

**THE ROLE OF FINANCIAL LITERACY ON CLIENTS' PARTICIPATION
IN SACCOS' ACTIVITIES IN BUKOBA MUNICIPAL IN KAGERA
REGION**

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**DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF
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2025

CERTIFICATION

The undersigned certifies he has read and hereby recommends for acceptance by the Open University of Tanzania the dissertation entitled: ***The role of financial literacy on clients' participation on SACCOS' activities in Bukoba Municipal in Kagera region*** in partial fulfilment of the requirements for the degree of Master of Project Management (MPM) of the Open University of Tanzania.

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(Supervisor)

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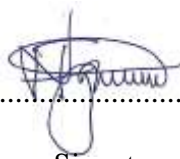
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DECLARATION

I, **Frabius Ferdinand Ngemela** do hereby declare that this dissertation is my own original work and that it has not been presented and will not be presented to any university for similar or any other degree award.

A handwritten signature in blue ink, appearing to read 'Frabius Ferdinand Ngemela', is written over a horizontal dotted line.

Signature

Date: 25.06.2025

DEDICATION

This dissertation is to my family for their support especially my dear wife **QueenIrene Charles Kamote** whose material, moral support and encouragement has been immense and invaluable to me.

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With great honour, I express my appreciation to people who directly or indirectly contributed to the achievement of this study. First and foremost, I thank the Almighty God, the one from whom I derive my strength and confidence.

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ABSTRACT

The purpose of this research was to examine the role of financial literacy on clients' participation in SACCOS' activities in Bukoba Municipal in Kagera region. Specifically, this study was conducted; (i) To assess the influence of financial literacy on clients' loan borrowing (ii) To assess the influence of financial literacy on clients' loan repayment performance (iii) To assess the influence of financial literacy on clients' savings and deposits. In the study, the data was collected in Bukoba municipal, with the use of a pre-tested and adapted structured questionnaire. The 205 questionnaires were distributed in the six streets (Rwamishenye, Kashai, Bakoba, Kibeta, Bilele and Hamugembe). Data analysis was done using SPSS version 23.0 whereby descriptive statistics summarized the obtained data. The findings of the study indicated that financial literacy promoted partially SACCOS clients' borrowing. Furthermore, the study observed that financial literacy has not satisfactorily influenced the SACCOS clients in loan repayment. The study further revealed that financial literacy has influenced SACCOS clients in buying shares and making deposits/savings, but not in a desired level. The study recommends the policy makers to design policies that promote SACCOS clients' financial literacy in order to promote borrowing, savings and deposits and loan repayment activities.

Keywords: *Financial literacy, Clients' participation in Savings and Credits Cooperative Societies (SACCOS)*

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LIST OF ABBREVIATIONS AND ACRONYMS

KAR	Kagera Active Registration
MFI	Microfinance Institution
NBS	National Bureau of Statistics
NGO	Non-governmental Organization
SACCOS	Savings and Credit Cooperatives Society
SPSS	Software Package for Social Scientists
URT	United Republic of Tanzania
TCDC	Tanzania Cooperatives Development Commission
VETA	Vocational Education and Training Authority
USA	United State of America
SMEs	Small and Medium Enterprises
TZS	Tanzanian Shillings
VICOBA	Village Community Bank

CHAPTER ONE

INTRODUCTION

1.1 Overview

The chapter covers the background of the challenges hindering SACCOS in Tanzania, focusing on the role of the financial literacy. The major problems under the study, the objectives which needs to be assessed at the end of the study, the scope covering the study, the study's importance and the organization of the study are all presented in this chapter.

1.2 Background of the Study

SACCOS are semi formal financial institutions operated following the cooperative principles of autonomy, democracy and independent economic decision making (González & Popescu, 2025). SACCOS in Tanzania faces the diverse challenges such poor governance, embezzlement of funds, Lack of skills and accumulated loans amount due to lack of timely loan repayment (Tanzania Cooperatives Development commission, TCDC, 2024).

The financial institutions including SACCOS are usually being influenced by the financial literacy (Yayeh & Demissie, 2025). Financial literacy promotes the accurate financial decisions and choices (Atkinson & Messy, 2012). Al Rahahleh (2022) asserted the financial literacy enhances insurance, saving, budgeting, investment, and debt, services. Metto et al. (2020) found that members' education was essential for effective participation in cooperative activities. Mengesha et al. (2020) revealed that the education level of households had a positive and significant

impact on financial literacy in Ethiopia. This means that financial literacy increased proportionally with the education level of the household. Epaphra and Kiwia (2021) indicated that individuals with financial knowledge performed well in the financial market in Tanzania. Baidoo et al. (2020) disclosed a positive and significant association between financial literacy and the loan repayment of the commercial banks' borrowers in Ghana. Gilenko and Chernova (2021) revealed that saving behavior was highly influenced by financial literacy.

