



Bindura University of Science Education  
Promoting Science for Human Development

**BINDURA UNIVERSITY OF SCIENCE EDUCATION**

**FACULTY OF COMMERCE**

**DEPARTMENT OF BANKING AND FINANCE**



**BANKING CHALLENGES FACED BY PEOPLE IN THE RURAL COMMUNITY IN  
ZIMBABWE, CASE OF KOTWA LOCATION IN MUDZI.**

**RESEARCH PROJECT**

**BY**

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**SUBMITTED TO BINDURA UNIVERSITY IN PARTIAL FULFILMENT OF THE  
REQUIREMENTS FOR BACHELOR OF COMMERCE DEGREE IN BANKING  
AND FINANCE (HONOURS)**

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## RELEASE FORM

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## APPROVAL FORM

I, the undersigned certify that I have read and recommend to Bindura University for acceptance; a project entitled “Banking challenges faced by people in the rural community in Zimbabwe, case of Kotwa location in Mudzi District” submitted by Mbewe Kudakwashe Felicity (B1953568) in partial fulfilment of the requirements for Bachelor of Commerce Honours in Banking and Finance.

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## DECLARATION

I, Mbewe Kudakwashe do hereby declare that this dissertation is the result of my own investigation and research, except to the extent indicated in the Acknowledgements, References and by comments included in the body of the report, and that it has not been submitted in part or in full for any other degree to any other university

\_\_\_\_\_

Date: \_\_\_\_\_

Student signature

\_\_\_\_\_

Date: \_\_\_\_\_

Supervisor's Signature



## **DEDICATION**

I'm dedicating this research to my family and friends for all the support they gave me during the research process. I'm grateful and may you remain blessed.



## **ACKNOWLEDGEMENTS**

Above all I would like to thank the almighty for giving me the strength to write this dissertation. Great thanks must be handed over to my supervisor for the support and guidance to be able to complete the dissertation. former workmates at afc kotwa branch for the support, my family for all the support.



## **ABSTRACT**

The main aim of the research was to assess the banking challenges faced by people in the rural communities in Zimbabwe using a case study of Kotwa Location in Mudzi district. Banking is essential in the lives of people as it encourages saving however a large part of people in the rural community lack financial access. This was shown by the Finscope survey of 2016 by 30% of the people have access to financial services leaving 70% of the people being alienated from the financial services. The study used both qualitative and quantitative methodology and survey design. The study covered the Kotwa locality in Mudzi District in Zimbabwe using a sample of 79 respondents which included rural residents, rural bank workers and customers of the locational bank. Information was collected using questionnaires and observation from the targeted population. Also, secondary data was used give relevance to the field investigation. The finding highlighted that banking in the rural community is of assistance to the people that have the right qualification and those that perceive the service as of relevance. The navigations from the research clearly showed that distance, income and employment status of the individuals at a certain extent has influence on the use of financial services by the rural people, but does not determine one's usage of the financial services. The rural populace has been given a number of opportunities for them to be engaged in financial services such as training and proper regulations.



## **LIST OF FIGURES**

FIG 1- MEASUREMENT OF FINANCIAL INCLUSION

FIG 2- VOLUNTARY AND INVOLUNTARY EXCLUSION

4.2. TABLE SHOWING GENDER RESPONDENTS

GRAPH 4.4.1 SHOWING EDUCATIONAL LEVEL

4.6. ANNUAL INCOME

4.7 BANK ACCOUNT

4.9. 1 YEAR'S CUSTOMERS HAVE USED ACCOUNTS

4.12. INTERNET BANKING OR MOBILE BANKING

4.15. VARIABLES THAT INFLUENCE





## **LIST OF TABLES**

### **4.1 RESPONSE ANALYSIS**

#### **4.3 Age Distribution**

Table 4.3.1: Showing Age range

#### **4.4. Educational Level**

### **4.5 EMPLOYMENT STATUS**

Table 4.5.1 Indicating Employment Status

#### **4.8. ACCOUNT TYPE**

#### **4.9. YEARS CUSTOMERS HAVE USED ACCOUNTS**

#### **4.10. BANKS THAT CUSTOMERS HAVE ACCOUNT**

#### **4.11. DISTANCE THE RESPONDENTS TRAVEL**

#### **4.12. INTERNET BANKING OR MOBILE BANKING**

#### **4.13. INDICATE YOUR FREQUENCY OF USAGE OF THE BANKING SERVICES**

#### **4.14. DIFFICULTIES**

#### **4.16 UTILIZATION AND SATISFACTION LEVEL**

#### **4.17 SUGGESTIONS**



## **LIST OF ABBREVIATION**

ATM -AUTOMATED TAILOR MACHINE

AFC - AGRICULTURAL FINANCE COMPANY

FI - FINANCIAL INCLUSION



## TABLE OF CONTENTS

RELEASE FORM.....	ii
APPROVAL FORM.....	iii
DECLARATION.....	iv
DEDICATION .....	v
ACKNOWLEDGEMENTS.....	vi
ABSTRACT.....	vii
LIST OF FIGURES .....	viii
LIST OF TABLES .....	ix
LIST OF ABBREVIATION.....	x
CHAPTER ONE.....	1
INTRODUCTION .....	1
1.0 INTRODUCTION.....	1
1.2 BACKGROUND OF THE STUDY .....	1
1.3 STATEMENT OF THE PROBLEM.....	4
1.4 RESEARCH OBJECTIVES .....	5
GENERAL OBJECTIVES .....	5
SPECIFIC OBJECTIVE .....	5
1.5 RESEARCH QUESTIONS .....	5
1.6 SIGNIFICANCE OF THE STUDY.....	5
1.7 DELIMITATION .....	6
1.8 LIMITATIONS.....	6
1.9 ASSUMPTIONS OF THE STUDY .....	6
1.9.1 DEFINATION OF TERMS .....	7
1.9.2 CHAPTER SUMMARY .....	7
CHAPTER TWO .....	8
LITERATURE REVIEW .....	8
2.0 INTRODUCTION .....	8
2.1 BANKING.....	8



2.2 BANKING INCLUSION IN RURAL AREAS .....	8
2.3 STRATEGIES ADOPTED TO ENHANCE FINANCIAL SERVICES IN RURAL COMMUNITIES .....	9
2.4 FINANCIAL INCLUSION.....	10
2.4.1 MEASUREMENT OF FINANCIAL INCUSION.....	10
2.5 FINANCIAL EXCLUSION .....	11
2.6 CHALLENGES FACED BY THE RURAL PEOPLE IN ACCESSING FINANCIAL SERVICES .....	12
2.6.1 OPPORTUNITIES .....	14
2.8 EMPIRICAL STUDIES.....	15
2.9.1 CHAPTER SUMMARY .....	19
CHAPTER 3 .....	20
3.0 INTRODUCTION .....	20
3.1 AN EXPLANATION OF THE RESEARCH AREA.....	20
3.2 RESEARCH METHODOLOGY.....	20
3.3 RESEARCH DESIGN .....	20
3.3.1QUALITATIVE RESEARCH DESIGN .....	21
3.3.2QUANTITATIVE RESEARCH.....	21
3.4 TARGETED POPULATION .....	21
3.5 SOURCES OF INFORMATION.....	22
3.5.1 SECONDARY DATA .....	22
3.5.2 PRIMARY DATA .....	22
Observation.....	22
Questionnaire .....	22
3.6 POPULATION OF THE STUDY .....	22
3.6.0 SAMPLING METHODS AND TECHNIQUES .....	23
3.6.1 Convenience Sampling .....	23
3.6.2 Judgmental Sampling.....	23
3.7.0 RESEARCH INSTRUMENTS.....	23
3.7.1 Questionnaire .....	23
3.7.2 Observation.....	24
3.8.0 DATA COLLECTION PROCEDURE.....	24



3.8.1 VALIDITY AND RELIABILITY OF DATA.....	24
3.8.2 Pilot Study.....	24
3.8.2 .1 DATA PROCESSING .....	25
Editing.....	25
Classification.....	25
Tabulation .....	25
3.8.3 Data Presentation and Analysis.....	25
3.9 ETHICAL CONSIDERATION.....	26
3.9.1 SUMMARY .....	26
CHAPTER 4 .....	27
4.0 INTRODUCTION .....	27
4.1 RESPONSE ANALYSIS .....	27
4.2. TABLE SHOWING GENDER RESPONDENTS.....	27
4.3Age Distribution.....	28
Table 4.3.1: Showing Age range .....	28
4.4. Educational Level .....	29
Graph 4.4.1 Showing Educational level .....	30
4.5 EMPLOYMENT STATUS .....	30
Table 4.5.1 Indicating Employment Status .....	30
4.6. ANNUAL INCOME .....	31
4.7 BANK ACCOUNT .....	32
4.8. ACCOUNT TYPE.....	33
4.9. YEARS CUSTOMERS HAVE USED ACCOUNTS .....	34
4.10. BANKS CUSTOMERS UTILIZE.....	35
4.11. DISTANCE THE RESPONDENTS TRAVEL .....	35
4.12. INTERNET BANKING OR MOBILE BANKING .....	36
4.13. INDICATE YOUR FREQUENCY OF USAGE OF THE BANKING SERVICES.....	37
4.14. DIFFICULTIES ENCOUNTERED .....	37
4.15 VARIABLE OF INFLUENCE.....	41
4.16 UTILIZATION AND SATISFACTION .....	42
4.17 SUGGESTIONS .....	44



4.19 DISCUSSIONS OF RESULTS.....	47
SUMMARY .....	51
CHAPTER FIVE .....	52
5.0 INTRODUCTION .....	52
5.1 SUMMARY OF FINDINGS .....	52
THE MAJOR FINDINGS OF THE RESEARCH WERE THAT: .....	<b>Error! Bookmark not defined.</b>
CONCLUSION.....	53
RECOMMENDATIONS .....	55
SUGGESTIONS FOR FUTURE RESEACH.....	56
REFERENCE LIST .....	57



## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.0 INTRODUCTION**

People living in rural areas face a number of socioeconomic challenges, including commuting, access to medical care, job opportunities, poverty, discrimination, and a lack of basic infrastructure and services, as well as banking sectors. Banking inclusiveness is one of the reform initiatives that countries around the globe have implemented over centuries in order to foster economic growth and increase livelihoods. This initiative is viewed as one strategy to alleviate poverty, reduce inequality and jobless, and foster inclusive development. Shockingly, compared to metropolitan counterparts, banking in Zimbabwe's remote localities have remained relatively low. As a result, the goal of this research was to look into the banking challenges that rural dwellers face.

#### **1.2 BACKGROUND OF THE STUDY**

Rural areas may have a large population, challenging economic situations, and challenging living conditions, but inhabitants may also have problems locating the flexible, cheap financial services they require to get by. The lack of formal financial participation may be used to quantify and identify rural communities. Availing to financial services at reliable, equal, suitable conditions is a difficult for the rural dwellers, (Buttler & Cornaggia, 2008; Guikinger, (2008); Togba, (2012). Financial institutions typically favor metropolitan regions over rural equivalents more frequently, making it challenging to incorporate the underprivileged and marginalized in the service sector, RBZ, (2011). Due to the high costs of monitoring, transactions, and information, the inaccessibility of the infrastructure, the scattered and erratic demand for financial services, and cyclical deposits and a lack of collateral, local banks avoid opening offices in rural regions. Several vulnerable populations, such as low-wage earners and the unemployed, have difficulty getting financial assistance in Africa, according to Honohan (2008). Most Zimbabweans live in rural locations with poor network coverage, dangerous roads, and significant levels of poverty. Mayo et al. (2004) claims that because banks are profit-driven, they frequently close departments in remote places based on practicality. Financial institutions as a result struggled to reach out towards the provision of financial services, leaving



a void that the authorities have recognized. It has been proven that availability of financial institutions in rural community are low in Zimbabwe, Matunhu, (2013).

In Zimbabwe, not all residents have access to financial services yet, particularly those who live in remote locations. As highlighted by UNCDF (2009), banking exemption and deprivation are directly related in the majority of third-world nations. About 30% of the nation's people, and only 5percent of its 65percent in terms of rural populace, have direct exposure to a regular account with a bank, according to the Finscope survey from 2014. It has also been revealed that more women are alienated from financial services other than men. According to Allan et al (2014) women have been ranked to be less credit risk but still are exempted from financial services. As noted by Demirgüç-Kuntand Klapper, (2012) that in developing countries that the ration of men to women in financial services is 46 to 37 percent and in Kenya, it has been discovered that men engage in formal financial services and women in informal services, hence challenge of gender imbalance.

It has been highlighted by many authors that the borrowing requirements needed by the financial institutions are a hindrance to people accessing financial services, Hofisi, & Mago, (2013); Chakravarty & Pal, (2013). Financial isolation is a concern not just in Zimbabwe but all throughout the world. Such restricted access may have significant effects on people's lives. If not having a regular checking account makes it harder for folks to save money, they would be less able to have adequate money stored to deal with unanticipated crises like sickness in the family. The difficulties in accessing financial services may also make it impossible for rural folks to save sizable quantities of money or get financing to start an enterprise, input supply, or even improve healthcare items like mine safety gear. It is impossible to overstate the relevance of financial institutions that cater to the unique needs of rural dwellers, especially considering how heavily dependent these communities are on agriculture.

A number of methods have been introduced to ensure banking integration as a means of enhancing societal access to banking services. Other countries, such as Kenya, Ghana, South Africa, and India, are also involved in boosting financial inclusion through rural finance. Furthermore, observed by Triki and Faye (2013), accessibility to and usage of a wide range of banking services, including cash reserves, funding, borrowing, settlement, and risk mitigation, is necessary for the development of well-functioning, productive, and competent banking





systems. The inclusive banking system that guarantees that mainstream banking services are accessible, available, and used by the whole population, including underserved groups, makes it easier for everyone to access and use them.

Implementing banking facilities in remote locations is essential for decreasing disparities there since poverty there is so persistent. However, the mere extension of saving services appears to possess the capability to be advantageous. Prina (2011) discovered significant effects of increasing exposure to savings for women in an investigational study conducted in Nepal. The easiest way to comprehend the significance of rural finance services is to consider how they may advance the mining and agricultural industries in the rural settlements.

