

**AGENCY BANKING AND FINANCIAL
INCLUSION IN MUKONO MUNICIPALITY :A CASE STUDY OF STANBIC BANK
UGANDA MUKONO BRANCH**

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**UGANDA CHRISTIAN
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DECLARATION

I do here declare that this research report is full of my original work and the best of my knowledge it has not been submitted or presented for any degree award in any other university

Signed:  Date 28/08/2024

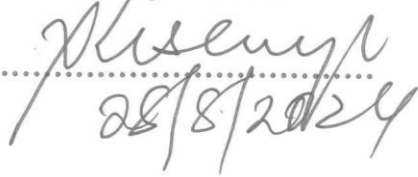
TUSIME CAROLYNE

APPROVAL

I certify that this proposal has been compiled under my supervision and now ready for further examination.

Supervisor: Mr Kisenyi Vincent

Signature


28/8/2024

DEDICATION

I dedicate this piece of work to people who have offered to support through the writing of this proposal.

ACKNOWLEDGMENT

I wish to extend my sincere appreciation to all my lecturers, who willingly dedicated their time towards my success in our education.

I also wish to appreciate my parents for the love and support they have always given to me for this success.

In a special way I thank my friends whose support was very important to the completion of my research report.

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ABSTRACT

Examining how agency banking affects financial inclusion at Stanbic Bank Mukono was the aim of the study. To be more precise, the study assessed how the number of banking agents employed at Stanbic Bank Mukono, agent transaction volumes, and geographic coverage affected the bank's efforts to promote financial inclusion. The conceptualization of the study was guided by the agency theory. Primary data was gathered by the use of questionnaires and interview guides in a cross-sectional survey methodology. Quantitative data was gathered from 17 respondents, or 100% of the target population of 20 respondents, which comprised bank agents, managers, supervisors, and employees.

Quantitative data was gathered using simple random sampling, and qualitative data was obtained through purposive sampling from a sample of two interviews with a 100% response rate. Descriptive statistics were employed in the study to characterize the pertinent features of the phenomena. The study's conclusions showed that extending geographic reach by establishing more financial institutions or mobile banking services greatly improves accessibility for people living in isolated or underserved parts of Mukono. This improved accessibility contributes to closing the gap in financial services between rural and urban areas. Expanded geographic reach is correlated with increased local community growth and economic activity. More people having access to financial services makes them more capable of participating in economic activities like investing, saving, and borrowing. As more individuals gain access to financial services, they are better equipped to engage in economic activities such as saving, investing, and accessing credit, which stimulates local economies.

The study recommended that the bank administration should continue to expand the network of financial institutions and agents in underserved and remote areas of Mukono. Conduct regular surveys and feedback sessions with residents and financial service providers. Use evaluation findings to refine strategies and address any emerging issues or gaps in service.

Future studies need to be conducted on Effectiveness of Financial Literacy Programs Associated with Agency Banking.

CHAPTER ONE

1.0 Introduction

This chapter presents the background of the study, objectives of the study, specific objectives, research questions and scope, significance of the study and the definition of the key concepts and conclusion.

1.1 Background of the study

Agency banking has been found to be a workable method for attaining financial inclusion, which is a crucial aspect of economic growth. When people and businesses have access to practical and reasonably priced financial goods and services that satisfy their transactional, payment, savings, credit, and insurance needs, they are said to be financially included.

With the number of adults with an account rising from 26% in 2012 to 35% in 2020, Uganda has made notable strides in enhancing financial inclusion in recent years (World Bank, 2020). Many Ugandans, especially those who reside in rural areas, still do not have access to formal financial services, notwithstanding recent advancements. One possible answer to this issue is agency banking, which enables banks to reach communities that are inaccessible by using a network of agents. The history of agency banking begins in 1999 in Latin America and Brazil. In 2000, Brazil became the first country in the world to implement agency banking, with a network of bank agents reaching more than 99% of its municipalities (CGPA, 2011). In the nation, there were roughly 151,958 bank agents by 2010 (National Treasury, 2012). Other Latin American nations that adopted agency banking systems were Peru in 2005, Colombia in 2006, Ecuador in 2008, Mexico in 2009, and Kenya, 2011; McKeay, 2011). Any commercial bank, commercial finance firm, or licensed savings and credit cooperative may employ the agent banking model, according to the National Treasury (2012). Colombia adopted its first law pertaining to agent banking in 2006. Pakistan, the Philippines, Kenya, South Africa, Uganda, and India are a few of the African and Asian nations that have increased their financial services through the use of the agency banking model (Watiri, 2013). In South Africa, agency banking was established as a result of a Bank Act amendment that permitted banks to employ non-bank third parties to collect deposits, money owed to them, loan or advance applications, or to carry out other financial operations.

Venezuela (Mckay, 2011). The first agent banking law in Colombia was passed in 2006, and according agency banking was introduced in South Africa in 2005 following the Bank Act's revision, which gave banks permission to hire non-bank third parties to collect deposits, money owed to the bank, loan or advance applications, or to pay these clients on the banks' behalf (Bold, 2011). In order to increase financial inclusion and provide banking services in a cost-effective manner, the central bank of Nigeria passed regulations in 2012, which led to the introduction of the agency banking system in Nigeria in 2013. (The national treasury report,(2012).

The Financial Institutions Act of 2004 was modified by the parliament, paving the way for Uganda's formation of the agency banking system in 2016. Improving financial inclusion is the system's main goal (Bank of Uganda and the Ministry of Finance Report, 2017). Following the direct competition from mobile money services, banks adopted the system as a strategic move once the Act was amended. Due to their detrimental effects on sales growth, customer base, market expansion, market share, liquidity, and profitability, mobile money activities have directly threatened the banks' ability to make money (Bank of Uganda Annual report, 2017). In Uganda, agency banking has been more significant during the last 10 years (Odongo, 2016). The agency banking industry's potential as agency banking as a vehicle for deepening the financial sector is still largely unclear, though. A number of agency banking transactions, such as loan repayment through agents, agent transaction volumes, the number of banking agents employed, customer cash deposits, retirement payments from customers, social benefits, and the quantity of newly opened accounts, have an impact on Uganda's financial inclusion (Odongo, 2016) In this particular study, the agency theory provided a useful conceptual framework for agency banking and financial inclusion. Meckling & Jensen (1976) developed agency theory, which Alchian & Demsetz (1972) built upon. Its foundation is economic theory. A contract in which one or more principals choose an agent to perform a service on their behalf, so granting the agent some degree of decision-making authority, is considered an agency relationship (Meckling & Jensen, 1976). Since it is presumed that the agent will always act in the principal's best interest in a company, even if the theory indicates that conflicts are likely to arise when there is incomplete and asymmetric knowledge between the principle and agent in a corporation, there is a need for the agent to reveal more voluntary information to reduce these costs, such as amassing and dissemination of information and infrastructure.

