

**MICROFINANCE INSTITUTIONS AND ECONOMIC DEVELOPMENT IN KABALE
DISTRICT. A CASE STUDY AT PRIDE MICROFINANCE.**

BY

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**A RESEARCH REPORT SUBMITTED TO THE DEPARTMENT OF BUSINESS AND
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DECLARATION

I NIMUSIIMA SHABELLAH, solemnly declare that this is my original work and it has never been submitted to any institution for any academic award.

Signature  Date 29th/07/2025

NIMUSIIMA SHABELLAH

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APPROVAL

This research report has been under my supervision and is now ready for submission.

Signature.....

Date.....29/07/2025

**MR. MUGISHA JOHNSTEVE
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DEDICATION

I am thankful to God Almighty for giving me the chance to study business administration at Uganda Christian University-Bishop Barham University College. I would particularly value the opportunity to thank Mr. MUGISHA JOHNSTEVE, my supervisor, for his persistent efforts to mentor and assist me in editing my research proposal. I would also like to sincerely thank my amazing parents for their unwavering support and their calm, cozy home, which has helped me reach this point in my life. Finally, I hope that you are blessed with everything that the teachers at Bishop Barham University College have given you.

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ABSTRACT

This analysis investigated the contribution that Pride Microfinance has to the economic growth of Kabale District, Uganda. The study aimed to determine how credit facilities, saving schemes, and financial education initiatives influence economic growth. To investigate the opportunities that microfinance presented and how effectively it served small business owners and the rural population with economic empowerment, a case study design was utilized. The analysis found that through the provision of credit, savings, and financial education, the initiatives of Pride Microfinance provided economic growth to Kabale District. Based on the findings, microfinance institutions like Pride Microfinance can promote the economic growth of rural villages through the facilitation of easier access to capital markets, the enlightenment of the masses to the importance of money, and the empowerment of the people and small businesses. The findings of the study should serve the guidance for experts, lawmakers, and community leaders who desire to promote the economic growth of underserved regions.

CHAPTER ONE: INTRODUCTION.

1.1 Background of the Study

1.1.1 Historical Background

Many studies have shown without a doubt how important banks and other financial institutions have been for development. Schumpeter (1911) also talked about how important financial institutions are for encouraging innovation and entrepreneurship because they give entrepreneurs credit. In the early 2000s, the world's financial systems changed. Financial institutions in nations like Uganda have also expanded dramatically. Beginning in the 1990s, Ugandan financial institutions underwent reforms, such as the liberalization of the banking system, which resulted in the growth of both commercial and microfinance institutions (Beck & Hesse, 2009).

Founded in 1995, Pride Microfinance Limited (MDI) is one of Uganda's biggest microfinance organizations. Before receiving a license to function as a Microfinance Deposit-taking Institution (MDI) under the Financial Institutions Act in 2005, it was a Non-governmental Organization (NGO). Pride Microfinance and other reputable microfinance organizations were able to provide financial services because of microfinance reform in the 2000s, particularly the Microfinance Deposit-Taking Organizations Act of 2003, like savings and loan facilities to previously marginalized communities in Uganda, including Kabale District (Bategeka & Okumu, 2010). Pride Microfinance has expanded its operations and greatly contributed to financial inclusion and the distribution of customized financial services to bottom-of-the-pyramid populations between 2000 and 2022.

1.1.2 Theoretical Background

The study's theory is based on fundamental financial and economic theories. The Gurley and Shaw Financial Intermediation Theory, which was developed in 1960, describes how financial institutions effectively invest capital by intervening on behalf of customers who have money to save and those who have money to spend. According to this theory, by reducing the cost of transactions and smoothing the movements of financial services, microfinance institutions such as Pride Microfinance promote economic growth. This theory aids in explaining the potential impacts on small and medium-sized businesses due to microfinance. (Small and Medium Entrepreneurs).

The Endogenous Growth Theory is another theory that is the subject of the study (Romer, 1986; Lucas, 1988). They contend that investments in human capital and creative endeavors are the primary sources of internal stimulus that lead to long-term economic growth. Aghion and Howitt (1992) noted that financial institutions can significantly assist the promotion of entrepreneurship and innovation by extending credit to businesses. Pride Microfinance and other microfinance institutions around the world support Ugandan businessmen and companies by providing them the readily available loans to aid them in expanding and facilitating economic growth. Combining these theoretical frameworks helps to clarify how financial institutions impact economic growth, particularly in rural places like Kabale District.

1.1.3 Contextual Background

Uganda and, for that matter, any other emerging economy is concerned with financial inclusion. Particularly, the rural areas. Kabale District is among the areas that are found on the southwest flank of the nation, which is reliant upon agriculture and small businesses to prosper. The majority of Kabale District residents are still underserved by the mainstream formal financial institutions, notwithstanding the government's ongoing efforts to expansively cover finance (Munyambonera, 2021). Thus, microfinance organizations—Pride Microfinance at the forefront—have stepped in to close the gap in inclusivity.

Pride Microfinance, which opened up business operations for itself in Kabale at the onset of the 2000s, had strengthened the finances of the businessmen and locals within the district through the offering of financial products, including loans and deposits, and through financial education. The microfinance institutions' role in financial inclusion and the rural Uganda Republic growth is emphasized through the studies conducted, such as Kyazze, Nkote, and Wakaisuka-Isingoma (2020). The district is, however, not economically whole due to hiccups like an insufficient infrastructural base and the lack of knowledge about finance among the occupants themselves.

In addition, the district has restricted exposure to additional finances. The primary task for this study is to determine how the activities through Pride Microfinance in Kabale fed into the local economy of the district from 2000 to 2022.

1.1.4 Conceptual Background

Banks, microfinance institutions, savings and credit cooperatives (SACCOs), and other financial service providers are all encompassed under the overall definition of financial institutions. According to Ledgerwood (2020), microfinance institutions are uniquely formulated to serve financial services to businesses that are small-sized businesses and to low-income earners who lack conventional banking services. With the provision of loans that are not very large and with fewer stipulations, they seek to increase financial inclusion by helping those who are disadvantaged the most to seek avenues for earnings.

In any case, the well-being, employment prospects, and standard of welfare for the populace also increase with an increasing size of the economy (Todaro & Smith, 2022).

The researcher attempts to determine how the economy of Kabale District has benefited through the provision of credit, savings, and financial training offered by Pride Microfinance. The Microfinance Barometer (2021) indicates that microfinance has transformed the village economy through increased household incomes, business expansion, and capital access. Through the research, it will be confirmed how Pride Microfinance has been accountable for these findings within Kabale region, with particular reference to the period 2000-2022, when the institution substantially expanded its operations within the region.

1.2 Statement of the Problem

In underdeveloped countries with minimal exposure to market finance, microfinance institutions (MFIs) have been proven vital to the support for economic development (Yunus, 2006). Since 1995, when it was founded, Kabale District's microfinance

institution has been fundamental to the support for the rural regions, the micro and small enterprises, and the poor people with an income generator. Though some constraints inhibit the successful encouragement of sustainable local economic development for microfinance, studies like the one presented by Ledgerwood (2013) confirm that MFIs are also capable of alleviating poverty and marginalization with the provision of credit.

The other issue is that not all the members of Kabale District are already accessing sufficient, reasonable financial services, with all the initiatives that Pride Microfinance and other organizations are implementing to promote credit access.

High interest rates, lack of proper financial awareness, and stringent loan requirements are common impediments to small businesses and households that discourage them from accessing loans and undertaking prospective ventures (Khandker, 2005). This omission further widens income inequalities and affects poverty relief efforts more effectively among the poorer members of Kabale.

Attempts to overcome these hurdles have been made. Since the year 2000, Kabale has attempted to lower inhibitions to financial inclusion through the introduction of financial literacy and collaboration with local officials. They have been somewhat successful at opening wider avenues to financial services themselves, but many would-be borrowers are still unaware of the range of available financial products which would be useful to them, according to the implication of research by Cull, Demirgüç-Kunt, and Morduch (2009). Effective delivery is still limited by difficulties within microfinance market operations and regulations, and available programs to date still do not reach remote and marginal areas (Ledgerwood, 2013).

Because of these long-standing issues, microfinance organizations like Pride Microfinance, which was established in 1995, hardly ever contribute as the backbone of economic growth. By removing these obstacles, microfinance's reach and efficacy could be increased, allowing more households and small businesses in Kabale District to take advantage of its advantages and support economic expansion. The study intends to examine current issues and offer suggestions to improve the efficiency of microfinance in promoting economic growth within Kabale District.

1.1.1 Historical Background

It has been extensively established in many studies that the function of financial institutions in development has been significantly important. Schumpeter (1911) also emphasized the significance of financial institutions in driving innovation and entrepreneurship due to the provision of credit to entrepreneurs. Financial institutions in countries like Uganda have also grown significantly since the early 2000s, with changes in global financial systems. Reforms have also taken place in financial institutions in Uganda that started in the 1990s, such as the liberalization of the banking system, which has resulted in the growth of microfinance and commercial institutions (Beck & Hesse, 2009).

Founded in 1995, Pride Microfinance Limited (MDI) is one of Uganda's biggest microfinance organizations. Before being awarded a license to operate as a Microfinance Deposit-taking Institution (MDI) under the Financial Institutions Act in 2005, it operated as a Non-Governmental Organization (NGO).

Microfinance reform during the 2000s and the Microfinance Deposit-Taking Institutions Act of the year 2003 opened an avenue by which the long-marginalized citizens of

Uganda, including Kabale District, could be offered financial services through savings and loan facilities by Pride Microfinance and other established microfinance institutions (Bategeka & Okumu, 2010). Between the years 2000 and 2022, the business operations of Pride Microfinance expanded and contributed significantly to financial inclusion and the provision of personalized financial services to the low-income citizens.

1.1.2 Theoretical Background

The theory upon which the study is based is rooted in fundamental finance and economics theory. Financial Intermediation Theory, developed by Gurley and Shaw in 1960, outlines how financial institutions facilitate efficient capital allocation by acting as an intermediary between individuals with finances to spend and those with finances to save. Microfinance companies such as Pride Microfinance enhance economic development by minimizing the cost of transactions and the delivery of financial services through an improved flow. Financial Intermediation Theory sheds some insight on the possibility of the effect that microfinance has on SMEs and the poor.

The other theory relevant to this study is the Endogenous Growth Theory (Lucas, 1988; Romer, 1986). According to it, long-run growth is caused by endogenous determinants like technological progress and investments in human capital. According to Aghion and Howitt (1992), financial institutions can play an important role in encouraging entrepreneurship and innovation by supplying loans to firms. Pride Microfinance and other microfinance institutions in Uganda support the local businesses and entrepreneurs by providing them the hassle-free loans required to expand and sustain economic growth. The mechanisms through which financial institutions affect economic

growth, particularly within the rural areas around Kabale District, are explained through the amalgamation of these theoretical models.

1.1.3 Contextual Background

Just like any other developing nation, Uganda's biggest challenge is financial inclusion, and the areas affected are mainly the rural areas. Kabale District is on the southwest side of Uganda and mainly comprises the rural areas. The livelihoods are mainly generated by agriculture and small businesses. Despite the constant initiatives put forward by the government regarding advancing financial accessibility, the majority of Kabale's residents are still not adequately covered by the formal financial institutions (Munyambonera, 2021). Microfinance institutions have thus been prominent in covering this gap, and the premier is none other than Pride Microfinance.

Pride Microfinance started its operations within Kabale during the early 2000s and provided financial services, including loans, savings, and financial education, to boost the standard of the district's people and businesses' economy. Researches like Kyazze, Nkote, & Wakaisuka-Isingoma (2020) illustrate the way microfinance institutions improved the inclusion of finances and the development within the rural areas of the Republic of Uganda. Nevertheless, setbacks like infrastructure inadequacy, lack of proper financial education, and larger capital pools accessibility have held the district's total economic potential at a standstill. This research is about determining the way the operations of Pride Microfinance within Kabale affected the district residents' economics within the period between the years 2000 to the year 2022.

1.1.4 Conceptual Background

Banks, savings and credit co-operatives (SACCOs), microfinance institutions, and other institutions that provide financial services are all covered under the wider definition of financial institutions. Ledgerwood (2020) believes that microfinance institutions are specifically designed to provide financial services to tiny and small businesses and low-income earners where they lack accessibility to formal banking services. By disbursing smaller loans with fewer controls, they aspire to expand financial inclusion by empowering the less privileged to chase means of livelihood.