In regards to policy, understanding how to accomplish access to financial services is equally as crucial as understanding its consequences. This sector has seen a lot of innovation in the last 10 years. Several new advances fundamentally lessen obstacles to existing financial institutions (by cutting fees, for example) or introduce banking services closer to consumers lacking financial services. Previous regulations and a significant proportion of studies on advanced banking provision has largely focused on the shortage of providers of financial services, hardly not taking note of facilities that are most suitable to the rural populace.

In Zimbabwe, for example, consumers can transfer and retrieve money from bank accounts through a non-bank agent. It goes without saying, however, that certain establishments were not always available due to financial and/or economic hardship. A closely comparable alternative that has recently gotten a lot of interest is wireless payments, which was indicated by Chitokwinda, Mago, and Hofisi (2014) as a solution to financial accessibility, cooperate improvement and poverty reduction in Zimbabwe. A third alternative is a banking on wheels, where a bank enters a community on a regular basis to carry out transactions. Another way would be that of opening bank branches in the remote areas or rather place ATMs to make banking more accessible in rural areas.

Nonetheless, despite the prevailing increasing focus on these numerous measures to improve access, consumers decide not to go to the financial institution because they are not aware of the services offered by banks, they believe that offerings may be undependable, or just because financial upkeep or reversal expenditure are prohibitively expensive, so broadening such troublesome facilities is highly improbable to be achieved. On the demand side, little emphasis



has been paid to determining why people may wish to avoid the banking services for motives else than accessibility. As a result, the purpose of this research is to investigate and collect information from countryside of Zimbabwean in order to demonstrate that the banking facilities business must tackle supply and demand difficulties.

The study is being conducted in one of the various communities that comprise the Kotwa site in the Mudzi district of Mashonaland East, Zimbabwe, which has currently limited banking options. The settlements under review are far enough away from the highway that the cost of traveling outside for banking is prohibitively expensive, and only a small number of big bank branches are located in significant retail districts along the Nyamapanda highway in the Mudzi region. Locally, there is one operating bank which is AFC Commercial Bank and Tottengram which is a money lender which offers loans only to public civil servants. The absence of financial institutions has had a significant impact on the poor, women, and the vulnerable who are unable to travel long distances to access financial services, hence denying them the benefits of financial inclusion.

The challenges that rural towns face seem to be becoming worse every day, which has the researcher interested in undertaking study in this field. Obstacles still exist despite the banks' offering of financial services in certain of the nation's rural areas. As the Zimbabwean economy experiences financial, demographic, and technological developments, the imbalance is growing.

### **1.3 STATEMENT OF THE PROBLEM**

As highlighted by Finscope (2014), there are a number of people that reside in the rural community as shown by the percentage of 65% but still there is limited financial services in the rural community leading to financial exemption of most Zimbabweans. The rural banks were introduced to pave way for financial inclusiveness to the rural dwellers. To add on even though financial accessibility have been introduced in the form of rural banking still there is a gap being left in the provision of financial services to the rural populace.

The gap that is being left has resulted in a number of challenges that are currently being face by the rural people in accessing financial services. The researcher aims to assess and analyse the Banking Challenges that are by people in the rural community even though inclusive strategies have been adopted. Therefore, the huge question the researcher is answering is what



area the challenges and how can they be mitigated. Also, to take a closer look at what is suitable for customers in rural communities so they do not be financially alienated.

## **1.4 RESEARCH OBJECTIVES**

### **GENERAL OBJECTIVES**

The general objective of the study is to understand the banking challenges faced by people in rural communities in Zimbabwe.

### **SPECIFIC OBJECTIVE**

- 1) To investigate the difficulties clients, have when utilizing banking services in the remote Kotwa locality.
- 2) To highlight variables that influence clients' decisions to visit a bank and use the financial services provided by the banks in Kotwa?
- 3) To ascertain the degree of utilization and satisfaction level with the financial services offered in the rural Kotwa community.
- 4) To suggest on improvement of banking services in rural communities as a financial inclusion approach in the Kotwa rural community.

## **1.5 RESEARCH QUESTIONS**

- 1) What the difficulties clients have when utilizing banking services in the remote Kotwa locality?
- 2) What are the variables that influence clients' decisions to visit a bank and use the financial services provided by the banks in Kotwa?
- 3) To what extent has utilization and satisfaction level with the financial services offered in the rural Kotwa community?
- 4) To what extent has the establishment of banking in rural communities as a financial inclusion approach contributed in the Kotwa rural community?

## **1.6 SIGNIFICANCE OF THE STUDY**

The significance of the study is in three ways, to the researcher, the rural bank, and to the people in the rural communities.



The investigator will draw attention to the difficulties that rural residents confront and make suggestions for how these difficulties could be lessened to suit the local circumstances.

Whilst Kotwa's financial firms seek for methods to enhance their offerings to the local population, the results and recommendations will increase interest in financial services among rural residents.

According to the scholar, this project satisfies some of the requirements for the Bachelor of Banking and Finance degree offered by Bindura University of Science Education.

The study will aid in the understanding of banking services and their significance for rural areas if the research is conducted effectively and the suggestions are taken into account. Additionally, it could improve ties between both the bank and its clients.

### **1.7 DELIMITATION**

The respondents are located in the remote Kotwa village in the Mudzi area, where the research will be conducted. Participants in the study include the bank's AFC staff, regular clients, and residents of the rural area. The study is only concerned with the financial difficulties that Zimbabweans living in rural areas must deal with a remote village in Mudzi district called Kotwa.

### **1.8 LIMITATIONS**

The main drawback of the survey was the use of a restricted population sample to reflect the viewpoint of the rural people in the nation, which led to sampling mistakes affecting the data and findings. By matching the group and using a representative sample to guarantee that each and every segment was included, the impacts of sample selection mistakes were minimized.

Due lack of participation from some respondents, the study will adopt a questionnaire technique to allow participants to react freely.

Additionally, there is a lack of studies in Zimbabwe regarding the banking issues that rural resident's experience, thus the author must depend mostly on academic journals from other international locations, websites, and news stories to carry out this research successfully.

### **1.9 ASSUMPTIONS OF THE STUDY**

The following assumptions have been made in an attempt to:



The study assumes that all facts and figures collected in the secondary collection exercise are accurate.

Respondents will be fully cooperative.

Management will allow the researcher to collect the data.

### **1.9.1 DEFINATION OF TERMS**

**Banking Inclusion:** Is described as individuals and companies having inexpensive exposure to banking services that fulfil their needs, such as payments, acquiring, saving, borrowing, and protection that is supplied in a responsible way.

**Poverty:** Stated as a lack of essential basic commodities for an individual's health, which results in materialism and physical hardship, UNDP, (2016).

**Rural areas:** In Zimbabwe, rural sections refer to various tribe's territories, agricultural fields, and smaller towns that are outside urban centres. Worldwide, remote communities are described as places dominated by agriculture with little capital formation. In contrast, Zimbabwean rural towns have characteristics with rural areas around the world, such as limitation of financial services, low living conditions, sparse populations, and expensive costs for products and services. Mpofu and Warikandwa, (2013).

**Vulnerability:** The failure to forecast, cope with, avoid, and recover from natural and fabricated disasters Kelman et al.,( 2015). Poor people are vulnerable in a variety of contexts, and the consequences vary depending on the lifestyle options Tewari and Bhowmick, (2014).

### **1.9.2 CHAPTER SUMMARY**

The chapter provided background information about the topic under investigation. It also contained the issue statement, study-specific research questions, and its significance. More importantly, the chapter explained how the research was set up. The following chapter's primary subjects are a survey of pertinent literature and the theoretical foundation of the investigation.



## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 INTRODUCTION**

Numerous authors and academics have made several researches regarding financial accessibility in remote localities. These studies highlight a number of issues, including capacity constraints and insufficient infrastructures. The researcher will use some of the information carried out in different parts of the world to come out with results from the study area. This chapter provides a thorough analysis of existing literature on financial services in rural areas and the difficulties local's encounter.

#### **2.1 BANKING**

Preko E.A.and Armah Tetteh, (2005) defined banking as the act of collecting funds, distributing mortgages and providing banking advice to customers. Financial institutions provide assistance that can be accessed in a number of ways to meet this need. Banking has transformed, and it now offers services to both urban areas and isolated settlements. Acknowledgments to technology advancements like the availability of smartphones and online payments, financial sector has become increasingly practical.

Following, Jayanty (2012), agent banking brings credit facilities to customer 's doorstep who are hesitant to visit the nearest bank. Branch-less banking has developed and lead to the creation of agents to provide financial services in remote localities.

#### **2.2 BANKING INCLUSION IN RURAL AREAS**

The research suggests that the impoverished and those living in rural settings maybe shut discriminated out of the banking facilities, Zins and Weill (2016). Remote areas in Zimbabwe suffer from limited inclusiveness of financial services. As clearly articulated by The Herald (2021), Zimbabwean rural areas are hardly serviced by formal banks hence people rely on informal financial institutions. Despite the 21<sup>st</sup> century Vision 2030 goals to attain financial inclusion for all Zimbabweans, the RBZ (2020) noted that commercial banks continue to shun rural areas, preferring urban areas, and this constrains efforts to bring the poor and marginalised into the mainstream economy. In any case, the traditional banks reportedly shun establishing branches in rural areas because of high information, transaction and monitoring cost, inaccessibility due to poor infrastructure, dispersed and intermittent demand for financial



services, seasonality deposits and lack of collateral Matunhu, (2012). Adversely, rural underdevelopment remains a painful challenge as this exclusion makes it difficult for them to improve their livelihoods, Chen and Ravallion (2007). Los Banos (2007:1) highlights the fact that "The primary purpose of rural banks is to perform a specific role in area economic progress."

### **2.3 STRATEGIES ADOPTED TO ENHANCE FINANCIAL SERVICES IN RURAL COMMUNITIES**

There have been several methods in which financial services have tried to be provided to the people in the rural communities. These are shown below

In Zambia, an inclusivity agenda was implemented when it emphasized that the inadequate availability of banking activities in rural Localities inhibits economic progress and reducing hardship the country. The Rural Finance Hardship Strategy was created by the federal government in 2012. This had a good impact because it increased financial access via agency banking and subsidies to institutions of finance in order for them to provide sustainable services and products for the rural population. To avoid the issues of a lack of collateral, the transportable property system was launched in 2017, allowing individuals or enterprises to borrow using equipment, machinery, and inventories. This supported and encouraged rural residents to engage in financial activity.

In addition, policymakers in Malawi are licensing specific kinds of banking sectors in order to increase access to financial services in rural communities. Community banks were established to engage rural residents in financial activities. These financial institutions were established with lower requisite legal fees than commercial banks in order to provide banking services to underserved areas. They had recognised an issue of illiteracy among rural people and had to address it by involving rural people in financial transactions though the knowledge of the financial activities. In addition, agency banking was also another framework used in 2018 to increase people's access to financial services.

Another technique that was incorporated was the utilization of mobile services in the Sub Sahara, which increased inclusivity to individuals who reside far from bank branches. This increased financial access, but according to GSMA,2019, approximately 37% of rural residents are unable to use mobile services, compared to 37% of urban residents. Embracing the digital



trend has increased rural people's involvement in financial activities and made services more accessible. This also aided people during the Covid 19 pandemic by allowing them to manage their finances from the convenience of their own homes.

Conversely, the AFI (2022) mentions another strategy developed in Uganda of a banking service platform to enable banks to contend with mobile networks in delivering digital content to rural people. The Uganda Communication Commission collaborated also with Regional Communications Department Fund to improve rural digital literacy. This would allow remote towns to use phones, the internet, and conduct other financial transactions.

Additionally, as can be seen in Madagascar, women were also an aim for them to participate in the banking transactions. The Saving group was established in Madagascar, according to AFI (2022), to encourage rural residents to use financial services, especially women. Thus, through the development of infrastructure and mobile technology, procedure was able to involve the rural population in the preservation of finances and to improve financial services. This method has been successful in producing products that are standardized for rural dwellers who value inclusivity. This has improved ideas sharing to improve better and relatable methods to rural people.

More specifically, Zimbabwe's National Financial Inclusion Strategy 2016-2020 was put into practice. This was done to improve the country's inclusiveness as many difficulties were seen to have impacted financial engagement. This makes it possible for farmers, people living in rural areas, and marginal, regional, and medium-sized businesses to engage in profitable ventures that enhance their financial well-being.

## **2.4 FINANCIAL INCLUSION**

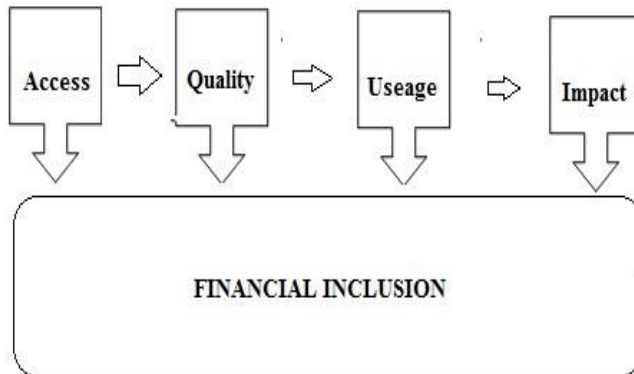
The Reserve Bank of Zimbabwe defines financial inclusion as the continued provision of a wide range of financial services at a reasonable cost to the majority of the people (Zimbabwe National Financial Inclusion Strategy 2016-2020).

### **2.4.1 MEASUREMENT OF FINANCIAL INCUSION**

Financial services have been introduced in the rural places but however having an account is not the only indication that a person is financially included financial inclusion, as indicated by Hannig and Jansen (2010) and Serrao, Sequeira, and Hans (2012), may be assessed using four lenses, ranked by degree of complexity



Figure 1: Measuring Financial Inclusion



Source: Hannig and Jansen (2010)

**Access:** This element relates to the capacity utilize formal banking services with no or limited hurdles to obtaining a credit account. Accessibility also includes cost - effectiveness and nearness of credit facilities to current and potential customers.

**Quality:** When it comes to serving the demand of the consumers, quality refers to how well that is done. The individual perceptions people have about credit facilities reflect how well such services are delivered to customers.