Based on this theory there is the principal who are the commercial banks say Equity, ABSA, Centenary bank among others who own services like loans, insurance, savings and business advice. These banks through a process entrust agents who are referred as bank agents to transact business on behalf of the commercial banks in towns but also in remote areas which are not easily accessible, therefore use of these agents helps banks to provide service or take services closer to people areas hence reducing costs to banks engaged in extending physical infrastructure to remote rural areas and costs in terms of money and time incurred by customers in remote areas to reach bank branches. However, these bank agents are monitored and supervised by the commercial banks to ensure that they do business in the right culture without deviating from the bank policies and procedures. Otherwise, they are accountable to commercial banks.

Agency banking is described by Otieno (2019) as retail or postal locations that handle customer transactions under contract with financial institutions or bank network operators. According to Modupe (2010), agency banking refers to the legal system wherein financial institutions with licenses contract with other parties to supply their clients with financial commodities. The definition of agency banking by Modupe (2010) was validated by this inquiry.

Financial inclusion was defined by Shah & Dubhashi (2015) as providing all bankable households and businesses with easy access to a variety of financial services at a fair cost, such as credit, savings, insurance, remittance, and other banking/payment services. Comparably, Divya (2014) defines financial inclusion as the affordable provision of financial services to a sizable portion of the impoverished and low-income populace at reasonable pricing. The ability of a person, household, or group to obtain a comprehensive range of ethically provided, reasonably priced, and conveniently located formal financial services is another definition of financial inclusion (Afande & Mbugua 2015). Those who lack this ability are frequently referred to as financially exclude. The definition of financial inclusion used in this study was provided by Afande & Mbugua (2015).

Geographical Coverage of Agency Banking means the spread of agency banking in the different parts of the country and to be specific in Mukono Municipality. Some find the new ultra-present day maintaining an account lobby frightening, while others find that the amount of money someone has to withdraw from the bank is proportionate, or even less than the cost

of transportation (Wainaina, 2011). The geographical coverage of this study was interpreted as argued by Wainaina (2011).

The number of banking agents engaged is explained by utilizing small businesses, pharmacies, gas stations, and other retail outputs (basically, any profit-making entity that has been in business for at least 18 months and can afford to fund a float account to facilitate payment) as agents authorized to deliver financial services under an amendment to the Banking Act (passed as part of the Finance Act, 2009). Agents might greatly increase access to financial services, especially for individuals who live in rural regions, according to the Fin Access research (2009). An estimate of how many banking agents took part in the study can be found in the Fin Access report (2009), which provides an idea of the number of banking agents participated in the study. According to a Bank of Uganda Report by Ivan Ssetimba (2016), 21.1 million Ugandans are registered for mobile money services, basically facilitating Cash In and Cash Out transactions and payments. Additionally, banks offer agency banking to mobile money users who do not bank. Cash in and cash out transactions are included in the definition of "agent transaction volume" in this study, according to the Bank of Uganda report. Because financial services are expensive in Mukono municipality, financial institutions are not motivated to enter these markets and lower their operational risks. However, when looking at it from the demand side, the biggest issue is that the majority of individuals in Mukono municipality depend on irregular, small-scale revenue sources. People's everyday demands influence their financial behavior since they tend to borrow little sums and preserve them. It would be essential to have quick access to funds and credit, and creating a bank account is not necessary.

1.2 Problem Statement

Despite efforts by the government and financial institutions to promote financial inclusion in Uganda, many individuals and businesses still lack access to financial services. According to the Financial Inclusion Tracker (FIT) survey conducted by the Financial Sector Deepening Uganda (FSDU), only 24% of Ugandan adults have an account with a formal financial institution (FSDU, 2020). This means that a significant proportion of the population is still excluded from the formal financial system.

Agency banking has been identified as one of the strategies that can help increase financial inclusion in Uganda. However, there is limited research on the role of agency banking in

promoting financial inclusion in the country. This study seeks to fill this gap by investigating the role of agency banking and its impact on financial inclusion in Uganda using Stanbic Bank as a case study.

1.3 Purpose of the Study

The study established the relationship between agency banking and financial inclusion at Stanbic bank Mukono branch.

1.4 Objectives of the Study

- 1) To analyze the effect of geographical coverage on financial inclusion in Mukono.
- 2) To examine the effect of agent transaction volumes on financial inclusion in Mukono.
- 3) To assess the effect of the number of banking agents engaged on financial inclusion in Mukono.

1.5 Research Questions

- 1) What is the effect of geographical coverage on financial inclusion in Mukono?
- 2) What is the effect of agent transaction volumes on financial inclusion in Mukono?
- 3) What is the effect of number of banking agents engaged on financial inclusion in Mukono?

1.6 Scope of the Study

The scope of the study will cover the contextual, geographical and time scopes.

1.6.1 Geographical Scope

The study was conducted in the central Ugandan locations of Stanbic Bank, Mukono Branch, Mukono Town, Mukono District, and its agents.

1.6.2 Contextual Scope

The study is treating financial inclusion as the dependent variable and Agency banking as the independent variable.

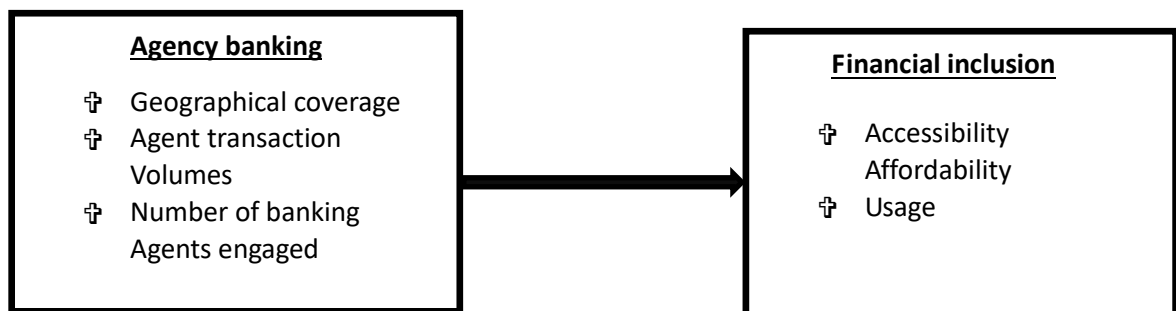
1.6.3 Time Scope

The study used secondary information for the period of six years from 2018-2023. Secondly the study will last for six (6) months from March, 2024 to August 2024 which involved gathering, summarizing, analyzing and interpreting data, followed by writing and presentation of the research report so as to cope up with the university calendar.

1.8 Significance of the Study

The significance of this study lies in its potential to advance our knowledge of agency banking's function in fostering financial inclusion in Uganda. The results will also give financial institutions and policy makers insights on how to create efficient agency banking models that can improve financial services accessibility for all societal groups. Researchers and academicians will find the research's literature on agency banking and financial inclusion to be helpful, and it will also help fill up any gaps in knowledge regarding these topics.

1.9 Conceptual framework.



Explanation of the conceptual framework

According to Demirguc-Kunt, A,&Klapper,L.F.(2013) in the conceptual framework above there are factors that affect financial inclusion which include geographical coverage, agent transaction volumes, number of banking agents engaged. These have an effect on the ease with which individuals access financial services.

