



**INVESTIGATING THE LONG-TERM SUSTAINABILITY AND ECONOMIC
CONTRIBUTIONS OF VILLAGE BANKING IN ZAMBIA: A CASE STUDY IN THREE
SELECTED AREAS IN LUSAKA**

BY

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A research proposal submitted to the University of Zambia in partial fulfilment for the requirement of the master's degree in Business Administration.

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AUTHOR'S DECLARATION

I, Mubanga Praxedes, hereby declare that this dissertation, entitled " Investigating the Long-Term Sustainability and Economic Contributions of Village Banking in Zambia: a Case Study in Three Selected Areas in Lusaka ", is entirely my own work and has not been submitted as an exercise for a degree at this or any other university.

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APPROVAL

This Dissertation by **Praxedes Mubanga** is approved as a fulfilment of the requirements for the award of the degree of Master of Business Administration.

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DEDICATION

This work is a dedication to God for making this possible, and my family, for their unwavering support and encouragement throughout my academic journey. To my mentors and teachers, who instilled in me the value of hard work and the importance of research. Your guidance has been invaluable in this journey. It is especially dedicated to my best friend Cooper for making it possible for me to start and continue the programme when finances were tough and morale low.

And to the participants of this study, the village bankers of Lusaka, whose experiences and insights are the backbone of this research.

ABSTRACT

This research investigated the sustainability of village banking and its contribution to economic growth in Lusaka, Zambia. The study was conducted in three areas of Lusaka, Zambia: Chilenje (CHL), Chongwe (CHO), and Kamwala (KMS). A total of 34 participants were investigated, exceeding the original sample size of 30. Data was collected through questionnaires, interviews, focus group discussions, observations, and secondary data, and analysed using descriptive and thematic analysis methods. The study found that village banking is a popular financial strategy among individuals with significant familial responsibilities. It also revealed several challenges faced by village banking groups, including lack of resources, lack of proper full literacy, lack of formalisation, and issues with people defaulting on loans. In terms of licensing, more licensed businesses were owned by males, suggesting potential barriers for women in formalising their businesses. On the taxation front, village banking contributes to taxation and revenue generation at various levels. The study concluded that while village banking has potential benefits, addressing the identified challenges is crucial for its long-term viability and its potential to stimulate economic growth. Recommendations include the need for robust security measures, formalisation of village banking groups, provision of larger grants and incentives to farmers, financial literacy training and skills development, simplification of the tax payment process, support for business formalisation, and addressing barriers to access. The findings contribute to our understanding of the economic implications and sustainability of village banking in Zambia.

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TABLE OF CONTENTS

Chapter One: Introduction

1.1 Overview.....	1
1.2 Background to the Study.....	1
1.3 Statement of the Problem.....	4
1.4 Objectives of the Study.....	6
1.5 Research Questions.....	6
1.6 Significance of the Study.....	7
1.7 Scope of the Study.....	7
1.8 Limitations of the Study.....	8
1.9 Theoretical Framework.....	8
1.10 Philosophical Underpinning.....	9
1.9 Operational Definitions of Key Terms.....	9

Chapter Two: Review of Related Literature

2.0 Overview.....	13
2.1 Global Perspective.....	13
2.1.1 Latin American Perspective.....	14
2.1.2 Asian Perspective.....	18
2.1.3 North American Perspective.....	23
2.2 African Perspective.....	24
2.3 Zambian Perspective.....	30
2.4 Gaps in Research and Literature.....	36

Chapter Three: Research Methodology

3.0 Overview.....	38
3.1 Research Design.....	38

3.2 Target Population.....	40
3.3 Sample Size.....	40
3.4 Sampling Technique.....	41
3.5 Instruments for Data Collection.....	42
3.6 Data Analysis.....	43
3.7 Reliability and Validity.....	44
3.8 Ethical Consideration.....	44

Chapter Four: Data Presentation, Interpretation and Analysis

4.0 Overview.....	47
4.1 Data Presentation	47
4.2 Data Interpretation.....	71
4.3 Data Analysis.....	72

Chapter Five: Summary, Discussion, Conclusions and Recommendations

5.0 Over view.....	77
5.1 Summary.....	77
5.2 Discussion.....	78
5.3 Conclusion.....	81
5.4 Recommendations.....	83

REFERENCES.....84

BIBLIOGRAPHY

Appendices

Budget88

Gantt chart.....89

Maps.....90

Instruments for Data Collection94

Ethical Clearance Letter.....116

LIST OF FIGURES

Fig 1:	48
Fig 2:	58
Fig 3:.....	58
Fig 4:.....	59
Fig 5.....	61
Fig 6.....	61
Fig 7.....	62
Fig 8.....	89
Fig 9.....	90
Fig 10.....	91
Fig 11.....	92
Fig 12.....	93

LIST OF TABLES

Table 1:	48
Table 2:	49
Table 3:.....	50
Table 4:.....	63
Table 5:.....	88

LIST OF ABBREVIATIONS

- **FSCs:** Financial Service Corporative
- **GDP:** Gross Domestic Product
- **NAPSA:** National Pensions Scheme Authority
- **RTSA:** Road Transport and Safety Agency.
- **NGO:** Non-Governmental Organization
- **PACRA:** Patents and Companies Registration Agency
- **SII:** Strategic Impact Inquiry
- **UNDP:** United Nations Development Programme
- **US:** United States
- **VICOBA:** Village Community Banks
- **ZANACO:** Zambia National Commercial Bank
- **FINCA:** Foundation for International Community Assistance

CHAPTER ONE

INTRODUCTION

1.0 OVERVIEW

This chapter presented an introduction to the study on the sustainability of village banking and its contribution to economic growth in Lusaka. The first section presented the historical background on village banking in Zambia. Thereafter, the subsequent sections brought to the fore, the problem statement, objectives of the study, research questions, significance of the study, theoretical framework, delimitation and limitations of the study, operational definitions and lastly summary.

1.1 BACKGROUND

Village banking started in the 1970s and was introduced by various individuals and organizations worldwide. One important person in its beginnings was Dr. Muhammad Yurus, an economist from Bangladesh. He conceived the idea and founded the Grameen Bank in 1983. The bank's primary mission was to provide small loans to individuals who were either impoverished or lacked sufficient funds. It proved to be both successful and beneficial. Village banking has recently emerged popular among community initiatives as a tool for poverty alleviation and empowerment. Village banking is a tool for financial inclusion which gives funds to the unbanked and also acting as a platform for savings. In line with FINCA International, the organisation that founded village banking, village banks are groups of low income mostly-informalised entrepreneurs who come together to share and guarantee one another loans. For a long period, fighting poverty has been one of the major agenda of developing agencies including governments, Non-governmental organisations as well as financial institutions in Zambia to improve the welfare of the people.

The remarkable success and effectiveness of village banking served as a catalyst, inspiring continents across the globe to embrace this model. Africa, in particular, was one of the regions that wholeheartedly embraced village banking during the 1990s to early 2000s. This movement gained significant traction, thanks to the unwavering support and technical expertise provided by numerous non-governmental organizations (NGOs) and international institutions like CARE International, Oxford, and the United Nations Development Programme (UNDP). Their backing fuelled the momentum of this inspiring initiative.

Within Africa, the impact of village banking extended to Zambia as well. Recognizing the potential for financial inclusivity, Zambia adopted village banking as a means to empower its population. The goal was to ensure that everyone, regardless of their economic background, had access to financial services and opportunities. By embracing this model, Zambia aimed to bridge the gap between the financially marginalized and the mainstream economy, promoting economic growth and stability in the country.

The adoption of village banking in Zambia was not only a response to the global trend but also a strategic move to address the specific needs of its population. By implementing this approach, Zambia sought to create a more inclusive financial system, where individuals who were previously excluded from traditional banking services could access much-needed credit and support. This not only boosted entrepreneurship and small-scale businesses but also fostered substantial income.

What then is village banking and what is its relationship with long term sustainability in terms of indicators such as wealth creation, business licensing and taxation revenue generation?

Village banking, or community banking, has gained prominence as a means to foster financial inclusion and economic development in rural and underserved communities. These initiatives aim to provide access to financial services, such as savings and credit, to individuals and small

businesses that are often excluded from formal banking systems. This study seeks to investigate whether village banking has led to long-term sustainability at both the community and national levels, with a particular focus on its alignment with wealth creation, licensing business, and taxation.

Wealth creation is a fundamental component of economic development, contributing to poverty reduction and overall prosperity. Village banking programs offer financial services tailored to the needs of local populations, empowering individuals and businesses to generate income and accumulate wealth. Previous studies have highlighted the positive impact of microfinance on wealth creation (Smith & Todaro, 2018; Johnson & Rogaly, 2015). This research aims to build upon these findings and specifically examine the long-term sustainability of wealth creation facilitated by village banking.

Licensing businesses plays a crucial role in formalizing economic activities within a community. Formalization enables businesses to access government support, establish credibility, and contribute to the formal economy. Village banking initiatives often prioritize entrepreneurship and provide training and resources to help community members start and expand their businesses. Research by Morduch and Armendariz (2018) has highlighted the positive effects of microfinance on business licensing and formalization. This study aims to explore the relationship between village banking and the long-term sustainability of licensed businesses, considering factors such as business growth, stability, and compliance with regulations.

Taxation is a critical mechanism for governments to generate revenue and finance public goods and services. Village banking programs, by enabling economic growth and formalization, can indirectly contribute to increased tax revenues. Formalized businesses are more likely to comply with tax regulations and contribute to the tax base (Bateman & Chang, 2012). The

study will examine whether village banking initiatives have led to higher tax revenues at the community and national levels, thereby assessing the impact of these programs on long-term sustainability through taxation.

By investigating the effects of village banking on wealth creation, licensing business, and taxation, this research aims to provide valuable insights into the long-term sustainability of community-based financial initiatives. The findings will contribute to the existing literature on microfinance and inform policymakers, practitioners, and stakeholders about the potential benefits and challenges associated with village banking programs.

1.3 STATEMENT OF THE PROBLEM

Zambia is confronted with a significant predicament. A large majority of its population, specifically 88.10%, is living on less than US\$5.50 per day (World Bank, 2012). This economic struggle is further exacerbated by a high unemployment rate, which was reported to be 6.13% in 2022 (Central Statistical Office of Zambia, 2022).

In an attempt to mitigate these issues, the concept of village banking has been introduced and has gained considerable popularity, particularly among women and the youth (Sishumba & Mulonda, 2019). Village banking provides a platform for individuals to save money, initiate businesses, and cater to their daily needs. Recognizing the potential of this approach, prominent institutions such as the Bank of Zambia and The Zambia National Commercial Bank (ZANACO) have launched initiatives to support it. One such initiative is the Village Banking plus Account introduced by ZANACO in 2019, which offers a secure platform for individuals to deposit their money and earn interest (ZANACO, 2019).

However, despite the widespread adoption of village banking, there was a significant gap in our understanding of its influence. There was limited data on how village banking was

contributing to wealth creation, the establishment of licensed businesses, and the enhancement of Zambia's Gross Domestic Product (GDP). This lack of information was in stark contrast to countries like the Philippines and Tanzania, where extensive research on village banking had been conducted (Hapompwe, Siwale, & Banda, 2021).

This is where the current study came into play. It aimed to investigate the sustainability of village banking and its role in stimulating economic growth in Zambia. The research focused on how village banking contributes to wealth creation, the initiation of licensed businesses, and taxation. The findings of this study provided valuable insights into the long-term viability of village banking and its potential to stimulate economic growth, thereby encouraging more individuals to participate in village banking (Hapompwe, Siwale, & Banda, 2021).

In conclusion, the primary issue that this study sought to address was the lack of information on the effect of village banking on Zambia's economy, despite its widespread use. By exploring the sustainability of village banking and its economic implications, this study helped to fill this knowledge gap. Furthermore, it enhanced our understanding of how village banking could contribute to economic development and economic poverty alleviation in Zambia.

1.4 STUDY OBJECTIVES

The objectives of the study were meticulously defined to guide the research process. Each objective was designed with a specific purpose in mind, aiming to address different aspects of the research problem. The rationale behind each objective was to ensure a comprehensive understanding of the subject matter, thereby contributing to the overall validity and reliability of the study and were as follows.

1.4.1 Main Objective

To investigate the influence of village banking on long term sustainability at both community and national levels.

1.4.2 Specific Objectives

- To examine organisation and long term sustainability of village banking in three selected areas in Lusaka District.
- To establish the influence of village banking on business expansion and economic growth in three selected areas of Lusaka District.
- To identify challenges experienced during village banking operations in these selected areas in Lusaka District.

1.5 RESEARCH QUESTIONS

The research questions were formulated as follows. These questions were carefully crafted to align with the objectives of the study. Each question was intended to probe into specific areas of the research topic, thereby providing a structured approach to data collection and analysis. The rationale behind each question was to facilitate a systematic exploration of the research problem, thereby enhancing the depth and breadth of the study's findings.

- How has village banking resulted in wealth creation besides income generation within the community in Lusaka?
- How has village banking yielded licenced businesses in Lusaka?
- What is the impact of village banking on taxation and revenue generation at national level in Lusaka?

1.6 SIGNIFICANCE OF THE STUDY

This study aimed to enhance comprehension and foster greater recognition of village banking as a catalyst for economic development at various levels, ranging from local communities to the national scale. It sought to establish the licensing of business from village banking savings or spending and if these influence economic activity such as taxation. This research provided data and analysis that can inspire future researchers to investigate additional approaches for wealth creation and strategies that can stimulate economic growth in the long term. In addition to future researchers, individuals who earn minimum wages, those burdened by debt, aspiring entrepreneurs, and business schools can also benefit from the findings of this study, as it may motivate them to develop strategies to generate wealth beyond their income. This study would assist in evaluating the feasibility and value of engaging in village banking.

1.7 SCOPE OF THE STUDY

This study was based in three areas which were Chilenje, Chongwe and Kamwala, a representation of urban, peri-urban and urban places in Lusaka. These places were conducive as geographical sites for this study as they are not only a representation of the study's focus areas but also because there were fairly accessible to the researcher who was tasked to cater for financial expenses. They included the main target groups for village banking such as small business owners, civil servants, women who are often marginalized by the community/researchers or do not have access to commercial loans. Additionally, this study targeted these areas as they were no language barriers as the most commonly used languages are English, Bemba and Nyanja/Chewa which were comprehensive for both the researcher and respondents.

1.8 LIMITATIONS OF THE STUDY

Participant availability limitations did constrain the execution of the study. This potentially affected data collection and analysis. Furthermore, limited participant availability (especially those existing as far back as 2013) led to a smaller sample size, impacting the validity and generalizability of the study, thus, posed challenges to the successful completion of the study.

1.9 THEORETICAL FRAMEWORK

This study utilized the Economic Development Theory. This theory can be attributed to various economists and scholars but one prominent figure that has notably been identified due to his works is Whitman Rostow in 1960.

This theory was applied because it aids in understanding the factors and processes that ensure the growth and development of an economy. By applying this theoretical framework, there was an examination of the long term sustainability of village by looking at how village banking can influence three important aspects: wealth creation, business licensing and taxation. These factors are important elements of economic development.

In addition to this, this theory helped to put into consideration indicators such as entrepreneurial activity, wealth and income creation, and tax revenue generation that are all indicators of sustainability. By analysing these factors, there could be determination as whether village banking could effectively contribute to the long term economic growth and development of the community.

1.10 PHILOSOPHICAL UNDERPINNING

This study adopted constructivism philosophical underpinning because it recognised that knowledge is subjective and influenced by various factors including social and economic factors. Constructivism allowed the researcher to understand the complexities and dynamics of

village banking in Lusaka, especially on formalisation of businesses, wealth creation, taxation and the influence of village banking on the economy. It explored the economic opportunities and challenges that village banking operations may have had as pertaining to economic growth both at community and national level. By considering diverse perspectives, the study generated valuable qualitative data. This data had potential and ability to inform policies and strategies to enhance the effectiveness of village banking initiatives in Lusaka, promoting economic growth.

1.11 OPERATIONAL DEFINITION OF KEY TERMS

- **Economic Development:** The process of improving the economic well-being and living conditions of a country or region over time. It involves increasing the production of goods and services, reducing poverty, and improving infrastructure and human resources.
- **Gross Domestic Product:** The total monetary value of all goods and services produced within a country's borders over a specific period of time, usually a year. It is used as an indicator of the size and growth of a country's economy.
- **Gross National Product:** The total monetary value of all goods and services produced by a country's residents, both domestically and abroad, over a specific period of time. It includes the income earned by citizens and businesses outside the country.
- **Income:** The money or financial resources received by an individual or entity, typically as a result of work, investments, or other sources. In the context of village banking, it refers to the earnings or profits generated by the participants through their businesses or economic activities.
- **Long-Term Sustainability:** The ability of a system or practice to endure and maintain its effectiveness over an extended period of time. In the case of village

banking, it refers to the capacity of the program to continue providing financial services and support to its members and contributing to the economic development of the community in the long run.