**Usage:** Concerns the actual use of banking facilities. Institutional customers must routinely employ all of the banking services that are made available to them.

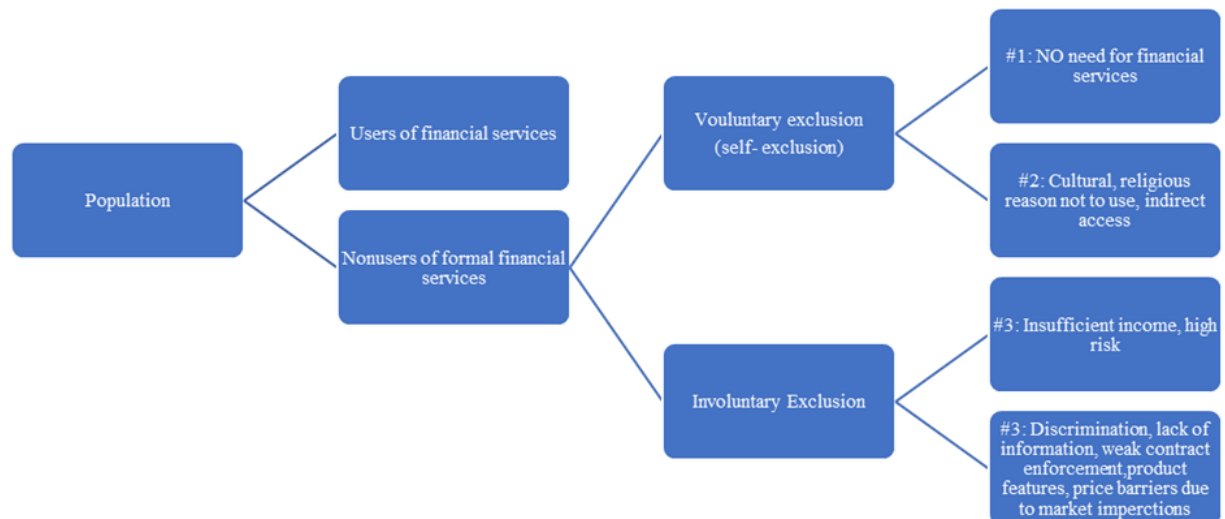
**Impact:** This element deals with how finance sector affects users' ability to maintain their standard of living. The finance sector should benefit the customers and raise their standard of living, earnings, and efficiency in either their individual or professional lives.

## 2.5 FINANCIAL EXCLUSION

Financial services have benefited greatly and has enhanced the lives of people as they can avail to financial services. The introduction of inclusiveness has resulted in some of the people being excluded from the financial services. The problem of financial exclusion, ironically, has resulted from increased inclusion that has left a small minority of individuals and households behind Kempson et. al. (2000).

The World Bank (2014) identifies ways to financial exclusion which are voluntary and involuntary exclusion. The adoption and accessibility of banking services, as well as the distinction across voluntary and involuntary exclusion, are clearly shown below

Figure 2: voluntary and involuntary exclusion



Source: World Bank 2014 :16

Those who can obtain financial services but do not want to use them voluntarily exclude themselves from the market. The involuntary isolated group are those that may not have access to financial services and cannot afford to utilize the services provided. The lack of utilization in this case is not always the result of segment or governmental failure. Financial intermediaries may also discriminate against this minority by offering inadequate information or unsuitable goods, executing substandard terms and conditions, or raising pricing, World bank (2014).

## 2.6 CHALLENGES FACED BY THE RURAL PEOPLE IN ACCESSING FINANCIAL SERVICES

Although it has been determined that the availability of financial services can enhance the existence of rural dwellers. Despite financial inclusion and technical developments, a significant segment of the population is still barred from using financial services. According to the Finscope Consumer Survey, (2014), 23% of Zimbabweans remained socially overlooked, from financial services barely 30% of Zimbabwe's adult population used banking services in 2014, and only 20% used official savings channels. Despite the fact that numerous programs,



like the NFIS (2016-2020), According to RBZ (2016), the following banking challenges are experienced below:

To make wise financial decisions and choose the best products and services for their needs, people need to be more financially literate. People continue to struggle with issues like getting the right services, having enough information, and having inadequate financial knowledge of goods and services. Financial literacy accelerates financial inclusion, according to Abel et al. (2018). The authors contend that those who are financially literate are better able to weigh the advantages and disadvantages of various financial products and services and, as a result, make wise decisions.

Participants with absence of proper identification documents cannot acquire banking services. Before opening a bank account, an individual must provide sufficient identification and evidence of residency. As a result, authorities should simplify and speed the process of obtaining an official Identification card in order to improve access to financial institutions for the financially excluded. To mitigate this issue, the RBZ has established Know Your Customer (KYC) for low-income individuals in an effort to increase banking penetration, lite account options are available.

More so, one of the main barriers to financial intermediation in Zimbabwe is the general populace's lack of belief in the financial sector. Despite the fact that mobile money networks are used to promote financial inclusion, consumers lack trust in them for security and dependability issues. Zimbabwe's financial system is also precarious and marked by frequent bank closures. For instance, the closure of further than 10 banks since 2004 have decreased trust in the financial industry. Because it deters individuals from using formal financial services, this has had a detrimental impact on financial inclusion. To boost consumer trust and confidence and to make sure that they are shielded and also have access to crucial product information so that they can make educated decisions, policymakers should provide clear standards and laws.

Another additional barrier to inclusiveness is gender in balance. Relatable to Asuming et al., (2019), the research article discovered that women are 4% less likely than males to have an account. In addition, women utilize bank credit less frequently than men. The main causes of this may be a lack of institutional credit and a poor credit history. This shows that initiatives to



encourage financial inclusion should concentrate on women and those who reside in rural regions.

Banking is hampered in Zimbabwe by the country's shaky economy and low and occasionally erratic revenues. Additionally, the bad economic position is made worse by the rapid rise in inflation. In this type of economic climate, very few people and companies look for financial institutions to save money or invest, and due to the significant risk of default, quite few financial firms are ready to be more lenient when it comes to giving out credit. Hence income was highlighted as another difficulty encountered in inclusiveness in banks.

The high transaction fees of banking or digital money financial services discourage people from utilizing the services. The findings support the notion that the cost of formalized financial services discourages adoption of them. Additionally, the charges on savings accounts with financial institutions pays extremely little interest and is sometimes entirely destroyed by transaction costs. As a result, the individuals and small to medium sized business avoid the formalized financial services.

### **2.6.1 OPPORTUNITIES**

The prospects for creating an enabling environment in Zimbabwe are explored below, stated by RBZ, (2016):

Zimbabwe's mobile money ecosystem, which includes Ecocash, One Money, Telecash, and My cash, offers a chance for inclusive financing. The introduction of mobile money has curd some of the difficulties faced by the populace such as lack of funds and high deduction fee on funds. The positive impact has been shown by the 45% increase in adults' utilization of mobile money by Finscope (2014). Of them, 36% said it was less expensive compared to banking services, and 65% said it was convenient

Another chance to encourage inclusive financing in underserved communities, particularly among women, is provided by the Zimbabwe Women Microfinance Bank Limited. This will help curd the imbalance of gender as it prioritises women more than men and focuses on the marginalised areas. The bank offers services such low-deposit savings accounts, group accounts, accessibility in rural regions, loans to micro, small, and medium-sized businesses, and financial literacy workshops.



More so another strategy is the provision of affordable KYC requirements for low-risk consumers. People who are mostly financially isolated from localities fall into the low-risk group, thus they should be excluded from the strict standard KYC requirement. Rather more affordable and standardized accounts and products should be formed.

To add on proper strategy to curd on the challenge of illiteracy was introduced through the Zimbabwe National Financial Inclusion Strategy 2016-2020. Financial literacy is intended to assist customers of financial goods and services in developing the knowledge, abilities, attitudes, and behaviours that encourage awareness of financial possibilities and enable them make well-informed selections. The rural community would benefit from this since it will be fully informed of the banking services.

## **2.8 EMPIRICAL STUDIES**

This section will include the related studies regarding the provision of financial services in the rural community.

Murendo and Motsonziwa, had an investigation into adult spending on financial services was conducted in 2017. They polled 4000 people in their study and discovered that knowledge and preserving directly connected to financial activities. Researchers also reported that rural residents have limited knowledge to financial activities than urban residents. the documentation requirements were cited by Demirguc-Kunt et al. (2018). Similar results were also discovered by Abel et al. (2018).

Gaisina and Kaidorova (2017), who asked to interview a data set of 405 household members in Kazakhstan to determine whether financial knowledge was a determinant of savings, corroborated the study results of Murendo and Motsonziwa (2017). The findings showed that income levels were low, there was little access to finance education, and there was a lack of banking experience in rural areas. Financial literacy was also a huge factor in determining savings because it allowed people to have a fundamental understanding of terms like interest rate, rising prices, and time value. According to the literature, low-income users occasionally turn to unofficial services due to a lack of personal and community trust. However, research by Grohmann et al. (2018) demonstrates that knowledge tends to increase the utilization and financial trends.



Danquah et al. (2017) investigated whether financial services available through Ghana's remote communities and banks had a favourable impact on the well-being of households employing information from Ghana Framework Study and many economics techniques. The empirical results showed that rural residents' quality of life was significantly and favourably impacted by the financial services provided by rural and community banks. In order to calculate the effects of poor farmers' financial services access in rural northern Nigeria, Abraham (2018) used inter residential data from two rural villages in Nigeria. The results demonstrated that vulnerable farmers benefited from access to finance, whether through informal or formal financial institutions.

Especially over the past VJ and John (2018) investigated how rural families in Parlikad village, India, perceived FI and its impact on their access to and use of bank accounts. The study made use of data from 150 rural households that were randomly chosen from Parlikad. The findings indicated that it was necessary to provide more education about financial services and products. Rural households received financial services that fell short of expectations, interests, and satisfaction. Additionally, it was likely that profession and monthly income would have an impact on how satisfied customers were with the services provided.

Moreso, Dupas et al. (2016) conducted research in Chile, Malawi, and Uganda. The researcher found that even when facilities are made more easily accessible to the public, this does not guarantee that people will use them. This was further supported by the fact that fewer than 20% of participants in each country were not using the accounts that were made available to them, with decreased account opening fee. Prina 2015 found relatable outcomes.

According to an experiment by Maciko (2020), the access element of FI gives people the ability to use financial services; however, if access is not accompanied by usage, FI cannot materialize. The findings indicate that there has been some improvement in the broadening of FI in South Africa. Because of this, overall living standards have increased for most people. For rural residents, this improvement has not come quickly enough. The FI initiatives targeted at those who live in rural areas need to be given more consideration, and the kinds of assistance or policy proposals to boost FI in rural areas might have to be distinct from those in urban location.

Additionally, this study discovered that FI positively correlated with employment, education, and income source. This implies that a rise in any of these factors greatly raises the probability



of FI. Although they generally have a lower educational level than urban counterparts, people from rural areas are more likely to fall into the low-income category. and rely heavily on unofficial employment. This was also supported by Kombo 2021 that that employment and income affect an individual engagement in financial activities.

According to a study conducted in Kenya by Kehinde and Phillip in 2020, education had a small direct effect on financial capacity but increased FI indirectly by raising income. From a policy standpoint, enhancing the learning environment in rural areas, placing a focus on financial literacy in classrooms, and putting training curricula into place to increase the likelihood of rural residents obtaining decent jobs will, in spin, elevate their income levels. In rural areas, this may increase FI.

According to a study by Wieser et al. (2019), mobile money can indeed enhance livelihoods even in impoverished and remote areas. The study examined the effects of electronic banking on poor rural households. This demonstrates unequivocally how technology improves the lives of rural residents. This was further backed by (Bachas et al. 2018), who demonstrate that the altitude influence for users in Mexico was significantly reduced by card payments. Aron (2018) demonstrates that electronic banking has a similar impact.

In order to analyze the role of mobile money in financial inclusion (FI) in the Southern African Development Community (SADC) region, Fanta et al. (2016) used a FinScope Survey. The findings showed that mobile money ownership was comparatively low among women, retirees, low-income groups, and rural residents. This was partially caused by lower levels of financial literacy and ownership of mobile phones. Myeni et al. (2020) likewise utilized Finscope data to examine either electronic banking promoted financial inclusion in Eswatini and discovered that it did, with a larger ratio of users living in urban areas and a positive correlation between bank account possession. According to the findings, mobile money did not appear to extend the availability of banking services to people who were geographically unable to access them, such as rural dwellers. In addition, poor infrastructure and a lack of pertinent regulation have made it difficult for people to access financial technology in places where it could help a lot of people (Liu et al. 2021; Simatele and Mbedzi 2021).

According to the research by Allgood and Walstad (2016), perceived (self-assessed) financial literacy has a stronger influence on conduct than evaluated financial literacy. Training and





guaranteeing that customer details about concepts and products is clear and in the appropriate language can both help to promote the advancement of this ability and skill (Agwu 2020). Financial literacy is one of two major obstacles to financial intermediation in Africa, according to Triki and Faye (2013). The impact of financial literacy is more pronounced in rural areas, according to (Hasan et al. 2021). The demand for financial literacy has increased as a result of the expanding use of digital finance. According to Morgan et al. (2019), in order to fully benefit from financial services provided by fintech, as well as to reduce bank crimes and the loss of sensitive information, a higher level of banking literacy is required. Although using digital financial services could be very advantageous, a lack of digital literacy in many places can be a barrier (Nkuna et al. 2018; Ebong and George 2021).

Theoretical studies

### Vulnerable Group Theory

People who are part of less fortunate groups, including the poor, women, aged people, and people who live in rural areas, frequently experience the worst effects of economic struggles and crises. Such problems are addressed by the vulnerable group theory of FI, which contends that a nation's FI activities or programs should be directed at the marginalised communities (Ozili, 2020). Additionally, members of these groups frequently experience the worst effects from banking meltdown and economic downturns, so it makes sense to include them in the formal sector of finance (Ozili, 2020). However, this theory only gives priority to the population's most vulnerable group in terms of financial inclusion. Because the vulnerable population would have improved financial services access than others, this could lead to income inequality. However, focusing on this group continues to be a strategy for promoting FI because it will make it simpler to spot people who are financially excluded (Ozili, 2020).

