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THE IMPACT OF FINANCIAL INCLUSION ON ECONOMIC GROWTH IN UGANDA: A CASE STUDY OF SELECTED DISTRICTS IN CENTRAL UGANDA

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A B S T R A C T

The study was conducted to establish the impact of financial inclusion on economic growth in Uganda basing on selected districtsfrom Central Uganda which was the main objective. The other objectives of the study included; to establish a relationship between financial access and income inequality and to examine the role of quality financial services in poverty reduction in Uganda. A cross-sectional survey design was adopted,both quantitative and qualitativeapproaches were used in data collection and analysis. The study used purposive samplingtechniques to select a total of 194 respondents. Findings revealed that there is growing financial inclusion in Uganda and it has had an impact on economic growth, access to affordable financial services has promoted equitable distribution of income and growth benefits andquality financial services has led to poverty reduction in Uganda.The study recommends that more efforts should be geared towards expanding the coverage of financial services especially in the rural areas in order to shield the households from being exposed to income inequality and poverty. For financial services to reach scale, distribution networks have to be built in rural areas where there is a critical mass of customers needed for financial inclusion.

1. INTRODUCTION

Financial inclusion (FI) has gained immense recognition in many upcoming economies (Agufa 2016, Okoye et al. 2017, Agyemang-Badu Agyei & Kwaku Duah 2018) as well as at the international level (AfDB 2013). in as far as policy is concerned (International Monetary Fund, 2018), The 2010 G20 Summit in Seoul endorsed the Financial Inclusion Action Plan (FIAP).

Financial inclusion (FI) (Yoshino & Morgan 2018. is the process of access to and usage of diverse, convenient, affordable financial services (Aker et al. 2011, Nwankwo & Nwankwo 2014). is viewed as the ability of some individuals to access and use basic financial services (Andrianova & Demetriades 2008, Asmundson 2017) like savings, loans, money transfers and insurance, which is designed in a manner that is reasonably convenient, flexible and reliable (Allen et al. 2021) . FI has taken a center stage on economic growth (Tchouassi 2011, Precious, Bahle & Praise 2014, Pradhan et al. 2016, Vo and Vo 2019) and development in an effort to create wealth amongst citizens of developing countries (Kpodar & Andrianaivo, Makina & Walle 2019). 2011, Alter & Yontcheva 2015, International Monetary Fund 2018).

Financial inclusion (Terzi 2015, Tita & Aziakpono 2017) means that individuals and businesses have access to useful and affordable financial products and services that meet their needs that is transactions, payments, savings, credit and insurance delivered in a responsible and sustainable way (Bank of Uganda, 2018).

Being able to have access to a transaction account is a first step toward broader financial inclusion since a

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transaction account allows people to store money, and send and receive payments (Błach 2011, Babajide et al. 2015, Swamy 2010). A transaction account serves as a gateway to other financial services, which is why ensuring that people worldwide can have access to a transaction account is the focus of the World Bank Group's (World Bank Group, 2008, 2013, 2014a).
According to Cull and Morduch (D.-K. Cull and Morduch, 2012, Chiwira Bakwena, Mupimpila & Tlhalefang, 2016).), financial inclusion (Chibba 2009, Dixit & Ghosh 2013, ul Ain, Sabir & Asghar 2020). is important to a country in terms of economic growth and development of the country. It enables to reduce the gap between the rich and the poor population and it is the robust pillars of progress, economic growth and development of the economy. Constructing a financial inclusion index to measure the level of financial inclusion, (GPFI. (2011, October 1). World Bank Group, 2018) tried to find out the relationship between financial inclusion and economic growth (Greenwood & Jovanovic 1990, Kelkar, 2010, Fadun 2014, Kim,., Yu & Hassan 2018, Le Chuc & Taghizadeh-Hesary, 2019). Their argument was that, when people access banking services it benefits them to bank their money in the formal financial institutions, this results in high growth through multiplier effects (Ng'etich Joseph Collins 2011, Mlambo, & Ncube 2011, Sekhar & Gudimetla 2013, Nambiro 2016).