Socioeconomic development, however, involves the sustained improvement in the level of well-being, employment rates, and overall welfare of the populace (Todaro & Smith, 2022). This study attempts to establish a connection between the financial services offered by Pride Microfinance and the socioeconomic development of the Kabale District. Rural economies were transformed with the dissemination of microfinance through increased entrepreneurship, access to funds, and rising household incomes (Microfinance Barometer, 2021). The research will unearth the extent to which Pride Microfinance has extended to the Kabale region, with specific reference to the period 2000-2022, when the organization increased coverage within the area. Through loans, savings, and financial literacy, the research tries to establish the extent to which Pride Microfinance has been facilitating the district's economic growth.

1.2 Statement of the Problem

It has been confirmed that microfinance institutions (MFIs) play a key role in stimulating regional economic growth, especially where there is minimal access to financial markets (Yunus, 2006). Since its inception in 1995, Kabale District's Pride Microfinance

has played an important role in supporting the poor who earn an income, small enterprise owners, and the rural areas. Though some key challenges hinder microfinance's full potential to facilitate sustainable regional economic growth, studies, including Ledgerwood's (2013), indicate that MFIs help the underprivileged and poor through the accessibility of credit.

Another concern is that even though the efforts by Pride Microfinance and other organizations have enhanced access to loans, still, a significant majority of the inhabitants within Kabale District still lack adequate access to affordable finances. Households and small businesses face unaffordable interest rates, inadequacy of proper financial literacy, and harsh loan terms that leave them incapacitated of taking loans and financing income-earning activities (Khandker, 2005). Such an unequal status inhibits poverty reduction efforts and exacerbates income disparities, primarily among the poverty-stricken members within Kabale.

Attempts to overcome the challenges have been undertaken. Financial literacy initiatives and coordination among local officials have tried to alleviate access to finance challenges in Kabale since the year 2000. Cull, Demirgüç-Kunt, and Morduch's research (2009) concludes that these efforts have worked to some extent to widen the coverage of financial services but various potential borrowers lack awareness about financial products accessible to serve them. Programs available thus far do not adequately cover faraway or excluded on more than one occasion and challenges of regulations and operations on the microfinance market still hinder proper delivery of services (Ledgerwood, 2013).

Finally, although microfinance institutions like Pride Microfinance, which is an old microfinance organization set up in 1995, have minimal control to effect any change due to persisting challenges. Overcoming these challenges would help expand the coverage and effectiveness of microfinance to more Kabale District small-scale enterprises and households and help grow the economy. To enhance the effectiveness of microfinance to accelerate the growth of the economy in Kabale District, this study is geared to review existing deficits and make recommendations.

1.3 Scope of the study

Examining the contribution of Pride Microfinance's financial institutions to the economic growth of Kabale District in Uganda was the aim of the study.

1.4 Objects of the research.

To determine how important credit services are to Kabale District's economic performance.

To ascertain how the savings program has affected Kabale District's economic growth.

To assess the financial literacy program's impact on the Kabale District's economic growth.

1.5 Research questions

1. What role do credit services play in Kabale District's economic development?
2. How does the savings program impact Kabale District's economic development?
3. How has the financial literacy program aided in the economic development of Kabale District?

1.6 Range of the research

1.6.1 Content scope

Additionally, studies looked into how the financial services provided by Pride Microfinance affected the Kabale District's economic development. The impact of microfinance lending services on the expansion of small and medium-sized businesses (SMEs), the impact of saving programs on the family unit's income, and the barriers to service accessibility and uptake were also assessed. The purpose of the study was to look into important financial management procedures at Pride Microfinance, such as those about credit and savings programs, and how they improve business performance and personal financial well-being in Kabale.

1.6.2 Geographical scope.

The purpose of the study was to ascertain how Kabale District's economic development was impacted by the financial services provided by Pride Microfinance. The study determined the factors influencing the accessibility and usability of the services, the effect of savings plans on household income levels, and the influence of microfinance credit products on the formation and expansion of small and medium-sized businesses (SMEs). The research examined the major money management operations within Pride Microfinance, i.e., the operations through credit and savings plans, and the impacts caused on the performance of the businesses and the residents' economic success.

1.6.2 Geographical scope.

Surveys were carried out within Kabale District, Uganda, among Pride Microfinance clients operating within the district. Kabale is a rural district with widespread

application of small-scale business and agriculture, the perfect place to investigate the application of microfinance to spur economic growth.

1.6.3 Time scope

During the 2018-2023 study period, the impact of Pride Microfinance's financial services was the main focus. The time frame made it possible to investigate the immediate and medium-term impacts on family incomes and SMEs, as well as new developments and patterns in Kabale District's financial services industry.

1.7 Relevance of the study

Understanding how microfinance institutions, such as Pride Microfinance, can create and provide their financial products to support the expansion of small and medium-sized businesses (SMEs) and increase household incomes was crucial to the study of microfinance institutions (MFIs). Governmental organizations and policymakers. Policymakers and government organizations involved in banking regulation and rural development received suggestions from the study that were supported by evidence. The report noted important issues, such as the use and accessibility of financial services, and offered suggestions for how to resolve them.

Local Firms and Households

By recognizing the contribution of Pride Microfinance towards business growth and family incomes, the research will gain advantage for the local people and business owners by sensitizing them on how they can have less struggle to access and utilize financial services. It will enable them to make informed choices on money management, credit taking, and joining savings schemes in an effort to improve their financial conditions.

Researchers and Academics.

The literature on microfinance and economic development, especially for Uganda's rural counties, benefited from the research findings. The study cleared the way for additional research on how financial institutions affect household wellbeing, SMEs, and the rural economy.

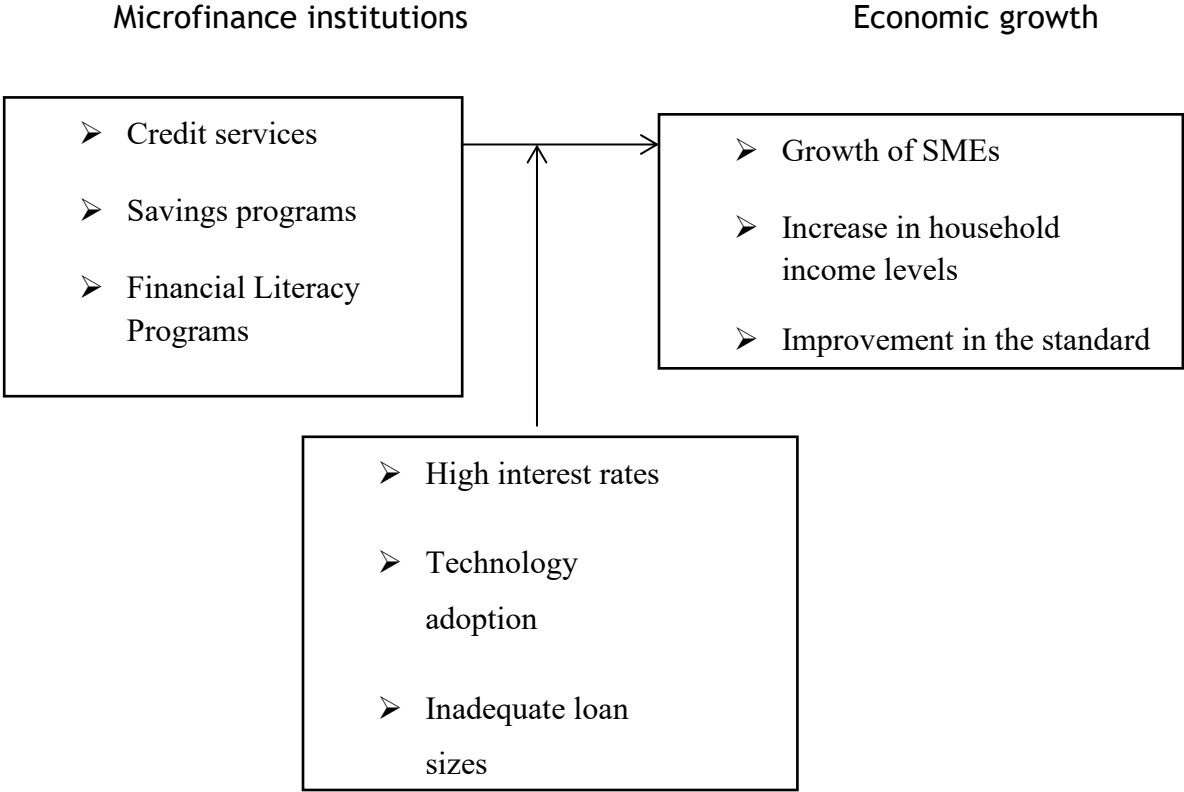
Pride Microfinance.

These findings helped Pride Microfinance to determine the efficacy of the financial products and services that it offered to Kabale District. Through the knowledge of how the credit and savings products that it sells work to affect the incomes of the SMEs and the family incomes, the institution can design the products to a higher degree to meet the needs of the clients it serves and assist the economic development at the location.

1.7 Conceptual framework

Independent variable

Dependent variable



CHAPTER TWO: LITERATURE REVIEW

2.0 Introduction.

This chapter examined the body of work that has already been written by other academics. The impact of Pride Microfinance's lending services, savings programs, and financial literacy initiatives on the economic development of Kabale District was the subject of the investigated research.

2.1 The effect of credit services on economic growth.

The primary purpose of microfinance institutions (MFIs) is to provide credit to low-income people who have traditionally been shut out of traditional banking systems. In Kabale District, Pride Microfinance gives its customers access to loans that support business endeavors and improve livelihoods. Loan facilities assist the entrepreneurs to start or expand business opportunities, creating more earnings for the entrepreneurs and jobs for the youths. The local economy is benefited substantially with these trickle-downs, particularly where the opportunities are fewer (Ledgerwood, 2013).

In Kabale, Pride Microfinance products serve the extensive ranges, including the business-owning women, the trader groups, and the smallholder farmers. Negotiable products facilitate the repayment transactions to be tailored to the irregular incomes at the household level. With the alleviation of financial constraints, Pride Microfinance allows the clients to engage in productive activities that build up local economy growth and household welfare (Yunus, 2007).

In addition to that, Pride Microfinance has capital funds for entrepreneurship and innovation. The financial inclusion pushes the clients to diversify and adopt new technology, hence encouraging efficiency and profitability (Karlan & Zinman, 2010).

Empirical evidence supports the fact that microfinance borrowing renders households resilient and not susceptible to negative shocks within the economy. Such resilience ensures households can get much-needed supplies regardless of the turbulence within the economy. In Kabale, the beneficiaries of Pride Microfinance credit initiatives mention expanded accessibility to schooling, healthcare provision, and other basic delivery of services (Hermes & Lensink, 2007). Long-term microfinance credit-driven economic growth has an outcome of sustained development of small businesses. Higher business activity translates to local authority income through taxes and higher demand for the commodities and services. Pride Microfinance's share within the chain outlines the significance of inclusive financial networks towards bringing broad-based opportunities within the realm of economic growth (Mawa, 2008). Academic pieces such as Morduch (1999) cite references to the buffer roles offered by microcredit, most importantly shielding households from shocks within the economy. Flexible payments by the credit product from Pride Microfinance place the customers in Kabale within financial control, even amidst the lean periods within the economy.

As stated by Dichter (2003), microfinance relies on matching the supply of loans with neighborhood demand. To do this, Pride Microfinance aligns the products for loans with typical problems that Kabale is experiencing, such as the seasonal nature of agricultural incomes. According to Banerjee et al. (2015), microfinance financing funds business capital expenditures, which boosts the economy over the long run. The long-term facility offered by Pride Microfinance encourages Kabale businessmen to make high-risk investments that drive gradual economic progress.

2.2 Effect of saving programs on the growth of the economy.

Microfinance organizations like Pride Microfinance have crucial savings schemes in place to ensure financial stability and access. Through safe saving opportunities, Pride Microfinance allows poor households in Kabale District to create wealth in the future. Their saving also enables them to have a financial cushion that reduces exposure to shocks in the economy and access to credit to invest in the future (Robinson, 2001).

Saving schemes of the financial institution cater to the specialized financial needs of its members, such as peasants, merchants, and urban informal workers. By saving in individual accounts and in groups, its members have a haven to park funds and also accrue interest on them. This inculcates the saving culture, which also underlines long-term planning and economic development (Otero & Rhyne, 1994).

These schemes also reduce credit dependency. By having access to savings, the clients can finance small-scale ventures and emergencies and thus refrain from borrowing. This decreases dependency and improves economic security at the family level, with the trickle-down effect at the macroeconomic level (Zeller & Meyer, 2002).

In addition to the direct economic benefit that is generated, saving schemes also promote social and economic empowerment.

