision Maker

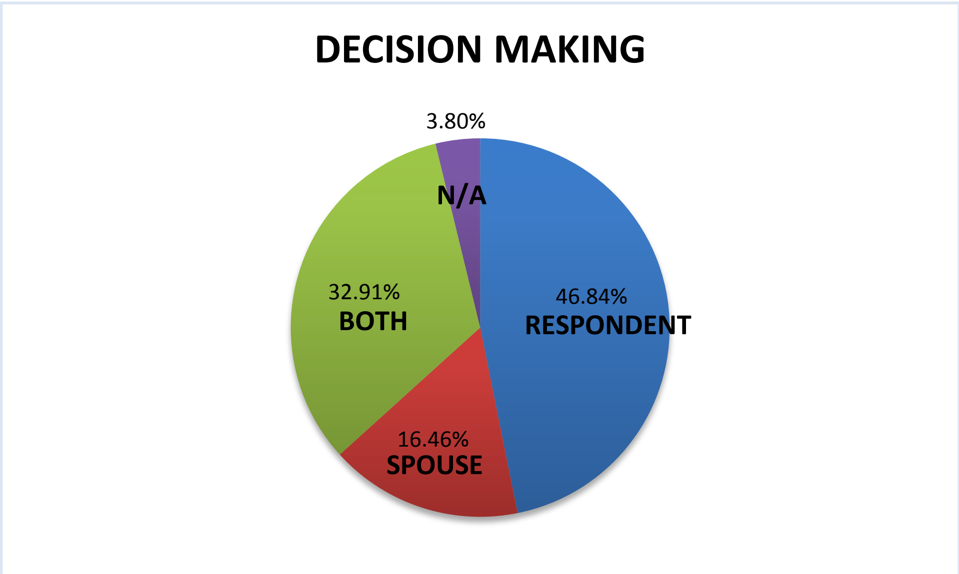
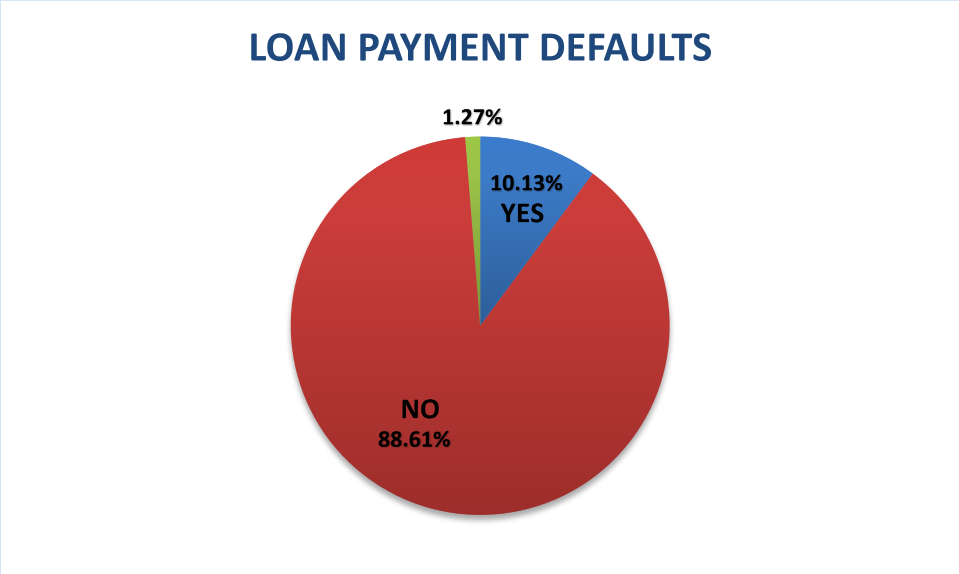


Figure4.4.16: Loan Payment Defaulting



In Figure 4.4.16, 89 percent of respondents said they have never defaulted on a village banking loan; however, 92 percent of the total respondents knew someone who has at some point defaulted on a village banking loan.