- **Poverty:** This work will adopt the UNDP definition of poverty which looks at both the monetary and non-monetary aspect of an economy, precisely economic poverty. It will emphasize on poverty being unable to go beyond an income. It recognises that poverty is also rooted in other structural factors such as unequal power relations, limited access to productive resources such as wealth generating assets, and any lacking on opportunities for economic participation and sustainable development.
- **Revenue Generation:** The process of generating income or funds for a government, organization, or individual. It involves various activities such as taxation, selling goods or services, and other sources of income.
- **Taxation:** The levying of compulsory charges or taxes by a government or other institutions or groups on individuals, businesses, or other entities to finance public expenditures and services especially national. Taxes are typically based on income, profits, or the value of goods and services.
- **Village Banking:** A community-based microfinance model that provides financial services, such as loans, savings, and insurance, to individuals or small businesses in rural or underserved areas. It aims to promote financial inclusion, empower local entrepreneurs, and stimulate economic activities at the grassroots level.
- **Wealth:** The total value of assets, resources, or possessions owned by an individual, household, or community. It includes financial assets, such as money and property, as well as non-financial assets, such as land, livestock, and other

tangible and intangible resources. Accumulating wealth is often a long-term goal for individuals and can contribute to the overall economic well-being of a country.

- **Concept of village banking:** Jones and Dallimore (2009) defines village banking as a semi-formal and self-sustaining financial institutions which create access to basic banking services to communities' village members on a sustainable basis. This suggests that village banking consists of a group of individuals that come together to self-manage a system of micro lending, savings and mutual support, specifically the members administer the system and guarantee loans amongst themselves. Scholars like Nalungwe (2020) describe village banking as a community-based credit and saving association that is appropriate policy intervention tool, which extends financial services and typically consists of 25 to 50 low-income individuals seeking to improve their lives through self-employment activities. In addition, Sohn & Jombo, (2022) defines village banking as a self-financed and self-managed informal groups formed on the principle of fund-pooling to improve access to low-cost financial services. Whereas, no commonly accepted definition of village banking exists, the common feature in the highlighted definitions is that village banking is about creating a self-sustaining financial institution to improve access to finances among various groups especially the vulnerable.
- **Practice of village banking:** World Bank (2007) reports that below fifty per cent of households in third world countries were able to get financial services provided by formal institutions, compared to over 70% in developed economies. Further, internationally, it is recorded that from the 193.6 million families which are categorized as poor worldwide, 47.8% were found to be in the range of reaching the formal financial institutions' services (World Bank, 2007). A global research,

carried out by the World Bank found that by the end of 2006, about 133 million people were involved in village banks activities and had benefited from small loans, About 60% of village banking beneficiaries were women earning less than a dollar a day (World Bank, 2007). Women form approximately 83% of the reported clients of village banking projects. The study observed that the strength of village banking schemes was founded on women`s proper utilization of funds, financial discipline and timely repayment of loans (Robinson et al., 2019).

CHAPTER TWO

LITERATURE REVIEW

2.0 OVERVIEW

This chapter reviewed literature on village banking. The literature was structured in themes informed by the research questions and purpose of the study. The themes discussed in this chapter emerged from key issues identified in research questions and purpose of study to provide an understanding of the research problem. Therefore, the themes generated included three perspectives on village banking namely the global, regional and local. It mainly focused on studies that were within a ten-year period (2013-2023) but also had a few references to some time frame before that. It bordered on other studies first then looked into studies on long-term sustainability based on the different perspectives. Details were discussed in the following sections.

2.1 GLOBAL PERSPECTIVE

On a global perspective, village banking has been accepted as an appropriate technique of facilitating financial services that are administered locally rather than centralized in commercial banks. Literature shows that most informal banking institutions are strongly initiated by the women through their constant engagement in the quest to raise capital for their business and stay financially stable just like the men (Sibeso, 2022). Participation in financial inclusion in most cases interprets economic wellbeing and enhanced human development levels. This has seen most of the people that have constantly engaged in such financial activities have a great degree of resilience to social and economic problems that exist in their communities (Sibeso, 2022). Globally, the practice of village banking exists among poor communities, several countries have utilized village banking as a platform to provide

microfinance services to poor communities especially the women to promote financial inclusion and curb socio-economic challenges.

2.1.1 Latin American Perspective

Holt's study in 1991 employed field visits and portfolio analysis methodology across multiple project sites. These sites included Thailand, Guatemala, Costa Rica, and Mexico. The study aimed to evaluate the achievements of village banking, focusing on financial performance, organizational aspects, and social outcomes. Holt's research provided valuable insights into the impact of village banking initiatives in diverse regions. The study's objectives included documenting the financial performance, organization, and social outcomes of village banking. Through field visits and portfolio analysis, the study assessed the progress made in Thailand, Guatemala, Costa Rica, and Mexico. Holt's research shed light on the accomplishments of village banking in terms of its financial sustainability, organizational effectiveness, and social benefits. The study's findings contributed to a deeper understanding of the strengths and weaknesses of village banking models. By examining various project sites, Holt's study provided a comprehensive evaluation of village banking's achievements. The research highlighted the importance of financial performance, organizational structure, and social impact in assessing the success of village banking initiatives. Overall, Holt's study demonstrated the diverse outcomes and challenges faced by village banking projects in different regions. The findings emphasized the need for tailored approaches and continuous monitoring to ensure the long-term sustainability and effectiveness of village banking programs. Holt's study in 1991 presented the village banking model as developed by the Foundation for International Community Assistance and its adaptations. The research analyzed the achievements and problems of village banking programs and suggested future policy directions. The study highlighted that village banking is a community-based lending

methodology that has been implemented for more than 30 years. It was developed by John Hatch in 1984 and has been primarily implemented through FINCA International. The village banking model provides a platform for the handling or management of savings, credit, and financial transactions. While Holt's study provides valuable insights into the village banking model and its impact on community-based lending, the current study focuses on a different aspect and geographical context. The current research is centered on the long-term sustainability and economic contributions of village banking in Zambia, particularly in three selected areas in Lusaka District. The main objective of the current study is to investigate the impact of village banking on long-term sustainability at both community and national levels. It aims to examine the organization and long-term sustainability of village banking, establish the influence of village banking on business expansion and economic growth, and identify challenges experienced during village banking operations.

In their article titled "Loan Size Growth and Sustainability in Village Banking Programs" (MKNelly and Stack, 1998), the authors aimed to study the experiences of village banks. To achieve this, they selected village banks with different average loan sizes per borrower, including those with high, middle, and low averages. These banks had completed at least seven loan cycles, equivalent to about 28 months of participating in the program. Furthermore, as both programs were relatively young at the time of the study (approximately three and a half years old), the sampled village banks were among the first ones established by the organizations. The findings indicated that the village banks did not experience as much growth as anticipated and hoped for, despite the initial demand for credit. This was because the banks relied on their internal funds to meet the credit demand, leading to a reduction in the amount sought from the programmed funds. Additionally, there was a high turnover rate in the early years of the banks, resulting in a large proportion of new borrowers with small loans. The study recommended providing training to help the village banks make better use of their working

capital. Overall, the research shed light on the challenges faced by village banks in achieving sustainable growth and maximizing the benefits of the loan programs. The article by MKNelly and Stack in 1998 provides more detailed insights into these findings. The authors found that the size of average loans in two Latin American village banks did not grow as much as anticipated. The study also explored the relationship between loan growth and a variety of factors such as program loan and savings policies, site selection, and membership dynamics. While both studies explore aspects of finance and economic growth, they do so from different perspectives and in different contexts. This makes the current study a unique contribution to the literature on village banking and its impact on economic growth.

Westley's (2004) research provided valuable insights into the subject matter, showcasing the significance of numerical data. The survey conducted by IDB/CGAP across 17 Latin American countries, involving 176 prominent microfinance institutions, highlighted the strong focus on poverty alleviation within village banking. It was notable that the average outstanding balance of village bank loans, as revealed in the survey, amounted to \$150, while solidarity group loans averaged \$329 and individual loans averaged \$980. Furthermore, the study underscored the rapid expansion of village banking, with over one-quarter of the surveyed microfinance institutions offering it as their primary or sole loan product. Remarkably, village banking catered to a larger client base (410,000) in these 17 Latin American countries compared to solidarity group loans (350,000). This study provided an in-depth analysis of four village banking programs in Latin America. The author examined the best practices in these programs and their impact on sustainable development. The study offers insights into the organization, operation, and sustainability of village banking programs, providing valuable lessons for other regions. The study also explored the relationship between loan growth and a variety of factors such as program loan and savings policies, site selection, and membership dynamics. Wesley's research investigates the growth of loan sizes in village banking

programmes and their sustainability while the current study explores the impact of village banking on long-term sustainability at both community and national levels.

Heter (2008) conducted research in Paraguay, collecting data over a three-month period in 2007. The research utilized interviews and file data, focusing on active CME participants, primarily women. The findings suggested that the CME program contributed to poverty alleviation and empowerment. However, the thesis argued for a more gender-oriented approach and incorporation of the 'feminist empowerment paradigm'. By adopting the 'Feminist Empowerment Paradigm', the Fundación Paraguaya could enhance the development tool, leading to more comprehensive benefits for women and fostering significant social change. Heter examined Fundación Paraguaya's Comité de Mujeres Emprendedoras (village banking) program and analyzed its potential as a tool for poverty alleviation, female empowerment, and social change in Paraguay. The research was based on interviews and file data from clients of the CME program, focusing on clients' work histories, their roles as micro-entrepreneurs and caregivers, and their experiences within the CME program. The study argued that to comprehend the significance of village banking in Paraguay, one must take into consideration the importance of self-employment for women who balance family and work, as well as the impact of capital and non-financial services. Although the CME program appears to be contributing to poverty alleviation and empowerment in Paraguay, Heter contended that by adopting a more gender-oriented approach, and incorporating aspects of the "feminist empowerment paradigm," Fundación Paraguaya could create a more complete development tool, thereby increasing the potential benefits to women and promoting greater social change. While Heter's study provides valuable insights into the impact of village banking on poverty alleviation, female empowerment, and social change in Paraguay, the current study focuses on a different aspect and geographical context. The current research is centered on the long-term sustainability and economic contributions of village banking in Zambia, particularly in three

selected areas in Lusaka District. Heter's study is focused on the impact of village banking on poverty alleviation and female empowerment, the current study explores the role of village banking in economic development. The current study also seeks to understand the influence of village banking on wealth creation, establishment of licensed businesses, and taxation.

2.1.2 Asian Perspective

Research by Todd (2012) in Philippines revealed that poverty reduced through microfinance, it was discovered that there is a decrease in poverty rates among borrowers, improvement in educational attainment for children of borrowers and improvement in quality of housing. The study used an ethnographic approach, it spent two years following a total of 64 households of which 40 were borrowers and 24 comparison households. Similarly, Barnes (2011) in a mixed method study found that there is an increase in income, increase in number of schooling for boys aged 6-16, improvement in both quantity and quality of food consumed and increase in durable assets. Aforementioned studies showed that practices of village banking improved the socio-economic status of individuals, hence had a positive impact on economic development.

A study conducted in China indicates the significance of finance as too obvious to ignore when exploring the determinants of economic growth. Historically, economic growth has always been accompanied by financial development. For example, when the per capita income of the United States (measured in 1960 US dollars) increased from \$413 in 1870 to \$1,087 in 1910 and to \$3,641 in 1970, its ratio of broad money (M3) to GDP rose from 30.1 per cent to 60.3 per cent and then to 70.4 per cent, respectively (Rousseau and Sylla 2003). Likewise, the ratio of stock market capitalization to GDP in the US increased from 0.39 in 1913 to 0.66 in 1970 (Rajan and Zingales 2003a). There are substantial differences in financial systems across countries. Using a newly constructed data set, Demirguc-Kunt and Levine (2001) examine the financial structure of a cross-section of up to 150 countries and find that financial sector

development – as measured by the size, activity, and efficiency of banks, non-bank financial intermediaries, and equity markets – tends to be greater in richer countries. Xu’s study focuses on the concept of financial repression in China and its impact on the country’s economic growth. The author argues that the People’s Bank of China’s control over interest rates has led to significant financial repression. This research further discussed the connection between financial repression and economic growth, arguing that reforms are required to rebalance China’s distorted economy and make China’s economic growth more sustainable.. While Xu’s study is centered on China, the current research focuses on Zambia. The economic, social, and political contexts of these two countries are vastly different, which may lead to different findings and implications while the current study explores the impact of village banking on long-term sustainability at both community and national levels. The latter is more focused on microfinance and its role in poverty alleviation and economic development. The current study aims to enhance comprehension and foster greater recognition of village banking as a catalyst for economic development at various levels. It seeks to establish the licensing of business from village banking savings or spending and if these influence economic activity such as taxation. In contrast, Xu’s study aims to understand the impact of financial repression.

In India, Kim (2023) highlighted the Indian government's announcement of financial inclusion policies targeting vulnerable groups and small/micro businesses, which play a crucial role in reducing poverty and inequality. These policies, including the nationalization of banks and the introduction of priority sector lending sectors, have resulted in substantial progress in financial inclusion, particularly since 2010. The integration of financial inclusion measures has not only enhanced transparency in transactions for individuals and businesses but also contributed to sustainable economic development. By ensuring that financial services are accessible to all, including marginalized communities, these policies have paved the way for greater economic opportunities and improved livelihoods. Kim focused on the impact of digital payment

adoption on the efficiency of the Indian banking sector. The innovations in the payment space provide customers with easy and hassle-free access to banking services. While Kim's study provides valuable insights into the impact of digital finance on the efficiency of the banking sector in India, the current study focuses on a different aspect and geographical context. The current research is centered on the long-term sustainability and economic contributions of village banking in Zambia, particularly in three selected areas in Lusaka District. While Kim's study is focused on the impact of digitalization on the formal banking sector, the current study explores the role of informal financial systems, such as village banking, in economic development. The current study seeks to understand the influence of village banking on wealth creation, establishment of licensed businesses, and taxation, thus contributing to GDP.

Village banking has expanded in Islamic states, alongside the presence of Islamic banking. Islamic banking refers to financial systems that comply with Islamic principles of Sharia. In a 2021 study by Tursunar, it was found that Uzbekistan had not developed Islamic banking, while Kazakhstan appeared to have ample opportunities and served as a hub for Islamic finance methods, thanks to its adoption of Islamic banking practices. The research employed a systematic approach, aligning with post-positivism research philosophy, a deductive approach, and a descriptive research design. Its findings revealed that Islamic banking not only generated goods but also income. This unique banking system did not involve credit or guaranteed deposits; instead, it focused on capital and loan trading. The study indicated that these services presented a promising opportunity for individuals looking to establish new businesses. The absence of traditional credit mechanisms and the emphasis on capital and loan trading highlighted the potential for entrepreneurship within the Islamic banking framework. Islamic banking experienced significant growth, with major advanced banks such as Bank of America and Barclays Plc incorporating Islamic banking practices. This expansion not only had the potential to generate new job opportunities and stimulate financial market activity but also

addressed the financial needs of vulnerable groups and small businesses, employing information and communication technologies and social financing methods to combat poverty at scale. It attracted large sections of the Islamic population to the financial and economic process, thereby accelerating economic activity and creating the necessary conditions for healthy economic growth.

In Nepal, Shresha (2018) conducted a field study on village banking development for women, particularly focusing on the Production Credit for Rural Women initiative. The study used a descriptive research design and sampled 63 women out of a total population of 315. The findings revealed that women experienced empowerment in several areas, including income generation. By transitioning from traditional agriculture to cash crop production, women achieved higher returns and fulfilled their financial needs more effectively. Village banking initiatives played a crucial role in supporting women's economic empowerment and providing them with financial stability and independence. The study highlighted the success of the Production Credit for Rural Women initiative in promoting women's economic development. Overall, it showcased the transformative power of village banking in enabling women to break free from traditional practices and improve their overall well-being. The findings emphasized the significance of empowering women economically for sustainable development in rural communities. Contrasting this, the current study diverges in several key areas. Unlike Shretta's focus on Nepal, this study is set in Zambia, a country with a vastly different economic, social, and political context. This difference in geographical focus may yield diverse findings and implications. While Shretta investigated the role of microfinance in altering the socio-economic status of women, the current study delves into the impact of village banking on long-term sustainability at both community and national levels. The emphasis here is on microfinance's role in poverty alleviation and economic development. The current study seeks to enhance understanding and recognition of village banking as a catalyst for economic

development at various levels. It aims to determine if the licensing of businesses from village banking savings or spending influences economic activities such as taxation. In contrast, Shretta aimed to comprehend the role of microfinance in transforming the socio-economic status of women. In terms of methodology, Shretta employed a field study approach, whereas the current study adopts a case study approach, focusing on three selected areas in Lusaka, Zambia. In conclusion, both studies contribute to the literature on finance and economic growth, albeit from different perspectives and contexts. The current study, with its unique focus on village banking and its impact on economic growth, adds a fresh dimension to the discourse.

2.1.3 North American Perspective

In the United States the CSAs credit schemes accommodated 178 villages and locations with 7,394 group members, registering a total amount of more than US \$2.8 million in shares and savings, and a total existing portfolio amounting over to US \$ 3.5 million. Since 2015, the general loan portfolio has increased to US\$ 11.2 million. Results indicated that even though women were complacent to employ formal lending institutions and lack surety, they actively engaged in credit and savings schemes (Hume and Mosley, 2018). Similarly, Riggins and Kauffman (2014) examined mobilization of savings project for households based in Peru. In their research, they discovered that village bank schemes promoted the practice of employing a bank account (depositing and withdrawing funds) and frequent savings among rural households, hence promoting the establishment of financial properties, which helped them use profit earned to meet their ends meet and capitalize on business openings. The households in rural areas came to learn the culture of savings from the credit schemes. Out of the households who acquired knowledge, 7400 households amassed financial capital which allowed them sort out pressing issues encountered, and capitalize on business opening. These studies provide an

insight to the body of knowledge on village banking and their impact in several countries, however limited literature exists impact of village banking on economic growth in Lusaka.

