

**THE ROLE OF AGENCY BANKING IN ENHANCING FINANCIAL INCLUSION:A  
CASE STUDY OF MUKONO DISTRICT**

**RAYMOND LHWANZO**

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**UGANDA CHRISTIAN  
UNIVERSITY**

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**DECLARATION**

I **LHWANZO RAYMOND** declare that this is my original work and to the best of my knowledge, it has never been submitted to any University or institution for a degree award.

Signed ..... **Date** .....

**LHWANZO RAYMOND**

**J22B33/065**

## APPROVAL

I hereby certify that this academic research was conducted under my supervision as the academic supervisor, and has been reviewed and approved.

**NAME:** Ms. Akinyi Lorraine

**SIGNATURE:** 

**DATE:** 09/09/2024

## **ACKNOWLEDGMENT**

I acknowledge that I owe my success to God Almighty, whose mercy and kindness helped me to complete this study and the entire work.

I would like to thank my supervisor Mrs. Lorraine Akinyi for her encouragement and guidance in writing the five chapters of this research paper. I would especially like to thank my family and friends for their support and encouragement.

I would also like to thank my dear parents for their cooperation; Mr. and Mrs. Lawrence Muhindo Charity Nduhukire and my family provided support, collaboration and friendship while I completed my Bachelor of Business Administration and Finance.

## **DEDICATION**

I would like to write this research report to thank my family, relatives, friends and relatives for the love, care and support they have shown throughout my school journey and may God bless you all during this research writing process.

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## ABSTRACT

This study examines the role of agency banking in enhancing financial inclusion in Uganda, with a focus on Equity and Stanbic Banks in Mukono Municipality. The specific objectives were to assess the impact of agency banking in terms of accessibility, affordability, and service usage on financial inclusion.

A descriptive research design was adopted, and a sample of 32 respondents, including bank managers, agents, employees, and supervisors, was selected using Krejcie and Morgan's sampling method. A pilot study was conducted to ensure the reliability and validity of the research instruments.

The findings indicated that agency banking significantly improves financial inclusion by increasing access to banking services, particularly in rural areas, through the reduction of physical barriers and the provision of services in local languages. Affordability, characterized by reasonable transaction fees and favorable lending policies, also played a key role in boosting customer participation. However, challenges such as liquidity constraints at agent locations and some physical obstacles remained unaddressed.

In conclusion, agency banking has positively contributed to financial inclusion in Uganda, but ongoing efforts are required to resolve the existing challenges and further enhance the accessibility and effectiveness of agency banking services

## CHAPTER ONE: BACKGROUND AND INTRODUCTION

### 1.1 INTRODUCTION

This section contains the background of study, problem statement, objectives of study, scope of study and a conceptual framework.

### 1.2 Background of the Study

“Financial inclusion pertains to: the extent to which people, households or groups can access a wide range of responsible, affordable, and reasonably convenient formal financial services. In the absence of this same access, individuals are usually referred to as financially exclude” (Mbugua and Ndegwa 2015). People that are financially excluded might not be able to access affordable credit, and are financially at risk of not having home insurance, struggle to budget and manage money or plan for the unexpected, and not know how to make the most of their money (Ndegwa, 2015). Akighir et al. (2022) defined financial inclusion to mean the provision of a full suite of quality financial services at affordable prices to all segments of society including the vulnerable and low-income groups.

Financial inclusion encompassed various dimensions, such as access to banking, credit, insurance, and other financial services. Despite the significance of this issue, considerable efforts were still required to integrate more Ugandans into the financial system. In line with this, Fin-Access reported in 2023 that the majority of those included were aged 16 and above. Data from the World Bank indicated that as of 2014, 47% of Ugandans maintained an account and saved with a formal financial institution (World Bank, 2024). Alarmingly, up to 60% of adult Ugandans still stored their savings at home. Furthermore, historical data suggested that while the number of account holders might have been increasing, actual usage remained low, with a significant portion of new accounts remaining inactive (Stefan, G., 2022).

Agency banking held significant promise for enhancing competitive markets and fostering socio-economic development (Nyagadza, 2019). The underlying framework suggested that improved access to financial services could lead to economic growth and empowerment, playing a crucial role in alleviating poverty. Substantial empirical

evidence indicated that agency banking positively influenced financial inclusion (Akighir et al., 2022). In a global context, Latin America stood out as a leading example of agency banking, with Brazil at the forefront. In the early 2000s, Brazil established a comprehensive network of bank agents that reached over 99% of its municipalities (Nabatanzi, 2021). Following Brazil's lead, other Latin American countries began adopting the agency banking model, including Peru in 2005, Colombia in 2006, Ecuador in 2008, and Mexico and Venezuela in 2009 (Ndegwa, 2017).

In Africa and Asia continents, countries that have utilized the agency banking model to expand financial services include Pakistan, Philippines, Kenya, South Africa, Uganda, and India. Agency banking was implemented in South Africa in 2005 after the amendment of Bank Act enabling banks to contract non-bank third parties to collect deposits, money due to the bank or applications for loans or advances, or to make payments to such clients on banks' behalf (South African reserve bank, 2017). The agency banking system was introduced in Nigeria in 2013 following the enactment of the regulations by the central bank of Nigeria to guide the implementation of agency bank systems in Nigeria as a way of increasing financial inclusion and delivering banking services in a cost-effective manner (The national treasury report, 2012)

In east Africa, Kenya are the pioneers adopting this strategy from Latin Americas, according to (Mbugua and Ndegwa). In 2010 the central bank of Kenya adopted it, following laws passed in 2009. Agency banking has played a crucial role in promoting financial inclusion amongst Kenyans by make it easier to access, affordable and convenient to access financial services (Mbugua,2015)

Vision 2040, aims to bring more Ugandans under financial inclusion. In pursuit of this strategy, the parliament passed an amendment to the financial institutions act in 2016, to enhance financial inclusion came up with agent banking guidelines as a means of addressing financial inclusion and enabling more Ugandans to access banking services. A retail or postal outlet partnered with a financial institution or mobile network operator to process banking transactions for clients on their behalf is known as a banking agent. Instead of a branch teller, it is agent at the designated retail outlet who conducts the transaction and lets clients deposit, withdraw, and transfer funds, pay

their bills, inquire about account balances, or directly deposit from their employer. Other businesses like retail shops, mobile money agents, petrol stations, sole proprietorships, electronic shops, and many others of this nature may all act as banking agents. Through this model of banking, Ugandans can have access to financial services from agents selected by banks, with an expansion beyond conventional banking settings.