Figure4.4.17: Knowledge on who defaults repayment

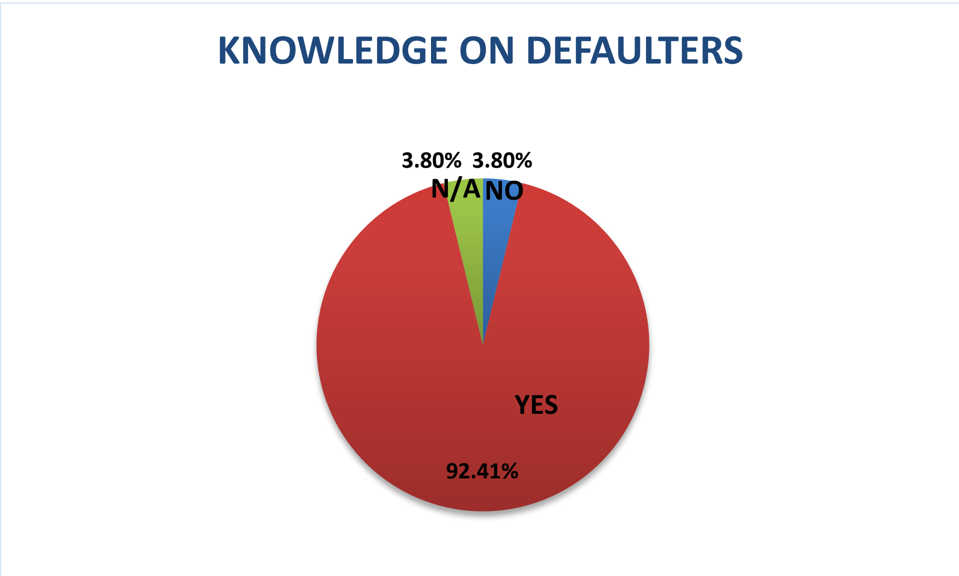
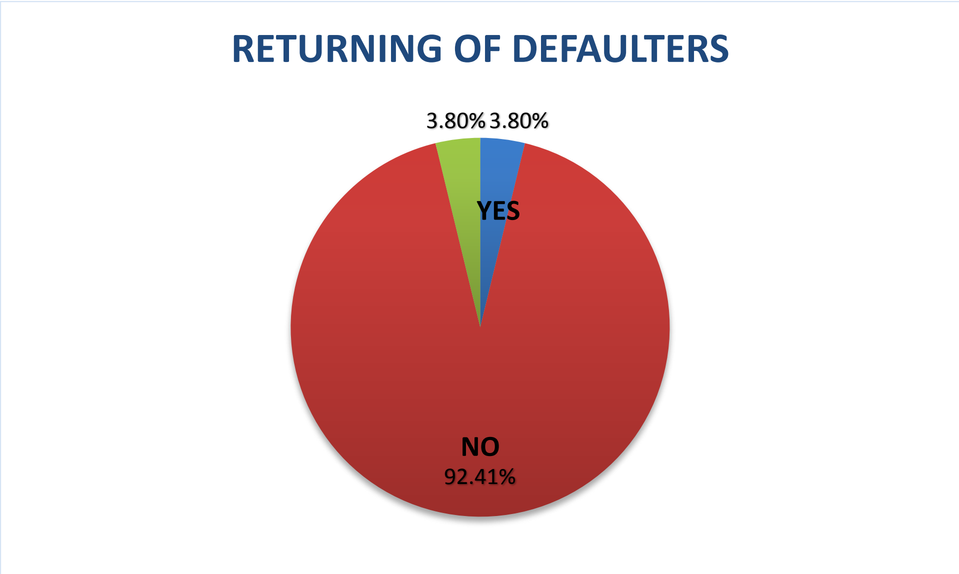


Table4.4.7: Causes of Defaulting Repayment

CAUSES OF DEFAULTING	
SICKNESS	51.90%
BUSINESS CLOSURE	50.63%
LOANING FOR CONSUMPTION	79.75%
NO DISCIPLINE IN THE USE OF FUNDS	43.04%

According to Table 4.4.7, the major cause of defaulting village banking repayment was people loaning for consumption instead of business. Others attributed repayment default was attributed to the closure of businesses and sickness.