2.2 AFRICAN PERSPECTIVE

The main motivation behind the formation of village banks in many African nations is for improving social inclusion and poverty alleviation. Studies have shown that participation in village banking initiatives has in recent years greatly shown that it has the potential to contribute towards reduction in poverty, particularly, it empowers poor women and encourages social and economic development in poor communities (Banda, 2019). Research strongly argues that access to financial services is a vital component of poverty alleviation, community and individual development developing countries in Africa. Scholars emphasizes that the facilitation and coordination of the provision of financial services is a vital component of poverty alleviation, community and individual development as well as harnessing the potential of the poor households (Shisumba & Mulonda, 2019). Sharma, (2000) noted that many micro credit 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, the significance of village banking in Africa cannot be over-emphasised, thus, there has been notable development not only for those directly taking part in the initiative but also those they share relationships with such as their families and relatives (Perez, 2011).

In countries like Tanzania they practice what is called Village Community Banking (VICOBA). This kind of village banking has since its initial operations influenced the social and economic factors. According to Rutenge (2016), in the four LAMP districts of Kiteto, Babati, Simanjiro and Singida, village banking has played a critical role in aiding communities of Tanzania and more specifically the participants of the initiative not only to better their savings and credit capacity but also it has supported the building of their capacity as members to better ensure that their business and household incomes are well managed. Besides raising and managing incomes VICOBA has had long-term, strategic and transformative impact. Thus, through village banking, most participants especially women have received an overwhelming

level of empowerment. This at the same time this has made men have the realisation that, when women are given the chance, they possess great capacity to create and enhance development and changes in the community where they exist.

In a study Village savings and Loans and women's Empowerment Strategic Impact Inquiry (SII) in Tanzania. The study had a control group and used a combination of quantitative and qualitative methods. It was found that there was an increase in education expenditure, greater food security and health, increase in self-confidence and role in decision making among members in the VSL schemes. Equally, the Financial Scope (FinScope, 2011) study indicates that 54% of rural Tanzanians do not access formal financial services. This situation brings about an opportunity for the formation and promotion of informal rural financial associations to mitigate the situation; hence, VSLAs among many financial services delivery systems.

On the contrary, In South Africa, village banks are registered as Financial Service Cooperative (FSCs) which are perceived to be a more suitable structure to operate in rural areas. More so, village banks operate through solidarity group lending and savings. For instance, according to Mashigo and Kabir (2016) in a study village banking was identified a relevant financial strategy for developing South African poor households. The study reveals that village banks create access to basic financial services from informal lending institutions to the poor households on a sustainable basis through community/village mutual trust, relationships, accountability, perfect knowledge, customs and participation hence the relevance of village banks.

While in South Africa, a separate study conducted by Bolton (2018) employed exclusively desktop and library-based methodologies. The study examined village banking groups, which emerged as an alternative to formal financial systems, aiming to foster inclusion and economic sustainability. However, these groups lacked formal regulation and support, instead relying on self-regulation. Consequently, they proved to be ineffective, leading to a lack of national

cohesion, mediocre management, and insufficient investment capital. Despite their potential to mitigate the flaws of formal financial systems, village banking groups faced significant challenges due to their unregulated nature. As a result, their impact on promoting economic sustainability and inclusion was limited. The research provides valuable insights into the organization, operation, and sustainability of village banking programs, offering a unique perspective on the 'fate' of village banks as they navigate the challenges and opportunities associated with formalisation. In contrast, the current study diverges from Bolton's work in several key aspects. It extends the investigation to the economic contributions of village banking, such as wealth creation, establishment of licensed businesses, and taxation. The current study also places a strong emphasis on investigating the long-term sustainability of village banking at both community and national levels. It highlights the role of village banking in poverty alleviation, particularly in the context of Zambia which is a third world country (South Africa is not). This aspect is not explicitly covered in Bolton's study. The current study discusses specific challenges faced by poor communities in Zambia, such as unemployment and lack of access to financial services, which Bolton's study does not go into.

In Malawi, thousands of poor women achieve economic gains and become economically independent (Sishumba & Mulonda, 2019). For instance, since 2010 to 2013, more than 5000 Malawian women from 81 villages have economically benefited through a village banking programme called "Village Savings and Loans" run by a Malawian organization known as Center for Alternatives for Victimized Women and Children (Sishumba & Mulonda, 2019). The research conducted on 25 programmes of village saving in Malawi, Anyango (2005) found that the participation program of VSL had assisted in improving members' livelihoods, which led to poverty alleviation, especially, for women most of which are members of these schemes.

VSLAs, popularly known as village banks, are self-financed and self-managed informal groups formed on the principle of fund-pooling to improve access to low-cost financial services. The

country has seen exponential growth in village banks over the years, even among literate and urban residents. Village banks are currently the primary source of credit for Malawian households, highlighting their critical role in the economy. Village banks adhere to the following guidelines: self-governance, membership of 15-25 self-selected members, and membership open to both males and females, savings through the purchase of shares, savings are invested in loan fund (interest 5% - 20%), (vi) autonomous equally contributed social fund, (vii) regular meetings, and (viii) transparency and accountability (Sohn & Jombo, 2019)

Furthermore, in Malawi, most village banks follow a 10 to 12-month cycle. At each scheduled meeting, group members contribute to group savings by purchasing shares. The value of the shares is determined by the maximum number of shares that a member purchases. The savings are invested in loan funds and are kept in padlocked boxes by group leaders. Members also make equal-sized contributions to the social or solidarity fund, which is separate from the loan fund. The social fund does not pay interest and is used to cushion group members from shocks, such as funerals, illness, accidents, and other emergencies, which enhance group solidarity. Members borrow from the loan fund upon request and repay with the agreed-upon terms. According to Mwansakilwa et al. (2017), the interest rate ranges from 10% to 30% on the borrowed fund per month. The total group savings, along with interest earnings, are distributed proportionately to members at the end of each cycle, and members decide whether to start a new cycle. It is important to note that village banks operate on member contributions and interest income, thus, commercial banks in Malawi are now more inclined to collaborate with village banks. Several commercial banks have recently launched affordable financial services and products targeting village banks. Based on this model, village banks operate bank accounts instead of keeping money in padlocked boxes. Research by Nkuna et al (2021) provide insights on determinants of financial inclusion in Malawi using data from the 2014 Baseline Financial Literacy and Consumer Protection Survey, the study shows that Malawi has seen an

exponential rise in the preference for informal sources such as village banks, irrespective of the geographical location and social status.

Another study was one done by AgEon. AgEon's analysis in 2003 suggested that clients in Uganda were taking multiple loans from different lenders. It was observed that urban clients preferred lenders with more individual methodologies, while rural clients borrowed from multiple group lenders. Furthermore, the study found that individuals running larger businesses were more inclined to switch from the incumbent village banking to alternative lenders, while solidarity group lenders entered the marketplace. These findings shed light on the loan-taking patterns of clients, the influence of geographical location, and the impact of competition on the microfinance landscape in Uganda. The current study differs from AgEon's in several ways. It investigates how village banking contributes to the economy, such as creating wealth, starting licensed businesses, and contributing to taxation. It also examines the long-term sustainability of village banking. The study discusses the specific challenges faced by communities in Zambia, like unemployment and lack of access to financial services , which are not covered in AgEon's study as it covers only debt. The current study emphasizes the role of village banking in alleviating poverty, particularly in Zambia where a significant portion of the population lives under US\$5.50 per day. This aspect is not explicitly addressed in AgEon's study.

In Kenya, a descriptive survey conducted by Kwemboi (2018) examined the experiences of women in WORTH groups, women ministry leaders, and administrative leaders involved in the WORTH program. The findings revealed that many women placed greater emphasis on spiritual fulfillment rather than material possessions or enjoyment, influenced by their religious doctrinal beliefs. Additionally, some women identified the lack of formalized activities as a hindrance to their success. These findings highlight the need for a balanced approach that addresses spiritual, formalization and material aspects, fostering long-term sustainability

within the program. The current study is different from Kwemboi's in a few ways. It looks at how village banking can last a long time at both the community and national levels. It also looks at how village banking helps the economy, like creating wealth, starting licensed businesses, and paying taxes. The current study also talks about the challenges faced by poor communities, like not having a job and not being able to use financial services. Kwemboi's study does not talk about these things. Kwemboi's study focuses on women in the Salvation Army in Bungoma County, Kenya, but the current study seems to focus on more participants of village banking rather than just women.

In a study conducted in Cameroon by Buchenrider et al. (2019), it was observed that microcredit had a significant positive impact on per capita income in the short run. However, the long-term effect of microcredit on income was negative, although not statistically significant. Interestingly, in the long run, the treatment group experienced a further decrease in absolute income poverty compared to the control group. It is worth noting that the control group did not experience as significant of a decrease in poverty. Furthermore, the study found that the productivity of credit-financed inputs in the treatment group remained constant over time, suggesting a lack of sustained progress. These findings indicate that while microcredit initially showed promise in boosting income, it did not lead to long-lasting economic improvements. Additionally, the limited productivity growth in the treatment group raises concerns about their future progress. In contrast, the current study diverges from Buchenrieder's work by focusing on village banking, a specific form of microfinance. It investigates the economic contributions of village banking, such as wealth creation, establishment of licensed businesses, and taxation. The study also places a strong emphasis on investigating the long-term sustainability of village banking at both community and national levels. Furthermore, it discusses the specific challenges faced by poor communities, such as unemployment and lack of access to financial services.

2.3 LOCAL ZAMBIAN PERSPECTIVE

In the recent past, Zambia has experienced and noticed a rise in multiple ways of managing money among different groups of people (Sinkala, 2020). The practice of village banking has become prominent, where members deposit an amount of money based on the ground rules that ensure sustainability of the initiative. With some groups allowing lending and attaching a small percentage of interest when paying back, this is done mainly for the purpose of increasing funds (Chisenga, 2018).

Recent studies in Lusaka to be precise, indicate that members of the group come together and pool funds in the form of savings from which the group members can borrow at a low rate with no collateral offered. Without the collateral, the only guarantee of the loan being repaid stems from the fear of being shamed in the community for failure to repay as well as the backlash to be received from the other village banking group members. Scholars report that an estimated 15,000 village banking groups in Zambia existed, with membership from the low to medium income households (Muyunda, 2020). In Zambia several studies have shown that village banking groups, appear to be a good tool for improving people's lives by promoting savings and offering cheaper access to credit being used in business and home management among others (Lungu, 2020; Banda, 2020, Sibeso, 2022). However, despite growing in number and participation, village banking groups are still being formed as a consequence of social gatherings, in that they do not have a formalized way in which they are formed, their formation can either be classified as spontaneous (Vanmeenen, (2011). However, it is clear that people are motivated by many different reasons to join village banking groups in Zambia. Even though the way they are formed varies, groups primarily operate on mutual trust (Banda, 2020).

The Government of the Republic of Zambia through the Ministry of Community Development and Social Services in the Department of Community Development found the concept of

village Bank in addressing challenges relating to the promotion of entrepreneurship and ultimately economic empowerment. In this regard, the Department in 2006 initiated the ‘Village Bank ‘project in three districts of Eastern Province namely Katete, Mambwe and Chama (now in Muchinga province) with funding from the United Nations Development Programme (Lungu, 2020). Currently the program is in fifty- three districts out of the total number of 102 districts in Zambia. The total number of **5,200** participants are benefiting from collateral free loans to enable them engage in various business ventures. This indicates that village banking practices are prominent and a top priority for poor communities in Zambia, thus investigating the long term sustainability of village banking and its impact on economic growth is critical to enhance participation and development..

Village banking activities have become a common practice for accessing financial services for majority of the poor people and business start-up and of course those who want to avoid the high transaction charges from the main stream banks and micro finance institutions, this is in an effort to help themselves with easy access to and affordable financial services such as savings and loans facilities based on trust among themselves. Research evidence shows that many benefits and challenges have surfaced during the practice of village banking. Sichilonga and Sinkala (2021) in a study to understand how women were benefitting from village banking using a mixed research methodology, found that village banking played an important role in poverty alleviation and most people specifically the women who participated were able to meet their basic needs. On the contrary Banda (2020) in a study that evaluated challenges encountered in the practice of village banking found that late submission of funds, high defaults rates, stealing, missuses of funds and poor tracking of members were major challenges being encountered. In a study Nalungwe (2020) explored experiences of village bank program implementation by the government of the Republic of Zambia. The study revealed that factors such as misapplication of loan funds, dropping out or defaulting and unwillingness to pay back

the loan were some of the factors identified as being hindering success village programmes. Despite the studies providing literature on benefits and challenges encountered during the practice of village banking, few or no studies have been conducted to investigate the long term sustainability on individuals, such as the wealth creation and the impact village banking has had on economic development.

Other studies conducted on the same in Zambia include the following:

In 2018, a research study titled "Microfinance: The Implementation Experience" was conducted in Nalungwe. Its objective was to explore the implementation experiences of village banking programs by the government of Zambia. The study included a sample population of 10 government officials, consisting of 7 current village banking participants and 2 former participants. The findings indicated that the program's success relied on targeting women, addressing issues such as misapplication of funds, high dropout rates, and loan defaults.

In addition, Chisenga (2018) analyzed the effects of village bank programme on household income in Vulamkoko village in Katete district Zambia in a cross sectional study design. The study revealed that found that household credit had a significant and positive relationship with household per capita expenditure and per capita nonfood expenditure. Moreover, household credit has a greater influence on poor households, in comparison with better-off households. These findings confirm that providing microfinance to the poor is an effective policy tool to reduce household poverty. One can note that reduction in poverty entails that economic development is taking place. However, it remains unclear on how village banking generates revenue to impact economic growth in Zambia.

In 2019, Sishuma and Mulonda conducted a study titled "Village Banking: A Feasible Tool for Accelerating Financial Inclusion for Unbanked Poor Communities in Zambia." The study focused on rural and peri-urban areas within Lusaka as the sample population. The findings

revealed that the legal and regulatory framework of village banking had the potential to provide sustainable access to basic financial services for poor communities. This was achieved through the establishment of a national trust, fostering relationships, ensuring accountability, encouraging participation, and respecting local customs and values.

In 2020, Phiri, Muchemwa, and Zimba conducted a study titled "Effects of Village Savings and Loans on Micro Small and Medium Enterprise Growth in Zambia: Survey of Chipata District." The study aimed to assess the impact of loans on the current investment, start-up capital, and annual turnover performance of MSMEs in Chipata District. The sample population consisted of 88 MSMEs and 5 purposefully selected stakeholders. The findings indicated that while the parameters of MSMEs experienced growth, the influence on investment or other economic sectors was not statistically significant. However, it is worth noting that the majority of MSMEs were women-led, and access to loans potentially had a positive influence on the provision of goods and services, start-up capital, technology advancement, and business investments.

In 2021, Hapompwe et al. conducted an explorative study on the village banking innovation in Lusaka. The study aimed to assess the effectiveness of the policy framework governing the formation of village banking groups, analyze the socio-economic value of membership in these groups, and describe the challenges faced by participants. The study included a sample size of 30 out of 187 groups, with a total of 104 respondents from 8 groups, each consisting of 12 members. The study found that there was no guiding document or specific laws from the Zambian government regarding village banking. However, the study outlined several benefits of village banking, including the creation of networks, access to business capital, investment opportunities, emergency funds, and the promotion of economic freedom.

Also, Zambia has not trailed behind other nations in promoting financial inclusion, one of its deliverables in its 2022-2026 Eighth National Development Plan(Silwimba,2023). Silwamba's

study analysis focused on the likelihood of reaching this goal and the implications for bank operating stability. A mixed research (quantitative and qualitative) approach was used and drew respondents from several remote areas in Zambia. A hypothesis test on the observed against the hypothesised mean ($p\text{-value} = 1.93e\text{-}38$ and <0.005) rejected the null to accept the alternative presupposition that banks have a relevant role in achieving financial inclusion, but they are not a necessary ingredient. The correlation test also aligned at both 95 and 99% confidence levels, that supported the null hypothesis to conclude that there is no correlation between the preferred channels of financial services and the adequacy of financial inclusion. Respondents felt that the financial inclusion services would still be offered at basic satisfactory levels regardless of the available form of financial service provider. The Kruskal-Wallis test supplemented the findings with $p = 3.09667e\text{-}20 (<0.05)$ that rejected null to conclude that any form of financial services is statistically significant in delivering basic financial inclusion in Zambia. The implications for banks are the risks for continuous survival because of the popular user-friendly alternative channels. It is recommended that the Bank of Zambia should sustain the relative relevance of formal banks by balancing their contributions with other innovative financial service channels. Banks should integrate with new market entrants, or the future will have a banking system without banks. Regulators must support banks' survival traits such as the light set of criteria in their Know Your Customer (KYC) package.