The Uganda Bankers Association has agreed to form a joint venture through its umbrella (Uganda Bankers Association) in support of the 2016 Bankers Association. Amendments to the Act under the Financial Services Act 2004 allow banks to hire intermediaries to provide financial services. This development expands financial services by allowing small businesses such as retailers, petrol stations, pharmacies and other for-profit organizations to become bank agents. To be eligible, these businesses must have been in business for at least 12 months (as defined by the DFCU) and be able to establish a credit account. This amendment aims to improve the provision of financial services, especially in remote and remote areas, by making banking services more accessible to the community through local businesses that exist as intermediaries/agents or agents. In this way, the bank agent has increased the availability and access to financial services in Uganda. According to BOU, agents can provide various banking services including cash deposits and withdrawals, money transfers, bill payments, loan payments, grants and payments, collection and loan application. However, agents are limited to cash transactions and cannot handle all bank applications. BOU regulations require employees to be trained and have a safe environment and work environment so that they can complete urgent transactions, establish audits and maintain the confidentiality and integrity of information. Everything is driven by technology. Transactions can be initiated via mobile phone, point of sale (POS) system or internet banking. All transactions should be recorded instantly in the main bank account (Afande and Mbugua, 2015).

To speed up the development of the agent banking regulatory framework, the BOU supported the financial amendment act (2016) enabling commercial banks to engage in commercial banking, banc -assurance and Islamic banking. In 2017 regulations to

operationalize agent banking were passed by the BOU. “The importance of a risk-based approach to the supervision and regulation of agents, the commercial banks are responsible for managing the risks associated with using agents; the need to focus on the demand side, ensure consumer protection and financial education of customers; the importance of public-private partnerships”(Nyagadza,2019). “The need to involve key stakeholders in the development of an agent banking model; the importance of prioritizing and coordinating the national financial inclusion agenda” Ndegwa (2017) emphasizes the need to encourage non-exclusivity and interoperability among agents to foster an open and competitive financial environment. This approach is crucial for preventing agency banking from being constrained by monopolistic practices that could undermine its effectiveness in promoting financial inclusion.

With the introduction of the agent banking model, respective commercial banks have been allowed to contract a range of retail entities. The retail entities include security companies, courier services, pharmacies, and supermarkets that can be contracted as third-party agents for cash-in and cash-out transactions among other services according to set guidelines. At the end of 2022, approximately 22 commercial banks out of the total 25 commercial banks were participating in the shared agent banking platform. These were Stanbic Bank, Centenary Bank, and Standard Chartered Bank, all big players in the total deposit base within the banking industry. Commercial banks had grown their total deposits to UGX 25 trillion by June 2023. As of August 2023, over 26,800 agent banking service providers had been added across the 22 commercial banks. This effectively extended the agent banking model into already targeted markets. In Kenya, business models by Co-op Bank and Equity Bank had succeeded variously in pursuit of low-income customers, while in Uganda such banks included Centenary Bank and Pride Microfinance.” Traditional banking models were ill-serving the low-income customers, especially those in rural areas”( Bank of Uganda 2018).

### **1.3 PROBLEM STATEMENT**

Access to formal financial services in Uganda remains limited, with a significant portion of the population excluded from banking services due to geographical constraints and

the high costs associated with traditional banking methods. According to the World Bank, as of 2017, more than 50% of Ugandans have access to formal financial services, primarily through banks localized in urban areas.

In a bid to further, Uganda has been exploring innovative financial inclusion strategies, including the adoption of agency banking. Introduced in Uganda in 2017, agency banking aims to extend banking services to untapped areas by leveraging a network of retail agents. These agents provide the most basic of financial services such as deposits, withdrawals, and utility payments, thereby enhancing accessibility for rural populations where traditional bank branches are scanty.

Despite these initiatives, there are very few empirical studies describing the contribution agency banking makes to financial inclusion in Uganda. Extensive research is necessary to determine the critical aspects that impact agency banking's success, including regional coverage, liquidity management at agent outlets, and agent fees.

Therefore, the purpose of the study is to investigate the following research statement: The role played by agency banking in enhancing financial inclusion.

#### **1.4 General Objective**

The main objective of study was to find out what role agency banking has in enhancing formal financial inclusion focusing on university students.

##### **1.4.1 Specific objectives**

**The study was guided by the following objectives:**

- I. To evaluate how access of agency banking has promoted financial inclusion.
- II. To assess the extent to which the affordability of agency banking services affects financial inclusion amongst by commercial banks.
- III. To assess the extent to which the usage of agency banking affects financial inclusion

#### **1.5 Research questions**

- I. How does the access of agency banking services influence financial inclusion in Uganda?

- II. How does the affordability of agency banking services influence financial inclusion amongst commercial banks in Uganda?
- III. How does the usage of agency banking services liquidity financial inclusion?

### **1.6 Significance of the Study**

The findings will be important to many individuals and organizations

- I. Agency banking is now is now a familiar concept in Uganda and this study will help highlight the issues that may arise during and after implementation. This will help business organizations develop policies and procedures that will address these issues before they become serious problems, thus enabling them to achieve their full potential.
- II. The Government shall be able to follow the necessary procedures to monitor the problems identified and to make recommendations.
- III. This information will be important for decision making to university students who intend to engage in agent banking as a form of employment.
- IV. The research findings will contribute to existing literature since it looks at a relatively new industry which is constantly evolving and past literature is limited.
- V. The findings here will help Banks to come up with creative measures, adopt and embrace technologies to ease access to financial centers.

### **1.7 Scope of study**

The study aimed to explore the role of agent banking services in enhancing financial inclusion by commercial banks. In their efforts to remain competitive and relevant, banks sought ways to expand their reach to all individuals engaged in formal or informal banking. Agent banking was one of the many technologies and models embraced by banks, including services such as fee payments and cash withdrawals through agents. Financial inclusion served as the dependent variable, while agent banking was the independent variable, with indicators including geographical coverage, cost, security, and liquidity. The study intended to use a descriptive design to achieve its objectives.

### **1.7.1 Content Scope**

The study focused on the role of agency banking on financial inclusion. The subject matter was based on the contribution of access, affordability and usage of agency banking and how these constructs affect financial inclusion in Mukono Municipality.

### **1.7.2 Geographical scope**

This study was undertaken in Mukono Municipality, with a particular focus on the commercial banks located therein. Mukono Municipality is situated along the Kampala-Jinja Highway, 21 kilometers east of Kampala. To the south, it borders Lake Victoria; to the west, it is adjacent to Kira Town; and to the north, it extends to Kalagi. The site was selected because Mukono Municipality hosts over ten banks, thereby making formal financial services more accessible.

### **1.7.3 Time scope**

The study reviewed literature about Agency banking for a period starting in 2010 up to date. The year 2009 was considered because this is the period when agency banking was introduced in east Africa that's to say Kenya which were the pioneers of agency banking. While literature on financial inclusion will be reviewed for the period starting 2016 to date because that was the period when financial inclusion strategy was introduced in Uganda.