### Asymmetric Theory

When there is an information gap between two parties regarding a particular product, asymmetric information is present (Asongu & Odhlabo, 2018). Asymmetric information prevents the borrower from having efficient access to financial resources, according to Kumar (2011). Lack of accurate information in financial transactions leads to a power imbalance between the parties, which occasionally skews the transaction. Banks frequently lend money without being 100% certain that the borrowers will pay it back, so some people may





occasionally be turned down for lending or borrowing (Kumar, 2011). As was previously mentioned, it is expensive and challenging to gather data on rural residents. This implies that although banks may have sufficient funds available, they may decide not to grant borrowers credit because they lack the pertinent and relevant data (Llanto, 2015).

Continuing the same line of reasoning, some borrowers may give banks false information about their creditworthiness, which would increase the rate of loan default. In order to protect themselves from default risk, banks would use additional measures and screening procedures as a result, exclusive of individuals who were otherwise involved (Matsebula and Yu, 2020). Thus, the lack of information in rural banking industry results in a complex credit market dynamics that is heavily dependent on information (Llanto, 2015).2.9

## LITERATURE GAP

There have been several studies that have been conducted related to rural banking in Zimbabwe and also other countries. This research was done to highlight the banking challenges that are faced by people in the rural community in Zimbabwe, case of Kotwa location in Mudzi District even though financial services have been introduced. The bulk of academic works have been done but have not focused on cover issues in issues affecting the Kotwa site in Zimbabwe's Mudzi rural region.

### **2.9.1 CHAPTER SUMMARY**

This chapter examined financing in rural Zimbabwe with a focus on the difficulties rural residents' experience, using the Mudzi district as a case study. Financial inclusion was studied and utilized as a rational justification to eliminate the banking difficulties these disadvantaged groups experienced. It was stated that the main banking issues that the rural population is likely to encounter are time and money charges, along with the magnitude and dependability of the provided financial services. The third chapter, which covers the data collection methods, will come after this.



## **CHAPTER 3**

### **3.0 INTRODUCTION**

The research methodology in chapter three is mostly aimed at giving information on methodological areas such as the area of the study, research design, target population, sample size, research instruments and data collection methods.

### **3.1 AN EXPLANATION OF THE RESEARCH AREA**

Kotwa Location is a distant area in Zimbabwe's Mashonaland East Province's Mudzi District. It is surrounded by several villages, notably Kudzwe, Nyamakuyo, and Nyamatawa. It's 222 kilometres to the metropolis of Harare. The predominant farming technique emphasizes small-scale farming, semi-intensive animal husbandry, and crops that can withstand arid conditions, including millet, root crops, and maize. Since there are fewer financial institutions in the region, the Kotwa villages face difficulties. This community was selected by the researcher because it suits the theme of his study and is economically undeveloped.

### **3.2 RESEARCH METHODOLOGY**

According to Jancowicz (2016:174), a search strategy is an assessment, as well as confirmation of a particular style or set of procedures utilized in an investigation, in addition to the sort of research in general. As a result, this study will employ a descriptive research methodology. By frequently creating a profile of a collection of conditions, people, or events, as well as gathering data and summing these statistics on study variables or their connections, descriptive studies attempt to characterize or identify a subject. Additional details on the participants, what they did, when they did it, where it was done, and how many different variables were used are also provided by this sort of research (Cohen et al, 2011).

### **3.3 RESEARCH DESIGN**

As according (Aaker and Day, 2003), research design is the approach used by the researcher to collect and interpret data. There are several methodological approaches available, including mixed, subjective, and mathematical methods (McDonald and Headlam, 2008). The researcher employed a research method that incorporated quantitative and qualitative processes, which



are study task plans or instructions and a comprehensive understanding of the provably correct real facts of a sample population (Kothari, 2004).

### **3.3.1 QUALITATIVE RESEARCH DESIGN**

According to Aaker et al. (2007:79), descriptive method is used to get a knowledge of the broad nature of an issue, viable decision options, and relevant aspects that must be considered. The research methodologies are highly adaptable, unstructured, and qualitative because the writer begins with certain expectations about what will be disclosed in the lack of exciting ideas and indications about the subject being examined.

Another purpose of qualitative research is to provide in-depth interpretations of the patterns, organization, and embracing patterns noticed within a group of respondents. Furthermore, it aims to obtain a better understanding through first-hand information, authentic reporting, and quotes from real-life conversations. As noted by Blumberg et al. (2011), who illustrated how descriptive and analytical methodologies may be used to achieve data triangulation, doing qualitative research provides a number of significant advantages for the researcher.

### **3.3.2 QUANTITATIVE RESEARCH**

Hair et al. (2007:41) define quantitative research as "a collection of scientific procedures used to gather raw data and develop data structures that represent the current features of the designated target group or financial market, such as mindsets, motivations and wants, purchasing patterns, and other behaviors. "Quantitative research is defined as the use of statistics, statistics, or measurable phenomena. In the research, figures and tables will be used to offer a graphical summary of the information obtained in the field. To guarantee that significant concerns regarding banking difficulties are addressed, and frequencies distributions will be employed. This study relied on statistics since they are significantly more impartial than qualitative analysis.

### **3.4 TARGETED POPULATION**

Cooper and Schindler (2004) define population as "the full collection of elements that the research intends to interact with. "A population, according to Sekaran (2001:27), is a huge group of people, events, or intriguing things that the researcher wants to analyze.

The following is a breakdown of the targeted demographic in this study:



Kotwa has one active commercial bank, AFC Commercial Bank, as well as a money lender, Totengram, which targets primarily public workers, and Steward Bank agents.

There were 90 responders in the study's target population. The researcher chose 90 respondents because they were conveniently easy to reach and were large enough already to give replies that could be demonstrate different addressed utilizing statistical analysis. The researcher felt it was vital to send the questioner to bank employees, rural bank clients, and rural dwellers of the Kotwa village.

### **3.5 SOURCES OF INFORMATION**

#### **3.5.1 SECONDARY DATA**

Secondary information are existing databases of data acquired for the purpose of earlier studies and utilized to conduct independent research first from present investigation (Creswell and Clark, 2017). Secondary sources included published books, journals, papers, reports, and websites containing information concerning green banking and consumer satisfaction. Sources of secondary information were used as literature sources to highlight research gaps and opportunities for additional investigation.

#### **3.5.2 PRIMARY DATA**

The core data for this study was acquired using an observational guide and a questionnaire.

##### **Observation**

According to study ideologies, the author was the primary tool for data generation. As a consequence, the investigator was directly involved in the data assessment of the observation approach, which resulted in the generation of the essential information. The researcher was in charge of carrying out plans and giving context to the data acquired. This was done so that the researcher could identify with the study's subject.

##### **Questionnaire**

The researcher also used questionnaire in the gathering of the information in the study area

The targeted population of the study has the following information. See the table below:

### **3.6 POPULATION OF THE STUDY**

<b>POPULATION</b>	<b>NUMBER</b>
-------------------	---------------



RURAL BANK WORKERS AT AFC KOTWA BRANCH	<b>5</b>
BANK CLIENTS	40
RESIDENTS IN KOTWA	45
TOTAL	<b>90</b>

### **3.6.0 SAMPLING METHODS AND TECHNIQUES**

According to Kumar et al. (2014), sampling is used to gather enough information about a population. The process of picking a sample that accurately represents the characteristics of the broader population from which it was obtained is known as sampling. On-probability sampling strategies will be used by the researcher. This is due to the fact that the chance of any single element is unknown in the absence of probability. As a result, the researcher will use judgmental and convenience sampling.

#### **3.6.1 Convenience Sampling**

Convenience sampling is widely recognized for saving time and money by choosing respondents depending on their accessibility for the survey. Due to their significance in the subject matter, it will be easy to identify rural bank consumers, Rural bank employees, and Kotwa inhabitants as the key research participants in this study.

#### **3.6.2 Judgmental Sampling**

The investigator will also employ judgemental sampling to select appropriate management and personnel for the study. This technique allows the researcher to apply his or her own judgment to identify persons involved in banking, such as bank branch consumers and personnel who are familiar with the practical day-to-day activities of the bank. The sampling approach is adequate in that the study would include relevant people. To acquire the appropriate results, the appropriate people must take part in the research Saunders, (2014).

### **3.7.0 RESEARCH INSTRUMENTS**

#### **3.7.1 Questionnaire**

The definition of a questionnaire by Kothari (2004) states that a questionnaire is a collection of questions that are presented on a form or group of forms in a specific order. When there are significant enquiries, it is common practice to send or deliver a questionnaire to those who need



to be contacted, asking them to respond before returning it to the researcher. Survey response compilations have a set structure. The questions are regularly comparable, and the topic is efficiently delivered. The questions are considerably more narrowly focused on the subject. However, the participants may provide a hasty comment if the questionnaire is very drawn out.

### **3.7.2 Observation**

Throughout the inquiry, the writer made many discoveries that helped to corroborate some of the information provided by the respondents. Observations are essential because they help the researcher understand the problem and evaluate it (Kothari 2004). The investigator also developed a deeper and more thorough grasp of the isolated agricultural commune's people's financial difficulties. Someone could be more inclined to participate if one sees the remote Kotwa settlement's social activities in action. These observations assisted in confirming the veracity of some of the responses' material. Given that some responders have a tendency to provide incorrect information (Mukozho ,2011)

### **3.8.0 DATA COLLECTION PROCEDURE**

It is necessary to complete the surveys' pre-tests. The organized questionnaire would be distributed to co-workers to attempt to complete. This will help the researcher to highlight certain points on the question more clearly and prevent ambiguous questions. Due to their relevance to the subject matter, questionnaires will be distributed to rural bank customers, employees of the rural bank, and inhabitants of Kotwa. To guarantee participant cooperation, the researcher will conduct questionnaires. Reservations can be made over the phone or in person by the researchers.

### **3.8.1 VALIDITY AND RELIABILITY OF DATA**

To establish validity and reliability of data, the following activities would be carried out:

### **3.8.2 Pilot Study**

As Specified by Walliman (2011), a pilot study is a process where the researcher evaluates the relevance of the study through the questions asked on the research tool. First before questionnaire is given to the target respondent, a pilot study was initiated to ensure reliability and validity. A small number of co-workers and classmates would be given the questionnaire



in order to assist rectify any errors and change the phrasing if necessary. In order to ensure sure that certain adjustments are performed, the pilot research is helpful.

### **3.8.2 .1 DATA PROCESSING**

The researcher used four primary processes for processing the data: editing, coding, categorization, and tabulation.

#### **Editing**

First-hand information is accessed in order to spot mistakes, gather information when it can be done, and verify information that has already been left. It was carried out to ensure that the data is accurate, consistent with other information acquired, uniform, inputted, as comprehensive as possible, and has been organized effectively to simplify coding and tabulation (Kothari.2004).

#### **coding**

Sorting responses into groups or groupings by using symbols such as numbers or other symbols (Cohen and Marion 1994). The depth of coding as well as the exhaustiveness (the need that a class exist for each data item) were all taken into account (stated every class is defined in terms of only one concept).

#### **Classification**

It is the process of grouping data into comparable categories in order to get meaningful relationships. Data that have similar traits have been grouped together. Data has been categorized based on characteristics like sex and age groupings.

#### **Tabulation**

It is the process of condensing raw data and presenting it in a concise manner for additional analysis Neuman, (2006). Columns and rows of the data were neatly ordered. Tabulating allowed for space conservation, eased item comparison and error and omission detection, and served as a foundation for different statistical calculations Kothari, (2004).

### **3.8.3 Data Presentation and Analysis**

Data analysis is a technique that includes disassembling information into smaller parts to uncover its components, aspects, and design (Babbie ,2010). Microsoft Excel was used to create descriptive statistics. Descriptive statistics relate to data that may be organized,



summarized, and presented in a clear, succinct manner (Kothari 2004). Charts, tables, graphs, and numbers like percentages, ratios, proportions, and frequencies are among them. Results were analyzed and explained using descriptive statistics. The produced data were also used to depict and explain the various patterns found. Additionally, tables and charts were made, and these were useful in highlighting the relationships between the many aspects under examination. Using these findings, inferences about the rural population of Kotwa in the Mudzi district were made.

### **3.9 ETHICAL CONSIDERATION**

Saunders et al. (2009) defines ethics as the suitability of the researcher actions to the targeted participants. The study's general ethical concerns were addressed by informing participants that it would be conducted, obtaining their consent, and protecting participants' privacy by not disclosing their identities.

#### **3.9.1 SUMMARY**

The methods for gathering information on the banking difficulties that the residents of the rural village of Kotwa in the Mudzi region experienced was the chapter's main topic. The chapter made it clear that descriptive research design will be utilized to guarantee that the desired data was gathered. The primary methods for gathering data are surveys and observation. Presented and analysed data are the main topics of the next chapter.



## CHAPTER FOUR

### 4.0 INTRODUCTION

The findings from the observational study and the questionnaire survey are presented in this chapter. The results of the data analysis included both qualitative and quantitative information. The information will be shown using tables, graphs, and charts.

#### 4.1 RESPONSE ANALYSIS

The researcher handed out a total of 90 questionnaire to the respondents. The questionnaire distribution and response rate are indicated below in the table:

TABLE 4.1 RESPONSE RATE

SAMPLE	NUMBER OF QUESTIONNAIRES DISTRIBUTED	NUMBER OF QUESTIONNAIRES RECEIVED BACK	RESPONSE RATE
RURAL RESIDENTS	45	40	88.9%
WORKERS AT AFC	5	5	100%
RURAL BANK CLIENTS	40	34	85%
TOTAL	90	79	87.8%

Source: Author

The response rate provides the researcher with clues about whether it is possible to draw meaningful inferences from the replies. A greater or more reasonable response rate enables the researcher to trust the data they have gathered. Ninety questionnaires from the survey were sent to the sample population, and seventy-nine of them were returned, yielding a response of 87.8%. Response rates were lower than anticipated, however, the 87.8% shown in Table 1 is considered appropriate for the research.