Figure4.4.18: Returning of Defaulters



In Figure 4.4.18, shows that 92 per cent of respondents said that their respective groups do not return people after they default. However, the 4 per cent that said their groups do said it was because the persons who defaulted presented logical reasons why they defaulted, primarily due to Covid-19.

Only one person mentioned that someone who defaults was returned to their group. The reason was that the defaulter gave a valid reason for the slowness in business transactions due to the Covid-19 pandemic prior to paying back the loan.

4.5 IMPROVEMENT OF VILLAGE BANKING

Table4.5.8: Steps to Improving Village Banking

STEPS TO IMPROVE VILLAGE BANKING	
TRAININGS	77.22%
SMALL VILLAGE BANKING GROUPS	39.24%
FREQUENT MEETINGS	68.32%
REPORTING DEFAULTERS TO THE POLICE	12.66%
USING COLLATERAL	9.34%
MONITORING LOANERS	39.24%

Table 4.5.8 shows in order for village banking to improve, the following were findings that contributed. 77.22 per cent of women in village banking were trained, whereas 68.32 per cent attained meeting frequently. It was interesting to learn that 39.24 per cent were able to monitor loans, and 39.24 per cent of women in village banking were able to improve on their financial inclusion.

For any entity to perform effectively, guidelines and strategies have to be formulated and followed to manage that particular entity. The respondents sighted the powerful means of improving village banking were having training in their groups and having frequent meetings. Other methods mentioned were having a constitution in place, charging members penalty fees for reporting late for meeting and stay away from meeting for no apparent reason. Village banking members should only obtain loans equal to the amounts they have saved in the village banking account. Group members are encouraged to make weekly loan repayments toward their loans. This eases the burden of paying off a loan and interest at once.

4.6 summary

This chapter showed the representation of the finding for the research which was conducted , the finding where tabulated in both tables and figures accordingly. the next chapter show the discussion according to the finding of chapter four.

CHAPTER FIVE: DISCUSSION OF FINDINGS

5.0 RESEARCH DISCUSSION

This chapter discusses findings of the research study on the impact of village banking on financial inclusion for female marketers, using Ndola masala market as a case study. The discussion of the finding is based on chapter four and each has been aligned to the objectives of the research.

5.1 TO IDENTIFY THE SOCIAL ECONOMIC PROBLEMS THAT ARE FACED BY WOMEN MARKETEERS IN VILLAGE BANKING

The challenges faced by village bank group members are illustrated in figure 4.4.10 and figure 4.4.11. The village banking group members described the challenges as follows; some group members are in the habit of defaulting on their loans not returning the loans on the agreed time and period. Lack of skills and business management training offered by group leaders to the rest of the group. This finding is in line with the study reviewed Dupas did that in (2012).

Some other reasons that were cited were non-compliance to the groups' constitution by some group members. Well other said that Some constitutions do not have proper and clear guidelines governing what the borrowing limits of loans were. Like in the study done by Ani (2009), some group leaders were unable to account for money saved by individual group members, and poor record-keeping is one of the reasons.

The study found some proposed possible solutions to the challenges faced by village banking groups, illustrated in table 4.4.5. Village banking groups need to formulate strict rules and regulations to deal with and prevent defaulting among group members; such as police callouts is one of the measures that would assist in curbing defaulting on loans and strict adherence to the groups' constitution. *One women explained if in our village banking group we had a constitution that had a close which stated that ' failure to pay back your loan a call out will be issued' she went on by saying that the close would have helped as us most of our members in our group would not want to be embarrassed by being called at the police station for not paying back the loan*. Formulate clear guidelines in the constitution on what borrowing limits of loans are. Make bi-weekly loan repayments as opposed to monthly repayment to reduce default. Group leaders to arrange for financial literacy awareness to assist members in increasing income. Transparent and updated loan records for group member

5.2 TO INVESTIGATE THE MEANS BY WHICH VILLAGE BANKING CAN ALLEVIATE POVERTY AMONG FEMALE MARKETERS

For any entity to perform effectively, guidelines and strategies have to be formulated and followed to manage that particular group. In the village banking, respondents of the key informant interview sighted having a constitution in place, charging members penalty fees for reporting late for meeting or staying away from meeting for no apparent reason.

