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**THE ROLE PLAYED BY BANKING INSTITUTIONS IN IMPROVING
HOUSEHOLD INCOMES IN KAMPALA DISTRICT:
A CASE STUDY OF CENTENARY BANK
KABALAGALA BRANCH**

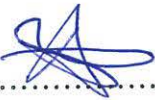
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**A RESEARCH REPORT SUBMITTED TO THE COLLEGE OF ECONOMICS
AND MANAGEMENT SCIENCES IN PARTIAL FULFILMENT OF THE
REQUIREMENTS FOR THE AWARD OF BACHELORS DEGREE
IN BUSINESS ADMINISTRATION OF
KAMPALA INTERNATIONAL
UNIVERSITY**

MAY, 2015

DECLARATION


I ADOKORACH WINNIFRED, hereby declare that the information in this research is my original work and has never been submitted for an award of a degree in any university or institution of higher learning.

Signature.....

Date ..31st / 05 / 2015.....

APPROVAL

This research report under the topic “ **the role played by banking institutions in improving households income in Kampala district**, A case study of centenary Bank Kampala branch, has been done under my supervision submitted for examination with my approval as her supervisor.

Signed..........
.....

Date 1/6/2015

SSEKAJUGO DEREK

[SUPERVISOR]

DEDICATION

I dedicate this report to my parents, siblings and everyone who contributed towards my education.

ACKNOWLEDGEMENT

I would like to extend my sincere gratitude to the Almighty God who has given my parents and I life and He has always been with me throughout the year

On a special note, I would like to extend my sincere thanks and appreciation to my parents, Mr. Nyeko Ponziano and mother Akello Christine for their continued support always to make sure that I get the best education up to university level

My heartfelt gratitude goes to my friends, my supervisor and all my classmates for their constructive advice rendered to me during my studies.

A vote of thanks goes to entire college of Economics and Management of Kampala international university for their cooperation through the course. May the Almighty reward them abundantly

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ABSTRACT

The study was to examine the role played by banking institutions in improving household incomes in Kampala district: A case study of centenary bank Kabalagala branch. **The study** considered three objectives namely; to determine the employment opportunities created by centenary bank, to establish the accessibility of credit facilities and soft loans offered by centenary bank and to establish the rate of saving with centenary bank.

A descriptive cross sectional design with the use of qualitative and quantitative techniques was employed where a sample size of 77 respondents was selected.

The findings indicated that 44.6% of the people who filled the questionnaires revealed that centenary bank clients' savings capacity has increased. These were as a result of many clients keeping money in banks and in return get interest on their savings and when withdrawals are made on savings, they can be invested in small scale and medium enterprise businesses for income generation. However, not all clients have succeeded in getting their savings rate high as indicated by the findings to enable them achieve their ambitions.

The study recommends that banking institutions should be legitimately considered as one of the suitable means in the development effort as the transfer of an alien business to peasant farmers who evokes in the latter a sense of enthusiasm, which if properly directed could lead to more efficient utilization of resources, banking institutions should mobilize enough capital either from the Central bank or money markets if they are to survive the wind of change and banking institutions should consider themselves as organizations meeting economic needs, partial democracy, human resource development, social responsibility and International cooperation.

CHAPTER ONE

1.0 Introduction

This chapter introduced the study by looking at the background of the study, problem statement, and purpose of the study, research objectives, and research questions, scope of the study, significance and operational definition of terms.

1.1 Background of the study

According to the library of congress country studies: Uganda banking, prior to Uganda's independence in 1962, Government owned institutions dominated most banking in Uganda. In 1966, the Bank of Uganda, which controlled the issue of currency and managed foreign exchange reserves, became the Central Bank. Uganda Commercial Bank, which had fifty branches throughout the country dominated Commercial Banking and was wholly owned by the Government. The Uganda Development Bank was a state owned development financial institution, which channeled loans from international sources into Ugandan enterprises and administered most of the development loans made to Uganda. The East African Development Bank established in 1967 and jointly owned by Uganda, Kenya, and Tanzania was also concerned with development finance. Jhingan (2007); Money, Banking, International Trade and Public Finance

In the 1960's other Commercial Banks included local operations of the Bank of Baroda, Barclays Bank, Bank of India, Standard Chartered Bank and Uganda Cooperative Bank.

During the 1970s and early 1980s, the number of Commercial Bank branches and services contracted significantly. Whereas Uganda had 290 Commercial Bank branches in 1970, by 1987 there were only 84 of which 58 were operated by Government owned Banks. This number began to increase slowly by the following year, and in 1989, the gradual increase in banking activity signaled growing confidence in Uganda's economic recovery.