2. BACKGROUND OF THE STUDY

Since the early 2000s, the concept of financial inclusiveness has become increasingly popular and crucial among researchers, politicians, policymakers and other financial (Giné & Townsend 2004, Bruhn & Love 2014). stakeholders (Hariharan & Marktanner 2012, Han & Melecky 2013). It becomes the main issue of policy-making in socially excluded society and the most important issue highlighted by central banks and the World Bank.
Financial inclusion has been broadly recognized as critical in achieving economic growth (Honohan 2004, Honohan 2007, Islam, & Mamun 2011, Jauch & Watzka 2016). When citizens adopt a good financial system, they are able to start and expand their businesses, manage risk and absorb financial shocks (Demirgüç-Kunt & Klapper 2014).
The G20 group and World Bank led the initiative for increased financial inclusion in developing countries to alleviate poverty levels (Donou-Adonsou & Sylwester 2016). and to encourage inclusive economic growth in emerging economies (GPFI, 2011). Financial inclusiveness, which means equal access to financial services, is among the pillars of inclusive and sustainable growth in addition to equal access to education and market participation.
Globally 2.5 billion people are financially excluded; approximately 80% in Sub-Saharan Africa (Hakura et al. 2016, Asongu, Nnanna & Acha-Anyi 2020, Ifediora et al. 2022) as compared to 8% in the high-income Organization of Economic Cooperation and Development (OECD) countries, and in Uganda, 80% have no access to mutually exclusive bank financial services (Bagyenda 2013).
Financial inclusion is a core target for many developing nations (Siddik., Sun & Kabiraj 2015, Sharma 2012, Sharma 2016). and many research findings have identified the importance of financial inclusion to the economy in reducing the poverty levels in households (The World Bank 2012, Norris, Townsend & Unsal2015).
When citizens adopt a good financial system, they are able to start and expand their businesses, manage risk and absorb financial shocks (Bank of Uganda, 2018).
The Ministry of Finance, Planning and Economic Development and the Bank of Uganda in collaboration with various stakeholders developed a National Financial Inclusion Strategy (NFIS) for Uganda, with support from the Alliance for Financial Inclusion (AFI). The National Financial Inclusion Strategy vision is that "All Ugandans have access to and use a broad range of quality and affordable financial services which helps ensure their financial security" (Bank of Uganda, 2018). The overall objective of the NFIS is to reduce financial exclusion to 5% by 2022 (Bank of Uganda, 2018) (Barclays Bank, CARE International UK and Plan UK , 2013).
There is a financial inclusion agenda in Uganda that has been under discussion since 2012, when the central bank of Uganda launched the financial inclusion project, whose overall objective was to increase access to financial services and empower the users of financial services to make rational decisions in their personal finances to contribute to economic growth (Bagyenda 2013).
The depth of Uganda's financial system is relatively low compared to average financial depth of low-income countries within Sub-Saharan Africa (Brune et al. 2011, Black 2016, Boukhatem, 2016, Whitworth & Williamson 2010).

Overview of financial services in use

- Eighty-six percent of all Ugandans are currently excluded from the formal financial sector, and, therefore, mobile money offers a distinct opportunity to reach these unserved groups.
- Fourteen percent of Ugandan adults have used a bank account, while 10 percent are active bank account holders (they transacted on their own account at least once in the 90 days prior to the survey). Fifty-one percent of active bank account holders first opened bank accounts to start saving.
- Forty-three percent of Ugandans have used mobile money. Of this group, seven in 10 are registered account users (InterMedia, October, 2013).

Uganda has undergone a major economic transformation to develop market-based institutions

(Dupas, Karlan & Robinson 2013, Ondiege 2015, Iqbal & Sami 2017, Brownbridge & Gockel 1998).

Broad and inclusive access to formal finance is essential for sustainable development in Uganda (Ssewanyana, & Bategeka 2007).. Enabling a greater percentage of the population to access formal services (e.g. savings, credit and insurance products) can bring significant benefits: to individuals (increased security for their funds and the ability to access bigger loans) to businesses (reaching emerging markets, diversifying and expanding)to the government (supporting more inclusive growth and increased productivity through wider access to finance) (Barclays Bank, CARE International UK and Plan UK , 2013).

It is also believed that Uganda's economic growth has been partly driven by private sector investment increment in the areas of construction and support from development partners in the areas of public sector spending on social services. In spite of the high regard given to financial inclusion as an integral part of development agenda in the world, the level of worldwide financial inclusion remains low, with about two billion people having no bank accounts (World Bank 2014 and 2014a) .