Village banking members were only allowed to obtain loans equal to their savings in the village banking account or less. Group members were encouraged to make weekly loan repayments toward their loans to ease the burden of paying off a loan and interest at once.

Conferences and seminars were held, and everyone was encouraged to attend to learn skills on how to save and invest their money and how to grow their businesses, like in the study done by (Lungu A 2020) organisation that work with village banking where able to provide training to different saving group. Entrepreneurship training was also held to help the women marketers manage and adapt their business to the environment. Respondents also said apart from entrepreneurship training offered to them other also offered training on how they can improve marketing of their products using different plate from. One of the respondent said that the loans which she got from village banking allowed her to purchase a smart phone and she is able to sale products on face book which has made her income to increase because she has two places to sale her products from on her stand at the market and also on face book. She went on to say that, because of the increase income she gets she is able to rent a descent house which has electricity.

5.3 TO INVESTIGATE THE EXTENT TO WHICH THE GROUP HAS BENEFITED FROM VILLAGE BANKING.

The findings from the researcher are in line with the findings from the study done by Martha (2018) in Katete and Niaz & Igbal (2019) in Pakistan; that access to credit is essential to uplifting the livelihoods of village banking members. Members can get loans at meagre interest rates, which would not be possible informal banks. One of the respondents said that she does not have any account with banks and collateral from her small business was something she could not afford, because since she joined village banking is was able to get a loan which did not require collateral which was a great achievement to her :*I have never had an account with any bank but with village banking I don't need to have a bank account I just have to be saving my interest each time I sell my vegetable and when I want to get I loan I, I don't have to produce any documents or travel*. Access to credit from village banking gives members the ability and power to make personal social, and economic decisions.

It was also observed that village banking members could save money, their income level has increased, some members have started their own business, and others have managed to own property, like land. This is also similar to what Philip (2013) and in his study, village banking has also made it possible for them to sort out issues like school fees for their children and other emergencies, which would have been impossible to do without village banking.

CHAPTER SIX: CONCLUSIONS AND RECOMMENDATIONS

6.1 CONCLUSION

This research aimed to demonstrate that informal banking methods like village banking are a helpful way of enabling people to access financial services like credit and saving and as a means of economic empowerment. It is important to note that many people do not have the means to access financial services like credit and savings from traditional banks due to high monthly bank account charges, high-interest rates and complicated procedures in obtaining loans.

Village banking is here to bridge that gap. One important point to note is that village banking has accommodated, the researcher observed, women from different backgrounds, educational backgrounds, religious affiliations, and age groups are incorporated in various village banking groups, and members are encouraged to save funds according to their financial capabilities and borrowing of loans from the village banking account is also based on how much one has saved, a member is entitled to acquire a loan equal to the amount they have saved. According to the study results, Village banking groups should mainly be memberships of 20 to 25 members, and this is done so to manage the group and resources effectively.

Village banking empowers group members in the sense that repayment of the loans is made so with interest and that interest is saved to individual member's money. This is one way of growing the individual member's money. At year-end group members meet to have a share-out, each group member is paid the money they have saved throughout the year plus interest. The village banking group then starts the saving and the loan disbursements process afresh every new year. Village banking gives its group member is a sense of belonging, ownership and purpose in life. Group members acquire financial literacy awareness, business management skills, general motivation, and various life skills, like managing a household and health tips.

6.2 RECOMMENDATIONS

In this research, several concerns were identified by the respondents from various village banking groups, and the researcher made the following recommendations to those concerns. That members stick to the constitutions. Group leaders must prioritise explaining the group constitution to group members and ensuring that the membership at large understands the constitution. Group members who do not comply with the constitution must be fined.