## **1.8 Justification of the study.**

The study was based on the urgent need to improve financial inclusion, particularly in developing nations where many segments of the population continued to be underserved by traditional banking institutions. Despite the advantages of agency banking, significant gaps remained in accessing different demographics, especially among the youth and university students.

**1.9 Conceptual Framework**

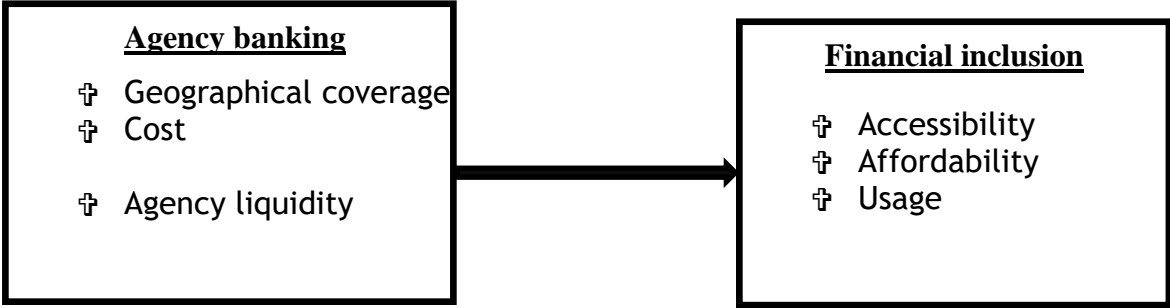


Figure 1-1 Source: Mbugua & Afande as adopted by Researcher (2013)]

The framework aims to develop and explain the factors that affect the provision of banking services in Uganda. These factors include the cost of the agent, revenue and coverage area. This study determines the impact of these independent variables on the variables while analyzing the impact of banking institutions in Uganda. The effectiveness of the banking service provider in accounting depends on the security measures it takes, availability to customers and the difficulties faced by customers at the point of use. Financial services are included. Specifically, this study focuses on the independent variables of access, affordability and usage of banking agents. This study aims to determine how the three aspects of business agency work for financial accounting.

**CHAPTER TWO: LITERATURE REVIEW**

**2.1 Introduction**

There are several research studies that have been done in the past that have tried to explain the role of agency banking in the promotion of financial inclusion, this section describes these studies in line with the study objectives namely accessibility, affordability and usage.

**2.2 Theoretical framework**

The financial services industry embraced agency banking as a pivotal innovation, particularly in advancing financial inclusion in underserved communities. This approach

involved financial institutions collaborating with retail agents to provide banking services in areas where traditional bank branches were absent. The significance of this model lay in its capacity to bridge the financial accessibility gap, particularly in rural and low-income areas where conventional banking infrastructure was often insufficient. Numerous studies underscored the role of agency banking in promoting financial inclusion by enhancing the availability, affordability, and utilization of financial services. This review examined the existing research on the impact of agency banking on financial inclusion, focusing on aspects such as service access, cost-effectiveness, and usage, and their contribution to the broader goal of financial inclusion (Mbugua, 2015; Akighir et al., 2022).

Agency banking emerged as a critical innovation within the financial services sector, especially in expanding financial access to underserved populations. This model facilitated partnerships between financial institutions and retail agents to deliver banking services in areas where formal bank branches were limited or nonexistent. The primary importance of agency banking lay in its ability to reduce the financial gap, particularly in rural and low-income regions where traditional banking infrastructure was scarce. Studies highlighted the positive impact of agency banking on financial inclusion, demonstrating that it significantly enhanced the accessibility, affordability, and usage of financial services. This literature review investigated how agency banking contributed to financial inclusion, focusing on access, affordability, and service utilization (Mbugua, 2015; Akighir, Margaret, Tyagher, & Kpoghul, 2022).

Agency theory, as introduced by Jensen and Meckling (1976), provided a framework for understanding the principal-agent relationship central to agency banking. In this dynamic, business owners (principals) delegated authority to managers or agents, who performed tasks on their behalf. In the context of agency banking, financial institutions (principals) delegated banking service delivery to agents in local communities, enabling these institutions to extend their reach beyond traditional banking environments and enhance financial inclusion (Nabatanzi, 2021).

The delegation of tasks through agency banking was expected to improve efficiency and productivity, but it required a high level of trust between principals and agents. Afande and Mbugua (2015) explained that the relationship between principal and agent was often formalized through a contract, outlining the agent's duties, including loyalty and fiduciary obligations. In Uganda, agency contracts were governed by contract law, with agents agreeing to carry out transactions on behalf of the principal regularly (Nabatanzi, 2021).

The legal framework that governed agency relationships mandated that agents followed the instructions of the principal while avoiding conflicts of interest or personal gains. The fiduciary relationship, based on trust and reliance, ensured the agent acted in the best interest of the principal (Afande & Mbugua, 2015). Agency costs arose from the need to supervise and regulate agents to ensure alignment with the principal's objectives. These costs included oversight expenses, control mechanisms, and handling residual losses caused by conflicting interests. While completely eliminating agency costs was unrealistic, mechanisms such as performance-based incentives and regular audits helped minimize these expenses (Achugamonu, Taiwo, Ikpefan, Olurinola, & Emena, 2016; Ndegwa, 2017).

In the context of agency theory, agency banking played a key role in promoting financial inclusion. Agents extended financial services to underserved populations, improving economic efficiency and productivity. By overcoming geographical and infrastructural challenges, agency banking ensured broader access to banking services (Nyagadza, 2019). Delegating the provision of financial services to agents enabled financial institutions to contribute significantly to financial inclusion, especially in regions where traditional banking infrastructure was lacking (Akighir et al., 2022).

### **2.3 Access of agency banking services and financial inclusion.**

The accessibility of agency banking services was a critical factor in enhancing financial inclusion, particularly in rural and remote areas where traditional banking was hard to

access. Mbugua (2015) underscored the importance of the distribution of agency banking outlets, stating, "The widespread presence of agency banking outlets significantly improves access to financial services, especially in underserved regions." This observation aligned with Lotto (2017), who argued that "agency banking effectively reduces physical barriers, such as distance, which have long hindered access to financial services." However, while Lotto (2017) highlighted the reduction of distance as a barrier, his study did not fully address other physical challenges, such as difficult terrain or inadequate transportation infrastructure, which might still have impeded access.

One of the key reasons for low financial inclusion in many areas is the long distance people have to travel to reach financial services. In many cases, "the money someone needed to withdraw from the bank was equal to, or even less than, the cost of getting there" (Achugamonu et al., 2016; Afande and Mbugua, 2015; Akighir et al., 2022). Consequently, individuals avoided formal financial services and preferred to use more informal financial services that were readily accessible in rural areas (Ndegwa, 2017). The study found that "the majority (76%) of the agents agreed that some customers preferred agents because they were closer to them compared to the main bank."