CHAPTER TWO

LITERERATURE REVIEW

2.0 Introduction

The literature on the study's goals organized into themes is presented in this chapter. These themes include an investigation of how geographic coverage affects financial inclusion in Mukono, how agent transaction volumes affect inclusion, and how the quantity of banking agents working affects inclusion.

Agency Banking

A kind of branchless banking known as "agency banking" uses information and communication technology (ICT) to offer financial services outside of conventional bank locations (Quigg, 2013). Banks can now better serve the varied financial needs of their clients across the nation thanks to agency banking, which increases their market share, profitability, financial inclusion, and competitiveness (Kariuki & Namusonge, 2016). Technology-enabled agents, as opposed to bank branch tellers, perform financial services like deposits, withdrawals, and transfers as well as bill payment for clients on behalf of the bank, according to Mas (2009). This entails moving financial services away from traditional banking systems and toward more scalable and affordable channels to guarantee that financial services are offered profitably, financial inclusion as well as competitiveness (Kariuki & Namusonge, 2016). According to Mas (2009) technology-enabled agent rather than a bank branch teller, conducts financial services such as making deposits, withdraws, and transfers funds and paying bills for the clients on behalf of the bank and it involves movement of financial services beyond conventional banking systems to more scalable and low-cost channels so as to ensure financial services are provided profitably and sustainably to all segments of the population that were previously untapped.

Through its MM4P program, the UN Capital Development Fund (UNCDF) has been concentrating on enhancing Ugandans' access to financial services since 2014. The main focus of this endeavor has been to assist top banks in introducing agency banking as a substitute delivery method. In order to do this, UNCDF collaborated on projects with five banks from September 2016 to July 2018, offering funding for technical help as well as professional advice through consulting firms while the banks developed, tested, and implemented agency banking in Uganda (UNCDF, 2019).

The Financial Institutions (Amendment) Act, 2016 was passed by the Ugandan Parliament and included provisions for agent banking. In order to promote financial inclusion and expand access to financial and banking services for a variety of underserved and unbanked population segments, financial institutions were encouraged to enter the digital financing arena through the use of agent banking, which was regulated by the 2017 agent banking regulations. In order to take advantage of the advantages that come from collaboration and convergence, banks in Uganda, under the auspices of the Uganda Bankers Association (UBA) used an agent network management architecture and a standard, interoperable technology platform to address agent banking. While individual banking institutions continue to be in charge of customer acquisition and product and service marketing, the strategy was designed to allow all agents to offer agent banking services to clients of any/all banks. The Financial Institutions (Amendment) Act of 2016 states that banks use this common platform to provide agent banking services in order to strengthen the financial infrastructure, promote financial inclusion, and assist families from all socioeconomic backgrounds in starting their own businesses.

With the passage of regulations in July 2017, Ugandan banks have been able to increase their presence, especially in rural areas where brick and mortar branches can be costly, by using agency banking, which is an extension of services typically provided in bank branches, whereby third parties (Agents) offer these services on behalf of banks. To get to a bank branch, for example, nearly 9 million Ugandans are estimated to have to travel more than an hour.¹ Agency banking offers clients shorter travel times in addition to easier access to and convenience from official financial services (UNCDF, 2019).

Coverage of geography Ivatury and Timothy (2016) list the following benefits that clients may experience from using agency banking: reduced exchange rates; the ability to take out or store small amounts without paying extra for services like transportation to a bank office; extended opening hours due to the organization's longer hours than banks; shorter wait times than in branches; and increased accessibility for the very poor and ignorant who may feel intimidated in branches. Financial inclusion is demonstrated by the fact that customers save money by visiting banks and not having to spend as much time in line to be served.

2.1 Literature Review of Objective one.

Geographical coverage and financial inclusion

Financial inclusion efforts aim to provide access to financial services to underserved population including rural and remote areas. Research has shown that geographical barriers like distance and infrastructure limitations can hinder financial inclusion and financial institutions have employed various strategies to expand their geographical coverage. Financial inclusion is also a critical component of economic development as it enables individuals and businesses to access credit, savings, and other financial services.

(Afande & Mbugua, 2015) conducted a study on the role of agent banking services in promoting financial inclusion in Nyeri Town, Kenya. This study used a descriptive research design to examine the degree to which banks were able to collaborate with agents and commercial entities with the main goal of providing financial services. Data were gathered through the administration of questionnaires to Equity Bank appointed agents and bank branch managers, Co-operative Bank and Kenya Commercial Bank. The findings of the study using a regression analysis indicated that the four factors (availability of liquidity, geographical coverage, costs and security of agent banking services) had a positive ($F=19.34$) and significant ($P<0.05$) relationship to financial inclusion with Geographical coverage being the highest contributor to financial inclusion. Ivantury and Timothy's (2006) study, the findings of which were derived from questionnaires administered to 215 low-income WIZZIT users and 300 low-income nonusers in July and August of 2006. Phone interviews were conducted with users who were selected at random from a list of clients provided by WIZZIT. After a random selection of homes within the same municipality as the respondents who use WIZZIT, in-person interviews with nonusers were carried out. Ninety nonusers in urban areas and two hundred nonusers in nonmetropolitan areas—which included rural farm areas—were surveyed. The results showed that clients benefited from agency banking in the following ways: reduced transaction costs (closer to the client's house); extended operating hours; shorter wait times than in branches; and more accessibility for the very poor and illiterate who might feel uncomfortable in branches.

Wright (2012) attempted to prove agency banking's convenience in Zimbabwe. According to the report, the average daily deposit of Z\$10 is equivalent to the bank's fare. She also took into account the opportunity cost of missed business as well as time lost at the bank or ATM. It was determined that in this instance, the client would save more than 100% if an agent was

available to do the service. By analyzing the ways in which regional coverage and liquidity impact agency banking as a financial inclusion approach, Ndegwa (2017) conducted a study to evaluate the contribution of agent banking services to the advancement of financial inclusion in Kenya.

Targeting 38 administration managers and supervisors of Kiambu's commercial banks that had implemented the agency banking model, the study used a cross-sectional survey approach. In order to enroll 38 managers and supervisors in the study, a census was adopted. Data for the study were gathered via a self-administered questionnaire. At a 95% confidence level, the results showed that geographical coverage ($p=0.037$) and liquidity ($p=0.028$) were statistically significant.

Lotto (2017) evaluated the agency banking's leverage in advancing Tanzania's financial inclusion. The study used primary data that was gathered from bank agents' locations in Dar es Salaam and was descriptive in nature. The study's analytical findings demonstrated that by shortening the distance between consumers and service locations, agency banking has contributed to the simplification of banking services. The study also discovered that there is less of a concern about liquidity because the parent banks adequately inspect and oversee the agents' operations to prevent cash shortage crises and reduce security risks. The survey also reveals that agency banking expenses are purportedly less expensive than those of regular banking services. The study's findings thus lead to the conclusion that agency banking's increased geographic reach strengthens the promotion of financial inclusion because its services follow customers closer to their departure points, which lowers travel expenses and other inconveniences like standing in line for extended periods of time at banks.