In the late 1990s and 2000s, the Ugandan Banking Industry underwent significant restructuring. Several indigenous Commercial banks were declared insolvent, taken over by the Central bank and eventually sold or liquidated. These included: Cooperative Bank, Greenland Bank, International Credit Bank, Teefe Bank and Gold Trust Bank, which were closed or sold off. Uganda Commercial Banks were initially privatized through a sale of its

majority shares to purported company from Malaysia. However, it later came to light that the actual buyer was a partnership between Greenland and some politically connected individuals. A second privatization sale was conducted with the Standard Bank emerging as the winner.

The privatized Uganda Commercial Bank was merged with the former Grindlays Bank, which Standard Bank already owned and had renamed Stanbic Bank. The combined new Bank is now known as Stanbic Bank (Uganda Limited). As at 2008, Stanbic Bank Uganda Limited was the dominant Commercial Bank in Uganda with about 27% of all Bank Assets and about 20% of all Bank branches. Nile Bank Limited, an indigenous institution was acquired by the British Conglomerate, Barclays Bank in January 2007 and merged with its existing Ugandan operations to form the current Barclays Bank (Uganda).

A moratorium of new Commercial Bank licenses was declared in 2004 from the constitution of the republic of Uganda, with the passage of a new banking bill in parliament, which established new banking institution's guidelines. "List of Licensed Credit Institutions In Uganda". Bank of Uganda (BOU). Retrieved 29 May 2014.

The moratorium on new banks was lifted July 2007. During the 18 months that followed the lifting of the moratorium, 8 new commercial banks were licensed. These included: Kenya Commercial Bank, Equity Bank and Fina Bank, all from Kenya Global Trust Bank and United Bank of Africa trace their roots from Nigeria. Ecobank is headquartered in Togo and Housing Finance Bank is an indigenous operation. Three other Banks, ABC Bank (Kenya), Access Bank from Nigeria and Centenary Rural Development Bank from Tanzania has publicly declared its intention to start banking operations in Uganda.

During 2008 and 2009, several of the existing banks on an accelerated branch expansion, either through mergers or acquisition. As of October 2010, there were twenty-two (22) licensed commercial banks in Uganda and with nearly four hundred (400) bank branches and a total of almost six hundred (600) ATMs. And by April 2011, the number of commercial banks had increased to twenty-three (23). The bank branches in the country numbered over 400. The banking sector employed over 8,700 people and the total commercial bank assets in the country were valued at US \$4.78 billion.

As of April 2011, it is estimated that asset allocation among the twenty-three (23) operations, Ugandan Commercial Banks breaks down as follows:

Table 1: Licensed Commercial Banks in Uganda

Rank	Bank	Market Share (Assets)	Number of Branches
1	Stanbic Bank	22%	67
2	Standard Chartered Bank	17%	10
3	Barclays Bank	10%	65
4	Centenary Bank	07%	37
5	DFCU Bank	07%	24
6	Crane Bank	07%	15
7	Citi Bank	04%	01
8	Bank of Baroda	04%	10
9	Orient Bank	03%	12
10	Housing Finance Bank	03%	15
11	Tropical Bank	03%	09
12	Bank of Africa	03%	21
13	Diamond Trust Bank	03%	18
14	Equity Bank	01%	54
15	Kenya Commercial Bank	01%	15
16	United Bank of Africa	01%	09
17	Global Trust Bank	01%	08
18	Eco Bank	01%	09
19	Fina Bank	01%	06
20	Cairo International Bank	05%	01
21	National Bank of Commerce	05%	02
22	ABC Capital Bank	05%	01
23	Imperial Bank Uganda	05%	01
	Total	100%	410

Source: from bank of Uganda, 2011

1.2 Research problem

Despite the fact that Kampala District is the capital city of Uganda, it is still one of the poverty stricken districts, with 39% level of poverty at national level. However, one wonders why poverty is still at 39% amidst banking Institutions operating in the District, therefore there need to carry out research on the role played by banking institutions in improving household incomes in the district, such as Centenary Rural Development Bank.

1.3 Purpose of the study

The study was to examine the role played by banking Institutions in improving household incomes in Kampala District.

1.4 Research objectives

The study had the following objectives;-

1. To determine the employment opportunities created by centenary bank.
2. To establish the accessibility of credit facilities and soft loans offered by centenary bank.
3. To establish the rate of saving with centenary bank.

1.5 Research questions

- i) How has the centenary bank Kampala branch assisted in availing employment opportunities?
- ii) What role is played by banking institutions in improving household incomes?
- iii). Are the credit facilities and soft loans accessible from centenary bank Kabalagala branch?
- iv). what is the level of saving with centenary bank Kabalagala branch?