Mbugua's study, 2015, researched the impact of agent banking services on improvement in financial inclusions in Nyeri Town in Kenya. According to the findings, increased reach of agency banking significantly improved the accessibility to financial services. This perhaps reflects that the wider geographical coverage of the access points for agency banking facilitated higher participation in banking-related activities of opening bank accounts and undertaking transactions, particularly for people living in rural areas. Of particular significance, this expansion contributed substantially to a significant raise in financial inclusion as more people were brought into the formal banking system. The findings further revealed that agent banking had successfully brought financial services closer to the doorsteps of the people.

Agency banking's ability to reduce waiting times for customers is another critical factor in improving access to financial services. According to Lotto's (2017) findings indicated

with strong agreement and assertion that agency banking simplifies access and reduces waiting times compared to traditional banking services. This improvement in service delivery was particularly important in areas where customers may have previously faced long queue lines at overcrowded bank branches. By bringing banking services closer to customers through local agents, agency banking not only improved access but also enhanced the overall customer experience. However, there was variability in responses regarding 24/7 access to services, indicating that while agency banking has expanded access, inconsistencies in service delivery remained a concern (Boston Consulting Group, 2018). This was also in line with the observations of Unnikrishnan et al., 2019, who noted that despite the benefits of agency banking, there were still challenges related to service availability that needed to be addressed to benefit the full potential of agency banking in promoting financial inclusion.

Many findings show that a financial advisor is cheaper than traditional banking services. Research shows that the wider the area of leadership of the person responsible for the business is important in increasing financial inclusion, because the services are closer to the people and where they live, reducing other negative costs such as travel expenses and wasted time at the workplace. Mbugua (2015) concluded that more banking agents geographically is the strongest factor for financial inclusion. “This is because the services are closer to the people, saving a lot of time at banks or ATMs.”

#### **2.4 Affordability of agent banking services and financial inclusion.**

The amendment made to the Financial Institutions Act of 2004 in 2016 was a significant turning point for agency banking in Uganda. This amendment allowed supervised financial institutions to enlist third parties, known as agents, to deliver specific services on their behalf, as approved by the Bank of Uganda (BOU). These agents are typically business units that have been functioning for a minimum of one year. The primary aim of this approach is to bring financial services closer to communities, thus reducing the operational expenses linked with maintaining bank branches. Affordability plays a crucial role in improving financial inclusion as it directly impacts the uptake of financial services by low-income groups. Research conducted by Mbugua (2017) and Coffie, Boadi, and Antwi-Agyei (2023) highlights the importance of providing cost-effective

services to promote financial access, particularly for individuals in lower-income segments. Their studies indicate that transaction fees at agency banking outlets are perceived as reasonable, which is vital for increasing the adoption of financial services among previously marginalized groups. The general agreement on the affordability of agency fees echoes the conclusions drawn by Mbugua (2015) and Mashizha, Matarirano, and Moyo (2024), who also underscored the significance of fair pricing in advancing financial inclusion. However, the correlation between service costs and financial inclusion through agent banking is intricate. Mbugua (2017) found that although the costs of accessing services through agency banking outlets can be higher compared to ATMs, these costs had a limited impact on financial inclusion, as indicated by 75% of bank branch managers. Striking the right balance between cost and convenience is crucial, with customers often willing to pay extra for the accessibility and convenience offered by agency banking, despite the potential for higher costs. This trade-off is supported by Mbugua (2015), who observed that customers valued the flexibility and ease of access provided by agency banking services. Achugamonu, Taiwo, Ikpefan, Olurinola, and Emena (2016) and Kandie (2013) also highlight reduced transaction costs as a significant factor in the expanding customer base for agency banking services, suggesting that financial institutions should continue to optimize the balance between cost and convenience to enhance service appeal.

## **2.5 Usage and financial inclusion.**

The improvement of financial literacy and expansion of customer access were significantly enhanced by the adoption of agency banking services, contributing to greater financial inclusion. According to Akighir, Margaret, Tyagher, and Kpoghul (2022) as well as the Boston Consulting Group (2018), agency banking not only widened access to financial services in underserved areas but also enhanced the financial knowledge of users, especially in regions with limited or no traditional banking infrastructure. Adequate liquidity at agency banking locations was essential for maintaining efficient operations and ensuring customer satisfaction. Liquidity pertained to the agents' capability to maintain sufficient cash reserves to handle transactions such as deposits and withdrawals. The Central Bank of Brazil (2007) highlighted liquidity challenges as a

significant issue in agency banking and stated that inadequate liquidity could lead to customer discontent and hinder the adoption of agency banking services. Mbugua and Ndegwa (2015) discussed the extent of these liquidity challenges, suggesting that while some agents faced issues, they might not have significantly impacted the overall effectiveness of agency banking in promoting financial inclusion. However, additional research was required to fully comprehend and address these challenges. Anyanzwa (2012) found in Brazil that rural agents handled a substantial percentage of transactions compared to urban agents, emphasizing the importance of sufficient liquidity in different settings. This was supported by the Boston Consulting Group (2018), which noted that agent networks could thrive in areas requiring high liquidity, as the fees earned by agents could offset the associated risks. Mbugua and Ndegwa (2015) stressed the need for regular supervision and management of agents to ensure they remained liquid and adhered to business processes. As agency banking networks expanded, managing the "last mile" became increasingly complex, often necessitating the use of third parties for effective oversight. Akighir et al. (2022) further stressed that sufficient liquidity was crucial for the success of agency banking in promoting financial inclusion. Their study indicated that agents with sufficient cash reserves were better equipped to meet customer needs, thereby enhancing the reliability and appeal of agency banking services. Recent data demonstrated that 1.1 million accounts in Uganda remained inactive between January and March 2023, highlighting ongoing challenges in achieving financial inclusion (Daily Monitor, 2023).