2.4 GAPS IN RESEARCH AND LITERATURE

Despite numerous studies conducted on village banking at a global level, significant gaps in research and literature were found. This was particularly evident when the focus was narrowed down to the African context and, more specifically, to the local Zambian scenario. While these studies shed light on various aspects of village banking, they also unveiled areas that required further exploration. There was a pressing need to thoroughly investigate and study these gaps

to enhance understanding of village banking and its potential for economic development. This would not only enrich the existing body of knowledge but also provide valuable insights for policy formulation and implementation.

The first gap in the research and literature on village banking pertained to its long-term sustainability. While numerous studies had underscored the immediate economic benefits of village banking, the question of its long-term sustainability remained largely unexplored. For instance, in Zambia, a country where village banking had gained considerable popularity, a study conducted in 2018 focused on the immediate impact of village banking but did not delve into its sustainability over time. This left a critical gap in understanding whether the benefits of village banking, such as increased consumption, improved housing infrastructure, and access to essential medication, could be sustained in the long run or if they were short-lived.

The second gap was related to wealth creation. Village banking had been widely associated with income generation and poverty reduction. However, its role in wealth creation, which went beyond immediate income generation, was not well-documented. A study conducted in Kenya in 2013 highlighted the role of village banking in income generation but did not explore its impact on wealth creation. This left a significant gap in understanding how village banking contributed to wealth creation, particularly in terms of asset accumulation, investment in profitable ventures, and financial security. This was especially relevant in the Zambian context, where the majority of the population lived on less than US\$5.50 per day, and there was a pressing need for strategies that could lead to wealth creation and economic empowerment.

The third gap in the research and literature on village banking pertained to business formalization and licensing. Village banking, often an informal activity, had been a subject of interest in many countries, including those in Latin America. However, the research on how it could lead to the establishment of formal, licensed businesses was limited. This gap was

significant as it left unanswered questions about the potential of village banking to transition informal businesses into the formal sector, thereby contributing to economic growth and development. In the Zambian context, this gap was particularly relevant. With a large number of informal businesses operating in the country, understanding how village banking could facilitate their formalization and licensing was crucial. This could potentially lead to increased business growth, job creation, and economic stability. Therefore, it was worth undertaking further research to explore this aspect of village banking in Zambia.

The fourth gap concerned the implications of village banking on taxation and revenue generation. While village banking had been associated with economic growth and poverty reduction in many countries, its impact on taxation and revenue generation at the national level had not been thoroughly investigated. This gap underscored the need for further research to understand the fiscal implications of village banking. Relating this to the Zambian scenario, understanding the impact of village banking on taxation and revenue generation was of utmost importance. As the country strives to increase its domestic revenue mobilization, understanding how village banking contributed to this goal could provide valuable insights. It could potentially reveal how village banking, by fostering business growth and formalization, could contribute to increased tax revenues. Therefore, it was worth undertaking further research to explore the fiscal implications of village banking in Zambia.

The last gap in the research and literature on village banking pertained to inclusivity. While village banking had been recognized as a tool for financial inclusion, research had mostly focused on women and youths, leaving a significant gap in understanding the impact of village banking on other demographics such as day laborers, small scale entrepreneurs, older men who are not youths, civil servants, low-income individuals, and people seeking credit. This gap was particularly relevant in the Zambian context, where it was crucial to understand how village

banking impacted not just women and youths, but also other demographic groups. Therefore, further research was needed to explore the impact of village banking on these overlooked demographic groups, providing valuable insights into how village banking could be leveraged to promote financial inclusion among these groups, thereby contributing to economic development and poverty alleviation in Zambia.

In conclusion, despite global, African, and Zambian studies on village banking, there was a need to study the long-term sustainability of village banking and its economic contributions. This was going to be thoroughly investigated through its influence on wealth creation, business formalization and licensing, taxation and revenue generation, and inclusivity across various demographics.

CHAPTER THREE

METHODOLOGY

3.1 OVERVIEW

The research methodology of this study comprised research design, study population, sample size and sampling technique, data collection and instrumentation, data analysis and lastly ethical consideration. This study employed a qualitative research methodology to obtain a comprehensive understanding of the factors driving individuals' participation in village banking and their contributions to economic development. The primary focus was on exploring and describing the influence of village banking on economic development, both at the local level and on a broader national scale. By investigating these contributions, the study aimed to determine the potential role of village banking as a solution for economic development.

3.2 RESEARCH DESIGN

This study utilized the descriptive research design approach as it aligned with the research objectives and facilitated the collection of relevant information. Noor (2008) defined a descriptive case study as a research method that aimed to describe what was happening in a particular situation. The descriptive research design was well-suited for this study as it enabled the systematic gathering of data to describe and analyze the variables of interest, allowing for a comprehensive exploration of the research objectives. By employing this approach, the study aimed to provide a detailed and accurate description of the phenomena under investigation, contributing to a deeper understanding of the topic at hand.

3.3 TARGET POPULATION

In research, a population entails targeted individuals in a study with the intention of acquiring information on a research problem and obtaining results (Flick, 2015). The target population for this research was civil servants, unemployed or informally employed men, women and small business owners who engaged in and benefited from village banking groups. It placed its focus on these as they were part of the least studied members of village banking groups that rarely had access to commercial loans (with the exception of civil servants who were highly targeted for debt) and relied on different initiatives such as village banking to earn an income and possible if any, formalized businesses that resulted in personal wealth creation and national revenue accumulation through taxation.

Also, this study included PACRA (Patents and Companies Registration Agency) to validate the establishment of individual and group-based businesses (if any) that had emerged since 2013, coinciding with the introduction of village banking. This was to ensure information given was accurate in order to explore if licensing and taxation occurred and also to gain more insight on their operations in relation to the study's content.

In light of the above, this research assessed the influence of village banking on wealth creation, licensing businesses, and taxation, which were crucial aspects of long-term sustainability.

3.4 SAMPLE SIZE

The study was conducted with the aim of selecting participants of a total of 34 individuals, instead of the initial 30, from village banking groups located in three different settings within Lusaka Province, namely Chongwe, Chilenje, and Kamwala. Being a qualitative study, the number of participants was carefully chosen to enable the researcher to gather a variety of responses to the research questions, thereby enhancing the credibility of the work through the assurance of triangulation. This selection was premised on the understanding that village

banking groups in different settings possessed distinct member characteristics and cost considerations, which would enable a comprehensive analysis of data from multiple perspectives. In this regard, the researcher administered questionnaires and interviews to the participants.

In addition to the members of the village banking groups, two relevant individuals from PACRA and ZANACO were to be included in the study. Their inclusion was deemed necessary as they were in a position to provide or verify the information required for the study.

It is important to note that the researcher had reached out to ZANACO with the intention of conducting an interview. However, due to time constraints, the researcher did not receive a response or secure an appointment for the interview. As a result, the researcher decided to use secondary data on the Village Banking Plus Account. This decision was made in the interest of time and to ensure that the study could proceed without undue delay.

3.5 SAMPLING TECHNIQUE

This research utilized a mixture of purposive and convenience sampling. Purposive sampling was employed, which involved the careful selection of specific participants who were relevant to the study. This technique was suitable as it avoided bias and saved time by focusing only on respondents who could provide valuable information. It ensured that sufficient data was collected to meet the study's objectives and provided a good representation of the overall population.

Alternatively, convenience sampling was used to ensure that participants who were not only relevant to the study, but also readily accessible and available to take part or respond to the research study, were included. This approach led to efficiency and curbed the level of time and resources utilized for the study.

3.6 INSTRUMENTS FOR DATA COLLECTION

The following methods were used for the collection of data in this research:

- **Questionnaires:** Questionnaires, which are data collection instruments containing written questions that require answers in accordance with the research question specifications, were used. They helped to ascertain specific required information pertaining to facts, opinions, beliefs, attitudes, motivations, laws, obligations, and practices. In this study, respondents who were able to read and write were provided with questionnaires outlining open-ended questions. These questionnaires were administered either in-person or online.

- **Interviews:** For respondents who were unable to read and write, the researcher guided them by interviewing them in an appropriate and convenient local language, but using the same questions. An interview is a face-to-face interaction that involves asking and answering questions to collect data.

- **Focus Group Discussions:** The researcher also tried to use this research instrument to collect data. In it, the researcher would ask an entire village banking group questions collectively. This was to be done demographically or geographically and depended on the sensitivity of information regarding the group. However, respondents declined owing to preferring individual interviews or questionnaires and also for privacy reasons.

- **Observations:** As interviews were conducted, the researcher also employed observation as a tool. Observation was also used to verify information.

- **Secondary Data:** The researcher also used reports and records as instruments for data collection in various places such as PACRA and other reading on the Village Banking Plus Account.

3.7 DATA ANALYSIS

This research study aimed to examine and understand the subject being investigated. It employed two types of analyses: descriptive analysis and thematic analysis. Descriptive analysis involved summarizing and presenting data in a straightforward manner, while thematic analysis focused on identifying and interpreting recurring themes or patterns within the data from instruments.

For the descriptive analysis, Microsoft Excel was utilized as the primary tool to assist in organizing and analyzing the data. Excel provided a structured and efficient platform for managing and manipulating data. Additionally, charts and tables were employed to visually represent the data, enabling easier comprehension and interpretation of the findings.

For the thematic analysis, the study gathered data from respondents who answered various instruments or questionnaires. These instruments served as tools to collect information from individuals. The data provided by the respondents was analyzed and examined to gain insights and draw conclusions for the research study.

3.8 RELIABILITY AND VALIDITY

Reliability essentially focused on establishing whether an instrument or process could produce a similar result if the topic were to be undertaken by another researcher, while validity referred to the extent to which a study measured what it intended to measure and provided accurate and meaningful results (Denise et al, 2001).

To ensure reliability, this study looked at what previous researches had done and used it as a guide or followed up on existing knowledge, depending on context. It could also be emulated

by future researchers. This study was also guided by a supervisor who was consulted on every aspect, including how the instrument tests were done or pretested.

Additionally, the researcher ensured there was validity by using appropriate measurement instruments that aligned with the objectives of the research and the concepts that were being studied. For example, it used questionnaires to measure variables related to wealth creation, business licensing, and taxation. It also tried to relate the study on different populations to enhance validity. In this study, for example, the rural aspect covered farmers, the peri-urban covered women, and the urban looked at small business owners so as to have fairness on the caliber of participants.

3.9 ETHICAL CONSIDERATION

In the pursuit of this research study, a number of ethical considerations were meticulously observed, given the comprehensive nature of the data that was amassed.

Initially, the researcher procured institutional approval for the study. This entailed submitting an application for approval to the University of Zambia's research ethics committee and the Ministry of Higher Education. This step was of paramount importance as it guaranteed that the study was conducted within the guidelines established by these institutions.

Subsequently, the principle of voluntary participation was strictly upheld. This implied that participation in the study was entirely voluntary, with no undue pressure placed on potential participants to consent to participate. Furthermore, participants retained the right to withdraw their participation at any point should they decide to discontinue their involvement in the study.

Thirdly, informed consent was obtained from all participants. Each participant was provided with a consent form, which contained comprehensive and accurate information about the

purpose of the study. The decision of the participants to engage in the study was predicated on the accuracy of the information provided and their willingness to contribute information that would address the research problem. Participants who chose to participate in the study signed a consent form, indicating that their participation was devoid of any coercion or promises of any form of benefits.

The safety of the participants was prioritized. The researcher ensured that the information provided by the participants was utilized solely for academic purposes. The benefits and burdens of the study were equitably distributed and did not disproportionately impact the participants.

Lastly, the researcher upheld privacy, confidentiality, and anonymity. The identities and personal details of the participants were not disclosed during data collection or presentation of findings. Furthermore, privacy was ensured as participants were not identifiable in the dissemination of findings. This practice ensured that the rights and dignity of the participants were respected throughout the study.

In conclusion, these ethical considerations constituted the foundation of any qualitative study and were vital in safeguarding the rights of the participants. They ensured that the study was conducted in a manner that respected the dignity, autonomy, and privacy of the participants.

Summary

The research methodology outlined the necessary approaches and procedures that were used in conducting research to address the research problem under study.

CHAPTER FOUR

DATA PRESENTATION, INTERPRETATION AND ANALYSIS

4.0 OVERVIEW

Chapter Four is a comprehensive examination of the collected data. The data was collected from 34 (with an added four participants) individual respondents who are both engaged in village banking and businesses whether formal or informal. It was conducted through a 3 week period. The data was segmented into various sections to ensure a thorough understanding. These sections included demographic data of respondents, village banking experiences and perceptions, business sectors, structures, and license registration, local and national taxation, and institutional data from PACRA and ZANACO. Each section built upon the last, creating a cohesive narrative that allowed for a thorough analysis. The aim was to provide a well-rounded understanding of the data at hand by the end of this chapter.

4.1 DATA PRESENTATION

4.1.1 DEMOGRAPHIC DATA OF INDIVIDUAL PARTICIPANTS

This research began by examining demographic details such as age, gender, and educational background of village banking participants. The aim was to identify trends and correlations that could influence banking behaviours. On a local scale, this information can highlight any disparities in banking access and benefits, allowing for necessary adjustments to promote equitable economic growth. On a national scale, the data can shed light on the inclusivity of financial services across different demographic groups. If underrepresentation is observed, it signals the need for targeted policies to improve financial inclusion, thereby fostering overall economic development.

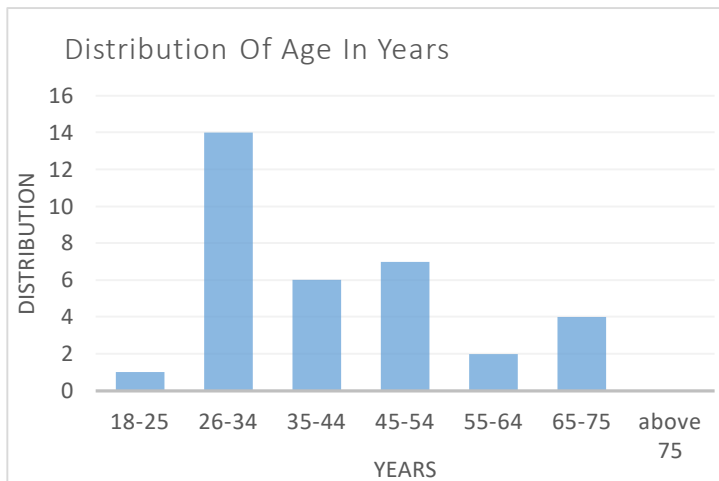
4.1.1A Gender

Gender Distribution	Number (participants)
Male	13
Female	21

In terms of gender distribution, 38.2% represented male respondents and 61.8% were females.

Table 1: Gender distribution of respondents.

4.1.1B Age



Respondents ages ranged from 18 year to above 75 years.

18-25 years represented 2.9%, the largest group was that being 26-34 years which comprised of 41.2%, between 35-44 years were marked by 17.6%, 45-54 years 20.6%,

55-64 years 5.9%, 65-75 year 11.8% and the 0% for individuals above 75 years.

Figure 1: Age distribution of respondents

4.1.1C Education Level

Education wise, 2.9% were respondents with no formal education, 50% had attained primary education, secondary consisted of 35.3% and 11.8% where those with tertiary education.

Education Level	Number of respondents
No formal education	01

Primary	17
Secondary	12
Tertiary	04

Table 2: Distribution of educational levels of respondents

4.1.2 VILLAGE BANKING EXPERIENCES AND PERCEPTIONS

Next, this research work queried on the diverse yet unique experiences and perceptions of respondents. Understanding the experiences and perceptions of respondents is key to assessing the effectiveness and impact of village banking. Their experiences can provide valuable insights into the practical challenges and benefits of participating in village banking. Perceptions of the respondents can indicate the level of trust and satisfaction they have with the village banking system. This information can be used to improve the services and policies of the village banking system. Additionally, it can help identify any misconceptions or knowledge gaps among the participants that could be addressed through education or communication. Lastly, these insights can contribute to the development of strategies for enhancing the long-term sustainability and economic contributions of village banking in Zambia. The following were the responses given

Area of Experience/Perception	Questions	Possible Responses
Personal and Group Information	How many dependents do you have and how many village banking groups are you a part of?	Most respondents have 3-10 dependents and are part of 1-2 village banking groups.
Participation in Village Banking	How often do you attend village banking meetings and participate in other income-generating activities?	They generally attend village banking meetings weekly and monthly, and participate in other income-generating activities on a daily basis.
Reason for Joining	What motivated you to join the village banking group?	The majority joined the village banking group for access to loans and financial management, though some also mentioned the social interaction and support.

Area of Experience/Perception	Questions	Possible Responses
Satisfaction and Recommendation	Are you satisfied with the village banking services and would you recommend it to others?	Most are satisfied with the village banking services and would recommend it to others.
Financial Activities	How often do you take loans and how much do you save monthly through village banking?	They typically take loans 1-3 times in the past year and save around k50-25000000 per month.
Group Details	How many members are in your village banking group and how long have you been a member?	Most village banking groups have 6-32 members and respondents have been members for 1-7 years.
Community Involvement	How many community development projects	Their village banking groups support 1-3 community development project annually.