1.6 Scope of the study

The study was confined on the roles played by banking institutions in improving household incomes in Kampala District. For purposes of easy research, Centenary rural development Bank, Kampala branch was used as a case study.

1.6.1 Geographical scope

The research was carried out in Kampala district central Uganda and

Centenary bank Kabalagala branch is located along Kansanga Ggaba Road.

1.6.2. Time scope

The period covered under this study was between February to May 2015.

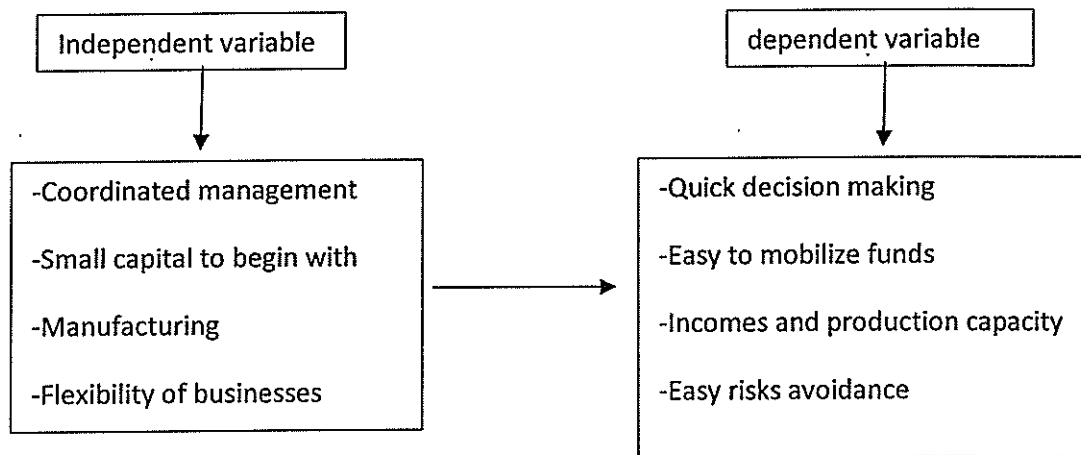
1.7 Significance of the study

- i) The research findings were to assist in furthering more research in banking institutions. This was to act as a basis to establish other areas of research on further establishing the role of banking institutions and their performance.
- ii) The research findings were to assist government and policy makers to devise other mechanisms of improving household incomes so as to effect its policy of prosperity-for-all.
- iii) Explored and understood the role played by banking institutions in improving household incomes of people

1.8 Conceptual frame work

This explained the relationship between banking institutions and the improvement of household incomes.

These two were studied differently as dependent [improvement of household incomes] and independent [banking institutions] variables.



SOURCE; M.L Jhingan , (2007)

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

Literature review is compiled information evaluated by other researchers aiming at figuring out what has been done and how it was done and pointing out what has been left out in relation to the topic under investigation.

2.1 Banking institutions

According to Introduction with the Onset of the Financial Crisis, Frédrick (2007:8) defines a bank as a financial institution that accepts deposits and makes loans, included under the term 'banks' are firms such as Commercial banks, Savings and Loan Associations, Mutual Saving banks and Credit Unions. Banks are the financial intermediaries that the average person interacts with most frequently.

According to Managerial Economics, M. L. Jhingan (2007:130) defines a bank as an "Institution for the keeping, lending and exchanging of money". Economists have also defined a bank highlighting its various roles. According to Crowther, "The bank's business is to take the debts of other people to offer its own in exchange, and thereby create money."

A similar definition has been given by Kent (2007) who defines a bank as "An organization whose principal operations are concerned with the accumulation of the temporarily idle money of the general public for the purpose of advancing to others for expenditure."

Sayers (2007), on the other hand gives a still more detailed definition of a bank thus, "Ordinary banking business consists of changing cash for bank deposits and bank deposits for cash, transferring bank deposits from one person or corporation (one depositor) to another, giving bank deposits in exchange for bills of exchange, government bonds, the secured or unsecured promises of businessmen to repay." Therefore, from the above statements, a bank is an institution which accepts deposits from the public in turn advances loans by creating credit. It is different from other financial institutions in that they cannot create credit though they may be accepting deposits and making advances.

According to WWW.eurojournal.com, Barbara (2006:308) defines a bank in terms of the economic functions it serves, the services it offers to its customers or legal basis for its

existence. A bank is an institution offering certain financial services such as safe keeping of money, conversion of domestic into and from foreign currencies, lending of money at an interest and acceptance of bills of exchange.

According to Wolfgang-Stereeck 2001 Economic Sociology, Siklos, Pierre (2001:105) defines banking institutions as institutions that provide financial services for their clients or members. Probably the most important financial services provided by banking institutions are being acting as financial intermediaries. Most banking institutions are highly regulated by the Government.