## **2.6 Research Gap**

Prior studies primarily examined the overall effects of agency banking on the financial industry. These studies indicated that agency banking played a significant role in generating employment and integrating many individuals who had previously avoided banks into the formal banking system (Lotto, 2017). However, a noticeable gap existed in the literature regarding the specific impact of agency banking on improving financial inclusion. This research aimed to address this gap by exploring how agency banking models fostered financial inclusion, particularly in Uganda. The agency banking model emerged as a cost-effective innovation for banks, intended to deliver financial services

while reducing operational costs. According to UBA (2022), the number of agency banking outlets in Uganda had surpassed that of ATMs, underscoring their growing significance in the financial sector. In addition to assisting banks in reaching underserved populations, this model played a crucial role in advancing financial inclusion. The ability of agency banking to provide services in areas with limited traditional banking infrastructure highlighted its potential to bridge the financial gap in resource-poor regions (UNCDF, 2019). Financial inclusion received increasing attention in academic research and public policy, particularly in developing economies where it could drive economic growth and development. For students in accounting and finance, understanding the influence of agency banking on financial inclusion was essential for grasping its broader impact on economic development (UNCDF, 2019). Despite its importance, there was limited research specifically focused on the effectiveness of agency banking in promoting financial inclusion, particularly within the context of Mukono Municipality, Uganda.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 INTRODUCTION**

This chapter presented the methodology used by the researcher to collect data. It detailed the research design, sampling design, target population, sample size, data sources, data collection methods, data collection instruments, and data analysis techniques.

### **3.2 THE RESEARCH DESIGN**

This study outlines the general plan and strategy for conducting the study. This study adopted a descriptive design as it aims to investigate the financial manager and financial inclusion in Uganda; the aim of this study is to explain the feasibility quality of the person responsible for financial services of companies, that is, to try to explain financial inclusion. An existing phenomenon. “Therefore, the descriptive research design was used as it was considered most appropriate” (Babbie 2015). Even in business life, design helps. This includes data collection by administering surveys.

### **3.3 STUDY POPULATION**

This study includes two commercial banks that have successfully implemented banking services in Mukono town. This study is specifically aimed at bank managers and representatives of these banks, namely Equity Bank and Centenary Bank. These banks were selected due to their involvement and expertise in agency banking. According to Cooper and Schindler (2014), the target population is “the total group that is being studied or described and from which samples may be drawn.” This definition highlights that the target population represents the broader population of interest from which samples for the study are selected.

### **3.4 SAMPLE SIZE**

The sample size was determined by Krejcie and Morgan’s sample test According to Krejcie, a population of 35 requires a sample size of 32. This number of respondent was the focus of the study as shown in the table below.

Based on the above sample selection, 4 bank managers, 10 banking agents from those banks, 12 bank employees, and 6 supervisors from the banks in Mukono Municipality that had adopted agency banking were identified. A total of 32 questionnaires were distributed to them.

Table 3.1: Sample size

Category	population	Sample size	Sampling technique
Managers	5	4	Purposive sampling
Agents	10	10	Random sampling
Employees	15	12	Random sampling
Supervisors	5	6	Purposive sampling
TOTALS	35	32	

The study targeted 5 bank managers of the above banks that had adopted agency banking, 10 banking agents of those banks, 15 bank employees, 5 bank supervisors of the banks Mukono Municipality, and this comprised a total target population of 35 respondents

### **3.5 Sampling technique**

#### **3.5.1 Purposive sampling**

The study utilized purposive sampling to select bank employees from Equity Bank and Stanbic Bank in Mukono. Managers, given their administrative responsibilities, were deemed to possess a comprehensive understanding of agency banking operations. This was crucial for evaluating how access to agency banking has contributed to financial inclusion, analyzing the impact of affordable agency banking services on financial inclusion in commercial banks, and examining the relationship between agency banking usage and financial inclusion. This sampling method enabled the researcher to use discretion in selecting participants who could effectively address the research goals and provide the needed insights. Purposive sampling was suitable for this study as it focused on a small, information-rich sample, offering a foundation for supporting broad characteristics from the sample (Arbale & Mutisya, 2024; Saunders et al., 2015)

#### **3.5.2 Simple random sampling technique.**

Simple random sampling technique was used greatly, which ensured the study to involve some form of random selection. This sampling technique was used because it gives an equal chance to every respondent to be selected, involved a lesser degree of judgment hence it minimized the bias, was cost-effective to the researcher, less time-consuming, and comparatively easier way of sampling than other sampling techniques. It was used to select bank Agents and bank employees. The time range for the project to be undertaken is cross-sectional aiming at collection of data at a particular point in time.

### **3.6 DATA SOURCES**

#### **3.6.1 Primary data**

The researcher used primary data as a source of data. According to Bryman and Bell (2019), primary data refers to sources of data where raw facts are collected for the first time that is to say; data that is original in nature. In other words, it is the data that is obtained by the researcher from the respondents. This will be done through administering questionnaires.

### **3.6.2 Secondary data**

The researcher also used secondary data as a source of data. Secondary data refers to the data collected by someone other than the primary user. In other words, it is the already existing data or information collected by other researchers. The data was obtained from the selected bank's annual reports, published journals and articles, and available information on the Internet.

## **3.7 DATA COLLECTION METHODS**

### **3.7.1 Primary Data Collection**

According to Bryman and Bell (2019), "significant information refers to sources obtained from the first recorded factual information." Significant information will be collected through a self-administered questionnaire.

By using the strengths of questionnaires, this approach enhanced the comprehensiveness of the data collection process, leading to a holistic understanding of the research topic. The integration of qualitative data allowed for triangulation and cross-validation of the research questions, contributing to the overall validity and reliability of the study's findings.

### **3.7.2 Questionnaires**

Self-administered questionnaires were distributed to a sample of staff at Equity Bank and Stanbic Bank in Mukono using simple random sampling methods. These questionnaires were designed to evaluate how access to agency banking has promoted financial inclusion, assess the extent to which the affordability of agency banking services affects financial inclusion among commercial banks, and examine how the usage of agency banking impacts financial inclusion. They included both open-ended and closed-ended questions, with closed-ended questions, including Likert scale items, used to obtain specific, objective responses for easy comparison and pattern identification. The qualitative insights from open-ended questions were intended to complement the quantitative data, providing a comprehensive understanding of how agency banking influences financial inclusion through its access, affordability, and usage.

### **3.8 DATA COLLECTION INSTRUMENTS**

In this section, we described in detail the data collection instrument that was used for gathering primary data from the respondents. All the data that was collected aimed to meet the specific research objectives and gather relevant information related to the role played by agency banking services of commercial banks in financial inclusion in Uganda.

#### **3.8.1 Self-Administered Questionnaires.**

The self-administered questionnaires were the primary data collection instrument for the study to obtain and gather information to analyze and compare different mechanisms of agency banking in the bank. It consisted of several sections, each targeting different aspects of the research objectives. The questionnaire was administered to a sample of staff working at Stanbic bank and Equity Bank, Mukono who will be selected using purposive and simple random sampling methods.

The questionnaires contained questions on the bio-data of the respondents and other sections contained questions on the specific objectives of the study. They will be targeted to the Stanbic - agents and equity bank agents around Mukono district.