A majority of savers in these schemes have been females who have continuously been deprived of access to money. Pride Microfinance's savings plans in Kabale enable women to participate actively in the economy, which benefits and improves their socioeconomic standing (Rutherford, 2000).

By increasing the amount of money that MFs can lend, the mobilization of savings by MFs benefits the local economy as well. To provide a steady capital flow that supports

Kabale's economic activity, Pride Microfinance allocates its clients' savings to its credit activities (Dupas & Robinson, 2013). According to Matin, Hulme, and Rutherford (2002), savings accounts open up additional financial options. In Kabale, Pride Microfinance allows customers to obtain loans based on their savings history by tying lending availability to savings.

Hulme and Mosley (1996) also point to the significance of saving in poverty reduction in creating opportunities to acquire assets. Pride Microfinance also assists the Kabale population in creating wealth through systematic and habitual saving schemes.

Karlan and Morduch (2009) also clarify that saving schemes provide long-term planning, which promotes development in the economy. Financial education by Pride Microfinance supports its saving schemes so that its clients in Kabale have and attain financial goals, propelling the economy's development.

2.3 The role of financial literacy programs in the economic growth.

Since financial literacy empowers people to make wise financial decisions, it also plays a significant role in promoting economic growth. In Kabale District, Pride Microfinance recognizes this as well and offers financial literacy training as one of its product offerings. Budgeting, saving, borrowing, and investment planning are among the financial literacy skills it teaches its clients to help them maximize the value of the financial products available to them (Lusardi & Mitchell, 2014).

One of the most important advantages of financial literacy is that it encourages prudent financial management. In Kabale, Pride Microfinance customers enhance budgeting and have increased spending control after training. This allows households to utilize

available resources in a more efficient manner, and this results in high savings and investment in productive activities (Cole, Sampson, & Zia, 2011).

Financial education also minimizes borrower risk. By comprehending loan duration and payback responsibilities, clients refrain from excessive borrowing or non-payment. Pride Microfinance focuses on the right borrowing behaviors in its teaching materials to help sustain its operations on credit and insulate its clients against setbacks in finances (Atkinson & Messy, 2012).

Financial literacy is not contained to the individual but permeates the entire district. Pride Microfinance also brings about the district's overall economic strength by producing more financially knowledgeable citizens. Knowledgeable customers will be the ones more likely to get themselves involved with businesses and venture into high-paying ventures, stimulating the economy's growth (Xu & Zia, 2012).

Furthermore, financial education programs benefit vulnerable groups like women and youth since they increase their financial confidence and capability. The aforementioned groups have been transformed into the backbone of the regional economy and, consequently, social and economic development thanks to the work of Kabale's Pride Microfinance (Hastings, Madrian & Skimmyhorn, 2013).

Additionally, the institution works with neighbourhood organizations to increase the number of people who participate in its financial literacy program. Pride Microfinance makes sure that financial education becomes commonplace and sustainable in Kabale by working with schools and community leaders (Schicks, 2014). Van Rooij, Lusardi, and Alessie (2011) found that financial knowledge positively contributed to high-return

investments. Pride Microfinance's efforts in Kabale also promote diversification of investments among its depositors, hence lifting the local economy.

Greenspan (2002) holds that informed financial consumers make the economy even stronger. Pride Microfinance also reinforces the economy in Kabale by educating the clients so that they make prudent financial decisions that improve productivity and financial security.

CHAPTER THREE: RESEARCH METHODOLOGY

3.0 Introduction.

The research design, study population, sample design, study area, research technique, and study analysis were all covered in this chapter.

3.1 Research design.

According to Ndahiro, Shukla, and Odor (2018), a research design is a study's plan or blueprint. Since the data will come from the population whose characteristics and demographics (variables), such as age, gender, and education, are what the study aims to confirm, a cross-sectional research methodology will be used. This made it easier for the researcher to eliminate assumptions and replace them with actual data that had specific factors and were examined over the cross-sectional study period. Both qualitative and quantitative methods will be used in a combined approach. Because the goal was to use statistical data to establish the problem's magnitude, a quantitative approach was adopted. This resulted in quantifiable variables expressed as frequencies, percentages, and numbers.

3.2. Population of the study.

These included up to 100 representatives from Pride Microfinance as well as senior staff members who worked in the finance, data, administration, and information divisions. The main reason senior management employees and clients were selected was that they were responsible for Microfinance's success and had more influence on its financial results.

3.3. Sample size.

Based on the Krejcie, R.V., & Morgan, D.W. (1970) approach to sample size in research operations, it was determined to use a sample distribution of 80 from a target population of 100, which included 69 clients, 6 bank officials, 2 IT specialists, and 2 accountants. The table below shows the respondents' distribution.

Table 1. Sample size determination.

Categories	Population size	Sample size	Sampling techniques
Manager	1	1	Purposive sampling
Banking officers	8	6	Random sampling
IT specialists	4	2	Random sampling
Accountants	4	2	Random sampling
Clients	83	69	Random sampling
Total	100	80	

Primary source

Primary data was gathered from respondents at Pride Microfinance on the subject under study.

3.5.2 Secondary data.

Secondary data was also collected from sources like Annual reports, articles in journals, the internet, magazines, dailies, and books that relate to the research topic, and these

were read extensively to get the required data to authenticate findings from the research respondents.

3.6 Validity and Reliability

3.6.1 Validity.

The degree to which an instrument measures what it should measure and functions similarly to how it was intended to function is known as its validity. Creswell (2013).

Validity exists in degrees since it is both feasible and nearly impossible for an instrument to become 100% valid (Patten, 2017).

To conduct the study, the researcher used a legitimate questionnaire. By employing the right questionnaire for the right reasons, the researcher ensured content validity, or the suitability of the research instrument's content. This required choosing representative questions from every area of the study and comparing them to the desired outcomes.

3.6.2 Reliability.

In this context, reliability is synonymous with consistency (Royse, 2007). Robin (2016) clarified that to prove that the research findings are legitimate, the measurement process must first be dependable. In this regard, the study developed the questionnaires that were used to measure the research's objectives repeatedly. By distributing questionnaires to the sampled members who were to serve as respondents from Pride Microfinance, the study ensured reliability.

It was to attain any alpha statistic of 0.7 or more that was put forward by Amin (2005) to serve as a reliable instrument's threshold. The questionnaire was good and reliable, with a Cronbach's alpha of 0.894.

3.7 Ethical considerations.

Ethics is the proper moral sense that guides choices, norms, and behavior; for this reason, the study was made to be politically, religiously, socially, and culturally acceptable.

Responsibility: The researcher acknowledged all authors whose work was used in this study. Ahmad and Yiing (2019). Additionally, the researcher asked Pride Microfinance's manager for permission to conduct the interviews and distribute questionnaires (Abdullah&Ling,2018).

Informed consent: The study requested respondents' permission to utilize their valuable time to comment on the study and reassure them that the results of the data analysis will be used for scholarly purposes (Schein, 2016: Shore, 2018).

Confidentiality: The research professional maintained confidentiality and equity by refraining from mentioning his source without their consent (Silverthorne, 2016).

Truthfulness; participants were furnished with complete information and explanations of advantage, entitlements, and risk in the research (Taormina, 2018; Tseng, 2015).

Study identity and anonymity of research participants who provided sensitive data were ensured (Wallach, 2016).

3.8. Instruments of Data was collected through some of the following tools or instruments by the research scholar.

3.8.1. Interviews.

An interview schedule was administered, particularly with the Senior Management Employees.

The respondent and the researcher conducted a face-to-face interview. The respondent was given an explanation by the researcher about the purpose of the study. The approach was chosen because it allowed the researcher to speak with the responder in person and ask pertinent questions about the study.

3.8.2. Questionnaires.

The respondents submitted written responses to a pre-structured written questionnaire. It is a useful method for gathering data when the researcher knows exactly what is required and how to measure the relevant variables. Respondents may get them via mail or in person. The selected respondents in this case study self-administered the questionnaires. They are preferred because they save time, particularly in large groups, can be stored for future use, and offer precise responses, making them simple to evaluate.

The researcher used questionnaires based on the goals of the study. The researcher administered semi-structured questionnaires to the chosen demographic sample. The Likert scale with five points was used to structure the questions. On this scale, 1 represented "Strongly Agree," and 5 represented "Strongly Disagree." Creswell (2011)

3.8.3 Observation.

Additionally, questionnaires and interviews evoke responses. By monitoring people in their natural work setting and documenting their activities, it is feasible to collect information without asking questions. One or two roles were played by the researcher. Either a participant observer or an observer who is not involved.

As a non-participant observer, the researcher collected data in an entirely research-related manner without attempting to join any organizations. Additionally, the study was conducted by a participant observer. Here, the researcher participated in the working group and watched how the staff behaved and performed.

3.9. Data presentation and Analysis.

In Gibbs GR's (2000) context, data analysis entails procedures and processes through which we make a transition from the collected qualitative data to some kind of interpretation, understanding, or meaning of the scenario and the individuals that we are investigating. Data that was gathered and put under the process of quantitative analysis, which entailed quite a variety of procedures like preparing, counting, grouping, relating, predicting, and statistical testing data was also categorized and grouped based on the research questions.

Data was then presented in written form. Also, the researcher analyzed the data using percentages (%), frequencies, and discussed the findings frequently. In addition, SPSS software was used when analyzing the data. SPSS (Statistical Package for the Social Sciences) is a software package used for statistical analysis. It was originally developed by Norman H. Nie, Dale H. Bent, and C. Hadlai Hull in 1968 and later acquired by IBM in 2009. SPSS provides tools for data management, statistical analysis, and reporting.

3.10 Limitations of the Study.

Sample size. A small sample size might lack representation of the population at large, hence poor generalizability of results.

Bias. Participant bias, selection bias, or even research bias may affect the validity and the result's reliability.

Measurement error. Measurement methods or tools that are imprecise or inaccurate could have data that are unreliable.

Confounding variables. Lurking variables that could affect the connection between the independent and dependent variable and that could result in the wrong interpretation of findings.

Ethical issues. Informed consent, anonymity, and possible risk to research participants ought to be a carefully reviewed and considered.

Time and financial constraints. A lack of sufficient time, finance, or access to resources may influence research intensity and coverage.

External validity. How much the findings can be used in other populations, settings, or at other times might be limited.

CHAPTER FOUR: PRESENTATION AND ANALYSIS OF DATA

4.0 Introduction.

Data on microfinance organizations and the economic growth of Kabale district are presented and analyzed in Chapter 4. Pride Microfinance case study. To get the necessary data on the research topic, the researcher employed both written questionnaires and oral interviews. In this chapter, the findings are presented according to the research objectives, which included determining the influence of credit services, savings programs, and financial literacy initiatives on the economic growth of Kabale District.

The information was then analyzed and clarified in light of the following research objectives:

4.1 Biographic characteristics of respondents

4.1.1 Gender distribution among respondents

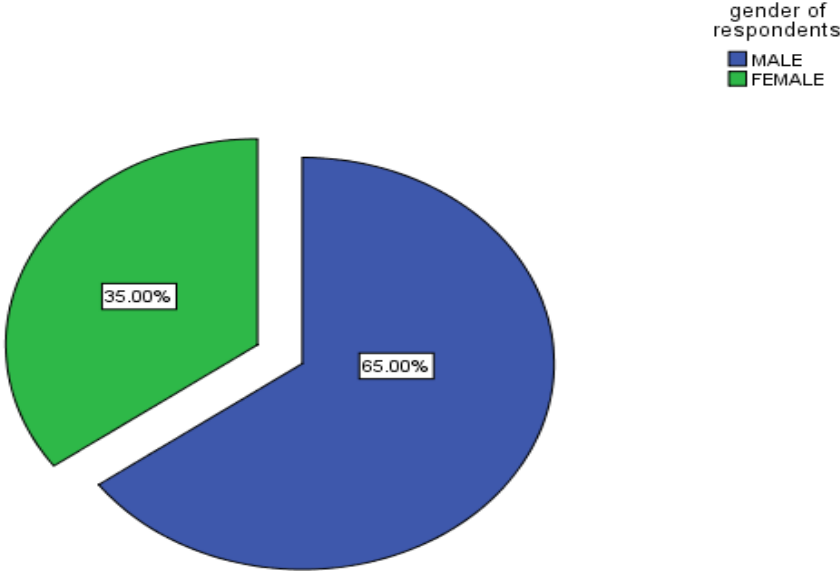
The respondents' gender distribution was ascertained. This was done to find out how the community's men and women actively engage with Pride Micro Finance. Moreover, they operate together to deliver worker performance. Both men and women were the subjects of the study, which produced a wide range of objective and considerate results, as indicated in Table 1 below;

Table 1: Showing the gender distribution of respondents

Gender	Frequency	Percentage (%)
Male	52	65
Female	28	35
Total	80	100

Source: Primary Data 2024

A pie chart showing the gender distribution of respondents



The study findings on the gender of the respondents presented in Table 1 above indicated that the majority of the respondents, 52(65%), were males compared to their female counterparts, who composed 28(35%). The number of males was higher than that of females because males had more control over household finances. The

researcher considered the gender of respondents to get information to could be relied on from both genders.