Area of Experience/Perception	Questions	Possible Responses
	<p>does your village banking group support annually?</p>	
<p>Perceived Benefits</p>	<p>Has village banking improved your financial security and influenced your ability to save money?</p>	<p>Most respondents feel that village banking has significantly improved their financial security and influenced their ability to save money.</p>
<p>Impact on Credit Access</p>	<p>How has village banking impacted your access to credit?</p>	<p>They generally feel that village banking has had a significant impact on their access to credit.</p>
<p>Trust and Satisfaction</p>	<p>How would you rate the level of trust among members and your satisfaction with</p>	<p>Most rate the level of trust among members as high and are fairly satisfied with the financial education provided.</p>

Area of Experience/Perception	Questions	Possible Responses
	the financial education provided?	
Effectiveness and Adaptability	How effective is village banking in promoting entrepreneurship and how well has it adapted to changing member needs?	They believe that village banking is effective in promoting entrepreneurship and has adapted well to changing member needs.
Impact on Poverty Reduction	How would you rate the impact of village banking on poverty reduction in your community?	Most rate the impact of village banking on poverty reduction in their community as low or fair.
Differences in Support	Have you noticed any differences in support between licensed and unlicensed businesses	Some respondents have noticed that licensed businesses receive more

Area of Experience/Perception	Questions	Possible Responses
	in the village banking system?	support in the village banking system.
Scaling and Sustainability	How can village banking be scaled up and what factors are crucial for its long-term sustainability?	They suggest increasing awareness and providing more financial education to scale up village banking. Access to affordable credit, financial literacy and training, strong governance and management, a supportive regulatory environment, and social capital and trust among members are seen as crucial for its long-term sustainability.
Government Support and Business Reasons	How satisfied are you with government support for village banking and what is	Most respondents are not satisfied with the government support for village banking. The primary reason for

Area of Experience/Perception	Questions	Possible Responses
	the primary reason for businesses to join village banking?	businesses to join village banking is access to capital for business expansion.

Table 3: Experiences and perceptions of respondents

Challenges

There were challenges that respondents said they had encountered in the course of their participation in village banking. These challenges were diverse and had significant implications for the effectiveness and sustainability of village banking.

One of the challenges stated was the lack of resources. Village banking groups often face a scarcity of resources, particularly in harsh economic times. This scarcity impacts the amount of money they could save or get as loans, limiting their ability to invest in income-generating activities and thereby constraining their economic empowerment.

Another challenge was the lack of proper full literacy. Despite the disbursement of funds, some members of village banking groups lack full literacy. This can lead to mismanagement of funds, with money sometimes being spent on other basic needs instead of being invested in income-generating activities. This not only undermines the financial stability of the individuals but also affects the overall effectiveness of the village banking system.

The issue of formalization was also a significant challenge. Village banking groups often operate informally, without official recognition or registration. This means that unlike structured businesses, village banking cannot operate as a business structure and can't be insured. This lack of formalization can limit their access to certain financial services and opportunities, and can also make it difficult for them to enforce agreements or recover loans.

Lastly, the challenge of loan defaults was highlighted. Unlike commercial banks and most structured businesses, village banking groups sometimes face challenges with members defaulting on their loans. Without formal structures and legal protections in place, it can be difficult for these groups to recover the money. They fail to remit or get something valuable to money defaulted. This not only affects the group's financial stability but can also undermine trust among members.

4.1.3 BUSINESS SECTORS, STRUCTURES AND LICENCE REGISTRATION

Respondents were asked about the business types and sectors they are engaged in so as to understand the economic landscape of the community and the diversity of businesses supported by village banking. This was important because it can reveal which sectors are most reliant on village banking, and which sectors contribute most to its sustainability. It can also help identify potential gaps in the market or sectors that are underserved by village banking as well as ascertain the levels of wealth creation.

From a local economic growth standpoint, understanding the diversity of businesses can inform the design of banking services to better meet the needs of different sectors. This can lead to improved living standards and economic growth within the community.

From a national economic growth standpoint, the cumulative effect of many thriving local economies can contribute to the overall economic development of the country. The growth and diversification of businesses supported by village banking can increase the country’s GDP. Successful village banking systems can serve as models for expanding financial inclusion and economic empowerment in other regions of the country, further driving national economic development.

4.1.3A Business Sector

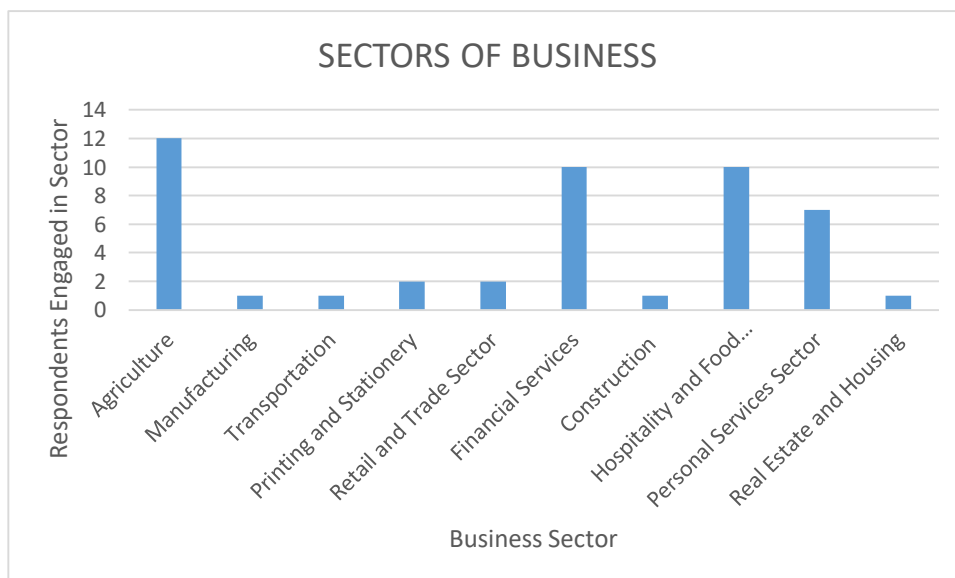


Figure 2: Business Sectors that have been influenced by Village Banking

4.1.3B Business Structure/Type

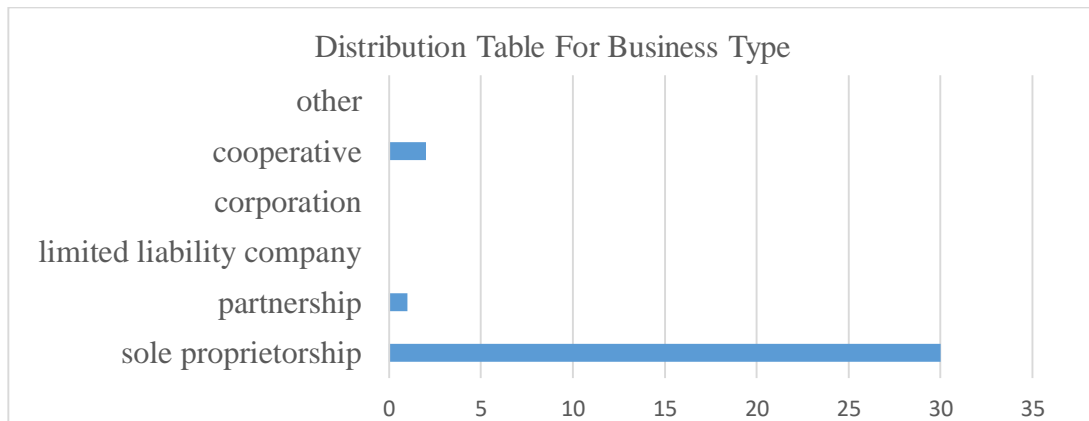


Figure 3: Business Structures that have been influenced by Village Banking

4.1.3C Business Licencing

The next data that was collected was on whether the businesses of village banking respondents are licensed or not. This was crucial since it provides an understanding of the formalization of these businesses, which can impact their sustainability and growth. Licensed businesses are more likely to have access to certain financial services and opportunities, influencing their economic contributions. It can also highlight potential barriers to obtaining a license, which could be addressed to support business development. Furthermore, it can indicate the level of regulatory compliance, which is important for the stability of the local economy. Lastly, on a national level, the proportion of licensed businesses can reflect the effectiveness of business registration and licensing processes, which are key aspects of economic governance.

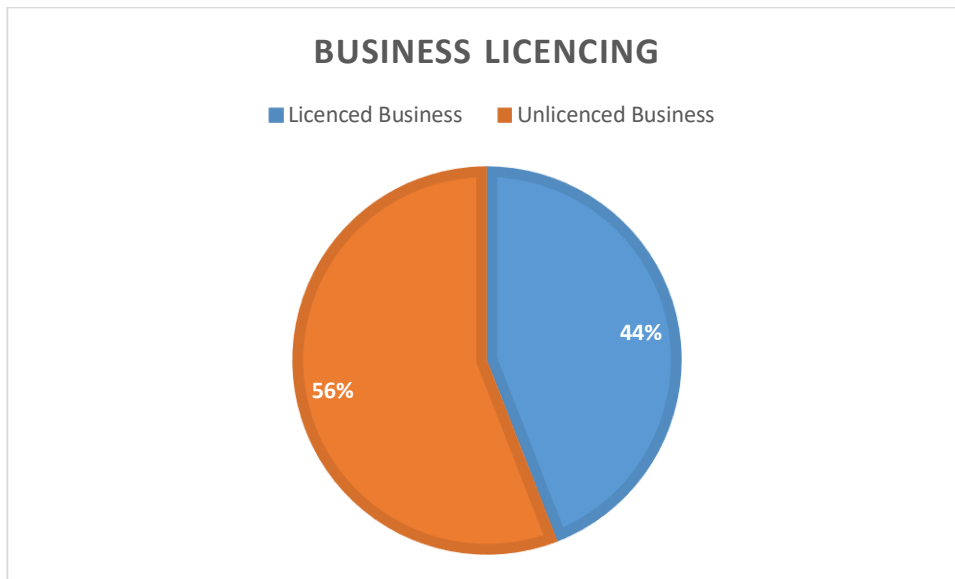


Figure 4: Percentage of business licencing influenced by Village Banking.

The findings indicated that there were 15 licenced businesses and 19 unlicensed businesses.

4.1.4 LOCAL AND NATIONAL TAXATION

In this research, it was important to understand the tax obligations of businesses involved in village banking. The data collected revealed that these businesses paid taxes at different intervals - daily, monthly, quarterly, semi-annually, and annually - to various institutions such as PACRA, ZRA, Ministry of Lands, The City Council, Traditional Leaders, and NAPSA. The tax amounts varied, ranging between K2 and K4500.

The rationale behind collecting this data was to gain insight into the financial responsibilities these businesses bear. This is crucial because these tax payments contribute to local and national revenues, funding public services and infrastructure that are essential for economic growth.

Moreover, these findings would also highlight the additional financial obligations these businesses face, beyond the initial costs of starting a business or purchasing tangible assets.

Understanding these obligations could inform strategies to support these businesses, ensuring their sustainability and continued contribution to the economy.

Also, the tax status of businesses participating in village banking is not just about compliance, but also about their significant role in driving economic development at both local and national levels.

It should be duly noted that the data collected is a reflection of responses provided by respondents engaged in both informal and formal business sectors. The representation below is an accurate depiction of the information documented at the time of inquiry. Certain respondents have indicated their obligation to multiple types of taxes and to more than one institution. Furthermore, it was reported that additional charges, not initially indicated, were incurred either prior to or during the registration process.

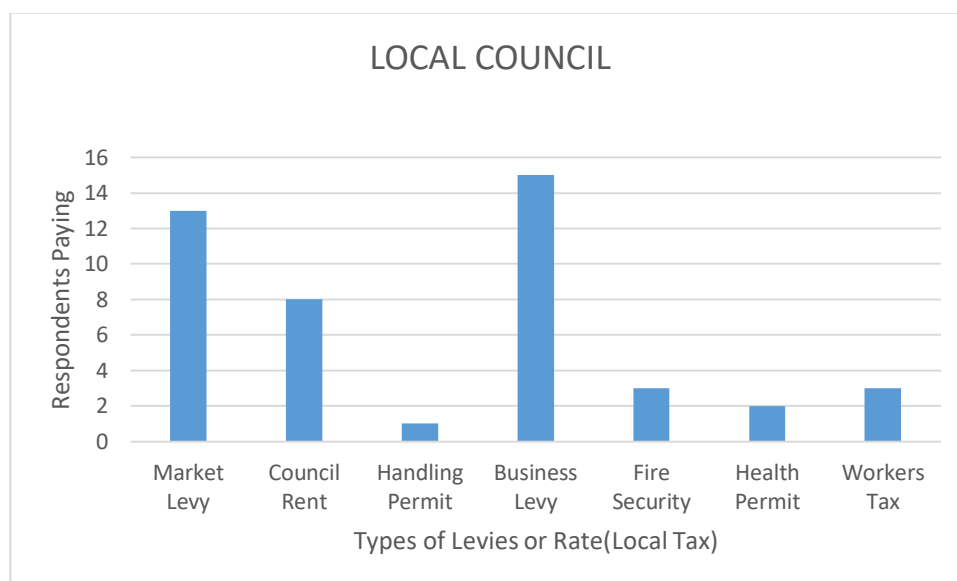


Figure 5: Level of Taxation paid to Local Council (City and Municipal)-influenced by Village Banking.

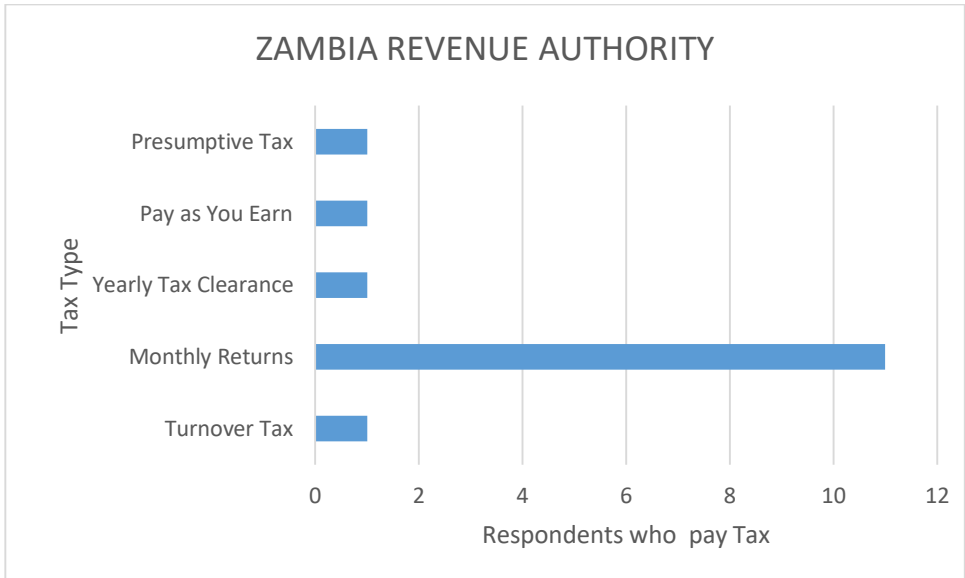


Figure 6: Level of Taxation paid to Zambia Revenue Authority-influenced by Village Banking.

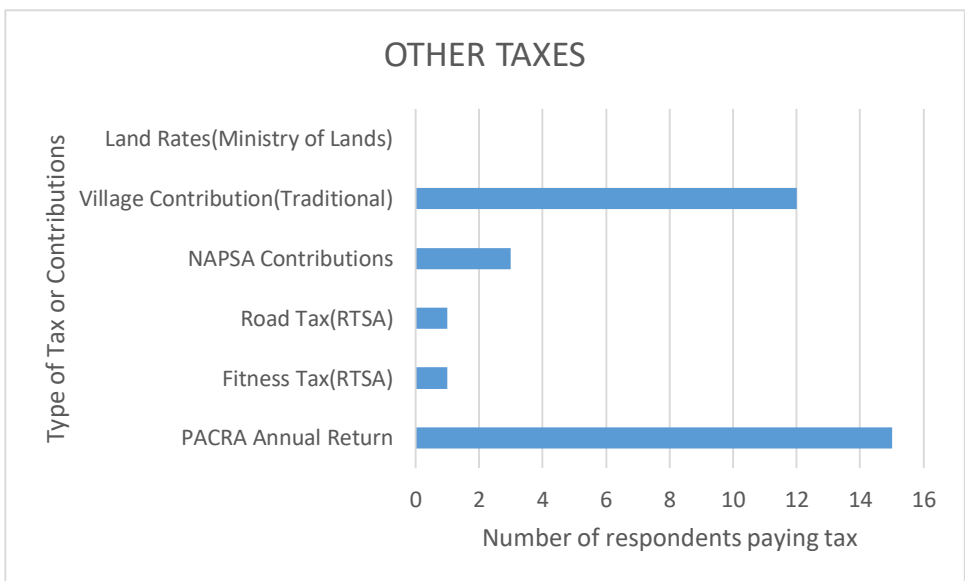


Figure 6: Level of Taxation paid to other institutions, committees and individuals-influenced by Village Banking.

4.1.5 INSTITUTIONAL DATA

4.1.5A PACRA INFORMATION

This dissertation section explored the impact of village banking on wealth creation, business licensing, and taxation in Lusaka, Zambia. Data was collected from PACRA, Zambia’s primary agency for business registration and licensing, which provided a comprehensive view of the business landscape. The information, obtained through a PACRA representative, enriched the research and offered practical insights into the intersection of village banking and formal business structures. The study had posed several questions to PACRA, the answers to which were expected to offer insights into the sustainability and economic contributions of village banking and were as follows.