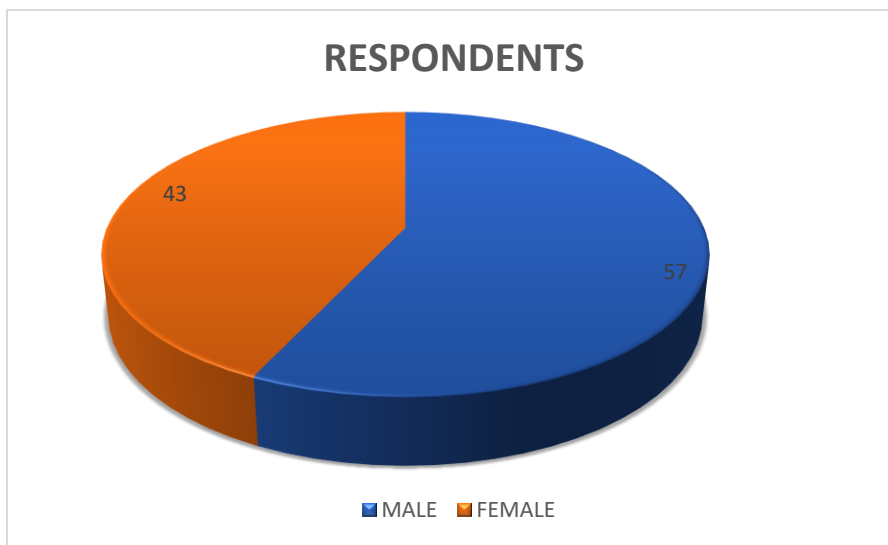
#### 4.2. TABLE SHOWING GENDER RESPONDENTS

Male	45	57%
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<b>Female</b>	34	43%
<b>Total</b>	79	100

Chart 4.2. Chart showing Gender proportion of the respondents



Source: Author

**Analysis:**

The chart above clearly showed that 57% of respondents are men and 43% of respondents are female. Women in rural regions are hesitant to answer questions regarding banking. Since doing so would blatantly demonstrate gender inequality in rural regions, they are less involved in financial affairs. Since the researcher participated in the observation, the writer noticed gender inequality among the rural people. Males predominated among the study's participants, which suggests that men rather than women are in charge of rural households.

**4.3 Age Distribution.**

**Table 4.3.1: Showing Age range**

Age Range	Respondents	Percentage	Valid percentage	Cumulative percentage
Below 25	17	22	22	22



25 to 35	34	43	43	65
35 to 45	<b>19</b>	<b>24</b>	<b>24</b>	<b>89</b>
45and above	<b>9</b>	<b>11</b>	<b>11</b>	<b>100</b>
Total	<b>79</b>	<b>100</b>	<b>100</b>	

Source: Primary Data

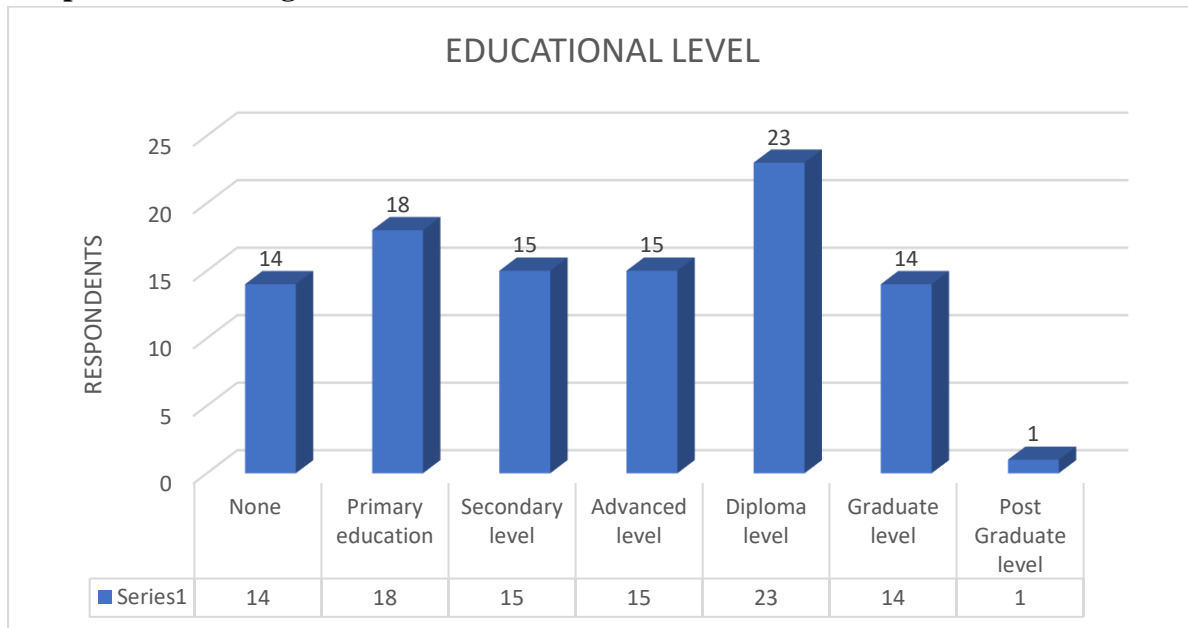
The table 4.3.1 above indicate that 22% of the population is under the age of 25, 43% is between the ages of 25 and 35, 24% is between the ages of 35 and 45, and the populations is the smallest among the age categories at over 45. The findings shown above show the diversity of survey respondents who represented all demographic groups. Predetermined beliefs about the services offered by rural banks will reflect the various wants of the populace, thus diversity is helpful in that regard. Because they are the technologically knowledgeable age range and would be anticipated to comprehend and evaluate technology quicker than the other group, the age groups 25 to 35 and under 25 are suitably represented for the purposes. These age groups could rely extensively on mobile devices and might be familiar enough with banking services provided by financial organizations.

#### 4.4. Educational Level

<b>Educational Level</b>	<b>Respondents</b>	<b>Percentage</b>
None	11	14
Primary education	14	18
Secondary level	12	15
Advanced level	12	15
Diploma level	18	23
Graduate level	11	14
Post Graduate level	1	1
Total	79	100

Source: Primary Data

**Graph 4.4.1 Showing Educational level**



Source: Author

In the Zimbabwean rural village of Kotwa, the graph 4.4.1 above plainly demonstrates that the majority of the population is educated. The majority of the population (23% of them) possess diplomas, which are followed by those who have completed primary school (18% of whom can read and write), those who are in secondary and advanced education (15%), those who have no formal education (14%), and the few postgraduates (only 1%). The graph demonstrates that fewer people have postgraduate degrees, and some are illiterate.

The highest percentage are those with diplomas this is so as most of the population that use banking services are civil servants for example teachers, nurses and those in the military as they are closely located to the Bank

#### 4.5 EMPLOYMENT

**Table 4.5.1 Indicating Employment Status**

Employment status	Respondents	Percentage	Valid Percentage	Cumulative Percentage
Employed	25	32	32	32



Unemployed but looking for a job	4	5	5	37
Self employed	41	52	52	89
Unemployed but not looking for a job	9	11	11	100
Total	79	100	100	

Source: Primary data

The table 4.5.1 above clearly demonstrates that a significant portion of people who live in rural areas are self-employed, as indicated by the highest percentage of 52%, and that the majority of rural residents of the Kotwa location are employed, as indicated by the 32% share of the survey that they occupy. There are also other jobless people who are seeking for work, as indicated in the table below by the 5%, as well as unemployed people who are not looking for work, as shown in the table above by the 9%.

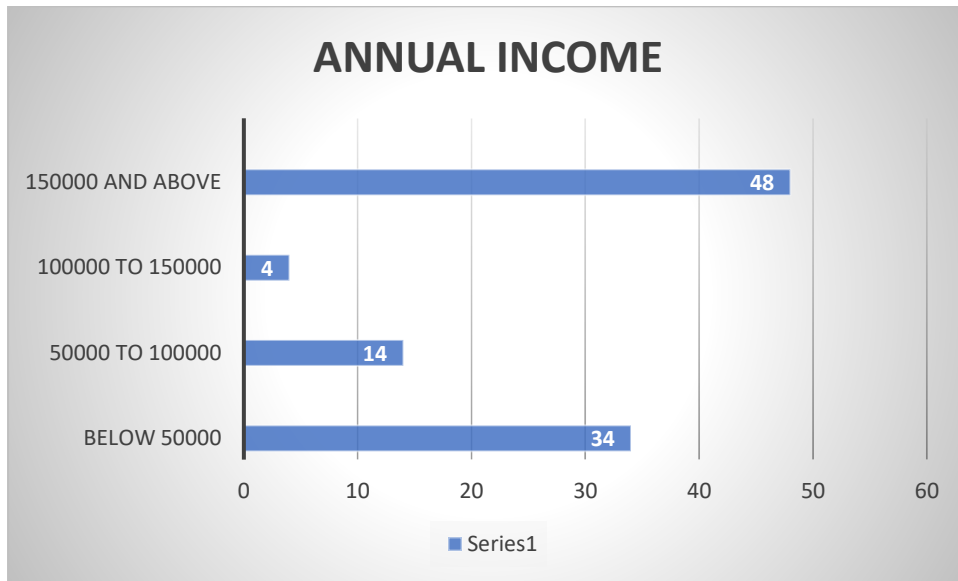
#### 4.6. ANNUAL INCOME

Table 4.6.1

Annual Income	Respondents	Percentage
Below 50000	27	34
50000 to 100000	11	14
100000 to 150000	3	4
150000 and above	38	48
Total	79	100

Source: Primary Data

#### Graph 4.6.2 Highlighting Annual income



Source: Author

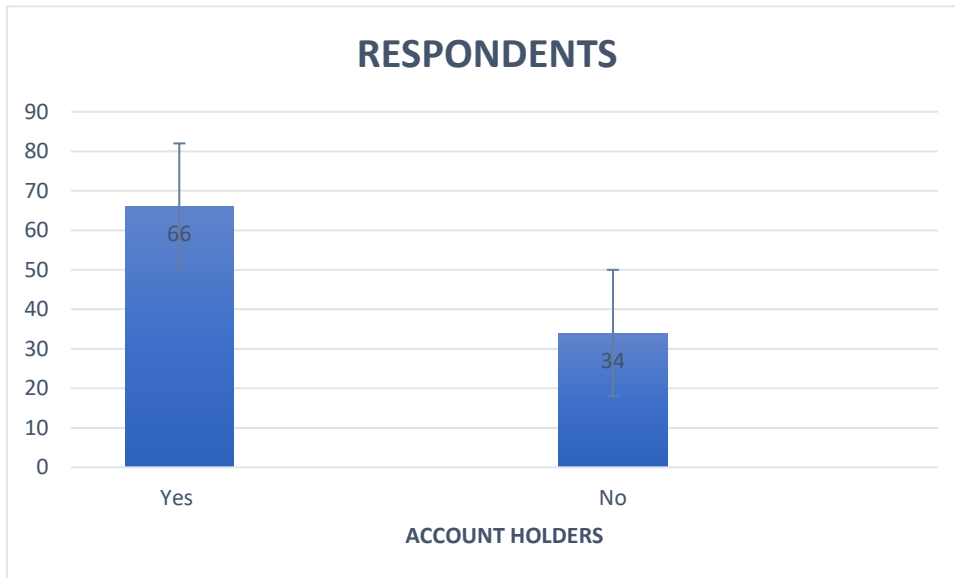
As shown by the graph above most of the respondents are earning 150000 and above as shown by the 38 respondents in the survey, also 27 respondents are earning below 50000, 11 are in the range of 50000 to 100000 and lastly 3 that are in the range 100000to 150000.

#### 4.7 BANK ACCOUNT

Bank Account	Respondents	Percentage
Yes	52	66
No	27	34
<b>Total</b>	<b>79</b>	<b>100</b>

Source: Primary data

Graph 4.7 indicating respondents with bank accounts



Source: Author

As shown by the graph above 66 respondents have accounts (66%) and a total of 34 respondents do not have accounts (34%). The data in the graph above made it abundantly evident that many residents of the remote Kotwa village are active in financial transactions.

#### 4.8. ACCOUNT TYPE

Table 4.8.1 indicating respondents account type they use

Type of Account	Respondents	Percentage	Valid Percentage	Cumulative Percentage
Current account	49	62.0	62.0	62.0
Saving account	3	3.8	3.8	65.8
No Account	27	34.2	34.2	100
Fixed deposit	0	0	0	
TOTAL	79	100	100	

The sort of bank accounts that rural consumers open are displayed in the table above. The highest proportion of 62% in the table above indicates that the majority of customers at the Kotwa location establish current accounts. It also demonstrates that a sizable portion of rural inhabitants lack accounts, as evidenced by the 27 respondents who generated the 34.2% in the chart above. Additionally, the poll reveals that few individuals open savings accounts, as

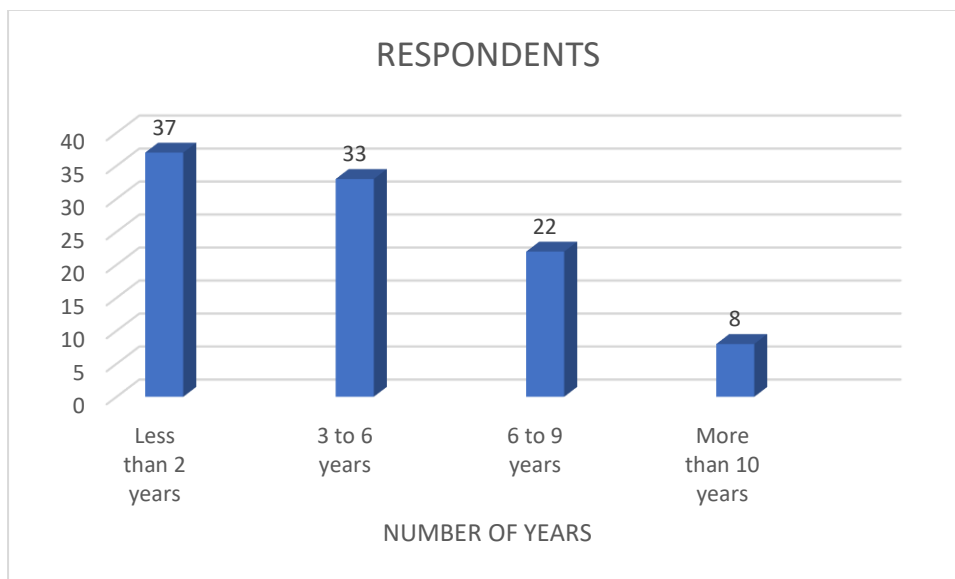
reported by three respondents, and that rural Kotwa inhabitants do not open fixed deposit accounts, as suggested by non-participants.