4.1.2 Age distribution of respondents

The age distribution of the respondents was also an important factor in the process of analyzing the work done by microfinance institutions in Kabale district. According to the study findings, the respondents' age distributions were as follows;

Table 2: Showing the age distribution of the respondents

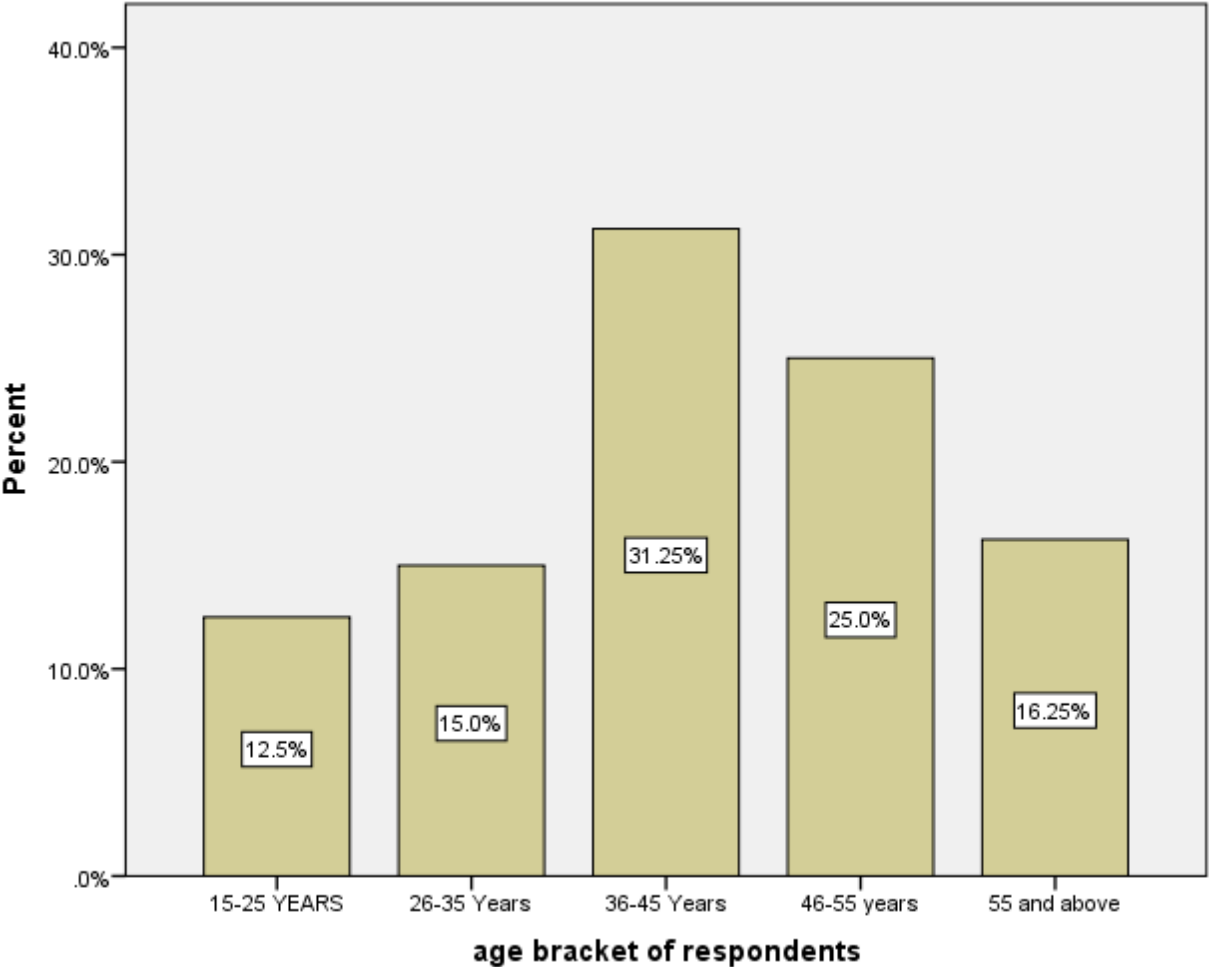
Age distribution	Frequency	Valid Percent
15 - 25	10	12.5
26-35	12	15
36-45	25	31.25
46 - 55	20	25
Above 55	13	16.25
Total	80	100

Source: Primary data 2024.

According to the study's findings on respondents' ages, table 2 shows that 10 (12.5%) of the respondents were between the ages of 15 and 25, 12 (15%) were between the ages of 26 and 35, 25 (31.25%) were between the ages of 36 and 45, 20 (25%), between the ages of 46 and 55, and 13 (16.25%) were over the age of 55. To obtain reliable data,

the researcher took into account the respondents' ages, taking into account their varied life experiences and comprehension of the issue under investigation.

A bar graph showing the age distribution of the respondents.



4.1.3 Marital status of the respondents.

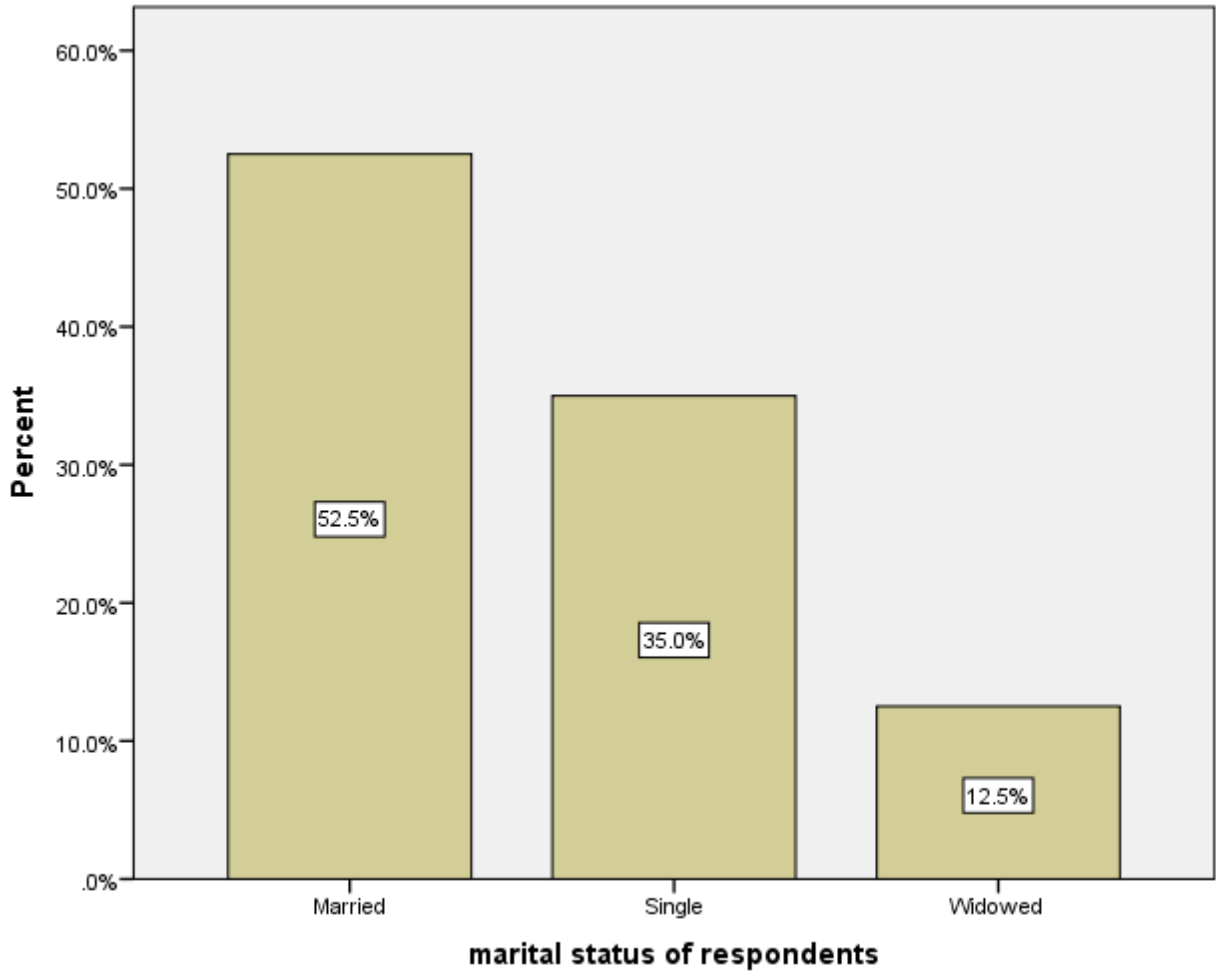
The respondents' marital status was also discussed and examined to gauge their opinions regarding Kabale district's economic development and microfinance institutions. As shown in the table below, this includes those who were widowed, married, and single.

Table 3: Showing the marital status of the respondents

Marital status	Frequency	Valid Percent
Married	42	52.5
Single	28	35
Widowed	10	12.5
Total	80	100

Source: Primary data 2024

A bar graph showing the marital status of the respondents.



As can be shown from the above table, the majority of respondents—42, or 52.5%—were married. These were followed by single respondents, or 28 (or 35%), and then 10 (12.5%) who were widowed. Regardless of their position, all of these respondents were prepared to supply the data needed for the study, which aided in comprehending the issue being looked into. Their opinions were very important and relevant to the investigation.

4.1.4 Level of education of the respondents

Respondents were contacted throughout the study procedure to gather data from a wide range of individuals with varying educational backgrounds. This determined the respondents' educational attainment, as shown below;

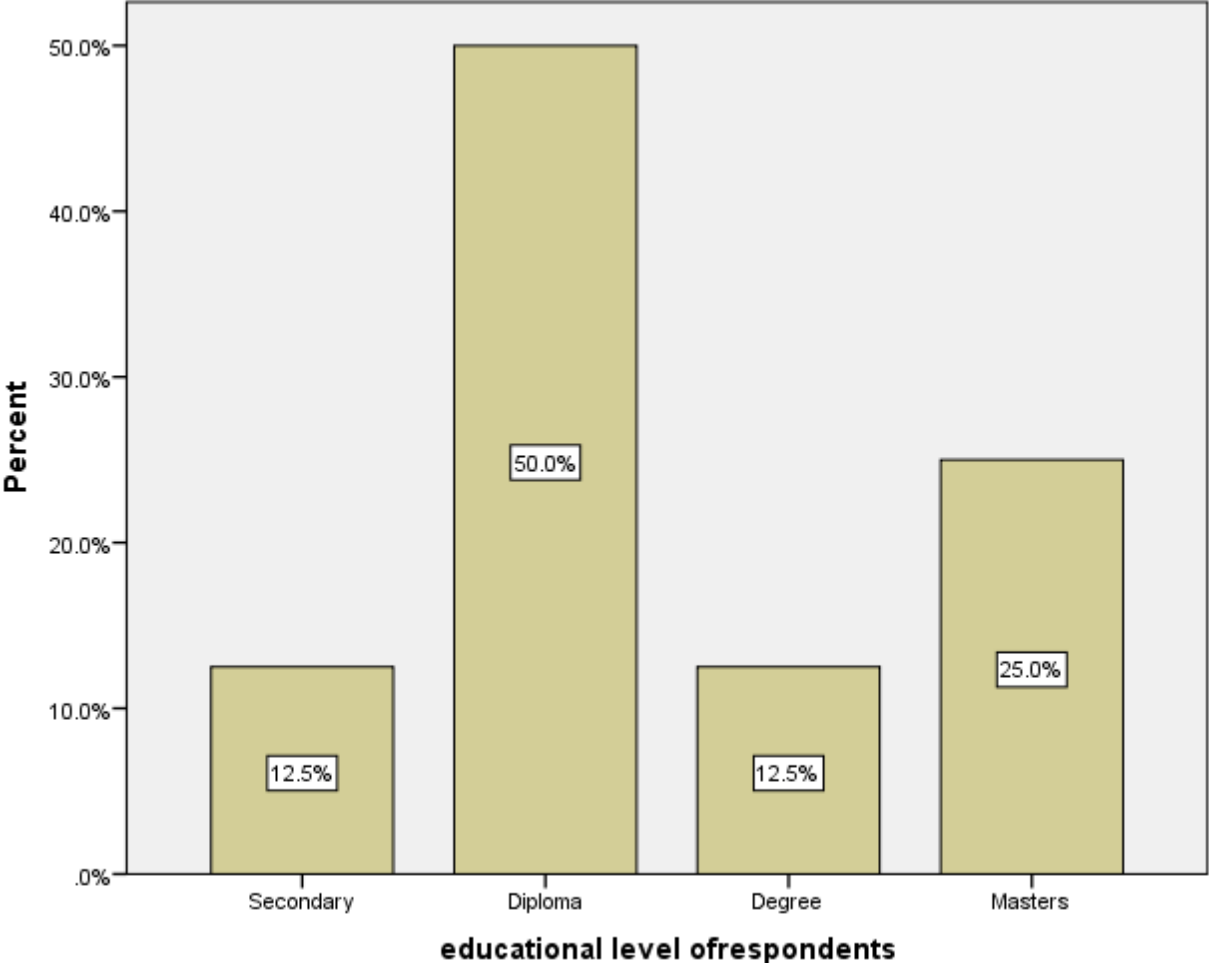
Table 4: Showing the level of education of the respondents

Level of education	Frequency	Valid Percent
Secondary	10	12.5
Degree	40	50
Master	10	12.5
Diploma	20	25
Total	80	100

Source: Primary data 2024

40 (50%) of the respondents had a degree, according to the statistics on educational attainment. Ten (12.5%) of the respondents had completed secondary school, ten (12.5%) had completed a master's degree, and twenty (25%), the respondents had completed a diploma.