Area	Question	Answer
Registration Process	What are the steps that one needs to take to register a business with PACRA?	The respondent stated that the process involves proposing a business name, applying for name clearance, and registering the business name.
Registration Requirements	What are the minimum requirements for registering a business with PACRA?	The respondent mentioned that the individual must be sober-minded, at least 18 years old, and of sound mind.

Table 4: PACRA Licensing Procedures and Information

4.1.5B ZANACO VILLAGE BANKING PLUS ACCOUNT

<p>Licensing Duration</p>	<p>How long does it typically take for a business to be licensed by PACRA?</p>	<p>The respondent indicated that it typically takes 24 hours for a business to be licensed by PACRA.</p>
<p>Taxation</p>	<p>Is taxation effected immediately upon licensing or is there a waiting or probation period before it takes place?</p>	<p>The respondent clarified that taxation is effected upon registration with the Zambia Revenue Authority (ZRA).</p>
<p>Village Banking</p>	<p>Has village banking resulted in an increase in the number of businesses that have been registered under PACRA?</p>	<p>The respondent noted that village banking has not significantly increased the number of businesses registered with PACRA.</p>
<p>Taxation</p>	<p>What taxes are the first to be levied on a business and what percentage are they?</p>	<p>The respondent explained that the first taxes to be levied on a business and their percentage are determined by ZRA and the business, not PACRA.</p>

Due to being unable to directly get information from ZANACO through an interview, the researcher decided to do a readership on the account. The Village Banking Plus Account,

<p>Village Banking</p>	<p>In PACRA’s opinion, has village banking been successful? Please provide reasons for your answer.</p>	<p>The respondent emphasized that PACRA’s mandate is to facilitate business registration, not to measure the success of village banking.</p>
<p>Business Types</p>	<p>How many businesses registered under PACRA are sole proprietorships, partnerships, cooperatives, and other business establishments?</p>	<p>The respondent couldn’t provide specific numbers and suggested that such details could only be given by the registrar.</p>
<p>Business Regulations</p>	<p>Do you think there are policies or restrictions that hinder the estimated progress of such ventures?</p>	<p>The respondent stated that for the success of any business, adherence to financial regulations is necessary.</p>
<p>Registration Process</p>	<p>What do you think can be done to make the business registration and licensing process better?</p>	<p>The respondent believes that the current process flow for business registration is satisfactory as clients are able to register their business online.</p>

<p>PACRA Support</p>	<p>How does PACRA support businesses in their initial stages after registration?</p>	<p>The respondent shared that PACRA supports businesses in their initial stages after registration through training and stakeholder engagements.</p>
<p>Registration Challenges</p>	<p>What are the common challenges businesses face during the registration process?</p>	<p>The respondent pointed out that the registration process is simple and affordable unless clients engage third parties in the process.</p>
<p>Licensing Process</p>	<p>How does PACRA ensure fairness in the business licensing process?</p>	<p>The respondent assured that PACRA ensures fairness in the business licensing process by giving fair attention to every application received.</p>
<p>Taxation</p>	<p>What measures are in place to ensure transparency in the taxation process?</p>	<p>The respondent suggested that ZRA is better placed to provide a response in taxation.</p>

offered by Zambia National Commercial Bank (ZANACO), is a unique banking solution designed for savings groups. It provides security for your funds, minimizing the risks

<p>Dispute Handling</p>	<p>How does PACRA handle disputes related to business licensing and taxation?</p>	<p>The respondent mentioned that PACRA handles disputes related to registration on a case-by-case basis.</p>
<p>Updating Information</p>	<p>What is the process for businesses to update their information with PACRA?</p>	<p>The respondent explained that all past registration requirements are done on prescribed forms and paid for. Each particular update has a form and fee.</p>
<p>Tax Obligations</p>	<p>How does PACRA assist businesses in understanding their tax obligations?</p>	<p>The respondent advised that PACRA advises businesses to register with ZRA after they obtain their PACRA Certificates.</p>
<p>Registration Process</p>	<p>What initiatives has PACRA undertaken to simplify the business registration process?</p>	<p>The respondent stated that PACRA has taken the whole process online, which has simplified the steps and time taken.</p>

associated with transacting with cash at home. The account also allows for saving in multiple currencies, offering flexibility to its users.

<p>Unregistered Businesses</p>	<p>How does PACRA handle unregistered businesses operating in the country?</p>	<p>The respondent revealed that PACRA conducts inspections and compliance awareness and encourages unregistered businesses to register.</p>
<p>Taxation</p>	<p>What is the impact of taxation on the growth of businesses in Zambia?</p>	<p>The respondent recommended contacting ZRA for a response on this.</p>
<p>Collaboration</p>	<p>How does PACRA collaborate with other government agencies in the business licensing and taxation process?</p>	<p>The respondent indicated that PACRA collaborates with other government agencies through stakeholder engagements, trainings, and systems integration for data sharing.</p>
<p>Encouraging Registration</p>	<p>What is PACRA's strategy to encourage more businesses to register?</p>	<p>The respondent emphasized that PACRA encourages more businesses to register by emphasizing that it is a legal requirement for all those doing business or intending to do so.</p>

Business Growth	What is PACRA's long-term vision for business growth in Zambia?	The respondent shared that PACRA's vision is to make the registration process easier and more affordable as they are a customer-centered registry.
Village Banking	What can be done to make village banking better?	The respondent suggested to raise more capital for members, favor conditions for members, and formalize village banking as a business, as most village banking groups are not registered.

One of the attractive features of this account is the interest rate of 4% per annum, and a negotiable interest rate at the end of the cycle. This, coupled with zero account maintenance fees and zero charges on Over the Counter (OTC) transactions, makes the account cost-effective. Fund transfers to any account, including those not held with ZANACO, are also free of charge.

Deposits can be made quickly and conveniently through ZANACO Xpress Agents in addition to branches. Instant fund transfers to member accounts within and outside ZANACO are possible using Internet Banking. The account also provides access to financial literacy training, networking, and mentoring, empowering savings groups with the knowledge and skills necessary to make informed financial decisions.

Opening a Village Banking Plus Account requires TPINs, copies of NRCs, proof of address, and passport-sized photos for all signatories. A minimum of 2 and a maximum of 10 signatories are allowed. Additionally, individual account opening and Internet Banking application forms are required for all signatories. A copy of the group constitution and list of members, along with a signed letter of application detailing the signing arrangements, is also needed.(ZANACO Website-<https://www.zanaco.co.zm/news.php?p=264>)

This information clearly indicates that village banking has the potential not only to create wealth but facilitate licensing and taxation. The account encourages savings and offers an attractive interest rate, which can lead to wealth accumulation over time. The power of collective savings, emphasized by this account, can lead to significant wealth creation for the group as a whole. The account also offers financial literacy training, which can equip users with the knowledge to make informed financial decisions, further contributing to wealth creation.

While the account itself does not directly involve business licensing, it does provide a formal and secure platform for savings groups to manage their funds. This can be particularly beneficial for small businesses within the group that require licensing. Having a formal banking account can enhance their credibility and ease the process of obtaining business licenses.

The account can facilitate the process of taxation. With clear records of transactions and earnings (interest), it becomes easier for individuals and businesses within the group to calculate and pay their taxes. This not only ensures compliance with local and national tax laws but also contributes to the economy.

In conclusion, the identification of the ZANACO Village Banking Plus Account in this research provided evidence of the potential for village banking to be sustainable. The account's features,

such as security, flexibility, and cost-effectiveness, make it a viable long-term solution for savings groups. Moreover, by facilitating wealth creation, easing business licensing, and aiding in taxation, the account shows that village banking can contribute significantly to Zambia's economy while being sustainable as there is a platform that encourages the microfinance initiative to have continuation.

4.2 DATA INTERPRETATION

In the pursuit of understanding the economic implications of village banking in Zambia, a comprehensive research study was conducted. The study aimed to investigate the sustainability of village banking and its role in stimulating economic growth in Zambia. The research focused on how village banking contributes to wealth creation, the initiation of licensed businesses, and taxation.

The research findings revealed that most respondents are part of 1-2 village banking groups and have 3-10 dependents. This suggests that village banking is a strategy employed by individuals with significant familial responsibilities, and they often participate in more than one group to maximize benefits.

Regular attendance at village banking meetings and participation in other income-generating activities indicates that village banking is not a passive activity but requires active involvement. This could be a factor in its success, as it encourages regular financial management and planning.

The primary motivation for joining village banking groups was access to loans and financial management. This underscores the financial challenges faced by the participants and the role of village banking in addressing these needs. The high level of satisfaction and willingness to

recommend village banking to others is a strong endorsement of its perceived benefits and effectiveness.

The frequency of loan-taking and the amount saved through village banking provides a measure of the financial impact of village banking. It suggests that village banking is facilitating access to credit and encouraging savings, both of which are critical for economic empowerment. The support for community development projects by village banking groups indicates that village banking is not just about individual financial gain but also contributes to community development.

Most respondents feel that village banking has significantly improved their financial security and influenced their ability to save money. They generally feel that village banking has had a significant impact on their access to credit. Most rate the level of trust among members as high and are fairly satisfied with the financial education provided.

They believe that village banking is effective in promoting entrepreneurship and has adapted well to changing member needs. Most rate the impact of village banking on poverty reduction in their community as low or fair. Some respondents have noticed that licensed businesses receive more support in the village banking system.

In terms of licensing, the study found that there were more licensed businesses owned by males. This suggests that while village banking is popular among women, there may be barriers that prevent women from formalizing their businesses. This is an area that could benefit from further investigation and intervention.

On the taxation front, the study found that village banking contributes to taxation and revenue generation at various levels. The taxes paid to local council include market levy, rent, handling permits, business levy, fire security, health permit, and workers tax. Other taxes are paid to

Ministry of Lands, traditional leaders, headmen and committees, NAPSA, RTSA. Even though some may be considered traditional forms of taxes, they are compulsory payments to be made.

The study also highlighted several challenges faced by village banking groups. These include lack of resources such as fertilizer especially in harsh economic times which impacted the amount of money they could save or get as loans. The second challenge highlighted was that as grants were helpful, they still were not a sufficient amount. Another challenge was the lack of proper full literacy despite disbursement of such monies which at times led to spending it on other basic needs. Another challenge was lack of formalization. Some said they had faced a challenge of people defaulting and felt there were no laws protecting village banking which made retrieval of money difficult.

In conclusion, the research findings provide a comprehensive understanding of the experiences and perceptions of village banking participants in Zambia. They highlight both the benefits and challenges of village banking and provide valuable insights for enhancing its effectiveness and sustainability. The study indeed fills a significant knowledge gap and contributes to our understanding of the economic implications of village banking in Zambia. The findings also underscore the importance of sustainability in village banking, suggesting that while village banking has potential benefits, addressing the identified challenges is crucial for its long-term viability and its potential to stimulate economic growth.

4.3 DATA ANALYSIS

In the research study on village banking in Zambia, both descriptive and thematic analyses were employed to examine and understand the subject matter.

For the descriptive analysis, Microsoft Excel was utilized as the primary tool for organizing and analyzing the data. This allowed for efficient management and manipulation of data. The

data collected included demographic information, participation details, reasons for joining village banking, satisfaction levels, financial activities, group details, community involvement, perceived benefits, impact on credit access, trust and satisfaction levels, effectiveness and adaptability, impact on poverty reduction, differences in support, and views on scaling and sustainability.

The data was summarized and presented in a straightforward manner, with charts and tables employed to visually represent the data. This enabled easier comprehension and interpretation of the findings. For instance, it was found that most respondents are part of 1-2 village banking groups and have 3-10 dependents, indicating the social and economic context within which village banking operates.

For the thematic analysis, the study gathered data from respondents who answered various instruments or questionnaires. These instruments served as tools to collect information from individuals. The data provided by the respondents was analyzed and examined to gain insights and draw conclusions for the research study. Recurring themes or patterns within the data were identified and interpreted.

For instance, one of the recurring themes was the significant role of village banking in providing access to loans and financial management, which was a primary motivation for many participants to join village banking groups. Another theme was the high level of satisfaction and willingness to recommend village banking to others, indicating its perceived benefits and effectiveness.

The study also highlighted several challenges faced by village banking groups, including lack of resources, lack of proper full literacy, lack of formalisation, and issues with people

defaulting on loans. These challenges point to areas that need to be addressed to enhance the effectiveness and sustainability of village banking.

In terms of licensing and taxation, the study found that there were more licensed businesses owned by males and that village banking contributes to taxation and revenue generation at various levels. These findings provide valuable insights into the economic implications of village banking.

In conclusion, the research findings, interpreted through descriptive and thematic analyses, provide a comprehensive understanding of the experiences and perceptions of village banking participants in Zambia. They highlight both the benefits and challenges of village banking, and provide valuable insights for enhancing its effectiveness and sustainability. The study indeed fills a significant knowledge gap and contributes to our understanding of the economic implications and sustainability of village banking in Zambia.

CHAPTER FIVE

SUMMARY, DISCUSSION, CONCLUSION, RECOMMENDATIONS

5.0 OVERVIEW

This chapter encapsulates the essence of the study, providing a comprehensive overview of the key findings and insights. It begins with a Summary that offers a concise recapitulation of the main points and findings, serving as a snapshot of the study's outcomes. This is followed by a Discussion that delves into the interpretation and implications of these findings, contextualizing the results within the broader academic discourse and drawing comparisons with previous studies in the field. The chapter then concludes with a Conclusion that synthesizes the key insights derived from the study, drawing definitive statements about the

research questions and hypotheses, reflecting on the limitations of the study, and assessing the extent to which the objectives were achieved. The chapter ends with Recommendations that propose future directions for research and practical applications of the findings, suggesting strategies for implementation and identifying potential areas for further exploration. The chapter aims to provide a clear and thorough understanding of the research journey and its outcomes.

5.1 SUMMARY

The research study embarked on an exploration of the sustainability of village banking and its contribution to economic growth in Lusaka, Zambia. Initially, the study introduced the concept of village banking, presented the problem statement, outlined the objectives, and discussed the significance of the study. The scope was defined, and potential limitations were acknowledged.

Transitioning into a review of existing literature, the study delved into village banking from global, regional, and local perspectives. It incorporated studies that explored the impact of village banking on various aspects of economic and social life in Zambia, ranging from the implementation process of microfinance to the role of village banking in poverty reduction, financial inclusion, wealth creation, licensing, and taxation.

Following the literature review, the research methodology was outlined. The study engaged a total of 34 participants, exceeding the original sample size of 30, and data was collected through various means including questionnaires, interviews, focus group discussions, observations, and secondary data. The data was then analysed using descriptive and thematic analysis methods.

The findings of the study were illuminating. Village banking emerged as a popular financial strategy among individuals with significant familial responsibilities. However, it was not without its challenges, including lack of resources, lack of proper full literacy, lack of

formalisation, and issues with people defaulting on loans. In terms of licensing, more licensed businesses were owned by males, suggesting potential barriers for women in formalising their businesses. On the taxation front, village banking was found to contribute to taxation and revenue generation at various levels.

To sum up, the research provides a thorough understanding of the experiences and perceptions of participants in village banking in Zambia. It underscores both the advantages and challenges of village banking, offering valuable insights for enhancing its effectiveness and sustainability. The study fills a significant knowledge gap and contributes to our understanding of the economic implications and sustainability of village banking in Zambia. The findings suggest that while village banking has potential benefits, addressing the identified challenges is crucial for its long-term viability and its potential to stimulate economic growth. This aligns with Rostow's theory, which emphasizes the importance of organized banking and access to credit in economic development. The findings suggest that village banking could play a significant role in this process, provided that the identified challenges are addressed.

5.2 DISCUSSION

The research study on village banking in Zambia has yielded significant findings that align well with the title and specific research objectives. The study aimed to investigate the sustainability of village banking and its role in stimulating economic growth in Zambia, focusing on wealth creation, the initiation of licensed businesses, and taxation. The findings have adequately addressed these areas, providing a comprehensive understanding of the experiences and perceptions of village banking participants in Zambia.

The study's findings align with the economic development theory of Walt Whitman Rostow, particularly his five stages of economic growth. Rostow's theory posits that societies move

from traditional societies, where output is limited by labor availability and technology, through a series of stages to reach a high mass consumption society. Village banking, as revealed in the study, appears to be a mechanism that helps individuals and communities transition from traditional societies to “pre-conditions for take-off” and “take-off” stages, where organized banking and access to credit become crucial for economic growth.

The research also identified several challenges faced by village banking groups, including lack of resources, lack of proper full literacy, lack of formalization, and issues with people defaulting on loans. These challenges point to areas that need to be addressed to enhance the effectiveness and sustainability of village banking, aligning with the research objectives and addressing the identified gaps in the literature.

The study’s findings also present principles and relationships that are consistent with existing literature. For instance, the principle of trust among members and the relationship between access to credit and economic empowerment are well-documented aspects of microfinance and community banking literature. The study’s findings reinforce these principles and relationships, adding to the body of knowledge on village banking and its role in economic development.

However, the study also points out exceptions and lack of correlation. For instance, while village banking is popular among women, the study found that there were more licensed businesses owned by males. This suggests a lack of correlation between participation in village banking and business formalization, particularly among women. This finding is an exception to the general trend in microfinance literature, which often highlights the role of such initiatives in empowering women economically.