#### 4.9. YEARS CUSTOMERS HAVE USED ACCOUNTS

Years	Respondents	Percentsge
Less than 2 years	19	37
3 to 6 years	17	33
6 to 9 years	11	22
10 years and above	4	8
<b>Total</b>	<b>51</b>	<b>100</b>

Source: Primary Data

Graph 4.9.1 indicating period respondents have been using their accounts



Source: Author

There are 19 respondents are holding bank account from less than 2 years. 17 respondents are holding bank accounts from 3-6 years. 11 respondents have been holding accounts from 6 to 9 years. There are 4 respondents are holding bank account for more than 10 years

Most of the people having awareness of the banking, some people recently opened their bank account by encouragement.





#### 4.10. BANKS CUSTOMERS UTILIZE

Table 4.10 indicating the banks that respondents have accounts with:

Banks	Respondents	Percentage	Cumulative Percentage
AFC COMMERCIAL BANK	47	88.7	88.7
POSB SAVINGS BANK	2	3.8	92.5
OTHERS	4	7.5	100
TOTAL	53	100	

Source: Author

The banks shown in the table are those where Kotwa's rural population hold accounts. As seen in the chart above, the majority of the people of Kotwa presently have accounts with AFC Bank, as evidenced by the 47 out of 53 respondents that responded to the survey. According to the 2 replies, some of them had Post Office Savings Bank accounts. The additional individuals included in the table appeared to utilize some of the bank's services but not have an account with any of the institutions previously mentioned. One responder remarked that they use one of the services offered by AFC Bank to collect money on the Mukuru platform, while another comes to, At the AFC Kotwa Branch, another person also shows up to collect on a Western Union, and a third person said they did not require a bank account. The final one mentioned using both banks.

#### 4.11. DISTANCE THE RESPONDENTS TRAVEL

Table 4.11 indicating the distance that respondents had to walk to get financial services

Distance	Frequency	Percentage	Valid Percentage	Cumulative Percentage
Less than 5 kilometres	40	51	51	51
5 to 10 kilometres	28	35	35	86
More than 10 kilometres	11	14	14	100



Total	79	100	100	
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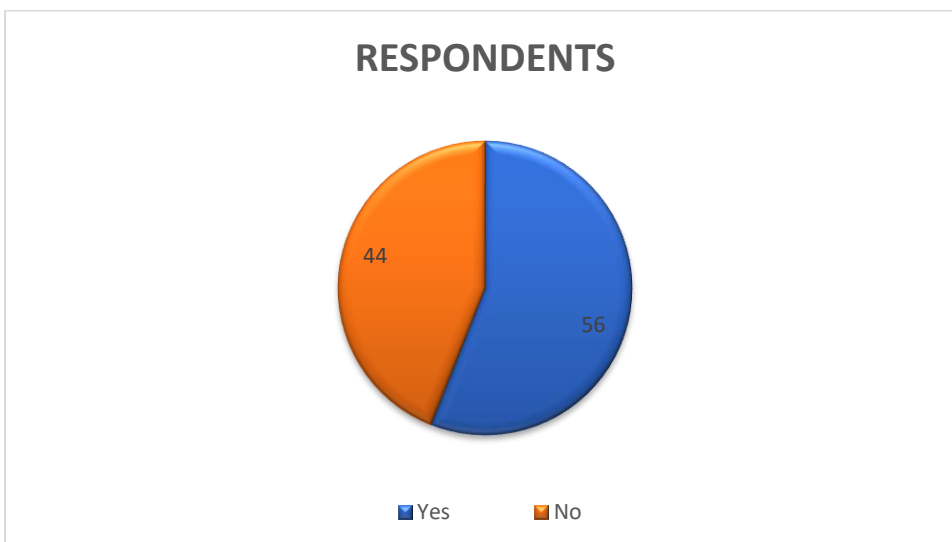
Source: Primary Data

The table represents the distance that the rural customers and residents of the rural community had to walk to reach the bank. It was a clearly indicated that most of them walked less than 5 kilometres to reach the nearest bank in the rural community. Also as shown by the 28 respondents some of the rural residents had to walk 5 to 10 kilometres to reach the nearest bank in Mudzi district which is in Kotwa. to add on 11 respondents as shown by the table above had to walk more than 10 kilometres to reach the nearest bank branch in the community.

#### 4.12. INTERNET BANKING OR MOBILE BANKING

Internet and Mobile Banking	Respondents	Percentage
Yes	44	56
No	35	44
Total	79	100

Chart 4.12 indicating respondents use of internet banking or mobile banking



#### Analysis:

In the total respondents 44 people are using mobile banking or Internet banking; one of them or both. This shows that the rural residents are interested in the banking services provided and



do want some of the services to be reliable. Also 35 respondents not using either mobile banking or internet banking.

**4.13. INDICATE YOUR FREQUENCY OF USAGE OF THE BANKING SERVICES.**

**Table 4.13.1 showing usage of banking services**

Usage of banking services	Respondents	Percentage	Valid Percentage	Cumulative Percentage
Everyday	12	15	15	15
Once in three days	4	5	5	20
Once in a week	14	18	18	38
Once in a month	30	38	38	76
Once in three months	3	4	4	80
Once in a year	16	20	20	100
Total	79	100	100	

SOURCE: Primary data

The 30 respondents are visits bank once in a Month, 16 one in a year, 14 one in a week and some even visit the bank every day as shown by 12 respondents. More than 50% of the total respondents' visits bank in a month, some of them are use banking services once in a three month. So, banking habit is good in rural area'

**SECTION B:**

**4.14. DIFFICULTIES ENCOUNTERED**

**Table 4.14: Showing difficulties faced by clients**

SUGGESTION		Frequency	Percentage %	Cumulative percentage	Mean and standard deviation
Lack of awareness	Strongly agree	63	80	80	
	Agree	7	9		



	<b>Neither agree or disagree</b>	<b>9</b>	<b>11</b>	<b>100</b>	<b>M = 4.71</b> <b>SD = 0.623</b>
	<b>Disagree</b>	<b>0</b>	<b>0</b>	<b>-</b>	
	<b>Strongly disagree</b>	<b>0</b>	<b>0</b>	<b>-</b>	
	<b>Total</b>	<b>79</b>	<b>100</b>		
Lack of availability of banks	<b>Strongly agree</b>	<b>66</b>	<b>84</b>	<b>84</b>	<b>M = 4.72</b> <b>SD = 0.619</b>
	<b>Agree</b>	<b>8</b>	<b>10</b>	<b>94</b>	
	<b>Neither agree or disagree</b>	<b>5</b>	<b>6</b>	<b>100</b>	
	<b>Disagree</b>	<b>0</b>	<b>0</b>	<b>-</b>	
	<b>Strongly disagree</b>	<b>0</b>	<b>0</b>	<b>-</b>	
	<b>Total</b>	<b>79</b>	<b>100</b>		
Lack of infrastructure	<b>Strongly agree</b>	<b>77</b>	<b>97.5</b>	<b>97.5</b>	<b>M = 4.68</b> <b>SD = 0.651</b>
	<b>Agree</b>	<b>2</b>	<b>2.5</b>	<b>100</b>	
	<b>Neither agree or disagree</b>	<b>0</b>	<b>0</b>	<b>-</b>	
	<b>Disagree</b>	<b>0</b>	<b>0</b>	<b>-</b>	
	<b>Strongly disagree</b>	<b>0</b>	<b>0</b>	<b>-</b>	
	<b>Total</b>	<b>79</b>	<b>100</b>		
Lack of financial literacy	<b>Strongly Agree</b>	<b>62</b>	<b>79</b>	<b>79</b>	<b>M = 4.70</b> <b>SD = 0.667</b>
	<b>Agree</b>	<b>9</b>	<b>11</b>	<b>90</b>	
	<b>Neither agree or disagree</b>	<b>8</b>	<b>10</b>	<b>100</b>	
	<b>Disagree</b>	<b>0</b>	<b>0</b>	<b>-</b>	



	<b>Strongly disagree</b>	<b>0</b>	<b>0</b>	<b>-</b>	
	<b>Total</b>	<b>79</b>	<b>100</b>		
<b>Lack of proper products and services</b>	<b>Strongly agree</b>	<b>64</b>	<b>81</b>	<b>81</b>	<b>M = 4.46</b> <b>SD = 0.667</b>
	<b>Agree</b>	<b>6</b>	<b>8</b>	<b>89</b>	
	<b>Neither agree or disagree</b>	<b>9</b>	<b>11</b>	<b>100</b>	
	<b>Disagree</b>	<b>0</b>	<b>0</b>	<b>-</b>	
	<b>Strongly Disagree</b>	<b>0</b>	<b>0</b>	<b>-</b>	
	<b>Total</b>	<b>79</b>	<b>100</b>		
<b>Lack of funds</b>	<b>Strongly agree</b>	<b>60</b>	<b>76</b>	<b>76</b>	<b>M = 4.62</b> <b>SD = 1.048</b>
	<b>Agree</b>	<b>4</b>	<b>5</b>	<b>81</b>	
	<b>Neither agree or disagree</b>	<b>12</b>	<b>15</b>	<b>96</b>	
	<b>Disagree</b>	<b>1</b>	<b>1</b>	<b>97</b>	
	<b>Strongly disagree</b>	<b>2</b>	<b>3</b>	<b>100</b>	
	<b>Total</b>	<b>79</b>	<b>100</b>		
<b>The distance to reach the bank</b>	<b>Strongly agree</b>	<b>60</b>	<b>76</b>	<b>76</b>	<b>M = 4.71</b> <b>SD = 0.704</b>
	<b>Agree</b>	<b>9</b>	<b>11</b>	<b>87</b>	
	<b>Neither agree or disagree</b>	<b>10</b>	<b>13</b>	<b>100</b>	
	<b>Disagree</b>	<b>0</b>	<b>0</b>	<b>-</b>	



	<b>Strongly Disagree</b>	<b>0</b>	<b>0</b>	<b>-</b>
	<b>Total</b>	<b>79</b>	<b>100</b>	

**Source: Author**

The table 4.14 is highlighting the difficulties clients, have when utilizing banking services in the remote Kotwa locality. The mean ranged from 4.46 to 4.72 and the standard deviation was in the range of 0.619 to 1.048. The first challenge addressed is lack of awareness and the rural people clearly showed that they were in agreement with what the researcher was suggesting by 80% of respondents strongly agreeing with what the researcher was highlighting. Also, they were other respondents that agreed with what the researcher highlighted by 9%. Also, other where not sure of what to say hence neither agree or disagreed this was shown by the 11%.

This was also backed up by the observation technique the researcher was using to collect information as the reactions of the people were noticeable as some of the respondents could not even understand the financial activities. The mean to the difficulty highlighted is 4.71 hence indicating that the respondents indeed are facing the challenge.

To add on the respondents strongly agreed that lack of availability of banks was another difficulty that they faced in Kotwa Rural community. This was showed by the 84% respondents, followed by 10% respondents that were in agreement and lastly 6% of respondents that were not in denial or against the point that lack of availability of banks is a difficulty faced by the rural people. The point that lacks of availability of banks was a difficulty in the rural community of Kotwa was agreeable with most respondents by mean of 4.72 ad a standard deviation of 0.619.

The respondents strongly agreed to the assertion that lack of infrastructure was a difficulty faced by the client in the kotwa locality as shown by the 97.5% and also supported by 2.5% respondents that agreed that infrastructure was a challenge. This was backed up the observation guide as the respondents indicated that there is only one bank branch in Kotwa and it cannot capacitate 40 people inside. The assertion that lack of infrastructure was agreed to as shown by the mean of 4.68 and standard deviation of 0.651.



To add on there is lack of financial literacy which was supported by the 79% of respondents who strongly agreed that it was a challenge. There was also other respondent that agreed on this point as indicated by 11% and also other that neither agreed or disagreed hence showed by the 10%. By a mean of 4.70 and standard deviation of 0.667 it clearly showed that respondents are in agreement with the narration that financial literacy affect inclusiveness of the rural folks.

Also, lack of proper financial services and products is another challenge that was supported by 81% of respondents who also strongly agreed that proper financial services were a difficulty in the Kotwa Location. Also 8% of respondents agreed to that point that road network was a difficulty and lastly a group of 11% neither agreed or disagreed that proper financial services were a challenge. The respondents were in agreement as indicated by the mean of 4.46 and the standard deviation of 0.667.

Lack of finance to bank is another challenge that was strongly supported by 60 respondents, and 4 respondents agreed, 12 respondents did not agree or disagree to the suggestion however there was 1 respondent that did not agree and 2 respondents strongly disagreed to it being a challenge. This assertion was agreed to by 81%, followed by 15% who were neutral and a percentage of those that disagreed and lastly 3% of those that were not in agreement that finance was a hurdle. The responses showed that people are in agreement by the mean of 4.62 and standard deviation of 1.048.

The distance to reach the bank was another challenge indicated as it was strongly agreed by 60 respondents and also supported by 9 respondents that also agreed and the other 10 that were not sure whether to agree or not to agree. The respondents were in agreement by the mean of 4.71 and standard deviation of 0.704.