2.2 Literature Review of Objective Two

Agent transaction volumes and financial inclusion

Agent based models of financial services have gained popularity in recent years with many financial institutions partnering with local agents to provide financial services to underserved population.

In 2018, Boston Consulting Group carried out a study on the economics of agent networks supporting mobile money platforms, specifically concentrating on those that provide financial services. The work shows that in environments that facilitate a healthy amount of exchanges, agent networks can thrive. In many regions, the transaction fees that agents get more than balance the overhead and running expenses of the company. Additionally, the study

discovered that 35% of adults globally lack access to basic financial services, a condition mostly brought on by the limited reach of global financial services networks. In the past, ATMs and bank branches have allowed banks to offer cash in and cash out services, but these channels are not lucrative in many developing nations. As a result, agent transactions continue to be a vital component of expanding access to financial services, and agent profitability is closely linked to the volume of transactions they complete because Agents generate revenue primarily from transaction fees (Unnikrishnan et al., 2019). The study assessed the contribution that agency banking made to the advancement of financial inclusion in Tanzania using a descriptive research design and primary data collected from bank agents' locations in Dar es Salaam. The analytical results of the study showed that agency banking has simplified banking services by reducing the distance between customers and service locations. The study also discovered that there is less of a risk of a liquidity crisis because the parent banks adequately inspect and supervise the Agents' operations to minimize security risks and prevent cash shortage crises. The survey also reveals that agency banking expenses are purportedly less expensive than those of regular banking services.

It was discovered during the bank branch managers' interview that branch expansion is restricted since it takes years for the initial costs of opening and operating a branch to be recouped. The managers maintained that the only way to provide services to a big number of people is to use agency banking to bring services closer to individuals in places where there may be fewer transactions overall, such as remote and rural locations. Consequently, this will result in a larger consumer base and subsequently a larger market share; increased (Lotto, 2017)

2.3 Literature Review of Objective Three

Number of banking Agents engaged and financial inclusion

Kamau (2012) studied the connection between Kenyan banks' financial performance and agency banking. The study discovered through secondary data review that the number of active agents in agency banking outlets had climbed from 8,809 in 2010 to 9,748 in 2011. In 2011, these particular agents handled 8.7 million transactions totaling KSh 43.6 billion. Cash deposits and withdrawals made at the various banking agency locations accounted for the majority of these transactions. Regression analysis was utilized in the study to determine the association between agency banking and bank financial performance as shown by return on equity, as well as the number of agents and transactions involving deposits and withdrawals

made through agents. All of the independent variables had weak or negative correlations with the dependent variable, according to the regression model. Based on the secondary data evaluated for 2010 and 2011, the study showed that agency banking did not exclusively lead to higher profitability in Kenyan banks.

According to a research by Kitaka (2001), the use of agents of the bank to commercial banks improves consumer convenience by relieving them of the burden of managing large lines at their branches. Financial institutions in other developing nations employ agent banking to connect with the business segment that is located outside of their typical business locations. Serving customers in rural areas is extremely costly according to Kitaka (2001), for banks and other financial organizations, as the volume of transactions isn't high enough to cover the costs associated with having a bank branch. When constructing a bank branch is not economically possible, the study indicated that banking agents can greatly aid these underserved demographic segments at a comparatively cheaper cost.

The goal of agency banking is to bring financial services closer to the community and thereby lower operating costs associated with operating bank branches. Keeping money at home is the most popular way to save in a number of districts, according to UBO 2016 data, so agency banking gives this unbanked population a way to save. Agency banking was made possible by the Financial Institutions Act of 2004 amendment in 2016. This innovation enables supervised financial institutions to contract with an agent—a third party that the Bank of Uganda (BOU) must authorize—to provide authorized services on the institution's behalf. Agents of agent banking are business units that are completely licensed and have been in operation for a minimum of one year. As a result, agency banking provides financial services to this unbanked population. Equity, Tropical, KCB, Finance Trust, Stanbic, Centenary, Housing Finance, Exim, DFCU, ABSA, Diamond Trust, Bank of Africa, United Bank of Africa, Ecobank, and Opportunity are among the fifteen banks that presently provide agency banking services. From Shs. 457 billion in December 2018 to Shs. 1.6 trillion in February 2020, the total amount of transactions completed by agents has increased. However, during the lockdown to stop the COVID-19 outbreak, transactions fell to Shs. 900 billion in April 2020 and then rose to Shs. 1.4 billion in May 2020. Deposits are the primary use of agency banking, as of May 2020, with withdrawals making up less than 1% of total withdrawals and deposits through agency banking making up 12% of total deposits (BOU working paper, 2020).

Literature Gap from Previous Studies.

Millions of previously unbanked Ugandans have now joined the formal banking sector, and the agency-banking sector has since created thousands of jobs through the hiring of agents. Previous studies have mostly focused on the influence of agency banking services on the growth of the financial sector overall (Unnikrishnan et al., 2019; Lotto). Millions of previously unbanked Ugandans have now joined the formal banking sector, and the agency-banking sector has since created thousands of jobs through the hiring of agents. Previous studies have mostly focused on the influence of agency banking services on the growth of the financial sector overall (Unnikrishnan et al., 2019);); lottery, the literature review and the lessons learned from other developed nations that have embraced agency banking make it abundantly evident that, in order to attain financial inclusion, fewer people must lack access to financial services; the former can be accomplished by endorsing agency banking as a model to reach the un banked masses.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter represents the research design, area of study, target population, data collection methods, research instruments, data collection procedures, data quality control, ethical consideration as well as data analysis.

3.1 Research Design.

According to Kothari (2018), research design is the setting up of parameters for data collection and analysis with the goal of balancing procedural economy and relevance to the study goal. According to Saunders, Lewis, and Thornhill (2009), a study design should specify the research approach, data collection methods, analysis, and procedures to be used, as well as the duration of the project. (Kothari, 2004). A survey approach was employed to enable the extremely cost-effective collecting of a substantial amount of data from a subset of bank managers, bank clients, bank supervisors, and Stanbic Bank workers in Mukono. The researcher used different choices of data collection techniques where both quantitative and qualitative data was collected using a questionnaire and saturated interviews in order to ensure that the limitations of one type of data are balanced by the strength of another. The data collected was analyzed quantitatively using descriptive and inferential statistics and qualitatively using content analysis at the same time.

3.2. Area of the Study

The study was conducted in Mukono municipality and this area was selected because its accessibility to financial services especially in village areas is still low and is the core problem of the study. The area is also easily accessible by the researcher.

3.3 Target Population.

A target population refers to the entire group of people, things, or events which are of interest to a researcher, who would like to investigate further. It is a specific group identified where a researcher wants to make inferences (Sekaran and Bougie 2019). The estimated target population is 10 employees and 10 agent banking service providers.