2.2 Employment opportunities created by banks

According to Introduction Economics, M. L. Jhingan (2007:187) argues that; “to eliminate poverty from countries, emphasis must be put on transferring assets and skills to the poorer section of the society and providing employment in the slack seasons of the year”. He further noted, on page 552; “The employment policy of the plan is two-fold, that is to say, to reduce underemployment by increasing the rate of growth of the gainfully employed and to reduce open unemployment.” With banking Institutions, additional employment opportunities will be available through a large number of development projects, which would be undertaken by the members of the community. The study intends to establish the relationship between employment and levels of income.

According to WWW.eurojournal.com, Barbara (2006:140) noted that; “Banking Institutions empower people by enabling even the poorest of the poor population to participate in the economic progress such as creating jobs for those who have skills but no capital to enable them boost their standards of living.”

According to Introduction to Economics, “Teyebwa (2004:255) asserts that standards of living are likely to improve when employment opportunities are availed to the individual.” He also noted that; “Employment is a situation where people are willing and able to work, get jobs at the ruling wage and that people are employed to reduce wastage of technical skills, to reduce rural to urban migration, when people are employed in rural areas, they cannot go to towns to look for jobs.” It can be deduced from the above statement that banking institutions have a role to play towards employment creation for many people, especially around Kampala town where Centenary Bank, Barclays Bank, Stanbic bank are operating. This will

lead to concentration of people in Kampala District, thus improving their household income for better standards of living.

According to Modern Microeconomics, Gregory (2004:52) states that; "It's out of the alarming circumstances of unemployment due to the higher expectations of the young dynamic youth, with theoretical education skills that are virtually forcing planners, administrators and development agencies to devise alternative measures to create employment such as self employment through Agro-business which will lead to livestock keeping that creates job opportunities. All in all, the above assertion should be noted that it is not accidental to say that banking institutions are relevant towards the people's standards of living, thus a way forward for Uganda's economy. Considering agricultural modernization strategies agitated by the Government of Uganda, as such many people are self-employed on their own farms thus creating employment which has led to development of household incomes among the people in Kampala District.

According to Keynesian Economics, Wamasembe (2001:546), Lord Keynes showed that, "The level of business activities and employment depends on the level of income, which also determines the extent of low savings and investments. The level of employment therefore, is development partly on production of capital goods and partly on production of consumer goods (consumption)." In relation to the study, it can be argued that an important part of banking institutions policy of creating better conditions for their development is to improve the productivity of commodities.

2.3 Accountability of credit and soft loans from Banks

According to The Rational Choice Theory of A.Halcli, Webster Field (1995) argues that when a firm sells goods or services, it can either be paid cash immediately or wait for a future time to be paid, that is extending credit to the customers. Granting help is investing in the customer, an investment tied to the sale of product or service and this examines the firm's or institution to grant credit. In this case, therefore, Centenary Bank gives out favorable credit and soft loans to be paid back in a specified period of time long enough to allow prompt payments and this enhances household income improvements. This has greatly helped the people to increase on their investments levels and saving power. Scholars have tended to define credit as a belief, that a person, business company can pay a debt or will keep a promise to pay, usually in this case, payments are made at a future date. Therefore, a loan has

been defined as something lent, especially money with or without hard conditions to repay it. With Centenary Bank's, Barclays bank, Stanbic bank's strategy to improve household incomes, they have developed intriguing confidence among the poor entrepreneurs in the society as way of developing a belief that these persons would pay them at a later date, hence credit schemes help these local individuals to increase their household incomes by giving them loans with some collateral which these entrepreneurs can afford.

According to *The Crucifer of Blood* Resource book, Reynolds (1993;56), the borrowing privilege provides a safety value that permits the banking institutions to be used with greater assurance. Open lending operations and changes in collateral requirements are general instruments whose impact cannot be toiled to the situation of particular financial institutions. Banking institutions with sizeable reserves may be little affected by giving out the loans whereas those with little excess reserves may suddenly find themselves in a deficit position. Here in Centenary Bank, Stanbic bank and Barclays bank, there is an open lending strategy with any collateral to the poor in a bid to restore the dignity of humankind because of its vibrant and good excess reserves. This, therefore, has enabled insufficient income earners to get more money and this has lured the population into increased incomes, hence to a greater extent fulfilling its strategic mission of improving household incomes.

2.4 Related literature on saving

According to *Managing Resource Revenues in Developing Economies*, Bayet al (2008) asserts that "Deferred consumption can be used to improve the welfare and social standing of households. Savings may be applied socially important on festivals such as weddings or community fundraisers which build social capital.