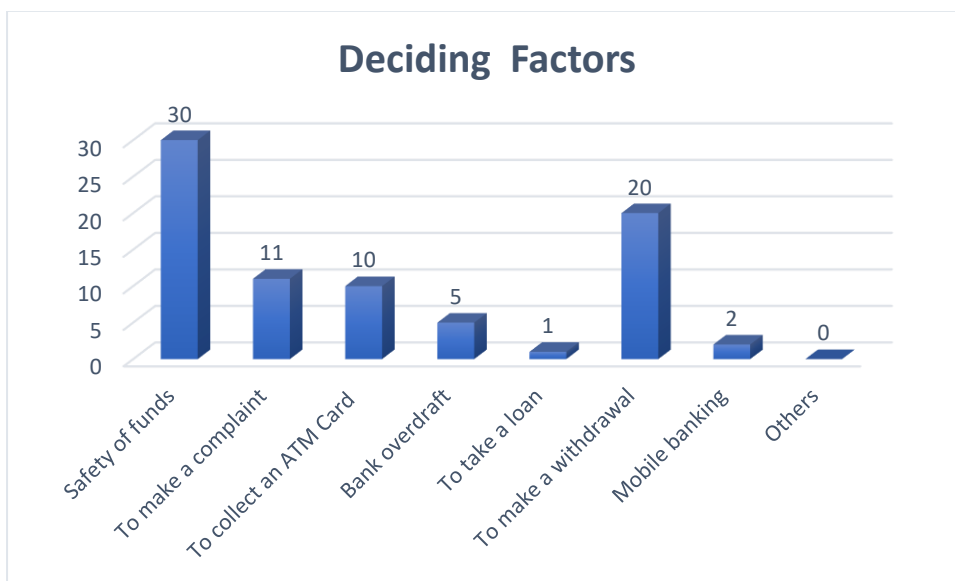
#### 4.15 VARIABLE OF INFLUENCE

Factors	Respondents	Percentage
Safety of funds	30	38
To make a complaint	11	14
To collect an ATM Card	10	13
Bank overdraft	5	6



To take a loan	1	1
To make a withdrawal	20	25
Mobile banking	2	3
Others	0	0
<b>TOTAL</b>	<b>79</b>	<b>100</b>

4.15 Graph showing deciding factors to visit the bank



Source: Author

In the total respondents, 30 people said that motivating factor is safety of funds, 20 people said that they came to make a withdrawal. In this 11 people came to make a complaint, 10 people came to collect ATM cards, 5 came to collect a bank overdraft and a few came to perform mobile banking and to take a loan.

**4.16 UTILIZATION AND SATISFACTION**

**Table: 4.16 Highlighting utilization and satisfaction level**





SUGGESTION		Frequency	Percentage %	Cumulative Percentage	Mean and Standard Deviation
Bank overdraft	<b>VERY KNOWN</b>	9	11	11	<b>M =2.08</b> <b>SD =1.130</b>
	<b>FAIRLY KNOWN</b>	20	25	36	
	<b>KNOWN</b>	10	13	49	
	<b>UNKNOWN</b>	40	51	100	
	<b>Total</b>	79	100		
Education loans	<b>VERY KNOWN</b>	20	25	25	<b>M =2.10</b> <b>SD = 1.150</b>
	<b>FAIRLY KNOWN</b>	19	24	49	
	<b>KNOWN</b>	15	19	68	
	<b>UNKNOWN</b>	25	32	100	
	<b>Total</b>	79	100		
Deposits	<b>VERY KNOWN</b>	45	57	57	<b>M = 2.46</b> <b>SD = 1.174</b>
	<b>FAIRLY KNOWN</b>	9	11,4	68.4	
	<b>KNOWN</b>	5	6.3	74.7	
	<b>UNKNOWN</b>	20	25.3	100	
	<b>Total</b>	79	100		
Mobile banking	<b>VERY KNOWN</b>	20	25	25	<b>M = 2.18</b> <b>SD =1.163</b>
	<b>FAIRLY KNOWN</b>	11	14	39	
	<b>KNOWN</b>	13	17	56	
	<b>UNKNOWN</b>	35	44	100	



	<b>Total</b>	<b>79</b>	<b>100</b>		
The banks funds transfers	<b>VERY KNOWN</b>	<b>40</b>	<b>51</b>	<b>51</b>	<b>M = 2.51</b> <b>SD = 1.239</b>
	<b>FAIRLY KNOWN</b>	<b>16</b>	<b>20</b>	<b>71</b>	
	<b>KNOWN</b>	<b>8</b>	<b>10</b>	<b>81</b>	
	<b>UNKNOWN</b>	<b>15</b>	<b>19</b>	<b>100</b>	
	<b>Total</b>	<b>79</b>	<b>100</b>		

SOURCE: AUTHOR

The table above will be highlighting the level at which the rural people know about the banking services. The results given by the respondents fell in the researcher range mean category of

**Analysis:**

Bank overdraft service is very known by 9 respondents, fairly known by 20 respondents, known by 10 people and unknown by 40 respondents.

Education loan is one of the important services, this service is very known by 20 people, fairly known by 19 people, known by 15 people and unknown by 25.

Deposits service is very known by 45 people, fairly known by 9 people, known by 5 people, and unknown by 20 respondents.

Mobile banking also given by every bank, this service is very known by 20 respondents, fairly known by 11 people, known by 13 people, and unknown by 35 respondents.

Bank funds transfers is another service that is very known by 40 people, fairly known by 16 people, known by 8 people and unknown by 15.

**4.17 SUGGESTIONS**

**Table 4.18**

SUGGESTIONS	Frequency	Percentage %	Cumulative Percentage	Mean and Standard deviation



Improving infrastructure in the rural communities	<b>Strongly agree</b>	<b>74</b>	<b>94</b>	<b>94</b>	<b>M = 4.94</b> <b>SD = 0.245</b>
	<b>Agree</b>	<b>5</b>	<b>6</b>	<b>100</b>	
	<b>Neither agree or disagree</b>	<b>0</b>	<b>0</b>	<b>-</b>	
	<b>Disagree</b>	<b>0</b>	<b>0</b>	<b>-</b>	
	<b>Strongly disagree</b>	<b>0</b>	<b>0</b>	<b>-</b>	
	<b>Total</b>	<b>79</b>	<b>100</b>		
Engaging the rural people in mobile banking	<b>Strongly agree</b>	<b>71</b>	<b>90</b>	<b>90</b>	<b>M = 4.90</b> <b>SD = 0.304</b>
	<b>Agree</b>	<b>8</b>	<b>10</b>	<b>100</b>	
	<b>Neither agree or disagree</b>	<b>0</b>	<b>0</b>	<b>-</b>	
	<b>Disagree</b>	<b>0</b>	<b>0</b>	<b>-</b>	
	<b>Strongly disagree</b>	<b>0</b>	<b>0</b>	<b>-</b>	
	<b>Total</b>	<b>79</b>	<b>100</b>		
The establishment of customer care centres	<b>Strongly agree</b>	<b>72</b>	<b>91</b>	<b>91</b>	<b>M = 4.90</b> <b>SD = 0.343</b>
	<b>Agree</b>	<b>6</b>	<b>8</b>	<b>99</b>	
	<b>Neither agree or disagree</b>	<b>1</b>	<b>1</b>	<b>100</b>	
	<b>Disagree</b>	<b>0</b>	<b>0</b>	<b>-</b>	
	<b>Strongly disagree</b>	<b>0</b>	<b>0</b>	<b>-</b>	
	<b>Total</b>	<b>79</b>	<b>100</b>		
Also providing tailor made products that suit	<b>Strongly Agree</b>	<b>73</b>	<b>92</b>	<b>92</b>	<b>M = 4.92</b> <b>SD = 0.267</b>
	<b>Agree</b>	<b>6</b>	<b>8</b>	<b>100</b>	
	<b>Agree</b>	<b>6</b>	<b>8</b>	<b>100</b>	



the standards of rural communities.	<b>Neither agree or disagree</b>	<b>0</b>	<b>0</b>	-	
	<b>disagree</b>	<b>0</b>	<b>0</b>	-	
	<b>Strongly disagree</b>	<b>0</b>	<b>0</b>	-	
	<b>Total</b>	<b>79</b>	<b>100</b>		
Also improving access financial institution in the rural communities	<b>Strongly agree</b>	<b>71</b>	<b>90</b>	<b>90</b>	<b>M = 4.90</b> <b>SD = 0.304</b>
	<b>Agree</b>	<b>8</b>	<b>10</b>	<b>100</b>	
	<b>Neither agree or disagree</b>	<b>0</b>	<b>0</b>	-	
	<b>Disagree</b>	<b>0</b>	<b>0</b>	-	
	<b>Strongly Disagree</b>	<b>0</b>	<b>0</b>	-	
	<b>Total</b>	<b>79</b>	<b>100</b>		
Training the people in the rural communities to value banking	<b>Strongly agree</b>	<b>75</b>	<b>95</b>	<b>95</b>	<b>M = 4.95</b> <b>SD = 0.221</b>
	<b>Agree</b>	<b>4</b>	<b>5</b>	<b>100</b>	
	<b>Neither agree or disagree</b>	<b>0</b>	<b>0</b>	-	
	<b>Disagree</b>	<b>0</b>	<b>0</b>	-	
	<b>Strongly disagree</b>	<b>0</b>	<b>0</b>	-	
	<b>Total</b>	<b>79</b>	<b>100</b>		

Source: Author

Table 4.18: Analysis

The table above is clearly showing the suggested ways to reduce the banking challenges as the level of approval from the respondents. The respondents from the results collected clearly showed that they were facing challenges and clearly wanted solutions from their problems. The



74 respondents strongly agreed to the improvement of infrastructure as it would mean they would have more room to perform financial services. The other 5 agreed to the improvement of infrastructure.

Although they are challenges of network coverage in rural area as indicated by several studies the rural residents in this study clearly showed that they were interested in mobile banking as 71 respondents out of 79 strongly agreed to strategy of rural banks to engage them in mobile banking. this was also supported with the remaining 8 by also agree to the suggestion.

The respondents also strongly agreed to the establishment of customer care centres as they would support the rural customer with their problems. 72 respondents strongly agreed to the establishment of customer care centres

Another suggestion was providing tailor made products that suit the standards of rural communities was strongly supported by 73 respondents and also agreed by 6 respondents.

Also improving access financial institution in the rural communities is another strategy that was supported by the rural residents. Thus, was shown by the 71 respondents that strongly supported the researcher and the other 8 that agreed to the researcher.

Training the people in the rural communities to value banking is another solution that should be taken down. some of the villagers do not understand banking in general. as the researcher was also researching thro observation, the researcher became part of the community n clearly observed at a closer look that some of the rural people even those already engaged in the banking activities they do not understand banking in general. They think it's all about money without knowing its more than just the keeping of money by rather investment, advice part and also saving part is also part of banking.

#### **4.19 DISCUSSIONS OF RESULTS**

The study analysed the banking challenges that area faced by the people in the rural communities in Zimbabwe. The case was that of Kotwa community in Mudzi district. The findings did clearly show that indeed the rural residents do face countless challenges in trying to access banking service. Even though financial inclusion was introduced in this area in the form of rural banking still the challenges still exist.

#### Challenges



The results discovered in this study clearly showed that the rural dwellers in Mudzi face countless number of banking challenges. This was indicated as a number of respondents showed that lack of financial awareness was another challenge they are facing. Murendo and Motsonziwa 2017 discovered that discovered that knowledge and preserving directly connected to financial activities. Researchers also reported that rural residents have limited knowledge to financial activities than urban residents.

Also lack of financial literacy was also another challenge that was faced by the rural residents of Kotwa. Some of the rural people due to lack of literacy would exclude themselves from the banking practises hence this would cause financial exclusion. This was also discovered by Allgood and Walstad (2016), perceived (self-assessed) financial literacy has a stronger influence on conduct than evaluated financial literacy. The impact of financial literacy is more pronounced in rural areas, according to (Hasan et al. 2021).

To add on the people in the Kotwa locality also faced a challenge of lack of financial services in the area. This could be clearly be identified by the researcher and also by taking surveys of the respondents and also using the observation guide. In Kotwa there is one operating bank branch and hence this would clearly indicate that there is lack of financial services. Danquah et al. (2017 made a study in Ghana to discover the availability of financial services to the rural people. The empirical results showed that rural residents' quality of life was significantly and favourably impacted by the financial services provided by rural and community banks. According to an experiment by Maciko (2020), the access element of FI gives people the ability to use financial services; however, if access is not accompanied by usage, FI cannot materialize.

Also lack of proper financial services was another challenge that was faced by the people in the rural community of Kotwa. This was clearly seen due to the fact that a number of people that did not utilize some of the services such as mobile banking as most of them faced network connectivity. This was further discovered by VJ and John (2018) investigated how rural families in Parlikad village in India. The study discovered that the financial services provided to rural people fell short of expectation of the rural people and interests.

Also lack of infrastructure was another challenge that was discovered by the researcher in the rural community of Kotwa. The respondents would always complain on infrastructure as they were one bank branch which could not facilitate a number of clients at a time. In addition, poor



infrastructure and a lack of pertinent regulation have made it difficult for people to access financial technology in places where it could help a lot of people (Liu et al. 2021; Simatele and Mbedzi 2021).

Also lack of finance was another challenge that was faced by the people in the Kotwa location in Mudzi district. This was indicated as most of the respondents were self-employed and others employed hence showing that most people were reliant on the income they generated from their findings. Gaisina and Kaidorova (2017) showed the findings showed that income levels were low, there was little access to finance education, and there was a lack of banking experience in rural areas. According to the literature, low-income users occasionally turn to unofficial services due to a lack of personal and community trust.

Distance was also another challenge that was highlighted by the respondents in the Kotwa location. This was also seen from the results was the researcher collected as most respondents travelled a distance of less than 5 kilometres and others even travelling as far as more than 10 kilometres. Myeni et al. (2020) did a study on the assessing if whether electronic banking impacted inclusiveness. It had positive effect to people in the urban areas and did not appear to benefit rural dwellers as they were geographically unable to access them. According to the findings, mobile money did not appear to extend the availability of banking services to people who were geographically unable to access them, such as rural dwellers.

#### Utilization and satisfaction

The finding revealed that rural people use services that they are known to and do not utilize the ones that they are not known to. The findings revealed that utilization of financial services was depended on the level of knowledge that the respondents had of financial services. The rural banks should find ways that best suit the rural population to be aware of the financial services to curd some of the challenges that rural residents face. The research done by Dupas 2016 clearly showed that even if customers are made aware of financial services, they did not utilize the services. The study was conducted in three counties namely Uganda, Malawi and Chile as they removed the handles of opening and account and the monthly charges but still the services where not utilized.

#### Factors that influence visits to bank



The rural communities in Kotwa location were influenced by different variable as away to be engaged in the financial services. The major influence that was discovered by researcher was the lack of financial services in the area as AFC Bank was the only operating branch in the area. More so most of the respondents came to make withdrawals from the bank and the frequency was during month end. Showing that the respondents will be coming to collect their monthly salary from the bank.