3.4. Sample Size Determination.

Population	Sample size
5	3
10	4
15	5
20	6

Sample size refers to the sub set of a particular population (Kothari, 2004). According to Morgan and Krejcie (1970) sample size can be determined when a particular population is known therefore, from the Morgan and Krejcie table (Appendix III), for a target population of 20, the sample size is 19 respondents. Thus a sample size of 19 respondents will be as used during data collection

3.5. Types and Sources of Data

The study made use of primary data. The researcher went to the field and distribute structured questionnaires directly to the respondents in order to get the relevant data for the study.

3.5.0 Data Sources

3.5.1 Primary Sources

The primary source of data is first-hand information gathered for study through lab tests, focus groups, interviews, and questionnaires (Saunders et al., 2012). In a similar vein, Koziol and Arthur (2012) characterize it as information obtained directly from the subjects or work under investigation. Thus, the data was first gathered and is in its raw form. The most common methods used to collect this type of data from respondents are surveys, interviews, and recommendations

Every time primary data is gathered, it expands on already-existing knowledge and increases the likelihood of discovering new information. Questionnaires will be used to collect data

from the participants. This source will assist the researcher in gathering information that is essential to the investigation.

Whenever primary data is collected, new data is added to existing knowledge, and subsequently new information is likely to be added to existing body of knowledge. Data will be obtained from the participants through the use of questionnaires. This source will help the researcher to collect data that will be vital to the study.

Cooper (2016) defines an interview as a two way conversation initiated by an interviewer to obtain information from a respondent. The researcher will use interviews as a method of data collection.

3.5.2 Secondary sources

Secondary data refers to data that has been collected by someone else or for another purpose other than the current research project. It is contrasted with primary data, which is collected directly by the researcher specifically for their own study. Secondary data will be obtained from financial journals, articles, websites, commercial textbooks, surveys conducted by market research firms as well as other sources of literature having a similar topic.

3.6 Data collection tools/instruments

The instruments of data collection that will be used in the study include questionnaires and interview guides.

3.6.1 Questionnaire

The questionnaires had both open-ended and closed-ended questions that will be administered to the employees to extract information.

3.6.2 Interview guide

The interview served as a useful tool to facilitate other interviews. To gain a deeper understanding of the respondents' perceptions of the study's factors, the interview guide included questions on each variable. Face-to-face interviews with the responders took place during the interview. The results were then noted by the interviewer.

3.7 Procedure for Data Collection

The researcher utilized an introduction letter from Uganda Christian University's School of Business to ask Stanbic Bank for permission to perform the study. After that, information was

gathered through interviewing people and distributing questionnaires. By not requesting that respondents write their names on the questionnaires, respondents' anonymity and confidentiality were protected. Along with distributing and gathering the surveys, interviews with respondents were also carried out.

3.8 Validity and Reliability of Data Instruments

3.8.1 Validity

Validity refers to the extent to which an instrument measures what it supposed to measure (Amin 2005). By pre-testing the questionnaire and interview guide, content validity was used to establish the instruments' validity. Judges rate the questions in the instruments according to how relevant they are to the study variables, and only variables with scores higher than 0.7 are included in the consensus judgment for each variable.

3.8.2 Reliability

The degree to which an instrument will yield consistent scores when the same set of people is tested repeatedly under the same circumstances is referred to as reliability (Amin). We shall employ the internal consistency mechanism to guarantee reliability. The instruments were pre-tested by the researcher on 10 randomly chosen respondents from the Bank in order to look at both the individual questions and the entire questionnaire. The consistency of the instrument in measuring the object being tested was judged by reliability. The samples demonstrated the dependability of the data by being associated using Cronbach's alpha coefficient analysis (Amin 2005). To calculate the alpha coefficient, the Statistical Package for Social Sciences (SPSS) will be utilized.

3.9 Data Processing and Analysis

Questionnaires were used to gather data, and the Statistics Package for Social Sciences (SPSS) computer program was used to evaluate the results. Calculations were made using descriptive statistics like percentages and frequencies. The qualitative data from the observations and interviews was analyzed using content analysis, and the resulting meaningful statements were then used to complement the quantitative data and enhance the interpretation of the results. Tables, frequencies, percentages, and inferences were used to convey the results of the quantitative data analysis. The results were utilized to bolster the conclusions drawn from the respondents' surveys.

3.10 Ethical considerations

The researcher followed moral guidelines. In this sense, before they took part in the study, the respondents were made aware of its goal. Before distributing the surveys or conducting the interviews, the respondents gave their consent. Throughout the course of the study, all interviews were conducted in a confidential way. The confidentiality of the respondents was guaranteed. They were therefore given the assurance that their answers would not be linked to any personally identifiable information. It is thought that by guaranteeing their autonomy, this increased their willingness to take part in the study.

3.11 Questionnaire

In this study, structured questionnaire were drafted. The questionnaire was guided by the research objectives which formed the sections of the questionnaire. The sections are as follows: Demographic characteristics of the respondents and the questions related to the study topic.

The questionnaire item gave the advantage of collecting both qualitative and quantitative information. Questionnaire was used because it saves time and it is cost effective.

3.12 Research Procedures

The acts and stages required to carry out the research in an efficient manner, as well as the ideal order in which to complete them, make up data gathering procedures. The questionnaire was pre-tested to determine its validity and reliability prior to data collection, however this was not incorporated into the study. The questionnaire was pre-tested by having respondents complete it in order to examine its phrasing, grammatical content, questions, and ways to enhance the quality of the data being studied.

3.13 Data Quality Control

3.13.1 Validity

The extent to which an instrument measures what it is supposed to measure is known as its validity Ondeng (2020). Pre-tests will be conducted on the study's instruments. Among the elements that will be evaluated in the pretest is the members' economic progress. It will be ascertained through pre-testing if the study participants will be able to understand the

questions and if they are clear and unambiguous. There will be some changes made to the questions' phrasing, content, and overall flow.

3.13.2 Reliability

According to Ondeng (2020), dependability is the ability of a procedure or measurement device to yield the same outcome when used repeatedly by many researchers. It describes the persistence of systematic error in the measuring process in terms of measurement equations. It gauges the degree of consistency in test outcomes and the precision of the research strategies and methodologies. The instrument's reliability will be assessed in this study using Cronbach's alpha. Reliability analysis was conducted on the questionnaire items based on the six criteria that were retrieved. The consistency of the questionnaire is indicated by the reliability coefficient. We shall compute the average of all potential split-half reliability coefficients using Cronbach's alpha.

3.14 Data Analysis and Management

3.14.1 Quantitative Data Analysis

Information regarding amounts, or information that can be quantified and recorded using numbers, is known as quantitative data. In order to ensure that the responses provided are accurate, consistent, and comprehensive, the researcher will carefully cross-check the survey questionnaires. The many factors will be described using frequency tables, and the respondents' responses to the research variables will be vividly displayed using pie charts and graphs.

3.15 Limitation of the Study

Certain respondents might not be able to provide the researcher with enough time to gather data, which could impede the process and cause other ongoing study operations to be delayed.