Relating theory to practical implications, the study's findings suggest that while village banking has potential benefits, addressing the identified challenges is crucial for its long-term viability and its potential to stimulate economic growth and enhancing the effectiveness of sustainability. This aligns with Rostow's theory, which emphasizes the importance of organized banking and access to credit in economic development. The findings suggest that village banking could play a significant role in this process, provided that the identified challenges are addressed.

Also, the research findings also provide insights into the taxation aspect of village banking. The study found that village banking contributes to taxation and revenue generation at various levels. The taxes paid to local council and ZRA include market levy, rent, handling permits, business levy, fire security, health permit, and workers tax. Other taxes are paid to Ministry of Lands, traditional leaders, headmen and committees, NAPSA, RTSA. These findings suggest that village banking is not just about individual financial gain but also contributes to the national economy.

However, the study also highlighted several challenges faced by village banking groups. These include lack of resources, lack of proper full literacy, lack of formalization, and issues with people defaulting on loans. These challenges point to areas that need to be addressed to enhance the effectiveness and sustainability of village banking.

In conclusion, the research findings provide a comprehensive understanding of the experiences and perceptions of village banking participants in Zambia. They highlight both the benefits and challenges of village banking and provide valuable insights for enhancing its effectiveness and sustainability. The study indeed fills a significant knowledge gap and contributes to our understanding of the economic implications and sustainability of village banking in Zambia. The findings also underscore the importance of sustainability in village banking, suggesting

that while village banking has potential benefits, addressing the identified challenges is crucial for its long-term viability and its potential to stimulate economic growth.

5.3 CONCLUSION

In wrapping up the research on village banking in Zambia, it's clear that this financial strategy holds a significant place in the lives of many individuals, particularly those with substantial familial obligations. Village banking serves as a lifeline, providing access to loans and financial management skills, which are key motivators for joining these groups.

However, the journey is not without its hurdles. The study brought to light several obstacles that village banking groups face, including resource scarcity, literacy issues, lack of formalisation, and loan defaulters. These challenges underscore the need for strategic interventions to bolster the effectiveness and longevity of village banking.

On the licensing front, the research unveiled a gender disparity, with more licensed businesses being owned by males. This finding suggests potential barriers that may hinder women from formalising their businesses, an area that warrants further exploration and intervention.

In terms of taxation, village banking emerged as a contributor to taxation and revenue generation at multiple levels. This finding underscores the role of village banking beyond individual financial gain, extending its impact to the national economy.

These findings offer a comprehensive understanding of the role and impact of village banking in Zambia's economic development. They align with Rostow's theory of economic growth, particularly the stages of "pre-conditions for take-off" and "take-off", where organised banking and access to credit become pivotal for economic growth.

In conclusion, the research findings paint a detailed picture of the experiences and perceptions of village banking participants in Zambia. They highlight both the advantages and challenges of village banking, offering valuable insights for enhancing its effectiveness and sustainability. The study fills a significant knowledge gap and contributes to our understanding of the economic implications and sustainability of village banking in Zambia. The findings suggest that while village banking has potential benefits, addressing the identified challenges is crucial for its long-term viability and its potential to stimulate economic growth. This aligns with Rostow's theory, which emphasises the importance of organised banking and access to credit in economic development. The findings suggest that village banking could play a significant role in this process, provided that the identified challenges are addressed.

5.4 RECOMMENDATIONS

To foster an environment where village banking can flourish and contribute to both local and national economic growth, further research and action are necessary. This will ensure that village banking remains a significant player in economic development. It's also crucial for the sustainability of these banking initiatives. Here are some recommendations to consider.

- There is a need for robust security measures in village banking systems, similar to commercial banks, especially when dealing with defaulters.
- Village banking groups should be allowed to formalize themselves as business structures, which could encourage more participants.
- The government should consider providing larger grants and incentives to farmers, including resources such as fertilizers and the creation of boreholes.
- Financial literacy training and skills development are crucial for individuals to make informed decisions about their finances and manage successful businesses.

- The government should simplify the tax payment process, provide clear guidelines to help businesses understand their tax obligations, and invest in infrastructure using the revenue from taxes.

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APPENDICES

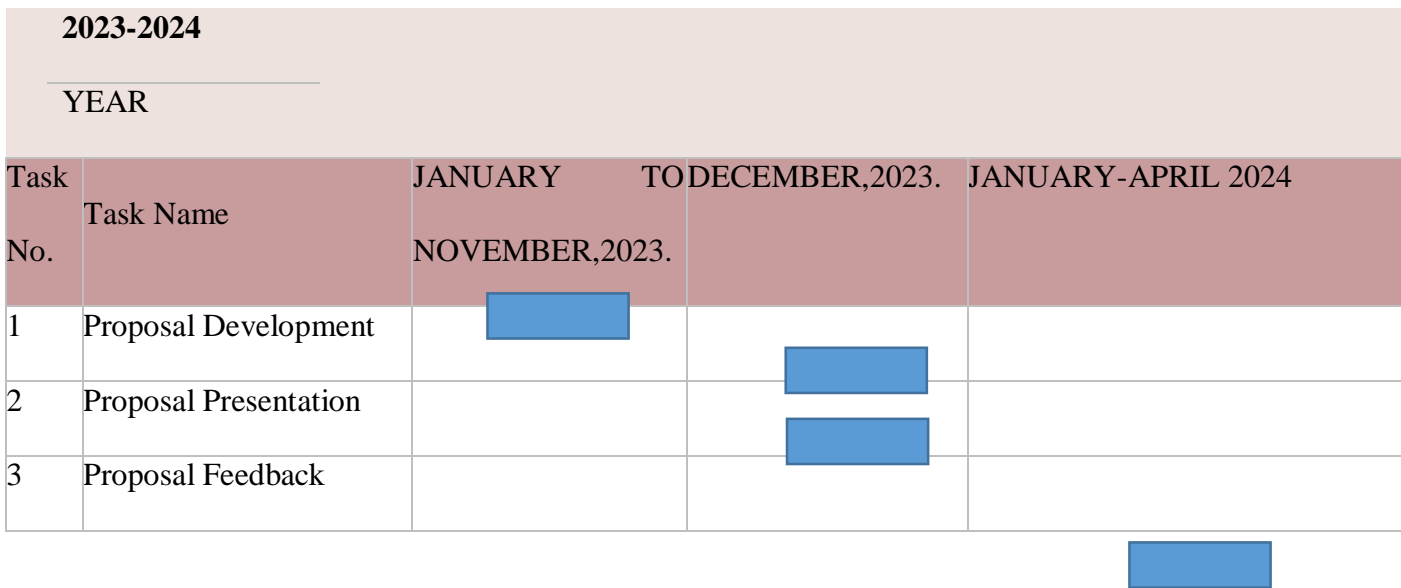
I. BUDGET PROPOSAL





NAME OF ITEM	PRICE/AMOUNT(ZMK)
Stationery	1,000
Telephone or Internet Costs	500
Travel Expense	800
Consultation Fee	1,500
Miscellaneous Expenses	2,000

TOTAL	5,800
--------------	--------------

Table 5: Budget for Entire Research

II. GANTT CHART



4	Identification of Participants, Send Invitations/consultations and Data Collection			
5	Data Analysis			
6	Report Writing			
7	Dissertation writing finalization			
8	Disserarion presentation			

III. MAPS

A) CHONGWE

Chongwe is located east of the city of Lusaka. It is a rural district with a mix of agricultural and residential areas. It is known for its natural beauty, wildlife and houses an airport. Chongwe residents are heavy on agriculture, including crop farming and livestock rearing. It is also home to the Chongwe River and Lower Zambezi National Park.

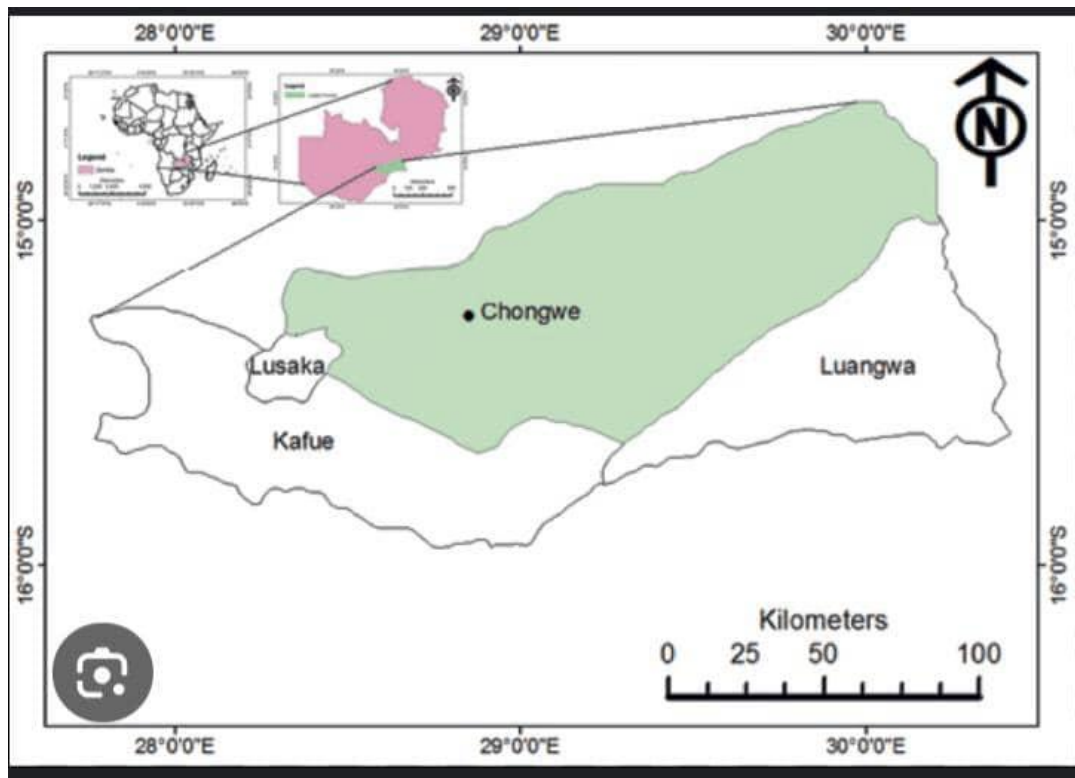


Figure 9: Map of Chongwe

Source: Google Images

B) CHILENJE

Chilenje is a suburb located in Lusaka district. It is a residential area with a mix of housing types. It is home to schools, shops and healthcare facilities, close to amenities and public transport. It is known for its vibrant community and cultural events.

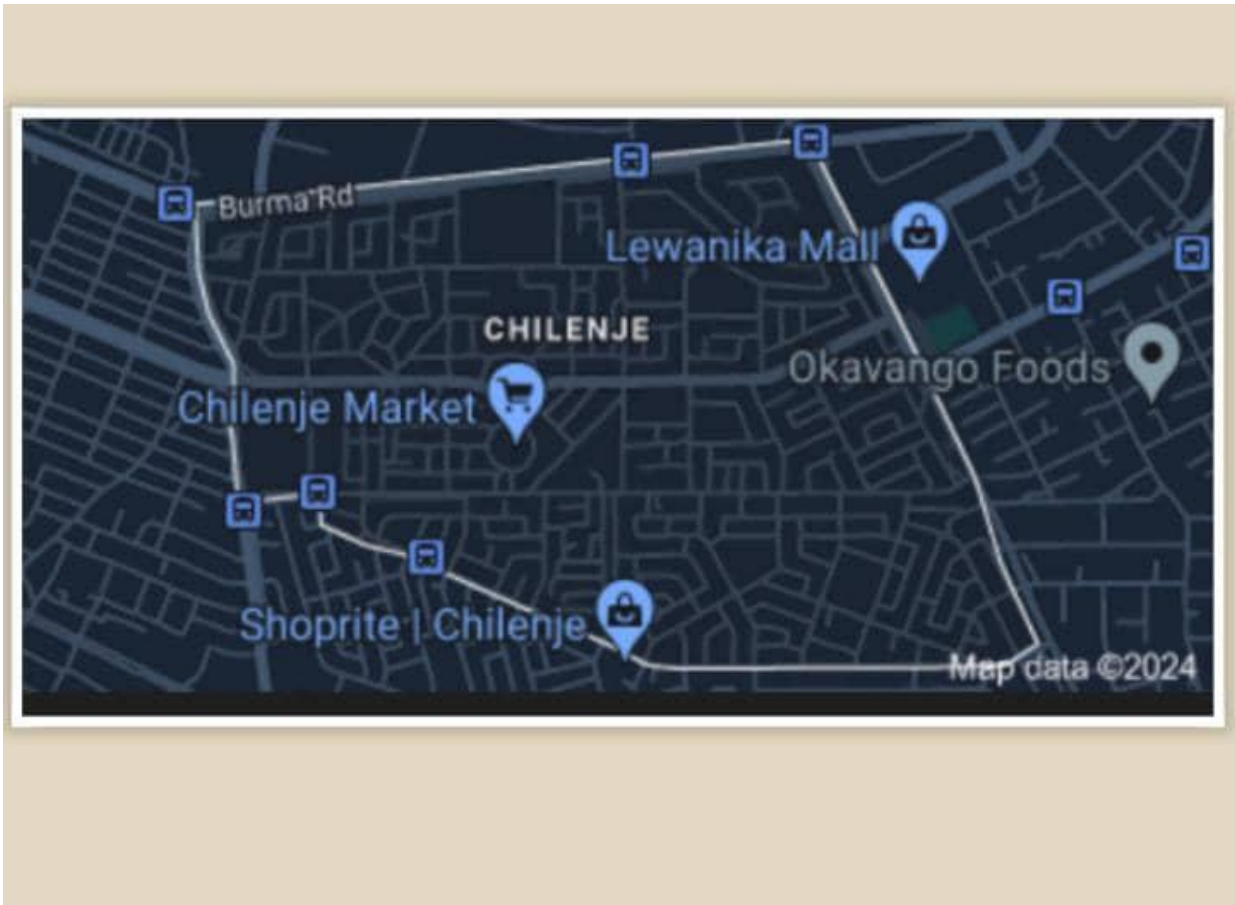


Figure 10: Map of Chilenje

Source: Google Images

C) KAMWALA

Kamwala is a commercial and residential area in Lusaka. It has a bustling marketplace with various diverse shops and vendors. It is known for its vibrant street life and diverse population. It is a hub for small businesses and informal and formal trade. It is located near central Lusaka with good transportation links.

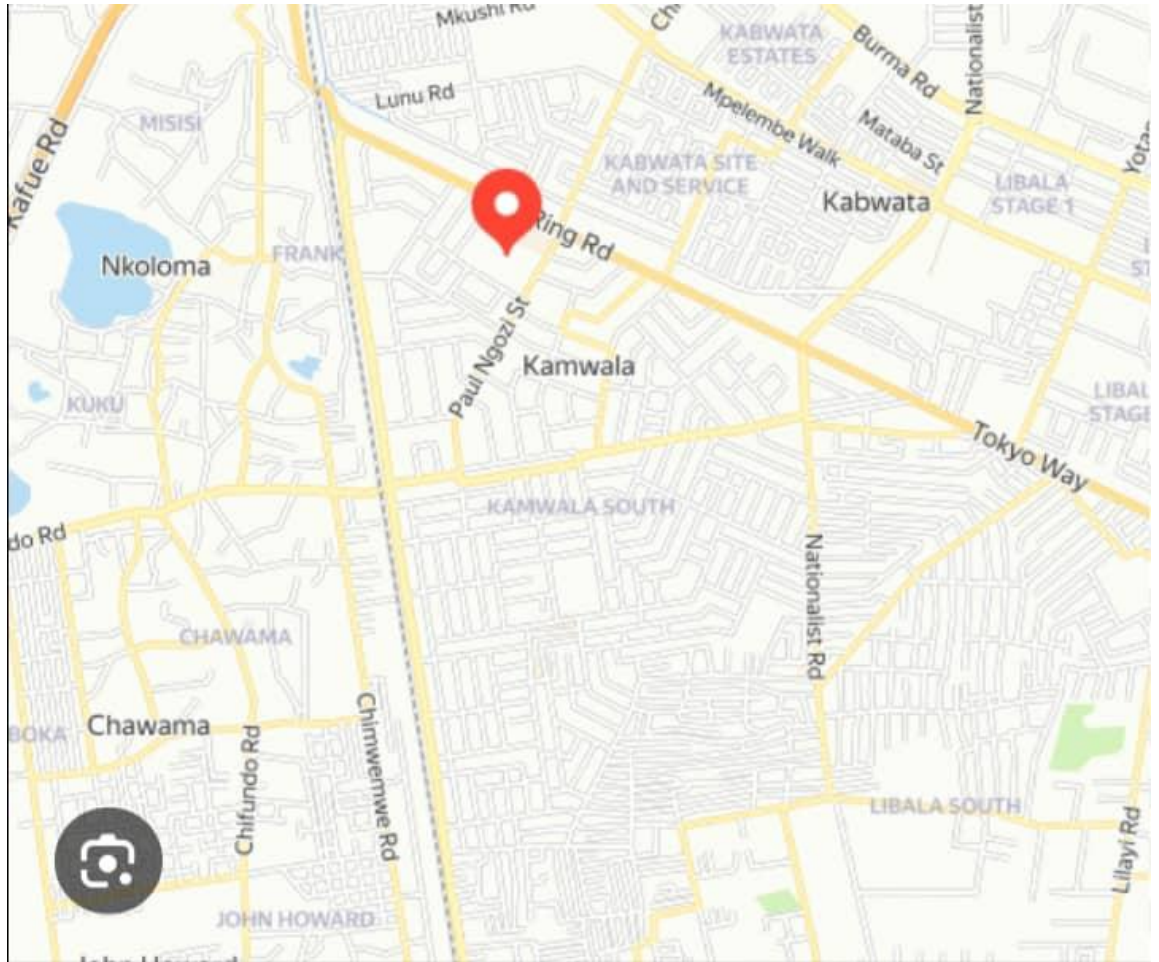


Figure 11: Map of Kamwala

Source: Google Images

D) LUSAKA

Lusaka Province is situated in the central part of Zambia with Lusaka being its capital city. It is an economic and administrative hub of the country. It has diverse economic activities including trade, services and agriculture. It is also home to government institutions, businesses and educational facilities.