According to *Advanced Economic Theory*, M. L. Jhingan (2007; 265) argues that saving is seen as necessary even when there is no surplus. Peaks and valleys in income are inevitable; saving provides a hedge against income variability. The accumulation of resources enables household to smooth consumption and provides food security.

Frederick (2007) states that, "Precautionary savings are particularly important among poor households as they are more vulnerable to income shocks." He further argues that, "Threat to the household economic portfolio includes the risks of theft, natural disaster, inflation and illness." The type of perceived risk will influence the techniques used to accumulate savings.

The threat of inflation, for example, may encourage households to invest in land and other non-liquid assets. In line with the above statements, banking institutions encourage, potential entrepreneurs to undertake savings through keeping their money in banks. In this way, households engage in small scale enterprises, which generate incomes for the poor. He further argued that, "saving accumulation furnishes an important tool to generate business growth." Direct investment of profits is one option. Investing savings is an intermediate form of another option (like as cash or on a bank account). There is evidence that entrepreneurs have a higher propensity to save than salaried workers and the marginal return from re-investment in enterprise development may be greater than the investment opportunities available to salaried laborers. In line with the above, the author argues that the salaried employees generally get paid at the end of the month and consequently, demand for goods and services decline in the middle of the month. He further says that a higher level of savings also may be needed as a cushion given the greater income variability of entrepreneurs.

CHAPTER THREE METHODOLOGY

3.0 Introduction

This chapter covered the sample selection and data collection which contained the procedure of research instruments, data processing and analyzing of the study and research design.

3.1 Research design

The study employed the descriptive cross sectional design with the use of qualitative and quantitative techniques.

3.2 Study population

The target population consisted of 95 people, thus; 50 were members of staff of centenary bank, 45 were clients of centenary bank. The researcher used the Yamane formulae [1973] to calculate the sample size.

$$n = \frac{N}{1+N[e^2]}$$

Where n=sample size

 N=Total population

 e=Deviation of sampling [Degree of errors at 0.05 level of significance]

$$n = \frac{95}{1+95[0.05]^2}$$

n=77 people

3.2.1 Sample size

The total of 77 people comprised of members of centenary bank staff and clients of centenary bank in Kampala district. A stratified random sampling method was used because it enabled the researcher to fairly represent and sample errors were avoided. It was more accurate and resized compared to other methods like systematic random sampling.

3.3 Procedure for data collection

This began immediately after obtaining an introductory letter from the Head of Department. The researcher held discussion with the manager and sought permission to administer the questionnaire. After getting the respondents, the researcher created a report by introducing himself, and giving the purpose of the study. This was done to eliminate suspicion from the respondents especially those who were interviewed.

3.3.1 Research instruments

Questionnaires and interviews were used to collect primary data. For secondary data the questionnaires constructed were structured and unstructured items. These were personally administered to respondents and a total number of 77 questionnaires were issued to the selected respondents.

3.4 Validity and liability

The reliability ensured by testing the instruments for the reliability of values (alpha values) as recommended by Cronbach, (1946). Cronbach recommended analysis for alpha values for each variable under study. According to Sekaran 2001 alpha values of each variable under study should not be less than 0.70 for the statements in the instruments will be deemed reliable. Consequently, the validity of the data collection instruments will be done with the help of an expert (the researcher's supervisor) to edit questionnaire and the interview guide. The researcher forwarded the structured questionnaire to supervisor who is an expert in the area covered by the research for editing and reviewing.

3.5. Data processing and analysis

The data collected from the targeted respondents was edited to avoid omissions, inconsistencies, and recorded responses were coded into meaningful form. The data was further translated into frequency tables for easy comprehension, analysis and interpretation. Data analysis was done manually using tables.

3.6 Limitations of the study

The researcher finished the research successfully, however she faced the following challenges in the course of the study.

Time given to the researcher to complete the research was too short since the maximum time for completing research report was only four months which did not give room for detailed study about the role played by banking institutions in improving household incomes in kampala district.

The researcher being a student was faced with a problem of inadequate funds/money since a lot of funds/money was needed to pay for stationery, transport expenses, typing and printing, binding, photocopying and necessary obligations at the university.

Some respondents were unable to disclose off the secrets of the organization thinking that the information would be used for other purposes other than academics.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.0 Introduction

This chapter presents analyses and interprets data related to the study. Data was dealt with according to the research questions and the three variables.

The data was analyzed and presented under the sub-headlines of; socio-demographic characteristics, the role of centenary bank in creating employment opportunities, provision of loans and credit facilities to the people and the improvement of the saving culture of the people kabalagala in Kampala District with the use of tables and charts effectively applied.