Additionally, some respondents might speak languages that the researcher is not conversant in.

Having insufficient time to perform a thorough investigation could also cause issues for the study. This is due to the need that the academic research be presented within the university's semester schedule.

Time constraint in data collection, capturing, coding, editing analyzing and the final presentation of the report. This may be solved by ensuring that the time element is put into

consideration and honoring each and every appointment as agreed upon with the respondents in the survey population

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF RESULTS

4.0 Introduction

This chapter is a presentation, interpretation and discussion of the finding. All the responses are presented in terms of frequencies, percentages and tables. The statistical data from the quantitative part of the questionnaire was also supported by the qualitative data of the study from the interviews.

4.1 Response Rate

In this study, 20 category of respondents i.e. bank employees and agent banking service providers. They were given 17 questionnaires and all were returned indicating a good response rate in this study 2 interviews were conducted on banking agents.

Table 1 : Showing the Response Rate

Nature of response	Frequency	Percentage (%)
Response of Questionnaires	17	
Response of interviews	2	
Total	19	100

Source: Researcher (2024)

A total of nineteen (19) questionnaires were distributed to the bank employees and agent banking service providers with the guidance of the researcher. The response rate was therefore one hundred percent (100%) as shown in the Table above since all the questionnaires were returned. According to Darren (2002), a study that has a score higher than 80% indicates that it was executed flawlessly, indicating that every respondent in the survey understood every question.

Table 2 Gender of the respondents

Gender	Frequency	Percentage (%)
Male	8	42
Female	11	53
Total	19	100

Source; Researcher 2024

The findings in the Table 2 above revealed that the majority of the respondents were Female (11) with 53%. The male respondents were relatively small in number (8) with 42%. This demography was chosen to inform the study about the sample distribution.

Table 3 Age of the respondents

Years of age		Frequency
Below 25	2	11
26-39	12	63
40-49	5	26
50-60	-	-
Total	19	100

Source: Researcher (2024)

Basing on the table above the researcher found it easier to collect data from respondents' age bracket (26-39) years.

Table 4. The distribution of the Duration one has been at the bank.

How long have you been at this bank		
	Frequency	Percentage (%)
Less than 1 year	2	11

2-4 years	6	32
Above 5 years	11	57
Total	19	100

Source: Researcher (2024)

4.2 Analysis of Key Research Objectives

This part focuses on the presentation and analysis of the key research objective data. The data based on the research objective was collected using questionnaires analyzed.

4.2.1 The first objective of the study was to analyze the effect of geographical coverage on financial inclusion in Mukono.

The information for this goal came from surveys given to bank managers, staff members, and customers. The questions asked about the impact of geographic coverage on financial inclusion in Mukono revealed the opinions of the respondents. Six items were used to measure the variable and were rated on a five-point Likert scale of 1=strongly disagree, 2=disagree, 3=neutral, 4=agree 5=strongly disagree the results from the process are displayed in table below.

Table 5 : Bank manager and bank employees' Responses on the effect of geographical coverage on financial inclusion in Mukono.

	Statement	Scale				
		1	2	3	4	5
1	Increased geographical coverage leads to better access to financial services in Mukono.	–	1(5%)	2(12%)	4(24%)	10(59%)
2	Financial institutions with wider geographical coverage are more effective in promoting financial inclusion in Mukono.	1(5%)	1(5%)	3(17%)	10(59%)	2(12%)
3	Residents in remote areas of Mukono experience significant barriers to financial inclusion due to limited geographical coverage	–	1(5%)	1(5%)	8(47%)	7(41%)

	of financial services.					
4	Mobile banking services have mitigated the challenges of geographical coverage in Mukono.	–	–	2(12%)	4(24%)	11(65%)
5	The availability of financial services in rural areas of Mukono is adequate to meet the needs of the population.	7(41%)	5(28%)	2(12%)	2(12%)	1(5%)

When asked if greater geographic coverage results in improved access to financial services in Mukono, Table 5 above reveals that, while 5% disagreed, 12% were neutral, 24% agreed, and 59% strongly agreed with the statement. In response to the question of whether financial institutions with a larger geographic reach are more successful in advancing financial inclusion in Mukono, 59% of respondents agreed, 12% strongly agreed, 5% disagreed, and 17% were unsure.

In addition, when asked if the limited geographic reach of financial services poses major obstacles to financial inclusion for Mukono residents living in remote areas, 47% agreed and 41% strongly agreed with the statement, 5% disagreed, 5% were neutral, and 5% strongly disagreed.

Furthermore, in response to the question of whether mobile banking services have lessened the difficulties associated with geographical coverage in Mukono, 12% of respondents had no opinion, 24% agreed with the statement, and 65% strongly agreed. Finally, 41% of respondents strongly disagreed, 28% disagreed, 12% agreed, 12% were neutral, and just 5% strongly agreed with the statement that financial services are sufficiently available in rural Mukono to suit the needs of the community. This demonstrates that the banking institutions in Mukono's rural districts are insufficient to suit the needs of the population

In an interview with one of the banking agents, he had this to say about the current state of geographical coverage for financial services in Mukono, “Mukono, being a district with both urban and rural areas, experiences a significant divide in financial services access. Urban areas like Mukono Town have better coverage, with more bank branches, ATMs, and mobile money agents. In contrast, rural areas and remote communities often face limited access to

formal financial services. The presence of traditional bank branches and ATMs is concentrated in urban centers and major towns. Rural areas have fewer branches and ATMs, leading to challenges for residents who need to travel long distances to access banking services. The density of banking agents varies across Mukono. Urban areas generally have a higher concentration of agents, while rural areas may have fewer agents or less frequent service. This uneven distribution affects the ease of access for rural residents.”

4.2.2 The Second objective of the study was to find out the agent transaction volumes and financial inclusion.

The findings of this objective were gathered from questionnaires from employees and clients showed their views concerning the agent transaction volumes and financial inclusion.

The variable was measured using Six items scored on five point Likert scale of 1= strongly disagree, 2= disagree, 3=neutral, 4=agree, 5=strongly agree the results from the process are displayed in table below.

Table 6 : To find out the agent transaction volumes and financial inclusion.

	Statement	Scale				
		1	2	3	4	5
1	The number of transactions per day at Stanbic bank agents in my area is usually	–	–	2(12%)	8(47%)	7(41%)
2	The availability of Stanbic bank agents with high transaction volumes has made it easier for me to access financial services	–	–	4(24%)	5(29%)	8(47%)
3	The proximity of Stanbic bank agents influences the frequency of my transactions	–	–	2(12%)	5(29%)	10(59%)
4	Some challenges like long wait times prevent me from making frequent transactions at Stanbic bank agents	4(24%)	2(12%)	5(29%)	4(24%)	2(12%)

5	Stanbic bank should increase agent operating hours to increase the frequency of your transactions	2(12%)	1(5%)	2(12%)	4(24%)	8(47%)
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Source: Researcher (2024)

Table 6 above shows where the respondents were asked the number of transactions per day at Stanbic bank, none strongly disagreed, non-disagreed, 12% were neutral, 47% agreed and 41% strongly agreed. When asked whether the availability of Stanbic bank agents with high transaction volumes has made it easier for people to access financial services, none strongly disagreed, none disagreed, 24% were not sure, 29% agreed and 47% strongly agreed.