- Village banking groups need to formulate strict rules and regulations to deal with and prevent defaulting among group members, and police callouts are a measure that would assist in curbing defaulting.
- Make bi-weekly loan repayments as opposed to monthly repayment to reduce default.
- Group leaders to arrange for entrepreneur training to help foster business skills among its members.
- Group leaders to arrange for financial literacy awareness to assist members in increasing income.
- Registers for perpetual defaulters should be formulated and shared among all village banking groups in Zambia to discourage group members from defaulting and joining other groups.

6.3 SUGGESTIONS FOR FURTHER RESEARCH

This study looked at the impact of village banking on financial inclusion for female marketeers: a case study of Ndola main Masala market, the study was conducted in Cooperbelt Province of Zambia. The researcher suggests that a similar study be conducted in other province to create inconclusive understanding on how village banking can be used for financial inclusion on different types of markets in different areas with different cultures.

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CHAPTER SEVEN: APPENDICES

6.4 APPENDIX ONE: TIME SCALE

Activity	Period
Proposal development, presentation and feedback	October 2020
Data collection	May to June 2021
Report writing	June - october2021
Thesis submission	october 2021

6.5 APPENDIX TWO: STUDY BUDGET

Item	Amount
i. Stationary	2500
ii. Telephone cost	1000
iii. Travel expenses	1500
iv. postage	600
v. Miscellaneous expense	1000
Total	**6600**

6.6 APPENDIX THREE: METHODOLOGY

Techniques	Activity
Research design	Qualitative
Sample size	According to Yamane, Tero $n = \frac{N}{1+N(e)2}$ using this method a sample of 113 will be drawn from the population of 409
Sampling	Stratified sampling and purposive sampling
Data collection	Closed-ended and open-ended questionnaire, interview guide will be used
Data analysis	The research will use SPSS
Reliability and validity	
Ethical consideration	

6.7 APPENDIX FOUR: QUESTIONNAIRE

THE IMPACT OF VILLAGE BANKING ON FINANCIAL INCLUSION FOR FEMALE MARKETERS: A CASE STUDY OF NDOLA MASALA MARKET.

MWEENE ELIZABETH LWEENDO

Masters of business administration-general

For more information or any queries, kindly get in touch on 0966212501/ 0979245748

Supervisor: Dr Brian Machishi

Coordinator: MR Fulai

Please answer the following questions by cycling X on the relevant block or writing down your answer in the space provided.

A. Demographic Information

1. Age:

   i. Below 20
   ii. 21 - 25
   iii. 26 - 30
   iv. 31 - 35
   v. 36 - Above

2. Marital Status:

   i. Single

   ii. Married
   iii. Divorce
   iv. Widow

3. What is the highest level of education you have attained?

   i. Bachelor's degree
   ii. Diploma
   iii. certificate
   iv. secondary school certificate – (G 12)
   v. junior secondary – (G 9)
   vi. others

Specify…………………………..……………………………………………………

………………………………………………………………………………………..

B. Village GROUP banking DETAILS

4. How many members are in your group?

   i. Below 10

ii. 11 - 20
iii. 21 - 30
iv. 31- Above

C. PERSONAL ECONOMIC STATUS

5. What is your monthly earning from your business?

i. Below 1000
ii. 1100 – 2000
iii. 2100 – 2500
iv. 2600 – 3000
v. 3100 – 3500
vi. 3600 and above

6. According to your answer on question 5, Is it sufficient to manage your Home expenses?
   i. Yes
   ii. No

7. Have you ever gotten any loan from your village bank group?

i. Yes
ii. No (If No go to question 11)

8. (If yes to question 7). How much do you receive from your village banking group?
   i. Below 1000
   ii. 1100 - 2000
   iii. 2100 - 3000
   iv. 3100 - 4000
   v. 4100 and above