4.1. Classification of respondents

Below is a table showing the total sample size

Table 2: Classification of respondents

Category	Number of Respondents	Percentage
Centenary Bank employees	16	28.6
Beneficiaries/Clients of Centenary Bank, bank	40	71.4
Total	56	100

Source: Primary Data, 2015

The table on page 15 shows the number of respondents investigated following the purpose of the study. Centenary bank employees were 16 in number, which represented 28.6% of the total respondents and this represent employment variable in some extent. The beneficiaries/clients of centenary bank were 40 in number which represented 71.4% of the total respondents and this represents variable of credit facilities and business growth.

4.2.1 Sex segmentation of respondents

The respondents were categorized according to their sex in the study with evidence from the questionnaires and presented in the table below.

Table 3, The sex segmentation of the respondents.

Characteristics	Variable	Number of Respondents	percentage
Sex	Male	25	45
	Female	31	55
Total		56	100

Source: Primary Data, 2015

According to the table above, a large number of percentages of the respondents were females with 55% than males with 45%. This is because majority of the banking institutions clients are women. This can indicate that the growing levels of liberalization in Uganda are with women who get involved in development issues than the men. It also shows that most women are now responsible for looking after their families and as a result, take a bigger responsibility in the development of their homes.

4.2.2 Age segmentation of respondents

The following is the segmentation of the respondents under study.

Table 4, The age segmentation of the respondents..

Characteristics	Variable	Number of Respondents	Percentage
	18-24	10	17.8
	25-31	21	37.6
	32 and above	25	44.6
Total		56	100

Source: Primary Data, 2015

The table on page 2 shows the age segmentation of the respondents of which the largest segmentation represented is that one of 32 years and above. This reveals that people who are between 32 years and above can work hard concerning development ventures.

4.2.3 Marital status of respondents

Below is a table showing the marital status of the respondents.

Table: 5, The marital status of the respondents.

Category	Frequency	Percentage
Married	35	62.5
Single	14	25
Others	7	12.5
Total	56	100

Source: Primary Data, 2015

The table above shows the marital status of the respondents of which the largest percentage is that of the married ones with 62.5%, this is because many organizations deal with the married people than the unmarried ones because the married ones are more trusted than the unmarried people as far as making business is concerned.

4.3“Has centenary bank helped in creating employment opportunities?”

Following the study carried out, the data shows positive results of the bank offering employment to the local people as indicated in the table below.

Table: 6, The level of employment provided by centenary bank

Responses	No. of respondents	Percentage
Very High Level	23	41
High Level	16	28.5
Medium Level	11	19.6
Low Level	06	10.7
Total	56	100

Source: Primary Data, 2015

From the findings presented in the table above, 39(69.5%) of the respondents revealed that centenary bank has at a high level offered employment to the local and the outside population. 11(19.6%) reported that the employment rate of Centenary bank is at a medium

level while the minority 06(10.7%) regarded the level to be low compared to the other banking institutions. The distribution of respondents though present the big number of response in favor of centenary bank, the Minority percent show that employment could be there but not benefiting the local people of the area as no smoke can exist without fire.

4.4 “Has centenary bank provided loans and credit facilities to the people

According to the research findings, most of the respondents admitted that actually centenary bank has given favorable loans and credit facilities with collaterals and other affordable securities and this has generally increased the level of income because even the economically active poor can access these loans to develop themselves.

Table: 7, The response on centenary bank giving out favorable loans and credit facilities.

Favorable soft loan and credit	Number of respondents	percentage	Degree
Favorable (yes)	47	84	302
Not favorable (No)	5	9	32
No response	4	7	26
Total	56	100	360

Source: Primary Data, 2015

The research on this issue was mainly concerned about whether centenary bank clients are satisfied with the loans they are getting. In confirmation, the researcher decided to ask respondents and get their views whether actually centenary bank gives favorable loans and credit facilities.

Out of 56 respondents selected, 47 respondents representing 84% said that the loans given out were favorable. Out of 56 respondents, 5 respondents representing 9% admitted that the loans given out are not favorable because of high interest rates and 4 respondents representing 7% did not have any response as far as loans and credit facilities are concerned.

Following the findings, it can be interpreted that generally centenary bank had and is giving out credit facilities and favorable soft loans, which is an incentive to economic development on the household income level.

One can also draw from the findings that the clients who said that centenary bank does not give out favorable soft loans and credit facilities might be those who have either diverted the loans given to them or those who have generally failed to meet the loan and credit policy requirements of centenary bank kabalagala branch in Kampala district.

Following the responses got from the selected sample, centenary bank gives favorable soft loans and credit facilities, hence putting centenary bank into the limelight of playing a leading role in matters of improving household incomes in Kampala district.

4.5“Has centenary bank improved the savings culture of the people in Kabalagala in Kampala district?”