2.1 Statement of the Problem

Bank of Uganda a few years ago in collaboration with Ministry of Finance Planning and Economic Development launched the National Financial Inclusion Strategy (NFIS 2017 – 2022, Uganda Bureau of Statistics 2017, UNCDF 2019) in 2017, with the overall vision to foster access to and use of a broad range of quality and affordable financial services which help ensure financial security of all Ugandans. The strategy aimed at reducing financial exclusion and access barriers, developing credit infrastructure, building out the digital infrastructure for efficiency, empowering and protecting individuals with enhanced financial capability and empowering users of financial services to make rational decisions in their personal finances so as to contribute to economic growth of not just themselves but Uganda in general (MoFPED, 2021).

Despite all these significant efforts and innovations in the financial sector to improve financial Inclusion over the years, Uganda's economy is still growing at a slow rate. Many people are still living in poverty with high levels of income inequalities in the country. It was reported that the Nation's GDP in 2018/2019 was at a rate of 6.5% (MoFPED, 2019).(AFDB Group, 2020), statistics report show that in the calendar year 2019 real GDP growth rate was 7.5%, and an estimate of -0.5%in 2020, real per-capital GDP growth rate was 3.8% with an estimate of -3.7% in 2020

Knoema (2021), reports that in 2020, GDP for Uganda in figures was 37.61 billion US dollars. Meaning Uganda's GDP increased from 7.84 billion US dollars in 2001 to 37.61 billion US dollars in 2020 growing at an average annual rate of 9.06%.According to this parameter, its population is among the poorest of the 196 countries (Knoema, 2021).

In addition to this, Uganda's improvements over the years in terms of financial delivery outlets/ channels offered by both the formal and informal financial institutions seems to be nothing. Access to formal financial services still remains low, MoFPED reported that only 58% of adult population could access formal inclusion predominately in urban locations, indicating high levels of exclusion from the formal financial system especially in rural areas (MoFPED, 2021), this therefore affects economic growth (Johnson & Nino-Zarazua 2011). This background created room for the researcher to investigate the contribution of financial inclusion in supporting economic growth in selected districts in Uganda.

3. METHODOLOGICAL UNDERPINNINGS

The cross-sectional survey research design was used, which analyses both analytical and descriptive data in nature (Eyaa, Ntayi, & Namagembe 2010). This design ensures that the study accurately describes the true nature of the existing conditions at an explicit point in time and both qualitative and quantitative approaches were used.

The target population was Central Uganda and the study population was in a few districts in Central Uganda which were Kampala, Wakiso, Mukono and Masaka and the study targeted 194 respondents from these districts.

Purposive sampling techniques were used to select 194 respondents to collect the data since the researcher by observation judged the characteristics of the population. Selecting respondents for sampling was therefore based on the characteristics which are present within a specific population group and the overall study. Data was collected from the districts of Kampala (55), Wakiso (50), Mukono (45) and Masaka (44) respectively.

Data was collected using primary and secondary sources. Primary sources included information that was directly obtained by the researcher from the respondents through questionnaires, direct face-to-face interview or observation methods.

Secondary included already existing information provided by other researchers in textbooks, journals, reports, magazines, newspapers, dissertations and the Internet to compile information necessary for the study.

When collecting data, questionnaires with formulated closed-ended questions both factual and opinion questions were sent to respondents to answer them. The questionnaires were designed according to the study variables and the responses to the questions were anchored on a five point Likert scale a type of measurement scale that was developed by Rensis Likert (Rensis, 1932). This method was used because it is quicker compared to other data collection methods, minimizes costs and less biased.