A bar graph showing the level of education of the respondents.



4.1.5 Length of service dealing with Pride Microfinance

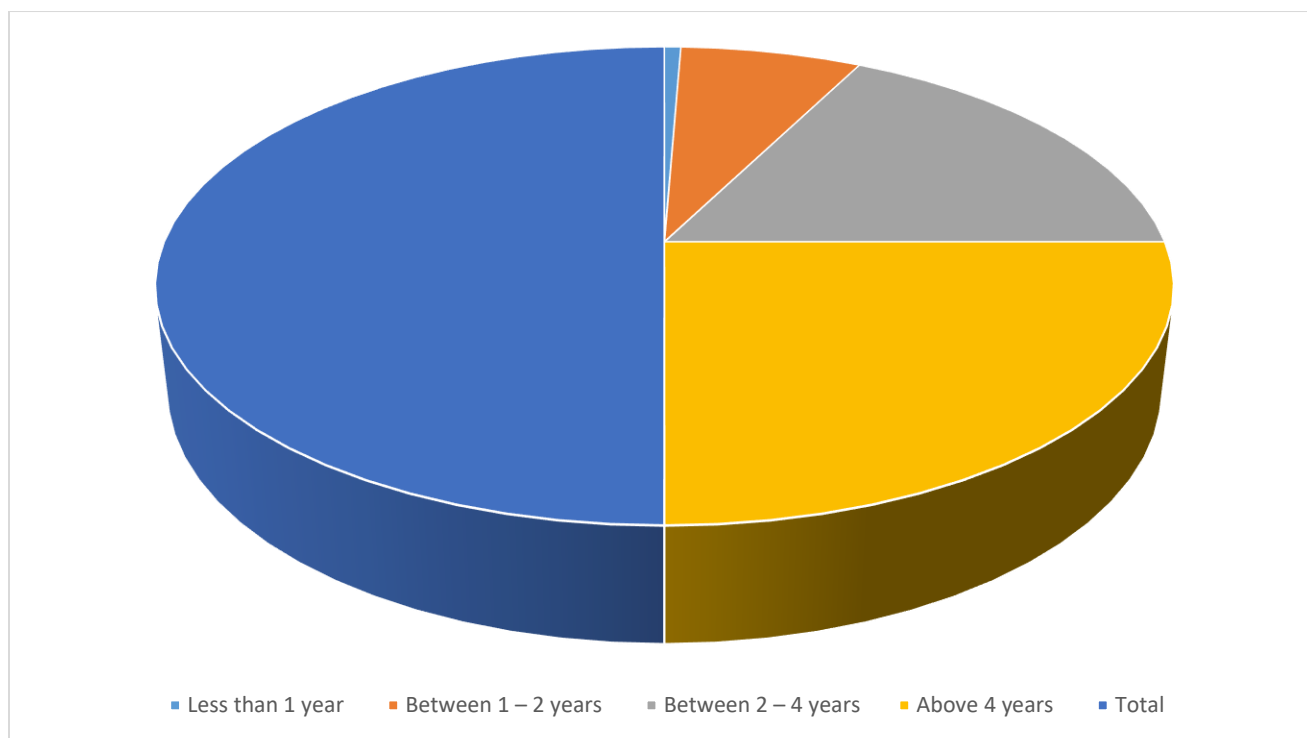
Table 5: showing length of Service dealing with microfinance

Length of service in Years	Frequency	Valid Percent
Less than 1 year	1	1.25
Between 1 - 2 years	11	13.75
Between 2 - 4 years	28	35
Above 4 years	40	50
Total	80	100

Source: Primary data 2024

One respondent (1.25%) had been employed at Rukiga SACCO for less than a year, eleven (13.75%) for one to two years, twenty-eight (35%) for two to four years, and forty (50%) for four years or longer.

A PIE CHART SHOWING THE LENGTH OF SERVICE.



4.1 Assessing the effect of credit services on the economic growth of Kabale District.

Respondents' responses on assessing the effect of credit services on the economic growth of Kabale District.	SA		A		N		D		SD		TOTAL	
	F	%	F	%	F	%	F	%	F	%	F	%
1. Credit services have significant potential to further contribute to the	50	63	20	25	9	11	1	1	-	-	80	100

economic growth of Kabale District if adequately promoted.													
2. Loan products are easily accessible to individuals and businesses in Kabale District.	30	38	40	50	8	10	2	2	-	-	80	100	
3. The interest rates charged by Pride Microfinance are affordable for small-scale businesses	20	25	40	50	16	20	4	5	-	-	80	100	
4. The loan application process at Pride Microfinance is simple and transparent.	40	50	30	38	5	6	5	6	-	-	80	100	
5. Pride Microfinance offers flexible repayment terms that accommodate borrowers' financial capabilities.	50	63	20	25	10	12	-	-	-	-	80	100	

6. Credit obtained from Pride Microfinance has enabled beneficiaries to expand their businesses.	20	25	33	41	10	13	7	9	10	12	80	100	
7. Pride Microfinance's credit services have contributed to job creation in Kabale District.	30	38	30	38	10	13	-	-	-	-	80	100	
8. Loans from Pride Microfinance have improved household income levels for borrowers.	25	31	25	31	28	35	2	3	-	-	80	100	
9. Borrowers face challenges such as delays in loan processing or insufficient loan amounts	35	44	35	44	6	8	-	-	4	5	80	100	
10. Pride Microfinance provides financial	15	19	45	56	10	13	5	6	5	6	80	100	

literacy training that helps borrowers manage their loans effectively.													
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SOURCE: PRIMARY DATA, 2025

With 63% of the population highly agreeing and 25% agreeing, the majority of responders (88%) strongly agreed with this statement. This degree of consensus demonstrates the broad contribution credit services make to the district's economic development. Just 1% disagreed, and none of them strongly disagreed, indicating broad support for the expansion of credit services Skimmyhorn (2013).

38% strongly agreed and 50% agreed that the credit products offered were inexpensive, stated 88% of the sample. It suggests that the financial institutions already dominate the region. Yet, 10% stated that they were neutral and 2% disagreed, indicating that businesses and families are not yet liberated from constraints to achieve access.

Seven-fifths, or 75%, of the respondents felt that the interest rates are reasonable, with 50% agreeing and 25% strongly agreeing. However, 20% were undecided and 5% disagreed, indicating that perception of affordability varies with firm/sector size. The finding is comparable with other studies conducted among other consumers of Pride Microfinance, where conflicting ideas were established regarding the affordability of loans.

To my surprise, 88% said the process for the loan is not difficult, 38% and 50% agreeing and strongly agreeing respectively. It is a sign that the procedures are simple and are

performed by the institution. 6% disagreed and 6% did not mind; thus, the applicants could find the process or the forms difficult.

88% replied in the positive, with 63% strongly agreeing and 25% agreeing, that the payment terms should be moderately flexible. That is very borrower-friendly. The remaining 12% included those showing no opinion and advocating for other changes that ought to be allowed to cater to different budgetary needs. 66% showed credit-enabled business growth, with 41% agreeing and 25% strongly agreeing. Though many people felt comforted with the support provided through finance, some were unable to achieve unprecedented business growth due to the business operations mode or the power of markets. The 13% observed indecision, 9% disagreement, and the other 12% strong disagreement mean that among the sampled, 76% agreed that credit services offered employment, 38% agreed, and 38% strongly agreed. The above is an indicator of the general economic contribution offered through the microfinance business. The 13% indecision may be due to the presence of business organizations that were unable to increase the size of the workforce despite credits.

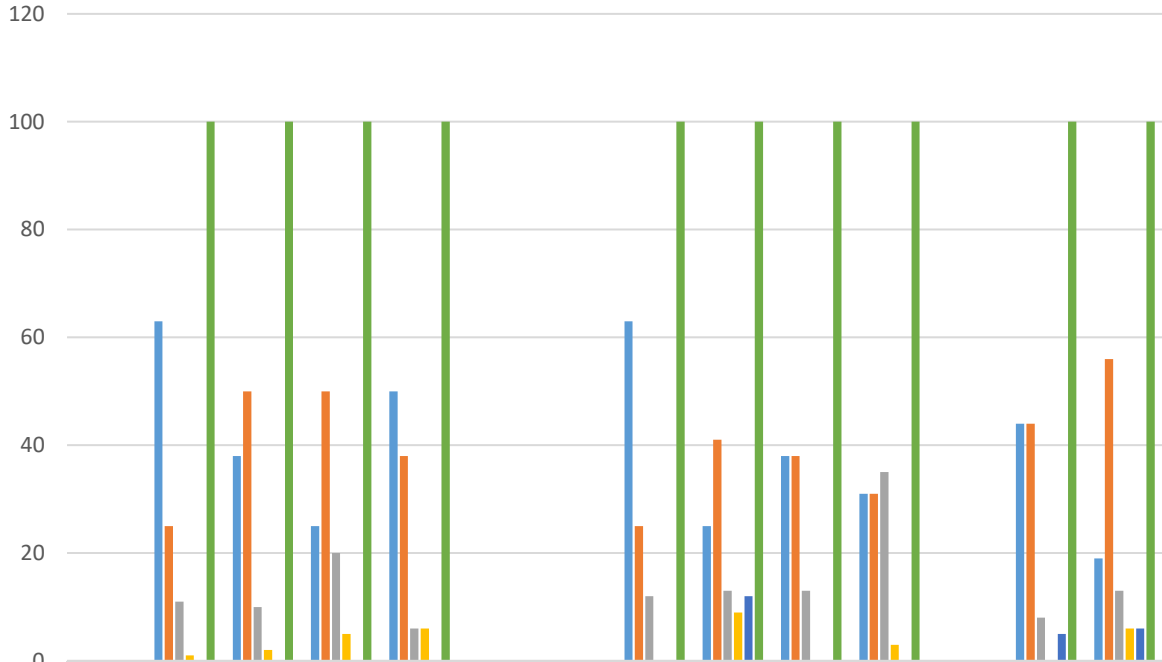
62% asserted that there were higher incomes at the household level, 31% strongly and 31% agreeing. 35% became undecided and 3% disagreed, indicating that not all borrowing homes benefited from the gains. This is perhaps due to factors like the success of the economy or the efficient use of loans.

Processing challenges on loans also featured among the reasons responded by 88% of the respondents, where 44% strongly agreed and the other 44% agreed. They are the

areas where microfinance institutions need to do better in terms of doing things to serve the customers better. Only 8% were neutral, and 5% strongly disagreed.

Financial literacy training was confirmed by 75% of the respondents, 19% of whom strongly agreed and 56% of whom agreed. Yet, 13% were in between, and 12% (6% of whom disagreed and 6% of whom strongly disagreed) stated that either the training is not equipping all clients or its efficiency differs. This is significant, as financial literacy is associated with improved financial decision-making and business performance.

A bar graph showing the effect of credit services to the economic growth of Kabale Distric



1. Credit services have significantly contributed to the economic growth of Kabale District. Respondents' significant response on assessing the effect of credit services to the economic growth of Kabale District.adequately promoted.