The core reason for banking institutions to exist, to improve on the saving culture of the people and as a result, their investments have increased. It is this savings culture that is one of the indicators of a redeemed population from the shackles of poverty. This is a reason why this research was carried out. Most respondents admitted that there is remarkable improvement in savings amongst centenary bank clients.

Table: 8 The Responses about Savings.

Category	Number of Respondents	Percentage
Very high	3	5.4
High	21	37.5
Medium	18	32.1
Low	10	17.8
Total	56	100

Source: Primary Data, 2015

The results from the table above show that 24(42.9%) respondents admitted that centenary bank clients culture to save has improved compared to the time before they accessed the banking services. 18(32.1) respondents said that the rate of savings has medium improvement with only 10(17.8%)revealing that their savings have lowered. Although the respondents admitted that the saving rate had improved, still there were others who said that the saving rate was still low because of a high interest rates charged on loans, which leaves them with little or nothing to save.

CHAPTER FIVE

DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter is the discussion, conclusion and recommendations from the study.

5.1 “Has centenary bank generated significant number of employment opportunities to improve standards of living?”

Data analyzed from table 4 revealed that at a high level centenary bank has created employment opportunities to the people an implication that Banking institutions empower people by enabling even the poorest of the poor to participate in the economic progress to enable them boost their standards of living

According to one of the employee who works with centenary bank from kabalagala in an oral interview revealed that “as employment opportunities increase, people’s incomes also increase”. The findings are in line with Tayebwa B. (1996:260) who noted that employment is a situation where people are willing and able to work get jobs at the ruling wage and that people are employed in order to earn income for buying goods and services.

5.2 “Has centenary bank played any role in the provision of soft loans and credit facilities to the people”

According to the general response findings, centenary bank play the role of providing credit facilities and soft loans through providing the necessary legal framework and procedures for one to get a loan. This could be the reason, according to the findings, why there has been an increase in the people’s incomes through the extension of small loans and credit to the poor, which has boosted their capital and consequent expansion of their businesses. This is line with Micro-finance Bank’s journal, volume 1 issue 3 (2001:15) about poverty reduction through micro financing, which stated that the Government of Uganda and the general public are all advocating for an increase in the provision of financial services to enhance household incomes by providing a conducive environment that allows the banking institutions to deepen their operations and outreach in the remote areas.

In the long run, credit leads to greater disposable incomes resulting into household assets, consumer goods and increased capacity to meet expenses like medical, school fees and other domestic necessities. Accessing credit to the agricultural sector increases agricultural productivity and enhances food security. It also increases incomes for the majority of the poor, considering the fact that the majority of the people are peasant farmers.

5.3 Has centenary bank improved on the savings rate of the people?"

The findings indicated that 44.6% of the people who filled the questionnaires revealed that centenary bank clients' savings capacity has increased. These were a result of many clients keeping money in banks and in return get interest on their savings and when withdrawals are made on savings, they can be invested in small scale and medium enterprise businesses for income generation. However, not all clients have succeeded in getting their savings rate high as indicated by the findings to enable them achieve their ambitions.

This is in line with Jhingan (2007:46) who states that, "Savings accumulation furnishes an important tool to generate business growth. Direct investment of profits brings about economic growth and development." Furthermore, Frederick (2007:255) states that precautionary savings are particularly important among households and they are more vulnerable to income shocks.

5.4 Conclusion

From the findings on the role played by banking institutions towards improving household incomes of people of kabalagala in Kampala district, the following conclusion was drawn.

Centenary bank should provide financial and technical services to her beneficiaries. This is due to the fact that banking institutions are credit facilities to the "lower income earners" who cannot readily access the financial services of the mainstream traditional Central Banks and they mainly depend on borrowing from Commercial Banks like Centenary, Equity, Barclays, stanbic and other micro finance institutions like Pride micro-finance Uganda, Finca Uganda, opportunity Uganda. Government should also link banking institutions to Donor countries for more support as far as funding is concerned.

5.5 Recommendations

According to the findings together with the related literature, the following recommendations must be taken seriously.

Banking institutions should be legitimately considered as one of the suitable means in the development effort as the transfer of an alien business to peasant farmers who evokes in the latter a sense of enthusiasm, which if properly directed could lead to more efficient utilization of resources.

Banking institutions should mobilize enough capital either from the Central bank or money markets if they are to survive the wind of change.

Banking institutions should consider themselves as organizations meeting economic needs, partial democracy, human resource development, social responsibility and International cooperation.

5.6 Areas for further research

From the study, the following are areas of further research.

There is need to establish the problems faced by banking institutions.

There is also need to establish ways and measures to recover loans from members in time to strengthen the banking industry.