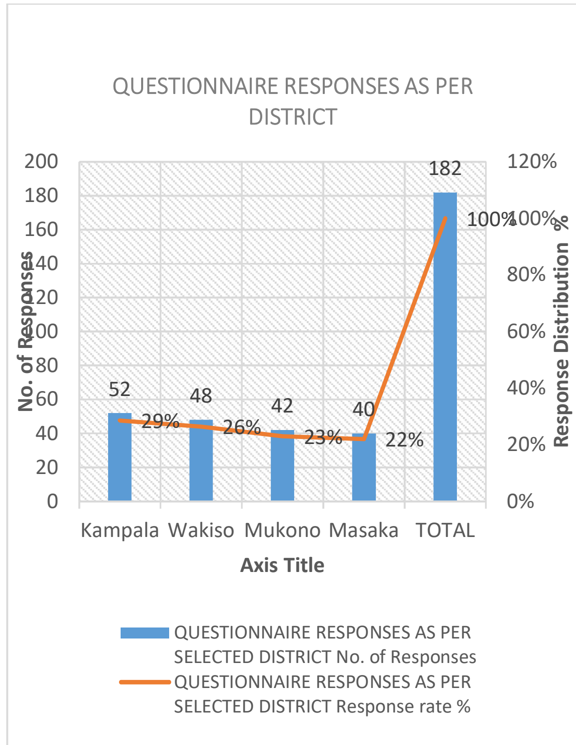
Interviews were also used in collecting data. Telephone interviews were used for respondents who were out of

Kampala district. The researcher called respondents over the phone and interviewed them while being guided by the interview guide.
For excellent research, validity had to be tested and in qualitative research it refers to the appropriateness of the tools used to complete the study, the method used by the researcher, and the data collected. The questionnaire scale for expert validity was used to establish the validity. The Content Validity Index (CVI) was used to test the relevance and clarity of the questions. Results from the test meant that the tools which were to be used to collect data were valid and would give the required results for the study (Amin, 2005).
Reliability of the instrument used in data collection was also tested and this was done by using the Cronbach Alpha coefficient the found the instrument to be above 0.70, which according to Amin (Amin, 2005) implies that the instrument was considered reliable.
Data was analyzed and interpreted using the computer software program like MS Excel and Statistical Package for Social Sciences (SPSS) version 23.
In order to ensure ethical research principles, there was introduction before the respondents and the respondents had to be told the purpose of the study so as to give their opinions without fear. Appointments with respondents were then arranged to determine the proper time for questionnaires to be submitted and picked up. The questionnaires were delivered and collected by the researcher after being filled by respondents. The research was purely for academic purposes and confidentiality and anonymity of the respondents were strongly emphasized and maintained throughout the study.

4. FINDINGS OF THE STUDY

Out of the 194 questionnaires sent, 182 were responded to and brought back giving rise to a response rate of 94%, which was good enough to represent the expected number of views from respondents. 94% was also reasonable and reliable since it was above the most recommended 50% in according to Remenyi and others (Remenyi et al,2009). The response rate was; Kampala 52 (29%), Wakiso48 (26%), Mukono 42 (23%) and Masaka 40 (22%).The percentage of respondents is further be presented in the Figure 1.
Overall participation shows that, 106 (58%) were male and 76 (42%) were female respondents who participated in the study hence giving unbiased findings since both men and women participated. The participation included both married who were 118 (65%) and single 64 (35%). Most of the respondents were aged between 30-39 years (42%) followed by an age bracket of 20-29 years (28%), followed by 40-49 years age bracket who were 24% and lastly the bracket of 50 and above (16%). This implies that majority of the respondents were between 30-39 years of age an indication that they could make independent decisions regarding the impact of financial inclusion on economic growth in Uganda .In terms of education level, majority of the participants had attained a Bachelor's degree with 45% followed by Diploma level with 19%, Masters Holders with 15%, professional qualifications with 13%, tertiary with 7% and PhD with 1%.

Figure 1: A Line and Bar Graph showing questionnaire responses as per selected district.



Source: (Primary Data, 2021)

This indicates that most of the respondents had enough knowledge about the financial inclusion and economic growth in Uganda to give relevant data for study conclusions. The variations in education qualifications also suggests that most of the participants had adequate level of understanding to respond to the issues raised in this questionnaire.

4.1 Questionnaire Presentation, findings and Analysis

4.1.1 Financial Inclusion

Statements in relation to financial inclusion were formulated in questionnaires in order to get data and make conclusions on financial inclusion in Uganda. Responses and findings were presented as percentages Statements discussed and replies to interview guide as well helped to discuss findings in statements that couldn't be expressed in the set questionnaires.
Findings showed that most of the respondents were in agreement with the statements that were formulated in according with financial inclusion an indication that there is financial inclusion in Uganda

4.1.2 Impact of Financial inclusion on economic growth in Uganda.

Basing on the economic growth variables of Income Inequality and poverty reduction (Galor & Moav 2004, Mookerjee & Kalipioni, 2010, Ostry et a. 2014, Kim 2016, Meniago & Asongu 2018, Neaime & Gaysset 2018, Kuznets 2019), questions on the statement that financial inclusion has an impact on economic growth in Uganda were sent out (Beck, Demirgüç-Kunt, & Levine, 2007, Asongu & Tchamyou 2015, Batabyal & Chowdhury 2015).