### **3.9 VALIDITY AND RELIABILITY.**

#### **3.9.1 Reliability**

Mugenda and Mugenda (2003) define reliability as “the extent to which a research instrument produces consistent results or data after repeated testing.” A reliable instrument is one that consistently measures what it is supposed to measure and can produce similar results even when other researchers use it to ensure that it is reliable. Before sending the survey to different participants, a survey was conducted on a sample of respondents to this research topic.

#### **3.9.2 VALIDITY**

According to the Centre for Advances in Teaching, “validity refers to how a test measures what it claims to measure”. Validity refers to the validity and significance of research questions. It is where the results obtained from the analysis of data can be representative of the results in the study. It is the accuracy and rationality of the data.

It refers to obtaining results that reflect the idea being evaluated. In terms of construct validity, instruments measure the variables they are supposed to measure, but not other variables. Expert opinions are obtained from the professional supervisors to evaluate the effectiveness of data collection instruments. In order for it to be effective, I will follow the purpose and goal-oriented evaluation at the end of the experiment and make it useful for the research instrument.

### **3.10 DATA ANALYSIS TECHNIQUE**

According to Hyndman (2018), the process of transforming survey responses into a format suitable for statistical analysis involves data entry, editing, coding, and general process supervision. The results were presented using tables to facilitate understanding, making it easier to interpret the findings and generate recommendations. Excel was selected as the analysis tool due to its ease of use and the researcher's familiarity with it, compared to other data analysis tools.

### **3.11 ETHICAL CONSIDERATIONS**

In data collection and analysis, the researcher followed ethical guidelines. All respondents provided informed consent, ensuring their voluntary participation and the confidentiality of their responses. The research was also carried out in accordance with the university's ethics review board. In this study, I as the researcher promised to treat any gathered information with utmost confidentiality to protect the reputation of organizations and persons involved. Informed consent will be obtained by informing the respondents of the purpose of the study and the benefits of participation, to provide sufficient information in order for a person to decide for themselves whether or not to keep participating.

## CHAPTER FOUR: DATA ANALYSIS, PRESENTATIONS, INTERPRETATIONS AND DISCUSSIONS

### 4.1 Introduction

This section discusses the methodology used to analyze and present the findings of the study. Questions for each learning objective were reviewed separately. Both quantitative and qualitative methods were used to ensure that the findings were reliable and to lead to the formulation of research questions. Analyze and present the data while concluding the findings and conclusions.

### 4.2 Questionnaire Response Rate

A total of 32 questionnaires were distributed for this study, only 22 of which were completed and returned, and 10 were not returned by the participants. An interview guide was conducted involving employees and agents associated with the banks. The response rate was 75% which according to Kothari (2004) “any response of 50% and above is satisfactory for analysis”, thus 75% was acceptable. The response rate is shown in Table below

Table 4.1: Questionnaire return rate

Response	Frequency	Percentage
Filled and returned	24	68.75%
Un filled	10	31.25%

### 4.3 Demographic information on the respondents included in the study

Respondents included in the study were questioned on their gender, age bracket, and designation. Findings regarding this information are shown in below;

#### 4.3.1 Gender

Table 4.2: Gender Information of the respondents included in the study.

Construct	Categories	Frequency	Percentage
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Gender	Male	8	35.0
	Female	14	65.0
	<b>Total</b>	<b>22</b>	<b>100.0</b>

Source: Primary data 2024

According to Table 4.2 above, results shows gender of the respondents. According to the results 65.0% of the respondents were female while 35.0 were not.

**4.3.2 AGE**

Table 4.3: Age demographic Information of the respondents included in the study.

Construct	Categories	Frequency	Percentage
Age bracket	Under 20		
	20-30 years	06	27.3
	31-40 years	15	68.1
	41-50	1	4.5
	Over 50		
	<b>Total</b>	<b>22</b>	<b>100.0</b>

Source: Primary data 2024

Table 4.3 displays the age distribution of the respondents. It shows that 68.1% of the respondents were aged between 31 - 40 years, 27.3% were aged between 20 -30 years, and only 4.5% respondents were over 41 years old.

### 4.3.3 Designation

Table 4.4: Designation Information of the respondents included in the study.

Construct	Categories	Frequency	Percentage	
Designation	Bank Manager	1	4.54	
	Bank Agent	13	59.1	
	Bank Supervisor	1	4.54	
	Bank Employee	7	31.81	
	<b>Total</b>		<b>22</b>	<b>100.0</b>

Source: Primary data 2024

According to Table 4.4 above, the findings reveal the designations of the respondents. Of the respondents, 59.1% were bank agents, 31.8% were bank employees, 4.5% were bank supervisors, and 4.5% were bank managers.

### 4.3.4 Duration with bank:

Table 4.5: Duration Information of the respondents included in the study.

Construct	Categories	Frequency	Percentage

Duration of association with bank i.e. employee or as an agent.	Less than 1 year		
	1-3 years	9	40.9
	3-6 years	6	27.7
	6-10 years	6	27.7
	More than 10 years	1	4.5
	<b>Total</b>	<b>22</b>	<b>100</b>

Source: Primary data 2024

From Table 4.5 above showing findings on the duration of respondents' employment with the bank. It revealed that 42% of the respondents had worked with the bank for 1-3 years, 27.7% had been associated with the bank for 3-6 years, and another 27.7% had been with the bank for 6-10 years. Only 4.5% had been employed by the bank for more than 10 years.

#### 4.4 ACCESS OF AGENCY BANKING SERVICES HAS ON FINANCIAL INCLUSION.

The first objective of the study was to evaluate how access of agency banking has promoted financial inclusion.

Table 4.6: Mean and deviations of responses on the effect of access to agency banking on financial inclusion.

Statements	Mean	Standard deviation

Distribution of agency banking outlets supports financial inclusion	4.2	0.81
Agency banking services are available in a preferred language.	4.3	0.71
Physical barriers do not hinder access to agency banking.	2.4	1.11
Customers don't have to wait too long to access agency banking services.	4.3	0.65
Agency Banking services can be accessed 24/7.	3.27	1.88

Source: Primary data.

Table 4.6 above evaluates how access to agency banking has promoted financial inclusion. The results show that respondents agree that customers do not have to wait too long to access agency banking services (Mean: 4.3, SD: 0.65), indicating that service delivery efficiency in agency banking is perceived positively. The availability of agency banking services in preferred languages is also highly valued by customers (Mean: 4.3, SD: 0.71). Additionally, the distribution of agency banking outlets is seen as a strong supporter of financial inclusion (Mean: 4.2, SD: 0.32). However, while agency banking services are advertised as accessible 24/7 (Mean: 3.27, SD: 1.88), there is varied perception among respondents regarding this round-the-clock availability. The wide standard deviation suggests substantial differences in opinions, potentially reflecting inconsistencies in service availability or individual experiences. Respondents are undecided about whether physical barriers affect access to agency banking services (Mean: 2.4, SD: 1.11). In summary, the findings reveal that agency banking significantly supports financial inclusion through accessible and language-friendly services, although there are varying opinions on the 24/7 availability and physical accessibility of these services.