9. What do you use the money for?

i. Food and Farming
ii. Clothes
iii. School fees
iv. Building a house
v. Others

(specify)……………………………………………………………………………….………………
……………………………………………………………………………………………………
……………………………………………………………………………………………………

10. Which areas would you say have improved greatly due to your involvement in Village Bank?
   i. Social fund
   ii. Household savings
   iii. Household expenditure and welfare
   iv. Health expenses
   v. Food security and nutrition
   vi. Availability of farming inputs
   vii. Paying School Fees

E. CHALLENGES

11. Have you faced any challenges after joining Village bank?

   i. Yes
   ii. No

12. If your answer is <u>No</u>, do you know anyone who is facing challenges in village banking group?
   i. Yes
   ii. No

13. If your answer is yes to question 11 and 12, what challenges are faced with village banking?
   i. ………………………………………………………………………………………
   ………………………………………………………………………………………

ii. ………………………………………………………………………………………
………………………………………………………………………………………...

iii. ………………………………………………………………………………………
……………………………………………………………………………………….

14. Did you face any difficulties at the time of getting a loan from Village Bank?

i. Yes
ii. No

If yes, please explain……………………………………………………………………………….…
………………………………………………………………………………………..

15. Did you get any type of training after joining Village bank?

i. Yes
ii. No

16. If yes, what type of training? (Example entrepreneurship training, marketing E.T.C)

i. ………………………………………………
ii. ………………………………………………
iii. ……………………………………………..

17. Do you receive support from your family members in decision making?

i. Yes
ii. No

18. If yes, answer question 18 (if No, go to question 19) who will decide for which purpose loan amount be utilised?

i. Respondent

ii. Spouse

iii. Both

19. Have you ever defaulted your repayment on village banking

i. Yes

ii. No

20. If your answer is No to question 19, do you know anyone who has defaulted in village banking group?

i. Yes

ii. No

21. If yes, mention at least 3 causes of default in village banking?

i. …………………………………………………………………………………………

…………………………………………………………………………………………….

ii. …………………………………………………………………………………………

……………………………………………………………………………………………..

iii. …………………………………………………………………………………………

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22. Do members of the saving group who default returned in the next cycle of village banking?

i. Yes

ii. No

23. If yes give reason?

i. ………………………………………………………………………………………

………………………………………………………………………………………

ii. ………………………………………………………………………………………

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iii. ………………………………………………………………………………………

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24. What 3 main items should be done to improve the function of village banking

i. ………………………………………………………………………………………
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ii. ………………………………………………………………………………………
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iii. ………………………………………………………………………………………
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25. How does village banking allow you or your group members to be financially included?

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……………………………………………………………………………………………

Thank you for your participation

Appendix five: INTERVIEW GUIDE

Coordinator: MR Fulai

1. Tell me the experience you have about village banking groups
   ……………………………………………………………………………………………
   ……………………………………………………………………………………………
   ……………………………………………………………………………………………
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   ……………………………………………………………………………………………
2. Explain whether or not, you think, there is a change in women's economic life after taking a loan from there village banking group? …………………………………………
   ……………………………………………………………………………………………
   ……………………………………………………………………………………………
   ……………………………………………………………………………………………
   ……………………………………………………………………………………………
   ……………………………………………………………………………………………
3. What do you think are the challenges faced by women in village banking group……………………………………………………………………………
   ……………………………………………………………………………………………
   ……………………………………………………………………………………………
   ……………………………………………………………………………………………
   ……………………………………………………………………………………………
4. What measures can be put to improve village banking…………………………………………………………………………
   ……………………………………………………………………………………………
   ……………………………………………………………………………………………
   …………………………………………………………………………………………..
5. If a member defaults in the repayment, what actions are taken?...
   ....
   ....

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6. What measures should be done to improve on the default rate by members?..
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7. Do you have any recommendation regarding the operation of village banking in Ndola Masala area ?
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8. Are there other things about village banking I did not ask that you would like to share……………………………………………………………………………………
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Thank you for your participation on the interview.