2. The loan products are easily accessible to individuals and businesses in Kabale District.

3. The interest rates charged by Microfinance are affordable for small-scale businesses.

4. The loan application process at Pride Microfinance is simple and transparent.

5. Pride Microfinance offers flexible repayment terms that accommodate borrowers' financial capabilities.

6. Credit obtained from Pride Microfinance has enabled beneficiaries to expand their businesses.

7. Pride Microfinance's credit services have contributed to job creation in Kabale District.

8. Loans from Pride Microfinance have improved household income levels for borrowers.

9. Borrowers face challenges such as delays in loan processing or insufficient loan amounts.

10. Pride Microfinance provides financial literacy training that helps borrowers manage their loans effectively.

Series1	63	38	25	50			63	25	38	31		44	19
Series2	25	50	50	38			25	41	38	31		44	56
Series3	11	10	20	6			12	13	13	35		8	13
Series4	1	2	5	6			0	9	0	3		0	6
Series5	0	0	0	0			0	12	0	0		5	6

4.2 Evaluating the effect of savings programs on the economic growth of Kabale District.

Respondents' response on Evaluating the effect of savings programs on the economic growth of Kabale District	SA		A		N		D		SD		TOTAL	
	F	%	F	%	F	%	F	%	F	%	F	%
1. Savings programs play a significant role in fostering economic growth in Kabale District.	40	50	15	19	20	25	5	6	-	-	80	100
2. Savings programs are easily accessible to individuals and businesses in Kabale District	45	56	20	25	10	13	5	6	-	-	80	100
3. The interest rates offered on savings accounts by Pride Microfinance are competitive.	35	44	20	25	15	19	5	6	5	6	80	100
4. Savings programs encourage a culture of saving among the residents of Kabale District.	50	62	20	25	10	13	-	-	-	-	80	100

5. The savings products offered by Pride Microfinance cater to both short-term and long-term financial goals.	45	56	15	19	10	13	5	6	5	6	80	100
6. Savings with Pride Microfinance have helped individuals and businesses accumulate capital for investment.	20	25	25	31	20	25	10	13	5	6	80	100
7. Pride Microfinance provides financial advice to savers on how to utilize their funds effectively.	25	31	20	25	15	19	15	19	5	6	80	100
8. The savings programs of Pride Microfinance have contributed to the financial stability of households in Kabale District	40	50	20	25	16	20	4	5	-	-	80	100
9. Pride Microfinance's savings programs have increased access to credit	45	56	25	31	10	13	-	-	-	-	80	100

by serving as collateral for loans													
10. Many clients have experienced challenges such as low returns on their savings or delayed access to funds.	40	50	35	44	5	6	-	-	-	-	80	100	

SOURCE: PRIMARY DATA, 2025

The majority of respondents (69%) agreed with this assertion, 50% strongly agreeing and 19% agreeing. This shows that many consider savings programs to be a very important driver of economic growth. However, 25% were undecided, and 6% disagreed, showing that while overall sentiment is positive, some individuals may be uncertain or negative about the impact of such programs.

81% of the respondents affirm accessibility, with 25% agreeing and 56% strongly agreeing. This is an indication that savings plans are highly accessible to the majority. Nevertheless, 6% disagreed and 13% did not know, and this implies that some areas or groups within the district could still be experiencing some kind of barrier to accessibility.

Of the respondents, 69% supported this statement, with 25% agreeing and 44% strongly agreeing. While the majority of the respondents are enticed by the interest rates, however, many neither possess nor gain enough information nor consider the rates to

be any less competitive by the percentage that as made up by the 19% undecided and the 12% disagreed/strongly disagreed.

Of the respondents, 87% assented, 62% strongly assented, and 25% assented. This demonstrates that the savings initiatives were effective in building a culture of saving and financial restraint within the population. The other 13% said they did not take any stand, which reflects that although the initiatives are generally effective, further education or publicity might be necessary to convert the entire populace.

Among the respondents who answered the questionnaire, 75% agreed, 56% strongly agreed, and 19% agreed. This would indicate that the majority believe the savings products are flexible and sensitive to various needs involving financial planning. However, 12% disagreed or strongly disagreed, and 13% did not know, indicating the consumers might perceive the products to be wanting somewhere or not aligned to the consumer's financial targets.

Overall, 56% of the respondents consented to this statement, with 31% agreeing and 25% strongly agreeing. Although more than half have benefited from capital accumulation because of saving, a considerable percentage have not benefited from this or are not very sure about it, with a significant 25% not very sure and 19% disagreeing or strongly disagreeing.

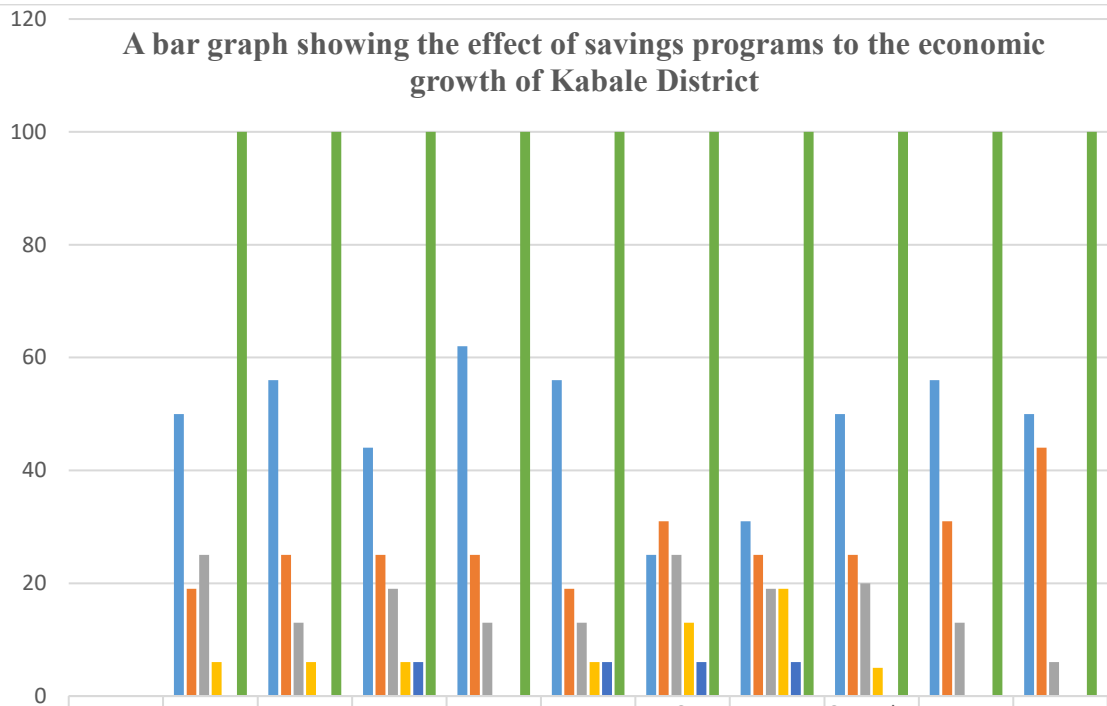
31% strongly agreed, 25% agreed, and 56% agreed. Though some clients might be receiving financial advice, some are not receiving it or do not believe it is sufficient, and this is seen by the fact that 19% did not know, and the 25% did not agree/disagree.

75% agreed to it, with 50% agreeing strongly and 25% agreeing. This is an indication that the majority of households, by far, have been more financially secure through these

programs. 20% did not know and 5% disagreed, showing that although the effect is mostly positive, not all households may be affected.

31% of individuals agreed, 56% strongly agreed, and an overwhelming 87% agreed. This demonstrates how savings have made it easier to obtain credit, which has allowed for additional economic activity. The fact that 13% of respondents were unsure suggests that some people may not have used this benefit or may not be aware of it. 94% of the clients admitted to having issues, with 44% agreeing and 50% strongly agreeing. There are widespread problems that must be resolved to improve customer happiness and the effectiveness of savings programs, as evidenced by the fact that just 6% were neutral and none disagreed.

A bar graph showing the effect of savings programs to the economic growth of Kabale District



Respondents' response on Evaluating the effect of savings programs to the economic growth of Kabale District	1. Savings programs play a significant role in fostering economic growth in Kabale District.	2. Savings programs are easily accessible to individuals and businesses in Kabale District	3. The interest rates offered on savings accounts by Pride Microfinance are competitive.	4. Savings programs encourage a culture of saving among the residents of Kabale District.	5. The savings products offered by Pride Microfinance cater to both short-term and long-term financial goals.	6. Savings with Pride Microfinance have helped individuals and businesses accumulate capital for investment.	7. Pride Microfinance provides financial advice to savers on how to utilize their funds effectively.	8. The savings programs of Pride Microfinance have contributed to the financial stability of households in Kabale District	9. Pride Microfinance's savings programs have increased access to credit by serving as collateral for loans	10. Many clients have experienced challenges such as low returns on their savings or delayed access to funds.
Series1	50	56	44	62	56	25	31	50	56	50
Series2	19	25	25	25	19	31	25	25	31	44
Series3	25	13	19	13	13	25	19	20	13	6
Series4	6	6	6	0	6	13	19	5	0	0
Series5	0	0	6	0	6	6	6	0	0	0
Series6	100	100	100	100	100	100	100	100	100	100

Series1 Series2 Series3 Series4 Series5 Series6

4.3. Exploring the contribution of financial literacy initiatives to the development of Kabale District.

Respondents' responses on analyzing the role of financial literacy programs in the economic growth of Kabale District	SA		A		N		D		SD		TOTAL	
	F	%	F	%	F	%	F	%	F	%	F	%
1. Financial literacy programs play a crucial role in enhancing economic growth in Kabale District	60	75	15	19	5	6	--	-	-	-	80	100
2. Financial literacy programs are accessible to individuals and businesses in Kabale District.	40	50	25	31	10	13	-	-	5	6	80	100
3. The financial literacy training offered by Pride Microfinance is tailored to the needs of different groups, including small-scale entrepreneurs.	20	25	25	31	20	25	15	19	-	-	80	100

4. Financial literacy programs have improved participants' knowledge of budgeting and financial planning.	45	56	25	31	10	13	-	-	-	-	80	100
5. The training programs help individuals make informed decisions about saving and investing.	30	38	25	31	5	6	12	15	8	10	80	100
6. Financial literacy programs from Pride Microfinance enhance the ability of borrowers to manage and repay loans effectively	40	50	15	19	10	13	10	13	5	6	80	100
7. Participants in Pride Microfinance's financial literacy programs report improved household financial stability.	45	56	20	25	10	13	3	4	2	3	80	100
8. Pride Microfinance equips participants with skills to	50	63	20	25	5	6	5	6	-	-	80	100

diversify their income sources													
9. Financial literacy initiatives by Pride Microfinance have led to the growth and expansion of small businesses in Kabale District.	25	31	15	19	20	25	15	19	5	6	80	100	
10. Challenges, such as limited coverage of training sessions, hinder the full impact of financial literacy programs.	35	44	30	38	5	6	5	6	5	6	80	100	

SOURCE: PRIMARY DATA, 2025

Overwhelmingly, 94% of the respondents (75% strongly agreed, 19% agreed) concurred that financial literacy programs greatly contributed to the economic development of the district. The concurrence indicates that these programs are effective in developing a healthy financial culture that stimulates economic growth.

81% of the respondents also agreed that financial education programs were accessible, with 31% agreeing and 50% strongly agreeing. However, 13% were undecided and 6% disagreed, showing that even if the majority believed the programs were accessible to

everyone, certain categories of people indeed had accessibility concerns. Only 56% believed the training to be adequately tailored (strong agreement 25%, agreement 31%). A significant 25% were undecided, with 19% disagreeing, indicating that the tailoring of training materials to suit the needs of diverse groups might be enhanced to refine it further.

Interestingly enough, 87% responded that the programs improved their capacity to budget and plan financially (56% strongly agreed and 31% agreed). This is an indication that the training did a good job of adding to the building of key financial management capabilities among the participants.

As per the responses by 69% respondents, the training enabled them to make informed investments and savings decisions (38% strongly agreed and 31% agreed). That about 10% strongly disagreed 15% disagreed, and 6% remained unsure is an indication that while the majority of the respondents benefited from the training, not many did. Various respondents, i.e., 69% (50% strongly agreed and 19% agreed), also perceived that the programs enhanced the loan management and repayment ability. However, 13 remained unsure, 13 disagreed, and 6 strongly disagreed, and thus the programs became successful for the majority and not for the others.