#### 4.5 AFFORDABILITY OF AGENCY BANKING SERVICES AND FINANCIAL INCLUSION AMONGST COMMERCIAL BANKS IN UGANDA.

The second objective was to assess the extent to which the affordability of agency banking services affects financial inclusion amongst by commercial banks.

Table 4.7: Mean and standard deviations of responses on the affordability of agency banking services on financial inclusion.

Statements	Mean	Standard deviation
transaction fees at agency banking outlets are affordable.	4.0	0.95
Fees associated with agency banking are reasonable.	4.2	0.61
Good lending policies make the bank to attract more customers increasing the bank's client base.	4.7	0.84
Lower transaction fees in agency banking have attracted more customers.	4.5	0.51
Agency banking provides a cost-effective alternative to traditional banking.	4.8	0.39

Source: Primary data.

Table 4.7 above assesses the impact of the affordability of agency banking services on financial inclusion among commercial banks. The results show that respondents agree that agency banking provides a cost-effective alternative to traditional banking (Mean: 4.8, SD: 0.39). This indicates a strong consensus on the affordability of agency banking compared to traditional methods. Additionally, respondents believe that good lending policies attract more customers, thereby increasing the bank's client base (Mean: 4.7,

SD: 0.84). This reflects an overwhelming agreement that effective lending policies are crucial in drawing more customers. While respondents are neutral regarding whether lower transaction fees have attracted more customers (Mean: 4.5, SD: 0.51), they agree that the fees associated with agency banking are reasonable (Mean: 4.2, SD: 0.61) and that transaction fees at agency banking outlets are affordable (Mean: 4.0, SD: 0.31). In summary, the findings reveal that agency banking is viewed as an affordable and cheaper alternative to traditional banking. Positive lending policies and reasonable fees are seen as key factors in attracting more customers and promoting financial inclusion, particularly for economically disadvantaged individuals.

#### 4.6 EFFECT OF USAGE OF AGENCY BANKING ON FINANCIAL INCLUSION.

The third and last objective was to evaluate the effect of usage on agency banking affects financial inclusion.

Table 4.8: Mean and Standard deviations of responses on the effect of agency banking usage on financial inclusion.

Statements	Mean	Standard deviation
A diverse range of people uses agency banking services	4.2	0.61
Agency banking is the preferred method for daily transactions.	4.3	0.65
Agents frequently experience liquidity challenges while offering banking services.	2.8	1.18
Using agent bankers has increased the number of account holders.	4.7	0.48
Using agency banking services has improved customers' financial literacy and promoted financial inclusion.	4.4	0.66

Source: Primary data.

Table 4.8 above evaluates the effect of using agency banking services on financial inclusion. The results indicate that respondents agree that agency banking has increased the number of account holders (Mean: 4.7, SD: 0.48). This suggests that agency banking services have significantly expanded the number of account holders. Additionally, agency banking has improved customers' financial literacy and promoted financial inclusion (Mean: 4.4, SD: 0.66), highlighting its role in enhancing financial literacy. Agency banking is also preferred for daily transactions (Mean: 4.3, SD: 0.65), supporting the hypothesis that it is a favored method for everyday banking needs. Furthermore, a diverse range of people uses agency banking services (Mean: 4.2, SD: 0.61), implying broad usage across different demographics. However, there is disagreement about whether agents frequently experience liquidity challenges while providing banking services (Mean: 2.8, SD: 1.18). In summary, agency banking significantly contributes to financial inclusion by increasing account holders, improving financial literacy, and being a preferred method for daily transactions.

## **CHAPTER FIVE: DISCUSSION OF FINDINGS, CONCLUSION AND RECOMMENDATIONS**

### **5.1 Introduction**

This chapter presents a summary and description of the study's findings. It also provides findings, conclusions, and recommendations for policy and further research.

### **5.2 Discussion of Findings**

This section discusses the findings from the previous sections

#### **5.2.1 Access of Agency Banking Services and Financial Inclusion.**

**The first objective was to evaluate how access of agency banking has promoted financial inclusion.**

These findings are in line with Simboley (2017), who asserted that customers don't have to wait too long to access agency banking services. Simboley noted that "reduced waiting times for service delivery have contributed to a positive reception of agency banking services." Customers appreciate the "faster and more efficient transaction process" compared to the lengthy waits often experienced at traditional brick-and-mortar branches (Simboley, 2017).

The findings reveal that agency banking services are available in preferred languages. This finding is in line with Nyagadza (2019) who asserts "agency banking often tailors its service provision to suit the peculiar needs of the targeted population, even down to their language preferences." This nature of financial service provision makes sure that no stratum of the population is excluded in service provision within the financial ecosystem. By adapting to the language preferences of different communities, agency banking fosters greater financial inclusion across all levels of the population

#### **5.2.2 The second objective was to assess the extent to which the affordability of Agency Banking Services affects financial inclusion amongst commercial banks in Uganda.**

These findings are in line with Ndegwa (2017), who asserted that agency banking provided a cost-effective alternative to traditional banking. Ndegwa stated, "Agency banking offered cost benefits that enhanced financial inclusion." Agents were compensated based on transaction volume rather than fixed salaries, which "reduced

overhead costs for banks by decreasing the necessity for branches." As a result, customers were able to "enjoy lower charges" by avoiding the need to travel long distances to access bank branches, further promoting financial inclusion.

Findings are also in accordance with statement " good lending policies attract more customers" .This finding is in line a study conducted by Noreen et al. (2022), who highlighted how effective policies contribute to increased client bases and improved financial inclusion. This finding also is in line with the broader concept of financial inclusion, where effective lending policies are instrumental in bringing populations into the formal banking sector. By offering products that meet the needs of low-income individuals or small businesses, and by doing so in a manner that is accessible and affordable, financial institutions can significantly contribute to the financial empowerment of these groups. Noreen et al. (2022) regulatory frameworks supporting such inclusive lending practices further amplify this effect, ensuring that more people have access to essential financial services. `

### **5.2.3 Effect of Usage of Agency Banking on Financial Inclusion .**

**The Third Objective evaluate the Effect of Usage of Agency Banking on Financial Inclusion.**

The findings reveal that the use of agents has significantly increased the number of account holders. This aligns with the empirical evidence from Akighir et al. (2022), who indicated that the introduction of agency banking led to a rise in account holders within Benue State. The study attributed this growth to the ease of access and convenience provided by agents, encouraging previously unbanked individuals to open accounts. Similarly, Mbugua (2015) supported this finding by demonstrating how agency banking services in Nyeri Town, Kenya, resulted in a substantial increase in account ownership. Therefore, these findings illustrate how agents reduced both physical and financial barriers, creating greater incentives for more individuals to open accounts.