Figure 12: Map of Lusaka

Source: Google Images

IV. INSTRUMENTS FOR DATA COLLECTION(QUESTIONNAIRES)

A) INDIVIDUAL/MORE RESPONDENTS (VILLAGE BANKING MEMBERS)



**THE UNIVERSITY OF ZAMBIA AND ZIMBABWE OPEN UNIVERSITY
POSTGRADUATE PROGRAMME. INSTITUTE OF DISTANCE EDUCATION**

My name is Mubanga Praxedes and I am student currently pursuing a Master's in Business Administration at The University of Zambia in collaboration with Zimbabwe Open University. I am conducting a research titled: Investigating the Long-Term Sustainability and Economic Contributions of Village Banking in Zambia.

You have been selected as a respondent and therefore, kindly requested to take part in this study and I will be asking sensitive questions and you are free to decline or stop participating at any time.

This is purely an academic research and you are therefore assured of maximum confidentiality of the information you will provide. Hence there is no need for you to indicate your name. Your responses will strictly be used for academic purposes.

Please answer all questions honestly and to the best of your ability. Your responses will remain confidential and will only be used for research purposes. Thank you for your participation

PERSONAL QUESTIONS

1. Please provide your age.
2. Please specify your gender.
3. What is your highest level of education?
4. Are you currently employed? (Yes/No)

VILLAGE BANKING OPERATIONS AND SUSTAINABILITY QUESTIONS

Multiple Questions: Please circle your answer.

Question Number	Question	Options
5	What is your monthly income range?	a. Less than 500 ZMW b. 500-1,000 ZMW c. 1,000-2,000 ZMW d. More than 2,000 ZMW
8	How often do you attend village banking meetings?	a. Weekly b. Monthly c. Occasionally d. Rarely

Question Number	Question	Options
10	How often do you participate in income-generating activities other than your primary occupation?	a. Daily b. Weekly c. Monthly d. Rarely
11	What is the primary reason for joining the village banking group?	a. Access to loans b. Savings and financial management c. Social interaction and support d. Other (please specify)
14	How many times have you taken loans through village banking in the past year?	a. 0 b. 1-2 c. 3-4 d. 5 or more
15	How much money, on average, do you save with village banking per month?	a. Less than 100 ZMW b. 100-500 ZMW c. 501-1000 ZMW d. More than 1000 ZMW

Question Number	Question	Options
16	How many members are currently part of your village banking group?	a. Less than 10 b. 10-20 c. 21-30 d. More than 30
17	How many years have you been a member of village banking?	a. Less than 1 year b. 1-2 years c. 3-5 years d. More than 5 years
18	On average, how many community development projects or initiatives does village banking support annually?	a. None b. 1-2 c. 3-5 d. More than 5
19	Do you feel that village banking has improved your financial security?	a. Yes, significantly b. Yes, to some extent c. No, not really d. Not sure

Ratings Questions: Please rate on a scale of 1 to 5 (1 being the lowest, 5 being the highest).

Question Number	Question
20	Village banking has influenced my ability to save money.
21	Village banking has impacted my access to credit.
22	Village banking has improved my financial security.
23	The level of trust and cooperation among village banking members is high.
24	I am satisfied with the financial education and training provided by village banking.
25	Village banking is effective in promoting entrepreneurship and business development.
26	Village banking has adapted well to the changing needs and demands of its members.
27	The overall impact of village banking on poverty reduction in my community is high.

Question Number	Question
28	I am satisfied with the level of financial inclusion provided by village banking.
29	Village banking is effective in promoting community development.
30	Village banking has contributed well to the overall well-being of community members.
31	I am satisfied with the level of support and guidance provided by village banking leaders.
32	I am likely to continue my participation in village banking in the long term.

General Questions

33. How has village banking helped your community grow? _____

34. Can you tell us a success story about a business that grew because of village banking?

35. How has village banking helped start new businesses in your community?

36. What problems have you seen that might make village banking hard to keep going?

37. How do you think village banking can help our country's economy? _____

38. What should the government or other groups do to help village banking?

39. How has village banking brought your community closer together? _____

40. What changes would make village banking better in your community?

41. Have you seen any differences between businesses that have a license and those that don't in the village banking system? If yes, please explain. _____

42. How can we make village banking bigger so it helps more communities?

43. How well do you think village banking helps include everyone?

a) Very well

b) Somewhat well

c) Not sure

d) Not well

44. What do you think is most important for village banking to last a long time? (Choose all that apply)

a) Easy to get credit

b) Learning about finance

c) Good leadership and management

d) Supportive rules and regulations

e) Trust among members

45. Why do businesses join village banking? (Choose one)

- a) To get money for growing their business
- b) To save and manage their money
- c) To meet and support each other
- d) Other (please specify)

46. How happy are you with how much the government supports village banking?

- a) Very happy
- b) Somewhat happy
- c) Not sure
- d) Not happy

47. Are you a member of a business that has a PACRA Zambia license because of village banking? (Yes/No)

48. If yes, how many? _____

49. How many years has your business been running? _____

50. Has your business made more money since joining village banking? (Yes/No)

51. Are you paying any taxes? If yes, list them. _____

52. How many people work for your business on average? _____

53. How would you rate your knowledge of finance? (1 is low and 5 is high)

54. How often do you use formal banking services for your business?

- a) Every day
- b) Every week
- c) Every month
- d) Rarely

55. How would you rate the help and guidance from PACRA Zambia for getting a license and growing your business? (1 is low and 5 is high)

56. What kind of business do you have?

- a) Farming
- b) Making things
- c) Selling/Buying things
- d) Services
- e) Building things
- f) Other (please specify)

57. What is the legal structure of your business?

- a) Sole proprietorship
- b) Partnership
- c) Limited Liability Company (LLC)
- d) Corporation
- e) Cooperative
- f) Other (please specify).....

Licence number(s):.....

58. Do you pay any local or national taxes? If yes, kindly list them. _____

59. Are you currently looking for money to grow your business? (Yes/No)

60. Do you think there should be any government grants or funding programs and policies to help your business grow? (Yes/No)

Give a reason for your answer:

.....

.....

.....

61. What do you think can be done to make village banking better?.....

.....

.....

B) PACRA

QUESTIONNAIRE

1. What are the steps that one needs to take to register a business with PACRA?

2. What are the minimum requirements for registering a business with PACRA?

3. How long does it typically take for a business to be licensed by PACRA?

4. Is taxation effected immediately upon licensing or is there a waiting or probation period before it takes place?

5. Has village banking resulted in an increase in the number of businesses that have been registered under PACRA?

6. Is it acceptable to access the PACRA database to verify some numbers to prove this?

7. What taxes are the first to be levied on a business and what percentage are they?

8. In PACRA's opinion, has village banking been successful? Please provide reasons for your answer.

9. How many businesses registered under PACRA are sole proprietorships, partnerships, cooperatives, and other business establishments?

10. Do you think there are policies or restrictions that hinder the estimated progress of such ventures?

11. What do you think can be done to make the business registration and licensing process better?

12. How does PACRA support businesses in their initial stages after registration?

13. What are the common challenges businesses face during the registration process?

14. How does PACRA ensure fairness in the business licensing process?

15. What measures are in place to ensure transparency in the taxation process?

16. How does PACRA handle disputes related to business licensing and taxation?

17. What is the process for businesses to update their information with PACRA?

18. How does PACRA assist businesses in understanding their tax obligations?

19. What initiatives has PACRA undertaken to simplify the business registration process?

20. How does PACRA handle unregistered businesses operating in the country?

21. What is the impact of taxation on the growth of businesses in Zambia?

22. How does PACRA collaborate with other government agencies in the business licensing and taxation process?

23. What is PACRA's strategy to encourage more businesses to register?

24. What is PACRA's long-term vision for business growth in Zambia?

25. What can be done to make village banking better?

C) ZANACO

QUESTIONNAIRE

1. Can you provide a brief overview of the ZANACO Village Plus account?

- _____
- _____
- _____
- _____

2. When was the ZANACO Village Plus account established?

- _____
- _____
- _____
- _____

3. What was the primary reason for establishing the ZANACO Village Plus account and what are some of the minimum requirements for this account?

- _____
- _____
- _____
- _____

4. As of the most recent data, how many customers are currently using the ZANACO Village Plus account?

- _____
- _____
- _____

○ _____

5. What is the most common age group among the users of the ZANACO Village Plus account?

○ _____

○ _____

○ _____

○ _____

6. Is there a gender predominance among the users of the ZANACO Village Plus account?

○ _____

○ _____

○ _____

○ _____

7. Who are the main target customers for the ZANACO Village Plus account?

○ _____

○ _____

○ _____

○ _____

8. How many ZANACO Village Plus accounts are registered under sole proprietorships?

○ _____

○ _____

○ _____

○ _____

9. How many ZANACO Village Plus accounts are registered under partnerships?

○ _____

○ _____

- _____
- _____

10. How many ZANACO Village Plus accounts are registered under cooperatives?

- _____
- _____
- _____
- _____

11. How many ZANACO Village Plus accounts are registered under other business establishments?

- _____
- _____
- _____
- _____

12. Are there any taxes associated with this account?if yes,list some.....

- _____
- _____
- _____
- _____

13. In your opinion, is the ZANACO Village Plus account achieving its original purpose?

- _____
- _____
- _____
- _____

14. What are the key benefits for customers using the ZANACO Village Plus account?

- _____

- _____
- _____
- _____

15. Are there any policies or restrictions that may hinder the progress of the ZANACO Village Plus account?

- _____
- _____
- _____
- _____

16. What improvements can be made to enhance the ZANACO Village Plus account?

- _____
- _____
- _____
- _____

17. How does the ZANACO Village Plus account compare to similar products in the market?

- _____
- _____
- _____
- _____

18. What measures are in place to ensure the security of the ZANACO Village Plus account?

- _____
- _____
- _____

○ _____

19. How does the ZANACO Village Plus account contribute to the overall growth of ZANACO, its customers and the nation?

○ _____

○ _____

○ _____

○ _____

20. What feedback have you received from customers about the ZANACO Village Plus account?

○ _____

○ _____

○ _____

○ _____

21. How do you address customer complaints or concerns about the ZANACO Village Plus account?

○ _____

○ _____

○ _____

○ _____

22. What is the process for opening a ZANACO Village Plus account?

○ _____

○ _____

○ _____

○ _____

23. Are there any plans to expand or modify the ZANACO Village Plus account in the future?

- _____
- _____
- _____
- _____

24. How does the ZANACO Village Plus account align with ZANACO's mission and vision?

- _____
- _____
- _____
- _____

25. What is the average transaction volume for the ZANACO Village Plus account?

- _____
- _____
- _____
- _____

26. How do you ensure the accessibility of the ZANACO Village Plus account to all potential customers?

- _____
- _____
- _____
- _____

27. What is the impact of the ZANACO Village Plus account on ZANACO's market share?

- _____

- _____
- _____
- _____

28. How do you promote the ZANACO Village Plus account to potential customers?

- _____
- _____
- _____
- _____

29. What challenges have you encountered in managing the ZANACO Village Plus account?

- _____
- _____
- _____
- _____

30. How do you measure the success of the ZANACO Village Plus account?

- _____
- _____
- _____
- _____

31. What is your long-term strategy for the ZANACO Village Plus account?

- _____

32. What do you think can be done to make village banking sustainable?

- _____

- _____
- _____
- _____



THE UNIVERSITY OF ZAMBIA
DIRECTORATE OF RESEARCH AND GRADUATE STUDIES

Great East Road Campus | P.O. Box 32379 | Lusaka10101 | Tel: +260-211-290 258/291 777 Fax: (+260)-211-290 258/253 952 | E-mail: director.drgrs@unza.zm | Website: www.unza.zm

APPROVAL OF STUDY

IORG No. 0005376
HSSREC IRB No. 00006464
REF NO. HSSREC-2024-FEB-012

6th March, 2024

Ms. Praxedes Mubanga
The University of Zambia,
P.O. Box 32379
LUSAKA

Dear Ms. Mubanga

RE: "INVESTIGATING THE LONG-TERM SUSTAINABILITY AND ECONOMIC CONTRIBUTIONS OF VILLAGE BANKING IN ZAMBIA: A CASE STUDY IN THREE SELECTED AREAS IN LUSAKA."

Reference is made to your submission of the protocol captioned above. The HSSREC resolved to approve this study and your participation as Principal Investigator for a period of one year.

REVIEW TYPE	ORDINARY REVIEW	APPROVAL NO. HSSREC:- 2024 - FEB - 012
Approval and Expiry Date	Approval Date: 6 th Mar, 2024	Expiry Date: 5 th Mar, 2025
Protocol Version and Date	Version - Nil.	5 th Mar, 2025
Information Sheet, Consent Forms and Dates	<input type="checkbox"/> English.	To be provided
Consent form ID and Date	Version - Nil	To be provided
Recruitment Materials	Nil	Nil
Other Study Documents	Questionnaire.	
Number of Participants Approved for Study		

Specific conditions will apply to this approval. As Principal Investigator it is your responsibility to ensure that the contents of this letter are adhered to. If these are not adhered to, the approval may be suspended. Should the study be suspended, study sponsors and other regulatory authorities will be informed.

CONDITIONS OF APPROVAL

- No participant may be involved in any study procedure prior to the study approval or after the expiration date.
- All unanticipated or Serious Adverse Events (SAEs) must be reported to HSSREC within 5 days.
- All protocol modifications must be approved by HSSREC prior to implementation unless they are intended to reduce risk (but must still be reported for approval). Modifications will include any change of investigator/s or site address.
- All protocol deviations must be reported to HSSREC within 5 working days.
- All recruitment materials must be approved by HSSREC prior to being used.
- Principal investigators are responsible for initiating Continuing Review proceedings. HSSREC will only approve a study for a period of 12 months.
- It is the responsibility of the PI to renew his/her ethics approval through a renewal application to HSSREC.
- Where the PI desires to extend the study after expiry of the study period, documents for study extension must be received by HSSREC at least 30 days before the expiry date. This is for the purpose of facilitating the review process. Documents received within 30 days after expiry will be labelled “late submissions” and will incur a penalty fee of K500.00. No study shall be renewed whose documents are submitted for renewal 30 days after expiry of the certificate.
- Every 6 (six) months a progress report form supplied by The University of Zambia Humanities and Social Sciences Research Ethics Committee as an IRB must be filled in and submitted to us. There is a penalty of K500.00 for failure to submit the report.
- When closing a project, the PI is responsible for notifying, in writing or using the Research Ethics and Management Online (REMO), both HSSREC and the National Health Research Authority (NHRA) when ethics certification is no longer required for a project.
- In order to close an approved study, a Closing Report must be submitted in writing or through the REMO system. A Closing Report should be filed when data collection has ended and the study team will no longer be using human participants or animals or secondary data or have any direct or indirect contact with the research participants or animals for the study.
- Filing a closing report (rather than just letting your approval lapse) is important as it assists HSSREC in efficiently tracking and reporting on projects. Note that some funding agencies and sponsors require a notice of closure from the IRB which had approved the study and can only be generated after the Closing Report has been filed.

- A reprint of this letter shall be done at a fee.
- All protocol modifications must be approved by HSSREC by way of an application for an amendment prior to implementation unless they are intended to reduce risk (but must still be reported for approval). Modifications will include any change of investigator/s or site address or methodology and methods. Many modifications entail minimal risk adjustments to a protocol and/or consent form and can be made on an Expedited basis (via the IRB Chair). Some examples are: format changes, correcting spelling errors, adding key personnel, minor changes to questionnaires, recruiting and changes, and so forth. Other, more substantive changes, especially those that may alter the risk-benefit ratio, may require Full Board review. In all cases, except where noted above regarding subject safety, any changes to any protocol document or procedure must first be approved by HSSREC before they can be implemented.

Should you have any questions regarding anything indicated in this letter, please do not hesitate to get in touch with us at the above indicated address.

On behalf of HSSREC, we would like to wish you all the success as you carry out your study.

Yours faithfully,



Dr. J. I. Ziwa

DR. J. I. Ziwa

**CHAIRPERSON
THE UNIVERSITY OF ZAMBIA HUMANITIES AND
SOCIAL SCIENCES RESEARCH ETHICS COMMITTEE - IRB**

CC: Director, Directorate of Research and Graduate Studies
Assistant Director (Research), Directorate of Research and Graduate Studies
Assistant Registrar (Research), Directorate of Research and Graduate Studies