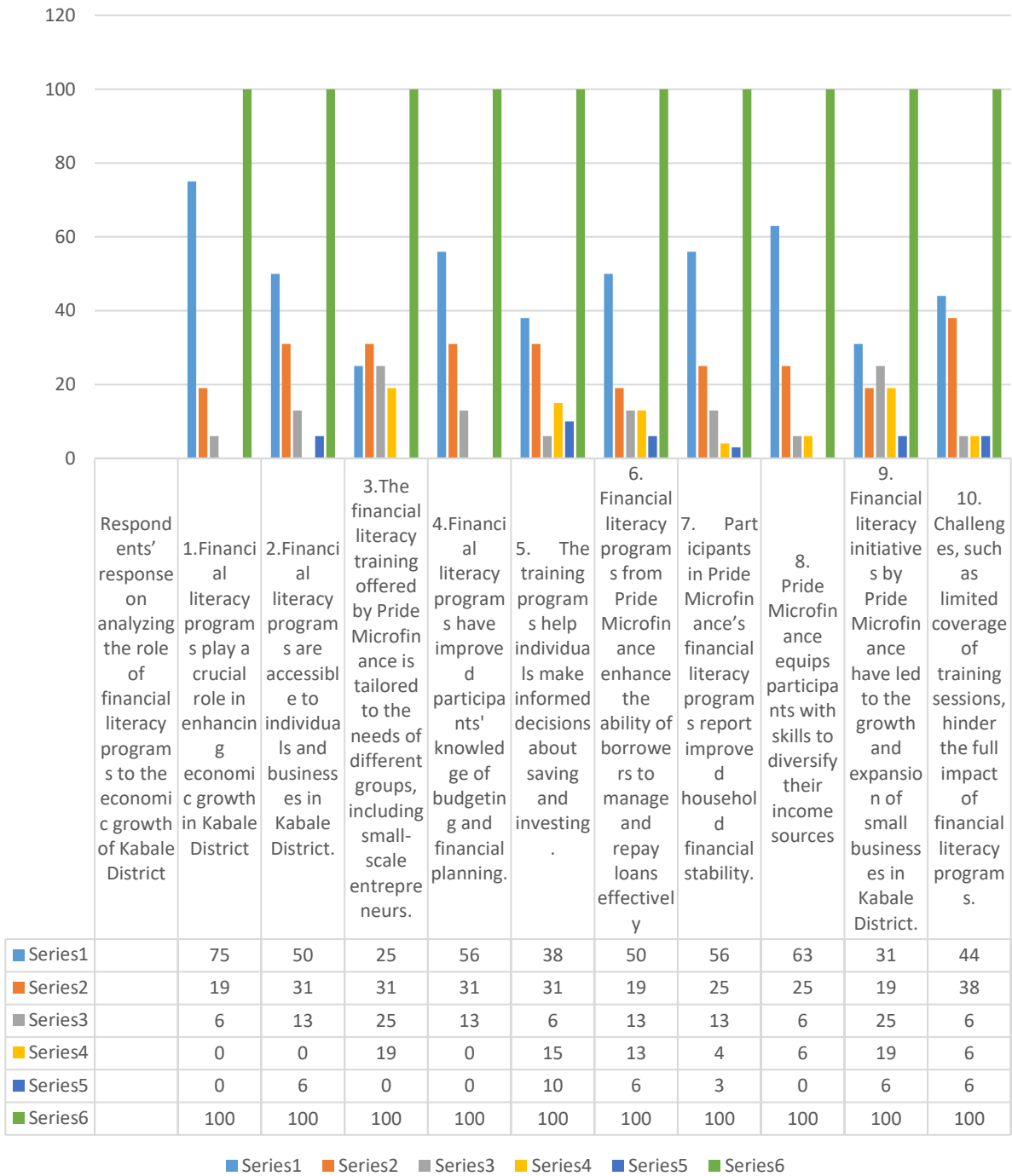
Laudably, 81% of the participants (56% strongly agreed, 25% agreed) witnessed changes in financial stability at the household level after the training. This is an indication that the programs provided positive spillover to the participants' financial well-being.

A significant 88% of respondents (63% strongly agreed, 25% agreed) identified acquiring skills to diversify income, which demonstrates the program's success in inculcating financial resilience and entrepreneurship in the participants.

Only 50% of the respondents (31% strongly agreed and 19% agreed) attributed the business growth to the financial literacy programs. A quarter felt quite neutral (25%), 19% disagreed, and 6% disagreed strongly, suggesting that while there had been businesses that gained substantially, there were also businesses that did not gain much and could therefore be lost to other causes or to more comprehensive support.

Overall, 82% of the respondents (44% strongly agreed, 38% agreed) pointed out that limitations in the coverage of training inhibited the effectiveness of the programs. This suggests the necessity of broader outreach and more extensive training sessions for realizing the optimum advantages of financial literacy programs across the district.

A bar graph showing the role of financial literacy programs to the economic growth of Kabale District.



CHAPTER FIVE: DISCUSSION OF FINDINGS

5.0 Introduction.

This chapter offers evidence based on the study's goals, which include determining the contribution of financial literacy initiatives to Kabale District's economic growth, assessing the impact of credit services on economic growth, and assessing the impact of savings programs on economic growth.

5.1 Assessing the effect of credit services to the economic growth of Kabale District.

Because 63% of members strongly agreed with this argument and the remaining 25% agreed, the majority of members (88%) supported it. The importance of the credit services in boosting the district's economy is demonstrated by this indicator. The overwhelming support for expanding credit services was confirmed by the fact that only 1% opposed it and none strongly objected.

Confirmation on the availability of loan products was on the response of 88%, with strong agreement at 38% and agreement at 50%. This has proved that the lending institutions have effectively approached society. However, 10% were neutral and 2% disagreed, meaning there still remain some barriers to access by some companies/individuals.

Affordability of interest rates is also familiar to 75% of respondents, where 25% agreed and 50% agreed. 20% were neutral and 5% disagreed since individuals differ through the size of industries or businesses. This is similar to research among Pride Microfinance customers in kabale where different loan affordability perception has been reported.

An impressive 88% agreed that the loan application procedure is straightforward, with strong agreement by 50% and agreement by 38%. This is an indication of smooth procedures within the organization. 6% were indifferent and 6% disagreed; therefore, there has been difficulty by some applicants, possibly due to paperwork or familiarity with the procedure.

88% of respondents supported flexible payment terms, with 63% strongly agreeing and 25% agreeing. That is evidence of policies that are favorable to borrowers. The remaining 12% were neutral, meaning there was room to further adapt the rules to various financial situations. 66% of respondents said they have grown their businesses using finance, with 25% and 41% agreeing.

However, 13% remained neutral, 9% disagreed, and 12% strongly disagreed, meaning that although many have been positively impacted by the credit, there could be others who do not benefit much from the growth of the business due to market forces or the management style of the business.

76% of the participants also assented to the inference that the credit services created jobs, with 38% strongly agreeing and 38% agreeing. That is the wider macroeconomic effect of microfinance. The 13% neutrality could be due to firms that did not recruit more workers by availing themselves of the credit.

Household-level increased income was observed among the respondents by 62% where 31% strongly agreed and 31% agreed.

35% neither agreed nor disagreed, and 3% disagreed, indicating that not all the borrowers observed income growth, which could be due to efficiency measures on the use of loans or the prevailing economy.

Problematic loan processing was acknowledged by 88% of the respondents, and 44% of them strongly agreed and 44% agreed. This is an area where microfinance institutions can improve service delivery so that they can serve their customers better. 8% were neutral, and 5% strongly disagreed.

Financial literacy training could be confirmed by 75% of the sample respondents, 19% agreed strongly and 56% agreed. However, 13% were neutral and 12% (6% disagreed and the other 6% agreeing strongly) answered either that the training is not offered to all the clients or operates differently. That is an important observation because financial literacy has been linked to better financial and business performance.

5.2 Assessing the impact of savings plans on the Kabale District economy.

Most of the people questioned (69%) answered affirmatively to this, and 50% strongly agreed and 19% agreed. This would suggest the majority do find savings plans to be key to stimulating growth economically. Nevertheless, 25% were undecided and 6% disagreed, indicating that even though there is a general positive attitude towards it, there are some who would be unsure or uncertain about the impact of such schemes.

Accessibility was agreed upon by 81% of the respondents, with 56% agreeing strongly and 25% agreeing. This indicates most do find saving schemes accessible. Yet, 13% were neutral and 6% disagreed, which suggests that there could still be access to some sections or groups in the district.

69% of the respondents agreed with this statement, with 25% agreeing and 44% strongly agreeing. However, 19% remained neutral, and a total of 12% disagreed or strongly disagreed, which indicates that while many people actually do view the interest rates

as competitive, a considerable percentage of respondents to this survey do not have sufficient information or perceive the rates as less competitive.

By a large majority, 87% of respondents concurred, of whom 62% strongly concurred and 25% concurred. This shows the effectiveness of the savings schemes in promoting thrift and savings culture within the community. Of the 13% who were ambivalent, it is reported that although the schemes in general are working, that there remains the potential for outreach or education to engage the entire community.

75% of those who responded agreed, 56% agreeing strongly and 19% agreeing. This validates the fact that the majority of them find the savings products to be flexible and versatile for a variety of financial planning objectives. However, 13% neither disagreed nor agreed, and 12% disagreed or strongly disagreed, so there are those who may find the products lacking in some aspect or do not fit their unique financial goals.

Only 56% of the interviewees supported this, of whom 25% strongly supported and 31% supported. Twenty-five percent were uncertain, and 19% disagreed or strongly disagreed, indicating that while over half have benefited from the wealth effects of capital accumulation through savings, a high percentage have not enjoyed this advantage or are unsure about it.

56% of respondents agreed with it, with 31% strongly agreeing and 25% agreeing. However, 25% disagreed or strongly disagreed, and 19% were neutral, suggesting that although some clients receive financial advice, others do not have access to it or believe it to be sufficient. 75% of respondents agreed, with 25% agreeing and 50% strongly agreeing. This suggests that these programs have improved the financial stability of

most households. Nonetheless, 20% had no opinion, and 5% disagreed, pointing out that although the effect is often favorable, it is not always the same in every home.

Some remarkable 87% agreed, and of these, 56% agreed strongly and 31% agreed. This recognizes the contribution that savings make to the provision of access to credit and thus further economic activity. The other 13% said they were neutral and thus recognize that some would not have availed themselves of the benefit or do not know about the benefit.

A total of 94% of the respondents agreed to having faced challenges, with 50% agreeing to a high extent and 44% agreeing. The remaining 6% maintained neutrality, with nil disagreeing to signify common challenges to be addressed to boost client satisfaction and savings program effectiveness

5.3 Addressing the contribution of the financial literacy programs to the Kabale District's economic growth.

Almost unanimously, 94% of respondents (75% strongly agreed and 19% agreed) acknowledged the significant contribution of the financial literacy programs to the district's economic growth. Such uniformity in opinion is a testament to the effectiveness of these projects in enforcing soundly-informed financial habits to spur economic growth.

A massive 81% of the respondents 50% agreed strongly, 31% agreed stated that they had access to financial literacy programs. 13% were neutral and 6% disagreed, indicating that while the majority felt that they were accessible, there were still groups of population who faced accessibility issues

Only 56% of the students thought the instruction was well aligned, with 25% strongly agreeing and 31% agreeing. Since 19% disagreed and one-fourth fell between the extremes, it would be beneficial to better tailor the content to the needs of each group in order to boost efficacy. It is particularly striking that an overwhelming proportion of participants (87%) indicated that budgeting and financial planning skills were improved by the training, and 56% very strongly agreed, with 31% agreeing. The inference is that the participants' minimum financial management skills were successfully augmented through the course.

69% indicated that the training assisted in making informed decisions regarding investment and savings, with 38% strongly agreeing and 31% agreeing. Although the large share benefited from the positive effect, the small share believed the training to be less beneficial, with 6% showing neutrality, 15% disagreeing, and 10% strongly disagreeing.

In general, 69% of the respondents answered that the programs reinforced the capacity to process and repay the loans, 50% with strong agreement and 19% agreeing. Even though a vast majority of the interviewees were benefited through the programs, the process can further be enhanced to encompass all the borrowers, evidenced through the 13% that were neutral, 13% that disagreed, and 6% that strongly disagreed.

In the aftermath of the program, 81% also showed improvement for family finances (strong agreement 56%, agreement 25%). It reveals that the program helped the finances of the participants.

As many as 88% of the participants confirmed learning something about the diversification of incomes (63% strongly agreed, 25% agreed), indicating that the

training was efficient to help the participants build up their financial resilience and entrepreneurship skills.