Table 6 above shows that none of the respondents strongly disagreed that the proximity of Stanbic bank agents influences the frequency of my transactions, non-disagreed, 12% were neutral, 29% agreed and 59% strongly agreed. 24% of the respondents strongly disagreed with the statement that some challenges like long wait times prevent me from making frequent transactions at Stanbic bank agents, 12% disagreed with the statement, 29% were neutral, 24% agreed with the statement and 12% strongly agreed with the statement.

In table 6 above, 12% Of the respondents strongly disagreed with the statement that Stanbic bank should increase agent operating hours to increase the frequency of their transactions, 5% disagreed, 12% were neutral, 24% agreed with the statement and 47% strongly agreed with the statement.

"Agents help bridge the gap between formal financial institutions and underserved populations, particularly in remote or rural areas where traditional bank branches are scarce," the interviewee stated during a conversation with an agent. Additionally, by working locally, agents are able to provide financial services near places of employment and residence, facilitating people's access to banking services without requiring them to go far. Then they provide cash-in and cash-out services for digital wallets, prepaid cards, and mobile money accounts, enabling users to convert between digital and physical cash.

4.2.3 The Third objective of the study was to find out the effect of the number of banking agents engaged on financial inclusion in mukono.

The findings of this objective were gathered from questionnaires from employees. Bank agents and clients and they showed their views concerning the effect of the number of banking agents engaged on financial inclusion in mukono.

The variable was measured using Six items scored on five point Likert scale of 1= strongly disagree, 2=disagree, 3=neutral, 4=agree, 5= strongly agree the results from the process are displayed in table below.

Table 7 Employees’ and client’s responses on the number of banking agents engaged on financial inclusion in mukono

	Statement	Scale				
		1	2	3	4	5
1	Increasing the number of banking agents in Mukono improves access to financial services.	5(29%)	2(12%)	1(5%)	5(29%)	4(24%)
2	More banking agents lead to higher levels of financial inclusion in rural areas of Mukono.	2(12%)	4(24%)	4(24%)	3(18%)	4(24%)
3	The presence of additional banking agents increases the number of financial transactions conducted.	–	2(12%)	3(18%)	5(29%)	4(24%)
4	Expanding the network of banking agents helps in reducing financial exclusion among underserved populations in Mukono.	–	–	2(12%)	5(29%)	10(59%)
5	Increasing banking agents in Mukono leads to improved customer service and satisfaction.	–	2(12%)	2(12%)	6(35%)	7(41%)

6	More banking agents help in reducing transaction costs for customers.	1(5%)	1(5%)	4(24%)	6(35%)	5(29%)
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Table 7 above shows that 29% of the respondents strongly disagreed that Increasing the number of banking agents in Mukono improves access to financial services, 12% disagreed, 5% were neutral, 29% agreed with the statement and 24% strongly agreed with the statement. From the findings in the table 7, respondents were asked if more banking agents lead to higher levels of financial inclusion in rural areas of Mukono 12% strongly disagreed, 24% disagreed, 24% were neutral on the statement, 18% agreed and 24% strongly agreed. In determination whether the presence of additional banking agents increases the number of financial transactions, non-strongly disagreed, 12% disagreed, 18% were neutral, 29% agreed and 24 % strongly agreed. On expanding the network of banking agents helps in reducing financial exclusion among underserved populations in Mukono, non- strongly disagreed, non-disagreed,12% were neutral, 35% agreed and 59% agreed. Furthermore, on whether Increasing banking agents in Mukono leads to improved customer service and satisfaction, none of the respondent strongly disagreed, 12% disagreed, 12% were neutral, then 35 agreed and 41%strongly agreed. Lastly, on whether more banking agents help in reducing transaction costs for customers, 5% strongly disagreed with the statement, 5% disagreed. 24% were neutral, 35% agreed with the statement and 29% strongly agreed with the statement.

In an interview with one of the agents, she had this to say “There has been a significant increase in the number of banking agents in Mukono. This growth is largely driven by the expansion of mobile money services and the efforts of financial institutions to extend their reach into underserved areas. The adoption of digital financial services has encouraged more businesses and individuals to become banking agents, thus increasing the overall number of agents in Mukono. The number of banking agents has grown more rapidly in urban areas compared to rural regions.”

CHAPTER FIVE

DISCUSSION OF FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

5.0 Introduction

This chapter presents conclusion and recommendations made in reference to agency banking and financial inclusion in mukono municipality and areas of further research that can

supplement this study were also suggested.

5.1. Discussion of Findings

This was aimed at determining the role of the effect of agency banking and financial inclusion in mukono municipality. The findings on background characteristics revealed that the study involved 19 employees, bank agents and clients. The findings from the research objectives were discussed below.

5.1.1 The first objective of the study was to analyze the effect of geographical coverage on financial inclusion in Mukono.

From the research it showed that expanding geographical coverage through the establishment of additional financial institutions or mobile banking services significantly enhances accessibility for residents in remote or underserved areas of Mukono. This increased accessibility helps bridge the gap between urban and rural financial services. Enhanced geographical coverage correlates with improved economic activity and growth in local communities. As more individuals gain access to financial services, they are better equipped to engage in economic activities such as saving, investing, and accessing credit, which stimulates local economies.

Wider geographical coverage has a direct impact on reducing financial exclusion. Areas that were previously underserved or excluded from financial services see improved inclusion rates, as more residents are able to open accounts, access loans, and benefit from other financial services.

5.1.2 The effect of agent transaction volumes on financial inclusion in mukono.

The findings reveal a positive correlation between agent transaction volumes and financial inclusion in Mukono. Increased transaction volumes at financial agents often signal higher engagement with financial services, indicating that residents are utilizing these services more frequently. This is consistent with studies that suggest a higher volume of transactions at financial agents can lead to greater financial inclusion by improving access to financial services and facilitating more frequent use of these services (Mazer & McKee, 2016). In Mukono, the expansion of financial agents and the resulting increase in transaction volumes

have likely contributed to more widespread use of banking and payment services among previously underserved populations.

The rise in transaction volumes also highlights the critical role of accessibility and convenience in promoting financial inclusion. As financial agents become more prevalent and transaction volumes increase, they enhance the convenience for users, allowing them to conduct financial transactions closer to their homes (Suri et al., 2012). This accessibility reduces the need for long travel distances to reach formal financial institutions, which can be a significant barrier to financial inclusion in rural areas. In Mukono, higher agent transaction volumes can be linked to increased economic activity within the community. Agents often serve as a conduit for local economic transactions, such as paying for goods and services or accessing credit. This aligns with findings by Aker et al. (2016), who found that mobile money services, which often involve financial agents, can stimulate local economies by making financial services more accessible. Consequently, as transaction volumes increase, the local economy can benefit from more active financial participation.