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APPENDICES:

APPENDEX1: RESEARCH INSTRUMENTS

Questionnaire for staff

Dear Respondent,

Research on **“The role played by banking institutions in improving household income in Kampala district, a case study centenary bank, Kampala branch”**.

Am **Adokorach Winnifred** undertaking a research study on the above stipulated topic. I humbly request for your support in completing the questionnaire by ticking and filling in appropriately. I promise that the information given will be treated with utmost confidentiality and be used for academic purposes.

SECTION A: BIO DATA 0

1 Age

18-24

25-31

332 and above

2. Gender.

Male

Female

3. Marital Status

Married

Single

SECTION B: EMPLOYMENT

4. Are you an employee of Centenary Bank?

Yes No

5. Which position do you hold?

.....

6. Does Centenary bank render appropriate services to the poor people of Kampala?

.....

7. Does centenary bank give out loans?

Yes No

8. If yes, what type of loans do you give to the people?

.....

9. Do you give loans with collateral security?

Yes No

10. If yes, what type of security?

a) Property collateral security

b) Compulsory Savings

c) Any other security

11. Which class of people is your target?

a) Rich and town dwellers

b) Working class

c) Peasants

d) All categories of people

12. How many people are employed by Centenary Bank, Kabalagala Branch?

.....

14. Do you have plans of employing more people in Centenary Bank, Kabalagala Branch?

Yes No

15. If yes, what kind of people do you intend to employ?

.....
.....
.....
.....

QUESTIONNAIRE FOR CLIENTS

Dear Respondents

Am **Adokorach Winnifred**, a third year student of Kampala international university pursuing a bachelors degree in business administration and as part of my academic requirement ,am therefore required to carry out research on the topic , **“The role played by banking institutions in improving household incomes in Kampala district ; A case study of centenary bank Kampala branch”**. You have been purposely identified as a resourceful person in soliciting the required data or information. The purpose of this research is purely academic and the information you will provide will anonymously be treated with confidentiality.

SECTION A: BIO-DATA

1. Age

18-24

25-30

30 and above

2. Gender

Male

Female

3. Marital Status

Married

Single

SECTION B: CREDIT FACILITIES AND SOFT LOANS

4. How did you know about centenary Bank?

.....

5. Do you have an Account in centenary Bank?

Yes No

6. If yes, when did you open up an account?

.....

7. Does centenary Bank offer Credit Facilities and Soft Loans?

.....

8. If yes, does centenary Bank need security when giving out the loan?

Yes No

10. What are the terms and conditions of payment?

.....

11. What procedures are followed in giving out money?

.....

12. Is there any difficulty in obtaining finances?

Yes No

13. Are the credit services acquired from centenary Bank helping you to improve your household income?

Yes No

14. If yes, how?

15. Do you normally save with centenary Bank?

Yes No

16. If yes, of what importance to you as an individual?

.....
.....

17. Are your savings increasing?

Yes No

18. If yes, at what rate?

Very high Medium
High Low

19. If No, why?

.....
.....

20. Do you normally get interest on your savings?

Yes No

21. If yes, what do you do with your interest?

INTERVIEW GUIDE

A: FOR STAFF ONLY:

1. For how long have you been working with Centenary Bank?
2. Different Banks have different criteria they follow during recruitment. Does Centenary Bank use such criteria?
3. Is the remuneration given to you averagely significant to meet your necessities?
4. There are activities which people do to raise incomes such as business. What is the relationship between these activities and the services of Centenary Bank?
5. Is it true that Centenary Bank is only confined in Kampala town?
6. If yes, do you have plans of expanding your operations to cover a wider area?

B: FOR CLIENTS

1. How did you know about Centenary Bank?
2. Do you have an Account with Centenary Bank.?
3. Have you ever accessed credit facilities from Centenary Bank.?
4. After accessing the facility, what do you normally use it for?
5. Has your household income improved due to such facilities?
6. What do you do with your savings?
7. Since you started saving, are you improving economically?
8. Why do you save?

APPENDIX II: THE TIME FRAME OF THE STUDY

ACTIVITIES	PERIOD TO BE COVERED
Data collection	Jan 2015
Proposal writing	Feb 2015
Data compilation	March 2015
Dissertation writing	April 2015
Submission	May 2015

APPENDIX III: ESTIMATED BUDGET

The budget to be used is estimated at 472,200= as illustrated below;

S/no	Particulars	Quantity	Amount[Ug shs]
1	Stationary		
	i)Ream of paper	1	15,000
	ii)Pens	2	1,400
	iii)Clipboard	1	3,000
2.	iv)Flash disk	1	25,000
3.	Photocopy	2	6,800
4.	Binding		21,000
5.	Typing/printing	3	20,000
6.	Internet		10,000
	Accommodation		300,000
	Transport		70,000
	Grand Total		472,200=