Up to 50% of the participants (19% showing strong agreement and 31% agreement) indicated that financial literacy programs facilitated the expansion of enterprises. About 25% were neutral, 19% disagreed, and 6% showed strong disagreement. The implication is that some businesses enjoyed huge expansions, whereas others failed to do so, perhaps due to a host of external circumstances or the need to increase their investments to remain sustainable.

A large majority of the participants (82%), with 44% showing general agreement and 38% showing definite agreement, also noted that the limitations placed on coverage for training inhibited the efficacy of the programs. This further highlights the importance of increasing the coverage both in time and scope for the comprehensive training sessions to further increase the district's exposure to the value inherent in the financial literacy program.

CHAPTER SIX: SUMMARY OF FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

6.0 Introduction

Chapter Six gives an overall review on results of the study, brings out the conclusion from the data observed, and provides recommendations on how to improve the Kabale District's economic growth through the application of credit facilities, savings programs, and awareness programs on financial literacy. It also initiates areas to be considered in future studies to improve knowledge and inform policy-making.

6.1 Summary of Results

6.1.1 Evaluating the Role Played by Credit Services to the Economic Development of Kabale District The research confirmed that the respondents validated the major contribution made by the credit services to the Kabale District economy. Consensus among the majority of the respondents was the availability of loan products as evidence of proper outreach by the institutions. Affordability of the interest rates by Pride Microfinance was to a large extent perceived to be fair by the proprietors of small-scale enterprises.

Most respondents found the process of applying for loans to be simple, indicating well-structured procedures. Further, repayment conditions were described as flexible, which suggests borrower-friendly operations. However, while the majority acknowledged business expansions due to credit, a few respondents did not see significant growth, which suggests that credit has assisted a majority but not all.

Further, credit services were said to stimulate work and increased household incomes, showing their greater economic contribution.

6.1.2 Evaluating the Effect of Savings Programs on the Kabale District's Economic Growth

The findings indicated that the participants believed that savings schemes had a role to contribute towards economic growth in Kabale District. Access to savings schemes was verified by the majority of the respondents, although others identified areas for improvement. The interest rates paid on the savings accounts by Pride Microfinance were seen to be competitive by a large majority. Savings schemes were cited to instill a culture of saving among the residents as well as undertake short- and long-term financial purposes. Notwithstanding this, while some of the participants cited that savings helped the gathering of capital for investment, others did not observe their role in this direction. Savings advice to savers was also observed, though variation was observed among the respondents. Secondly, savings schemes were also found to stabilize the finances of families and more convenient access to credit by being accessed for loans as collateral. Difficulty such as low returns on savings or delayed access to funds was also realized, pointing out areas of concern.

6.1.3 Analyzing the Influence of Financial Literacy Schemes on Kabale District's Economic Development

According to the survey, the participants acknowledged the essential role that financial literacy initiatives play in the district's economic growth. Despite some participants' difficulties, access to the programs was mostly established. Although there was still

room for improvement, financial literacy training that was tailored to the need of different groups, including small companies, was delivered.

Respondents reported enhanced budgeting and financial planning skills following the programs. Reporting also included the assistance the training provided to make the right decisions on saving and investing, although the experience differed among the participants. Financial education's contribution to the improvement in the ability of borrowers to manage and pay loans was reported. Most participants reported improved household financial soundness. Also reported was the gain by the participants in the income diversification field, an indication of the success the program provided by building financial resilience. However, where some participants reported noting growth in businesses that could be attributed to the financial literacy programs attended, others did not report appreciable growth due to possible external factors and lack of full coverage. Some challenges characterized by the limited accessibility to the training sessions existed and highlighted the need for wider coverage.

6.2.1 Determining the Effect on the Kabale District's Economic Growth through Credit Servicing

The results showed that credit services, if properly marketed, contribute significantly to the socio-economic development of Kabale District. Although accessibility and affordability were mainly validated, inequalities related to differences in business development results and family income enhancement were realized and tend to indicate the need to provide valued-added credit products and supportive mechanisms.

6.2.2 Evaluating the Effect of Saving Initiatives on the Economic Development of Kabale District

Research also revealed that building saving cultures, providing financial security, and increasing credit access are crucial determinants that result in economic growth. Nevertheless, concerns regarding too distant withdrawal timings and very minimal interest rates for saving were also brought to light, signalling reform areas that can further advance the service and the architecture.

6.2.3 Analysis of the Effect on Economic Growth of Financial Literacy Projects within Kabale District

The studies confirmed that the financial literacy programs significantly assist increase the rise of the economy through the enhancement of budgeting techniques, adequate financial planning, and diversification of incomes. Nevertheless, setbacks whereby the materials and the content are not adequately harmonized and tailored to effectively cut through the targeted beneficiaries have constrained the overall efficacy of the programs and thus signal the need to adopt more holistic and specific financial literacy programs.

6.3 Recommendations

Credit service enhancement: Banks and financial institutions are also able to design special credit products that are specifically crafted to serve the needs of the different industry sectors, thereby enhancing accessibility and affordability to deliver inclusive growth.

Savings Products Architecture Enhancement: Banks must review and consolidate savings products to attain competitive interest rates and convenient accessibility to funds, facilitating healthy saving behaviors and coverage for clients.

Scaling Up and Customization of the Initiatives for Financial Literacy: The financial literacy partners are required to develop and execute the initiatives for financial literacy that are tailored to the diversified requirements among the citizens and the vulnerable to find them very effective.

Strengthening Systems for Evaluation and Monitoring: The credit services, savings, and financial literacy programs are continually evaluated and monitored for the identification of gaps, tracking of results, and the direction for further improvements.

Bridging Participative Partnerships: The facilitation of an alliance between government institutions, financial institutions, and civil society institutions can be utilized to consolidate action and harmonize best practices and increase the coverage and scope of initiatives that can help generate economic growth.

6.4 Areas of Further Study

Impact of Digital Financial Services. Examine the influence of digital financial services on the growth of the economy and financial accessibility within the urban and rural areas within Kabale District.

Gender Dynamics of Financial Inclusion. Converse about the distinct challenges and opportunities among different genders to reach and gain advantage through the credit services, savings plans, and financial literacy programs.

Long-Term Effects of Financial Knowledge. Examine how financial literacy initiatives affect people's financial behavior and financial results over an extended period of time.

Unofficial Financial System Integration. Give an example of how informal financial systems, such as Village Savings and Loan Associations (VSLAs), work in tandem with formal financial services to support economic growth.

Policy Frameworks and Economic Growth. Analyze the effectiveness and efficiency of existing policy frameworks in supporting financial services and literacy programs, and whether they reflect Kabale District's economic development ambitions.

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APPENDICES

Appendix A.

Questionnaire.

Dear Respondent,

I, **NIMUSIIMA SHABELLAH**, a student at Uganda Christian University pursuing Bachelors of Business Administration. Am carrying out a Research study on microfinance institutions and economic development in kabale district. A case study at pride microfinance. You are among the respondents randomly selected to provide the information. Please you are kindly requested to respond to the questions by ticking on the appropriate box or write a brief statement where applicable. The information provided will be kept confidential and will only be for Academic purposes

PART A: BIO DATA OF THE RESPONDENTS

(Tick in the box where applicable)

1) Sex

i. Male

ii. Female

2. Marital status

1. Married

2. Single

3. Others(specify)

3. Age bracket

a) 20-24 years

b) 35 - 44 years

c) 25-34years

d) 45 years and above

4. Educational level

i. Certificate

ii. Diploma

iii. Degree

i. Masters

ii. Above masters

iii. Others (specify).....?

5. How long have you been dealing with Pride Microfinance?

i. Less than 1 year

ii. 1 to 2 years

iii. years and above

PART B.

This section includes statements on the research variables and the objectives that were covered in Chapters 1 and 2. These are the ways in which Pride Microfinance's credit services, savings programs, and financial literacy initiatives contribute to economic growth.

Using a Linkert scale of 1-5, where 1 = strongly Agree (SA), 2 = Agree (A), 3 = Neutral (N), 4 = Disagree (D), and 5 = Strongly Disagree (SD), please specify by checking the box next to your preferred order.

i) The effect of credit services to the economic growth of Kabale District.

Statements	SA 1	A 2	N 3	D 4	SD 5
11. Credit services have significant potential to further contribute to the economic growth of Kabale District if adequately promoted.					
12. loan products are easily accessible to individuals and businesses in Kabale District.					
13. The interest rates charged by Pride Microfinance are affordable for small-scale businesses					
14. The loan application process at Pride Microfinance is simple and transparent.					
15. Pride Microfinance offers flexible repayment terms that accommodate borrowers' financial capabilities.					

<p>16. Credit obtained from Pride Microfinance has enabled beneficiaries to expand their businesses.</p>					
<p>17. Pride Microfinance's credit services have contributed to job creation in Kabale District.</p>					
<p>18. Loans from Pride Microfinance have improved household income levels for borrowers.</p>					
<p>19. Borrowers face challenges such as delays in loan processing or insufficient loan amounts</p>					
<p>20. Pride Microfinance provides financial literacy training that helps borrowers manage their loans effectively.</p>					

21. How have credit services influenced the establishment and growth of small and medium enterprises in Kabale District?

.....

.....

22. To what extent have the credit services provided by Pride Microfinance improved household incomes and livelihoods in Kabale District?

.....

.....

ii) The effect of savings programs to the Economic growth

Statements	SA 1	A 2	N 3	D 4	SD 5
11. Savings programs play a significant role in fostering economic growth in Kabale District.					
12. Savings programs are easily accessible to individuals and businesses in Kabale District					
13. The interest rates offered on savings accounts by Pride Microfinance are competitive.					
14. Savings programs encourage a culture of saving among the residents of Kabale District.					
15. The savings products offered by Pride Microfinance cater to both short-term and long-term financial goals.					
16. Savings with Pride Microfinance have helped individuals and businesses accumulate capital for investment.					

17. Pride Microfinance provides financial advice to savers on how to utilize their funds effectively.					
18. The savings programs of Pride Microfinance have contributed to the financial stability of households in Kabale District					
19. Pride Microfinance's savings programs have increased access to credit by serving as collateral for loans					
20. Many clients have experienced challenges such as low returns on their savings or delayed access to funds.					

21. What role do savings programs play in promoting investment and capital accumulation among its clients in Kabale District?

.....
.....

22. How effective are savings programs in fostering a culture of financial discipline and long-term economic planning in Kabale District?

.....

i. The role of financial literacy programs to the economic growth in Kabale.

Statements	SA	A	N	D	SD
	1	2	3	4	5
11. financial literacy programs play a crucial role in enhancing economic growth in Kabale District					
12. Financial literacy programs are accessible to individuals and businesses in Kabale District.					
13. The financial literacy training offered by Pride Microfinance is tailored to the needs of different groups, including small-scale entrepreneurs.					
14. Financial literacy programs have improved participants' knowledge of budgeting and financial planning.					
15. The training programs help individuals make informed decisions about saving and investing.					
16. Financial literacy programs from Pride Microfinance enhance the ability of borrowers to manage and repay loans effectively					
17. Participants in Pride Microfinance's financial literacy programs report improved household financial stability.					
18. Pride Microfinance equips participants with skills to diversify their income sources					

19. Kabale District's small enterprises have grown and expanded as a result of Pride Microfinance's financial literacy activities.					
20. Issues including inadequate training session coverage limit the effectiveness of financial literacy initiatives.					

19. How have financial literacy programs enhanced clients' ability to manage their finances and make informed economic decisions in Kabale District?

.....

20. How far did the financial literacy offered by Pride Microfinance affect the growth and sustainability of microenterprises within Kabale District?

INTERVIEW PROTOCOL.

1. Please summarize your exposure to Pride Microfinance credit products, saving schemes, and financial education activities.
2. How are the loan services provided to Kabale District individuals and small enterprises reasonably priced by Pride Microfinance?
3. What are the problems borrowers encounter when requesting and paying back loans?
4. What ways has the provision of pride microfinance loans contributed to employment and business development?
5. Up to what extent do the saving initiatives of Pride Microfinance help to encourage saving culture among the locals?
6. Were there any challenges, for example, slow fund access or poor returns? If so, what were the financial effects these presented to your planning?
7. How did savings plans help clients to accumulate funds and gain investment opportunities?
8. To what extent has Pride Microfinance's financial literacy improved participants' ability to make sound financial decisions?
9. How far have these initiatives enhanced the financial stability and growth of Kabale District business ladies and business persons?
10. Aiming to facilitate sustained economic growth within the Kabale District, what changes to the credit services, savings initiatives, and financial knowledge areas would you propose?