Responses and findings are presented as percentages as the table below shows and Statements discussed and replies to interview guide as well helped to discuss findings in statements that couldn't be expressed in the set questionnaires.

Table 1:Financial Inclusion: Variable List

No.	Statements.	Agree %	Strongly Agree %	Disagree %	Strongly Disagree %	Not Sure %	TOTAL %
1	There are more than 5 commercial banks and some microfinance institutions in this area and are all accessible.	36	63	0	0	1	100
2.	All the commercial banks in Uganda have branches in the district and I find it easy to access them and ATMs	60	40	0	0	0	100
3.	I find it easy to make deposits with my financial providers.	26	74	0	0	0	100
4.	People have developed SACCOs and saving groups within themselves	12	88	0	0	0	100
5.	I find it easy to transfer money via my mobile phone	47	53	0	0	0	100
6.	Majority of the people in the district fully understand the importance of commercial banks and other financial institutions	56	34	0	0	10	100
7.	Everyone has at least an active savings bank account and find it cheap to operate.	47	48	0	0	5	100
8.	There is a variety of affordable financial services and products provided in the district which people find easy to use	18	82	0	0	0	100
9.	People in the area embrace the presence of insurance companies and can access insurance services	71	20	0	0	9	100
10.	People find it convenient and affordable to access loans and credit from formal financial institutions.	60	38	0	0	2	100
11.	The government has played its role in the development of financial sector in the district	54	38	0	0	8	100

Source: (Primary Data, 2021)

Table 2.Impact of Financial inclusion on economic growth in Uganda.

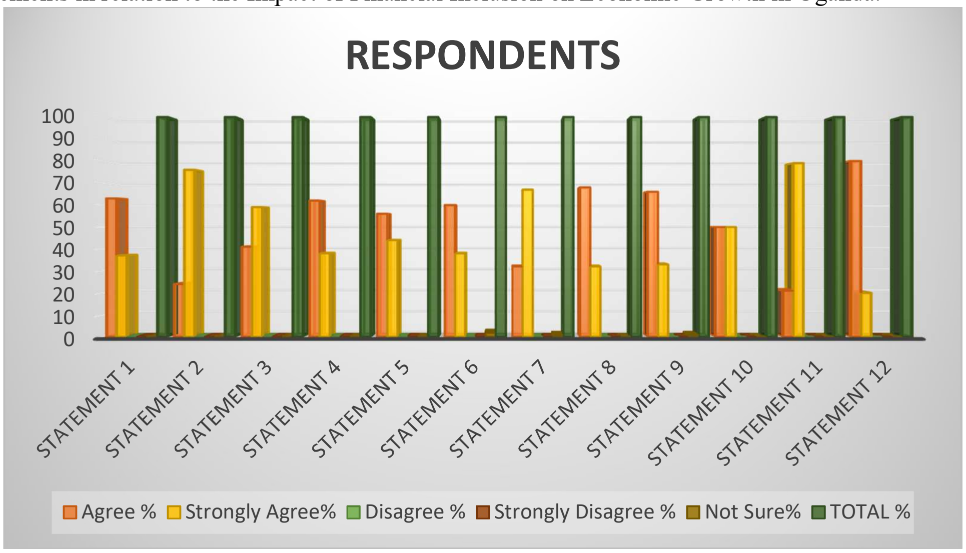
No.	Statements.	Agree %	Strongly Agree %	Disagree %	Strongly Disagree %	Not Sure %	TOTAL %
1.	I find it easy accessing affordable and quality financial services and this has increased my house hold income	63	37	0	0	0	100
2.	Access to quality financial services has transformed my way of living	24	76	0	0	0	100
3.	Access to financial services has grown my savings	41	59	0	0	0	100
4.	Affordable and quality financial services have increased my participation in the market	62	38	0	0	0	100
5.	Access to quality financial services has enhanced my capital creation and therefore incomes.	56	44	0	0	0	100
6.	Ease of access to affordable financial services has promoted equitable distribution of growth benefits	60	38	0	0	2	100
7.	Ease of access to affordable financial services reduced income inequality in the country	32	67	0	0	1	100
8.	Financial institutions through providing financial accessibility and quality affordable financial services have supported poverty reduction.	68	32	0	0	0	100
9.	Those with access to quality financial services enjoy a high financial status	66	33	0	0	1	100
10.	People who have embraced the presence of financial institutions in the district have had a tremendous development in their businesses.	50	50	0	0	0	100
11.	Quality and affordable financial services have enabled me accumulate some property, like land, houses and businesses hence poverty reducing.	21	79	0	0	0	100
12.	In this district the population that lives below poverty line is falling	80	20	0	0	0	100