### **5.3 Conclusion**

Access to agency banking services has on financial inclusion; the study thus recommends that efforts have to be made to increase accessibility and this can be done through spreading the distribution outlets and putting it in more preferred languages to increase the reach it has, the study thus recommends that efforts should be made to further increase accessibility by expanding the distribution of agency banking outlets, particularly in underserved areas, and offering services in more preferred languages to enhance their reach. Additionally, addressing other physical barriers and ensuring consistent service availability around the clock are crucial steps to improving the overall effectiveness of agency banking in fostering financial inclusion

Affordability of agency banking services has on financial inclusion; the affordability of agency banking services is a significant factor contributing to financial inclusion in Uganda. The findings are consistent with existing literature, which highlights those cost-effective financial services, combined with convenient and accessible delivery channels, are instrumental in broadening the reach of financial services to underserved populations. This reinforces the importance of continuing to ensure that agency banking remains a cost-effective and accessible option for all segments of the population

Usage of agency banking on financial inclusion has on financial inclusion; the usage of agency banking services has had a substantial and positive impact on financial inclusion in Uganda. While the majority of findings support the effectiveness of agency banking in promoting financial inclusion, the mixed views on liquidity challenges require further investigation to ensure the sustained success and reliability of agency banking services.

### **5.4 Recommendations**

One area to be researched on further should be the role of mobile platforms as agents in promoting financial inclusion.

Efforts should be made to further increase accessibility by expanding the distribution of agency banking outlets, particularly in underserved areas, and offering services in more preferred languages to enhance their reach. Additionally, addressing other physical barriers and ensuring consistent service availability around the clock are

crucial steps to improving the overall effectiveness of agency banking in fostering financial inclusion

Implement agency banking services in multiple local languages to better cater to diverse customer needs. Providing services in preferred languages can improve communication, increase customer satisfaction, and further promote financial inclusion. This approach aligns with the study's findings that accessibility in various languages contributes positively to the reach of financial services

### **5.5 Limitations of the study**

Most of the banks in Uganda have staff working a demanding schedule. This made it difficult for the respondents to answer the survey with zeal. Also it did not allow the researcher to adequately sit down and explain his statements to the respondents for Clarity purposes.

Additionally, this study was completed in less than two weeks of analysis and therefore does not clearly show the impact of the banking agent on the user's life and role in the larger community. This means that the changes are sufficiently comparable to provide a clear picture of the banking agent's impact on accounting.

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## APPENDICES

### APPENDIX ONE: QUESTIONNAIRE

Dear respondent,

My name is LHWANZO RAYMOND, a student of Uganda Christian University, Mukono, with registration number J22B33/065, pursuing a Bachelor of Science in Accounting and Finance. I am currently conducting a study entitled “**The role of agency banking in enhancing financial inclusion of Commercial Banks in Uganda: A Case Study of Banks equity and Stanbic- Mukono district.**” This research is strictly for academic purposes, and all provided information will be handled with the utmost confidentiality. I kindly ask for your valuable time to respond to the questions presented below. Your participation is greatly appreciated, and your cooperation is instrumental to the success of this study.

#### SECTION A: GENERAL INFORMATION

1. Age:

- a) Under 20       b) 20 - 30       c) 31 - 40   
d) 41 - 50       d) Over 50

2. Gender:

- a) Male       b) Female

3. Designation what is your Position?

- a. ( ) Bank manager

- b. ( ) Bank Agent
- c. ( ) Bank supervisor
- d. ( ) Bank employee

4. Name of bank/Organization. \_\_\_\_\_

5. Duration worked for at Bank-Mukono, Uganda:

- a) Less than 1 year
- b) 1-3 years
- c) 3-6
- c) 6-10 years
- d) More than 10

**SECTION B: ACCESS OF AGENCY BANKING SERVICES HAS ON FINANCIAL INCLUSION.**

These statements evaluate how access of agency banking has enhanced financial inclusion, in Uganda. On a scale of 1-5, please indicate the extent to which your opinion aligns with the statements provided.

<b>Scale</b>	1	2	3	4	5
<b>Interpretation</b>	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

	<b>Statements</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
.	Distribution of agency banking outlets supports financial inclusion.					
.	Agency banking services are available in a preferred language.					
.	Physical barriers do not hinder access to agency banking.					
.	Customers don't have to wait too long to access agency banking services.					
.	Agency Banking services can be accessed 24/7.					

**SECTION C: AFFORDABILITY OF AGENCY BANKING SERVICES AND FINANCIAL INCLUSION AMONGST COMMERCIAL BANKS IN UGANDA.**

These statements evaluate how the policies adopted by commercial banks in Uganda influence overall financial inclusion. On a scale of 1-5, please indicate the extent to which your opinion aligns with the statements provided

<b>Scale</b>	1	2	3	4	5
<b>Interpretation</b>	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

	<b>Statements</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
.	Transaction fees at agency banking outlets are affordable.					
.	Fees associated with agency banking are reasonable.					
.	Good lending policies make the bank to attract more customers increasing the bank's client base.					
.	Lower transaction fees in agency banking have attracted more customers.					
.	Agency banking provides a cost-effective alternative to traditional banking.					

**SECTION D: EFFECT OF USAGE OF AGENCY BANKING ON FINANCIAL INCLUSION.**

These statements assess the relationship between Usage and financial inclusion. On a scale of 1-5, please indicate the extent to which your opinion aligns with the statements provided

<b>Scale</b>	1	2	3	4	5
<b>Interpretation</b>	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

	<b>Statement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
.	A diverse range of people uses agency banking services.					
.	Agency banking is the preferred method for daily transactions.					
.	Agents frequently experience liquidity challenges while offering banking services.					
.	Using agent bankers has increased the number of account holders.					
.	Using agency banking services has improved customers' financial literacy and promoted financial inclusion.					

“Thank you for your response and cooperation.”

APPENDEX TWO: Research letter from university

SCHOOL OF BUSINESS

19<sup>th</sup> Aug, 2024

TO WHOM IT MAY CONCERN

Name: LHWANZO RAYMOND

Reg. No J22B33/065

A bachelor's student who is seeking permission from your office to collect data for her dissertation titled

**The Role of Agency Banking In Enhancing Financial Inclusion in Uganda. A case study of Mukono district**

We shall be grateful if you could render assistance to him in collecting the necessary data for his dissertation

The Uganda Christian University School of Business thanks you in advance



.....  
Mukisa Simon Peter  
Research coordinator