5.1.3 The effect of the number of banking agents engaged on financial inclusion in mukono.

The results show that financial inclusion is significantly improved by an increase in the number of banking agents in Mukono. A larger portion of the population will have easier access to financial services with the presence of more banking agents. This is consistent with study by Demirgüç-Kunt et al. (2017), which discovered that increasing the number of banking agents in a network can improve financial inclusion by increasing the accessibility of financial services for marginalized groups. The abundance of banking agents in Mukono has probably encouraged residents to use financial services more frequently and to own more accounts.

The number of banking agents directly influences the convenience with which individuals can access financial services. More agents spread across various locations reduce the distance residents need to travel to conduct financial transactions. This aligns with the findings of Ghosh and Ranjan (2016), who noted that the presence of a greater number of banking agents improves access to financial services and reduces transaction costs for users. In Mukono, the increased number of agents has likely mitigated the barrier of geographical distance, thereby facilitating more frequent engagement with financial services.

5.2 Conclusions

From the study findings, it is concluded that expansion of geographical coverage in Mukono has significantly improved the accessibility of financial services for residents. By establishing additional financial institutions and deploying mobile banking solutions, the study demonstrates that geographical coverage directly contributes to increased financial inclusion. This improvement is particularly evident in rural and remote areas where access to traditional banking services was previously limited. The study also concluded that the findings reveal a positive correlation between higher transaction volumes at financial agents and improved financial inclusion in Mukono. As transaction volumes increase, it reflects greater utilization of financial services by the local population. This supports existing literature suggesting that higher transaction volumes often indicate enhanced engagement with financial products and services (Aker et al., 2016). In Mukono, the growth in transaction volumes signifies that more residents are actively participating in the financial system, thereby improving overall financial inclusion. It also concluded that The findings clearly indicate a positive relationship between the number of banking agents and financial inclusion in Mukono. As the number of banking agents increases, so does the accessibility of financial services for a larger portion of the population. This is consistent with the broader literature that suggests expanding the network of banking agents enhances financial inclusion by providing more points of access for underserved communities (Demirgüç-Kunt et al., 2017). In Mukono, the increase in the number of banking agents has likely led to a broader reach of financial services, helping more residents engage with formal financial systems.

5.3 Recommendations

From the study findings above, the study therefore recommends that;

The bank administration should Continue to expand the network of financial institutions and agents in underserved and remote areas of Mukono.

Conduct regular surveys and feedback sessions with residents and financial service providers.

Use evaluation findings to refine strategies and address any emerging issues or gaps in service.

The bank administration should also implement comprehensive training programs for financial agents to improve their skills and service quality.

The bank administration should expand the number of banking agents in areas with limited access to financial services, focusing on both urban and rural regions.

5.4 Areas for further study

Further study is needed to be carried out in the following area;

Impact of Agency Banking on Financial Behavior.

Effectiveness of Financial Literacy Programs Associated with Agency Banking.

Challenges Faced by Agency Banking Agents.

Customer Satisfaction and Service Quality in Agency Banking

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QUESTIONNAIRE FOR RESPONDENTS

Dear Sir/ Madam

I would like to take this opportunity to inform you that you have been scientifically selected as one of the respondents in this study. The purpose of the study is to establish the advantage of agency banking on financial inclusion in Mukono municipality. The study is purely academic and under no circumstances will the information provided here be used for any other purpose except with your consent. The information provided will also be treated with high degree of confidentiality and the results of the study will not be tempered with. You are also requested not to write your name on the questionnaire for purposes of confidentiality. I therefore request you to freely answer the questions here according to the best of your knowledge.

Thank you very much.

SECTION A; BACK GROUND INFORMATION.

Please read and complete this section by ticking the option you consider to be right.

GENERAL

1. Gender:

Male Female

2. Age:

25-34 35-44 45 -55 55 and above

3. Which qualification do you hold?

Certifica Diplom Degree Other (mention)

4. What is your job title?

.....
.....
5. How long have you been in this office? Less than 1 year

3-5 years

1-3 years

5 years and above

PART II. Please tick the right answer

Number of banking agents engaged and financial inclusion

	Statement	Scale				
		1	2	3	4	5
1	Increasing the number of banking agents in Mukono improves access to financial services.					
2	More banking agents lead to higher levels of financial inclusion in rural areas of Mukono.					
3	The presence of additional banking agents increases the number of financial transactions conducted.					
4	Expanding the network of banking agents helps in reducing financial exclusion among underserved populations in Mukono.					
5	Increasing banking agents in Mukono leads to improved customer service and					

	satisfaction.					
6	More banking agents help in reducing transaction costs for customers.					

PART III. Please tick

To find out the agent transaction volumes and financial inclusion

	Statement	Scale				
		1	2	3	4	5
1	The number of transactions per day at Stanbic bank agents in my area is usually					
2	The availability of Stanbic bank agents with high transaction volumes has made it easier for me to access financial services					
3	The proximity of Stanbic bank agents influences the frequency of my transactions					
4	Some challenges like long wait times prevent me from making frequent transactions at Stanbic bank agents					
5	Stanbic bank should increase agent operating hours to increase the frequency of your transactions					

PATR IV. Please tick

To find the impact of geographical coverage and financial inclusion

	Statement	Scale				
		1	2	3	4	5
1	Increased geographical coverage leads to better access to financial services in Mukono					
2	Financial institutions with wider geographical coverage are more effective in promoting financial inclusion in Mukono.					
3	Residents in remote areas of Mukono experience significant barriers to financial inclusion due to limited geographical coverage of financial services					
4	Mobile banking services have mitigated the challenges of geographical coverage in Mukono					
5	The availability of financial services in rural areas of Mukono is adequate to meet the needs of the population.					
6	I believe that geographical barriers hinder the volumes of agent banking services					

APPENDIX II

INTERVIEW GUIDE QUESTIONS

1. What is your name?
2. What is your age?
3. What is your level of education?

Geographical coverage on financial inclusion in Mukono.

1. How would you describe the current state of geographical coverage for financial services in Mukono?
2. What are the main challenges faced in extending financial services to underserved or remote areas?

The agent transaction volumes and financial inclusion.

1. How would you define the role of agents in the financial services ecosystem?
2. What key metrics do you use to assess the performance of agent networks?

The number of banking agents engaged on financial inclusion in mukono.

1. What role do banking agents play in the financial services landscape of Mukono?
2. How has the number of banking agents changed over the past few years?

THANK YOU



UGANDA CHRISTIAN UNIVERSITY

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SCHOOL OF BUSINESS

19th Aug, 2024

TO WHOM IT MAY CONCERN

Name: TUSIIME CAROLYNE

Reg. No J22B05/223

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

AGENCY BANKING AND FINANCIAL INCLUSION. A CASE STUDY OF STANBIC BANK UGANDA MUKONO BRANCH

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

The Uganda Christian University School of Business thanks you in advance

.....
Mukisa Simon Peter
Research coordinator

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