Source: (Primary Data, 2021)

These questions also form objective 2 which is to establish a relationship between financial access and

income inequality and objective 3 which is to examine the role of Quality financial inclusion in poverty reduction.
From the table above, Findings showed that all the respondents were agreement with the statements that were formulated to assess whether financial inclusion has an impact on the economic growth in Uganda considering its two variables of income inequality and poverty reduction.

Figure 2: Statements in relation to the Impact of Financial Inclusion on Economic Growth in Uganda.



Source: (Primary Data, 2021)

5. DISCUSSION OF FINDINGS

Findings on financial inclusion and economic growth in Uganda are discussed in relation to literature review and objectives of the study.

5.1 Financial Inclusion in Uganda

An interview with 8 participants from the selected districts showed that they understood what is financial inclusion, financial access and quality financial services. The common term they used while expressing these terms was that households and businesses have access to and usage of a broad range of affordable and quality financial services and products availed in appropriate, simplified, dignified, and responsible manner in a well-regulated environment.
Responses on the 11 statements in Table 1on financial inclusion showed that there is a financial inclusion in Uganda as supported by 36%, 60%, 26%, 12%, 47%, 56%, 47%, 18%, 71%, 60% and 54%, respectively of the respondents who agreed with the statement and 63%, 40%, 74%, 88%, 53%, 34%, 48%, 82%, 20%,3 8% and 38% of the respondents who strongly agreed with the statements. These results are in line with different reviewed literature hence positive findings.
The results relate with literature cited by Dermirguc and others (Demirgüç-Kunt & Singer 2017, Babajide, Adegboy & Omankhanlen 2015) and Seko (2015), who stated that financial inclusion implies that individuals and businesses are granted access to a range of proper financial services and affordable financial products that meet their needs such as transactions, payments, savings, credit and insurance, and other financial services. Formal financial inclusion starts with having a deposit, at a bank or other financial service providers, to enable making and receiving payments as well as storing or saving money. Moreover, financial inclusion also entangles access to convenient credit from formal financial institutions, in addition to the use of insurance products that allow people to relieve financial risks such as wildfire, earthquake, flood or crop damage, and other force majeure.

5.2 The impact of financial inclusion on economic growth in Uganda

Findings indicated that financial inclusion has an impact on economic growth in Uganda. These were evidenced by majority of the respondents who were in agreement and strong agreement with the statements in the questionnaires as table 1 shows. In fact the total of respondents who agreed and strongly agreed were 100%.
These respondents who agreed and strongly agreed are in line with different literature like that of Holloway and others (Holloway, Niazi & Rouse 2017), who argued that increasing access to and use of quality financial products and services is essential to inclusive economic growth and poverty reduction. Research shows that when people participate in the financial system, they are better able to manage risk, start or invest in a business, and fund large expenditures like education or a home improvement.With these findings on financial inclusion

and economic growth, a conclusion was reached that financial inclusion has an impact on economic growth of the country like Uganda.

5.3 Relationship between financial access and income inequality

The study findings established that there is a strong relationship between financial access and income inequality in Uganda. This is evidenced by the majority of the respondents who agreed and strongly agreed to the statements 2, 3, 5, 6, and 7 in Table 2 which were questions in relation with income inequality. The findings are in line with the previous conclusions in reviewed literature for example finding out that financial inclusion transforms peoples' ways of living, which supports the IMF (International Monetary fund, 2015), who noted that financial inclusion improves the financial status and standards of living of the poor and vulnerable as it increases their engagement in economic activities, wealth creation and employment of household members.