### Suggestions on reduction of challenges

The researcher after the observation and collection of information from the Kotwa locality can to the conclusion that training needed to be implemented as a way to include rural residents in financial activities. This was also suggested by (Agwu 2020), that training and guaranteeing that customer details about concepts and products is clear and in the appropriate language can both help to promote the advancement of this ability and skill.

Also providing tailor made products that suit the standards of the rural residents was another suggestion indicated by the researcher. Through the responses compiled by the researcher it was noticeable that some of the products provided to rural dwellers were not suitable to the living conditions. Also, proper tailor-made products that suit the living conditions of the rural people. This was also supported by the VJ and John (2018) investigation in India as the researcher found out that when financial institutions do not provide proper services, they may not be utilized.

Also involving the rural populace in mobile banking services was another strategy that the researcher had put in place as it would overlook the challenges of geographical location. According to a study by Wieser et al. (2019), mobile money can indeed enhance livelihoods even in impoverished and remote areas. The study examined the effects of electronic banking on poor rural households.

Also, the development of proper strategy of inclusiveness for the people in the Kotwa location. This would lure the unbanked to be banked and also those that were involved have more knowledge on the financial activities. According to an experiment by Maciko (2020) proper initiatives to enhance inclusiveness of financial services in the rural areas.





Another suggested method Infrastructure development in the rural community of kotwa and even in other marginalised placed. the lack infrastructure in this research clearly indicated that services where not properly delivered to the clients and residents in the area. The infrastructure however would have to be placed in area that are lacking financial services to make it more accessible to those that travel long distances.

To conclude on suggestions financial institutions in the rural areas should be made more accessible. The people in Kotwa location had to travel long distance to be able to reach the nearest bank in the location.

### **SUMMARY**

This chapter focused on discussion of study findings. The chapter highlighted the main findings of the study and made literature review comparisons for consistency and inconsistencies. The topic used to find this information stated banking challenges faced by people in the rural community, Case of Kotwa Location in Mudzi district.



## **CHAPTER FIVE**

### **5.0 INTRODUCTION**

The main focus of this chapter is to present a summary, conclusions and recommendations of this study. The material used in this chapter was derived from an in-depth analysis of the research findings using both desk and field information. The study focused on the banking challenges faced by people in the rural community in Zimbabwe: (A case of Kotwa location in Mudzi district).

### **5.1 SUMMARY OF FINDINGS**

The researcher was investigating the difficulties clients, have when utilizing banking services in the remote Kotwa locality. As per the researcher's findings, availability of financial services, lack of funds, proper services, distance, knowledge, literacy and infrastructure are significant factor to the difficulties encountered. The research discovered that also low-income customers occasionally turn to casual services due to a lack of personal and community trust. The respondents had to travel long distance as to reach the nearest bank branch. The high levels of participants' mistrust in banks could also be explained by their lack of understanding of how financial services operate. Convenience to financial institutions has lengthy been impacted by issues like distance and processing costs. However, they haven't been acknowledged as significant usage contributors.

In Kotwa location the network connectivity is low and hence making it difficult for people to perform on phones. The finds also showed that they were limited financial services in the rea and hence most of the people in the area utilized that bank. As per the findings the researcher clearly discovered that that some of the services provided by the banks in the remote areas are not suitable to their living standards

To add on the researcher aimed to find the variables that influence clients' decisions to visit a bank and use the financial services provided by the banks in Kotwa. The study clearly showed that the participants would make monthly visits to collect their incomes as indicated by high withdrawals. The findings also showed that the participants had different reasons they were engaged in financial services as it was showed by the different variables, they visited the bank.



The findings also showed that respondent engaged in financial activities for safety of their funds.

The research also had a deep finding on degree of utilization and satisfaction level with the financial services offered in the rural Kotwa community. The researcher also observed that some respondents are aware of services offered by the bank but they did not have the knowledge on how to utilize the services hence it resulted in some of the challenges faced by the respondents. Uncertainty surrounds whether or not users understand the fee structure after receiving a thorough explanation. Many participants also admitted to being ignorant of financial services and products. The research also indicated that services offered by rural banks were utilized by those that there employed.

The literature lists employment and income as characteristics that affect how banks choose their clients (Kombo 2021). The use of banking system might be influenced by employment in two different ways. First off, having a bank account is typically a must for official employment in order to be paid. Second, persons with stable incomes and established work are favoured by bank selection criteria. Most people in rural areas work for themselves in the agricultural industry. The findings collected by the researcher it was clearly shown that participants in Kotwa were not aware of the services such as mobile banking, educational loans and funds transfer.

The researcher also used observation guide and hence through having a closer look to the situation drafted a few, suggestion on improvement of banking services in rural communities. The finding clearly showed that participant where in an agreement to training them on knowing banking services. The findings also showed that the rural folks were interested in proper customer care centres, tailored products, improving accessibility, training, infrastructure development and being involved in mobile banking. This showed that the marginalised populace is interested in banking services however the services are scarce in the Kotwa community.

## **CONCLUSION**

The findings brought up by the researcher it can be concluded that in Kotwa location the network connectivity is low and hence making it difficult for people to perform on phones. The



same concept of door - to - door banking drives the widescale use of ATMs placed far away from financial branches but close to customers. Although they are rare, ATMs in the Kotwa location present difficulties for residents of rural areas. The researcher's findings made it abundantly clear that respondents believed cutting-edge technology could assist them resolve geographical constraints. According to relevant research, card transactions significantly decreased the dilemma of distance in Mexico, according to Bachas et al. (2018). For electronic operations to function, marginalized areas must have reliable communication.

The people in the rural communities are usually self-employed and others are unemployed hence financial institutions in rural areas should aim more on these individuals. Moreover, it was clearly highlighted by the findings of the research discovered that in the Kotwa locality there is still a need to improve on accessibility of financial institutions as there is still a niche of people lacking financial services. Also, from the findings it was clearly shown that most of the respondents frequently visit the bank on a monthly basis to collect salary showing that most of the people that use financial services are public civil servants. The research showed that the low-income respondents and unemployed lack financial awareness in the financial services offered by rural banks.

It was also indicated from the findings that more respondents opted for current accounts other than other types of account for example fixed deposit accounts and savings accounts. The research clearly showed that most of the people were educated as indicated by a small number of people that have not reached primary level and were not educated. The researcher also observed that some respondents are aware of services offered by the bank but they did not have the knowledge on how to utilize the services hence it resulted in some of the challenges faced by the respondents.

Moreover, they were different variables or factors that caused people to visit financial institutions in the Kotwa location. This was clearly seen by most respondents making withdrawals and this indicated that most of the rural people visited banks. Also, from the findings it was clearly shown that most of the respondents frequently visit the bank on a monthly basis to collect salary showing that most of the people that use financial services are public civil servants. The research showed that the low-income respondents and unemployed lack financial awareness in the financial services offered by rural banks. This can be concluded that people visit the bank



when they are involved in the activities of banking. The rural respondents that indicated that they had no accounts had no reason to visit the bank hence showing that inclusiveness had not reached the whole location of Kotwa.

Lack of knowledge affected the level of utilization and satisfaction level of financial services as it was indicated that those products that the people were unknown to, they did not utilize them and those that they were known to they utilized them. Some of the banking challenges arose due to the idea that most of the respondents did not have sufficient knowledge about the financial services especially those regarding technology. Some of the people in the rural area shun away from the financial services and are excluded because they do not know about the financial services. This was a clear indicator that those that are unbanked in the rural areas at times lack knowledge of financial services and products. Even though banks have tried their best in improving inclusiveness in the financial sector still challenges are being faced by the rural folks hence effective measures need to be undertaken to enable rural dwellers to use the services.

The researcher through the guidance of observation could clearly make proper suggestions on the difficulties encountered. The researcher could clearly conclude that through proper training and adoption of rural banking inclusion in Zimbabwe and the rural commune the financial services may be known and accessible.

## **RECOMMENDATIONS**

Banks in the rural communities need to create services and products that suit the people in the rural community. Most people in the rural community are self-employed hence open accounts for them for them to engage more in financial services. They also need to encourage those that earn high income but do not utilize financial services to be more involved in the financial sector. According to the study's findings, post-adoption material should be carefully designed to be accessible to users with poor literacy skills.

Also, another suggestion is that of making financial services more accessible to the rural people in the rural community. Even though there has been a lot of strategies implemented to avail financial services such as mobile banking and agency banking to reduce cost such as travelling. Still in the rural areas there is poor network coverage hence the research recommends that

building of more infrastructure bank branches to locations where the people live to mitigate some of the challenges, they face such as distance.

The financial institutions in the rural area need to train the rural people on the importance of banking and how they can save and invest their money. This would encourage the rural people to open accounts with banks and engage more in financial activities. This would also assist the clients of the bank to have more knowledge on banks and may have a range of varieties that force them to visit the bank.

Also, proper financial education function that would assist the people to have more knowledge on the services that are provided to them. This may increase utilization of financial services in the rural location in Kotwa and in some parts of the country.

## **SUGGESTIONS FOR FUTURE RESEACH**

The study gave an insight on the Banking challenges faced by people in the rural community: (A case of Kotwa location in Mudzi District.) and therefore the study further recommends that further studies need to be researched in the following areas:

- Challenges faced by women in accessing financial services in rural areas
- The role played by the government in promoting inclusiveness in rural areas

This chapter compiles all the information from the previous chapter, summary of findings, recommendation and conclusion.



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## **QUESTIONNAIRE**

### **A STUDY ON BANKING SERVICES PROVIDED TO RURAL COMMUNITY OF KOTWA**

Dear Sir or Madam

My name is Kudakwashe Mbeve and I am a final year student at Bindura University of Science Education studying towards a degree in Banking and Finance. I am carrying out research entitled: **BANKING CHALLENGES FACED BY PEOPLE IN THE RURAL COMMUNITIES IN ZIMBABWE, case study of Kotwa location in Mudzi district.**

I am kindly requesting you to spare some of your time and answer the questions below. please keep in mind that there is neither correct nor incorrect answer; all responses are valuable. you can also clarify any areas where you feel the question is unclear. Since the study is purely for educational purposes, we will keep your responses as private as possible.

### **INSTRUCTIONS**

Kindly tick, mark and/or fill in your responses in the relevant spaces. Names or any form of identification are not required

### **SECTION A: DEMOGRAPHICS**

#### **1. Gender**

Male	
Female	



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## 2. Age range

Below 25	
25 to 35	
35 to 45	
45 and above	

## 3. Educational Level

None	
Primary education	
Secondary level	
Advanced level	
Diploma level	
Graduate level	
Post Graduate level	

## 4. What is your employment status

Employed	
Unemployed but looking for a job	
Self employed	
Unemployed but not looking for a job	
Others	

Other-specify: \_\_\_\_\_

## 5. Your annual income?

Below 50000	
50000 to 100000	
100000 to 150000	



150000 and above	

**6. Do you any have bank account:**

Yes	
No	

**7. If yes which account type do you use:**

Current account	
Saving account	
Fixed deposit account	
No account	
Others	

Other-specify \_\_\_\_\_

**8. For how long you are holding your bank account?**

Less than 2 years	
3 to 6 years	
6 to 9 years	
10 years and above	

**9. In which of these banks do you have an account?**

AFC COMMERCIAL BANK	
POSB SAVINGS BANK	
OTHERS	



Other-specify \_\_\_\_\_

**10. What is the distance that you travel to reach a bank in kotwa?**

Less than 5 kilometres	
5 to 10 kilometres	
Moret than 50 kilometres	

**11. Do you use internet banking or mobile banking?**

Yes	
No	

**12. Indicate your frequency of usage of the banking services**

Once in three days	
Once in a week	
Once in a month	
Once in three months	
Once in six months	
Once in a year	

**SECTION B: OBJECTIVES**

**1. To investigate the difficulties clients, have when utilizing banking services in the remote Kotwa locality**

Using a scale of 1-5, please indicate your agreement/ disagreement levels. The rating scale indicates agreement levels as follows: 1- Strongly Agree, 2 – Agree, 3- Neither Agree nor Disagree, 4 – Disagree, 5 – Strongly Disagree

	1	2	3	4	5
Lack of awareness					
Lack of availability of banks					





Lack of infrastructure					
Lack of financial literacy					
Lack of proper services and products					
Lack of funds					
The distance to reach the bank					
Others					

Other-specify \_\_\_\_\_

**2. To highlight variables that influence clients' decisions to visit a bank and use the financial services provided by the banks in Kotwa?**

Factors	Number of respondents
Safety of funds	30
To make a complaint	<b>11</b>
To collect an ATM Card	<b>10</b>
Bank overdraft	<b>5</b>
To take a loan	1
To make a withdrawal	<b>20</b>
Mobile banking	<b>2</b>
Others	<b>0</b>
<b>TOTAL</b>	<b>79</b>

Other-specify \_\_\_\_\_

**3. To what extent has utilization and satisfaction level with the financial services offered in the rural Kotwa community?**

Particulars	Very known	Fairly known	Known	Somewhat known	Unknown
Bank overdraft					
Education loans					



Deposits					
Mobile banking					
The banks funds transfers					

**4. To suggest on improvement of banking services in rural communities as a financial inclusion approach in the Kotwa rural community.**

Using a scale of 1-5, please indicate your agreement/ disagreement levels. The rating scale indicates agreement levels as follows: 1- Strongly Agree, 2 – Agree, 3- Neither Agree nor Disagree, 4 – Disagree, 5 –

	1	2	3	4	5
Improving infrastructure in the rural communities					
Engaging the rural people in mobile banking					
The establishment of customer care centers					
Also proving tailor made products that suit the standards of rural communities.					
Also proving access financial institution in the rural communities					
Training the people in the rural communities to value banking					
Others					

Other-specify \_\_\_\_\_

Thank you

**Non-Participant Observation Guide**

To observe how banks in Kotwa location offer banking services to the rural community.

To closely look at the banking challenges that are faced by the people in the rural community of Kotwa.

To also observe and also assess if they are any opportunities that can better the lives of the rural folks in Kotwa, looking at the activities practiced.



To be closely involved in the daily lives of the rural folks and to actually observe their reactions to the services provided.