In addition all the results above are also in line with Park and Mercado (Park & Mercado 2015). and Turegano and Garcia-Herrero (Turegano & Herrero 2018)., who recently examined whether financial inclusion in form of financial access contributes to reducing income inequality. The former constructed a financial inclusion index, which they used to examine the relationship between poverty and income inequality in developing Asia. Their results showed that financial inclusion reduces poverty and lowers income inequality.

5.4 Role of financial services in poverty reduction

The study findings established that there is a strong relationship between financial services and poverty reduction in Uganda. This is evidenced by majority of the respondents who agreed and strongly agreed to the statements 1, 8, 10, 11 and 12 in Table 2 which were questions in relation to poverty reduction (100% agreed or strongly agreed). These findings relate to the paper by Levine (2005), who summited that institutional infrastructure of the financial system contributes to reducing financial information asymmetry, contraction in transaction costs, which in turn reduce poverty and increase the level of economic growth**.**

The findings also support Uddin (Uddin, Kyophilavong, & Sydee 2012). who stated that there is a development relationship in finance towards poverty. They carried out this research using data obtained from the period 1976-2010 in Bangladesh with the Autoregreive Distribution Lag (ARDL) approach. The result showed that the long run development in the banking sector was associated with poverty alleviation. Meanwhile, in the short run there was a two-way causality between the development of the banking sector and poverty reduction. Therefore, the findings recommended policymakers to develop the financial sector services in order to gradually poverty alleviation.

6. CONCLUSION

Over the past few decades, financial inclusion has played an important impact in the financial sector. However, only a few research have specialized in comparing it to economic growth. In that context, the purpose of this research was to analyze the impact of financial inclusion on economic growth, while analyzing the policies and economic development to reduce poverty and inequality. Therefore, this study sought to explore the impact of financial inclusion on economic growth, income inequality and poverty reduction in a few selected districts in Uganda. Findings from responses show positive results which can be relied upon to conclude that financial inclusion has an impact on economic growth of the country. In addition to this regression results showed a relationship between financial access and income inequality, the regression results showed that the higher the financial inclusion, the lower the poverty level. Therefore, the financial sector is able to contribute reducing poverty by providing capital.

In conclusion, this research provides empirical evidence of a positive relationship between financial inclusion and economic growth, with positive relationship on inequality and poverty.

7. RECOMMENDATIONS

Basing on the findings, the study recommends that more efforts should be geared towards expanding the coverage of financial services especially in the rural areas in order to shield the households from being exposed to income inequality and poverty. For financial services to reach scale, distribution networks have to be built in rural areas where there is a critical mass of customers in need of financial inclusion.

The study found that the government has played its role in the development of financial sector in the selected districts. There is need for government to review and redesign its policies on financial sector to support international trade business and support homegrown investments.

Several papers have recommended government interventions in financial accessibility. While there are many players in the financial services industry, people still find it hard to access this service, especially the rural poor, who lack the collateral to guarantee the security of the loans they would go for. More than often, the rural poor have lost their assets to unscrupulous money lenders who promise cheap credit. Government should strengthen its fiduciary roles in the economy.

The study took a cross-sectional survey to collect data on financial inclusion and economic growth in central

Uganda. There is need for a longitudinal study on financial inclusion with a focus on financial service providers and their impact on economic growth also in the rest of the Country.

Financial providers should continue sensitizing the public on the available financial services beyond credit services, which are common and known.

Bank of Uganda the main regulator for all commercial banks and other financial institutions should come up with a uniform rate for loan services on all financial institutions including money lenders at individual level as these are able to reach all those in rural areas but tend to raise the interests on loans making it difficult for people in rural areas to access such services.

The government through its regulators such as Uganda Revenue Authority should decrease taxes on investment as this discourage people to get loans for investments.

The government should put up and encourage growth of more microfinance institutions like Brac, Pride and Finca. These tend to offer financial services at low or no costs and they aim at developing every person and financially including them. These started as women SACCOs but they have not only made tremendous efforts to encourage women learn skills, work and save but have also helped men hence improving financial inclusion.

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