The challenge of financial illiteracy in microfinance institutions (MFIs) has been substantiated by various scholars globally. Disney and Gathergood (2013) reported that financial illiteracy distorted the consumer credit and debt portfolios in the United States of America and this reduced the confidence of the borrowers and the lending financial institutions. Lusardi et al. (2012) reported that poor financial literacy in United States of America weakened the financial planning for the retirees and ultimately it reduced the wealth accumulation and retirees' participation in the financial markets.

Satar and Kassim (2020) asserted that Islamic microfinance institutions in Malaysia realized that low knowledge on the operations of Islamic based MFIs. The challenge of low level of financial literacy has been similarly reported by Saifurrahman and Kassim (2021) who affirmed that in Indonesians MFI clients experienced the skills on low financial literacy and this distorted their business performance. Marini et al. (2024) in similar vein, disclosed that low financial literacy negatively affected the performance of small and medium enterprises in Indonesia. Bongomin et al. (2020)

observed the financial literacy in Uganda and limited the MFI clients to understand multifaceted financial products. Bouasria et al. (2020) bared that in Mauritania poor financial literacy resulted into poor financial activities execution for the MFI clients. Ertiro and Mohammed (2022) ascertained that in Ethiopia low literacy levels reduced the MFIs performance and hence accelerated the poverty to the MFI clients.

Various studies have been conducted on the influence of financial literacy on MFIs focusing some variables. Nkundabanyanga et al. (2014) concentrated on Ugandan terms of lending and accessibility of the credit in a formal context. Mutegi et al. (2015) in focused on Kenyan small and medium enterprises (SMEs) loan repayment. Kuchena and Makoni (2023) looked into how the South African MFIs' outreach and growth was influenced by the financial literacy. Sayinzoga et al. (2016) assessed how the financial literacy and behaviour were interrelated in Rwanda. Gaudence et al. (2018) in Rwanda studied the effects of financial literacy on loan repayment. Similarly, Gaudence et al. (2018) associated the loan repayment in MFI with financial literacy in Rwanda. On the same focus, Barua and Sane (2014) related the financial literacy with the loan repayment in India. Taneja (2023) linked the financial system and financial literacy and the Netherlands. Alfa et al. (2023) and Onyeagocha et al. (2012) assessed how the financial literacy was connected with SMEs' loan repayment in Nigeria.

Moreover, scholars such as Baidoo et al. (2020), Verma et al. (2024) related the financial literacy with loan repayment in Ghana and India respectively. Redson and Magali (2022) using the multivariate analysis revealed that the financial literacy

positively and significantly affected the savings, borrowing and loan repayment activities village community banks in Karagwe district in Kagera region. The literature indicates that most of the MFI financial literacy studies concentrate on the loan repayment leaving the variables of savings and deposits and borrowing. Moreover, most of the studies were done on SMEs and other financial institutions that are not SACCOS. Furthermore, most of the studies were done outside of Tanzania.

1.3 Statement of the Problem

In Tanzania, most of the adult population remains completely excluded from any formal or informal financial services (Magasi et al., 2024). East African countries have poor access to formal financial services especially the highly populated rural areas (Kilamlya et al., 2024) This provides an opportunity for informal MFIs such as Saving and Credit Cooperative Society (SACCOS) to provide informal financial services to address the problem of isolation and violation due to their lack of income resources. Mbunda (2024) indicated that there was a problem of delayed loan repayment and non-performing loan for saving and credit cooperative society (SACCOS) customers.

The challenge of financial illiteracy has been reported by various scholars globally. For instance, Lusardi et al. (2012) and Disney and Gathergood (2013) in USA, Satar and Kassim (2020) in Malaysia. Also, the challenge has been reported by Saifurrahman and Kassim (2021) and Marini et al. (2024) in Indonesia, Bongomin et al. (2020) in Uganda, Bouasria et al. (2020) in Mauritania and Ertiro and Mohammed

(2022) in Ethiopia. The scholars reported that the financial literacy affected the performance of MFIs and clients' activities such as savings, budgeting, investment, lending, borrowing and investment (Serhiichuket al., 2025). Mmari (2022) has reported the challenge of financial illiteracy for MFIs clients in Tanzania. The problem also has been confirmed by Mwakyusa (2017). Roberts (2025) asserted that lack of financial literacy has accelerated the challenges of over-indebtedness, and inadequate loan amounts for microfinance loan clients who are entrepreneurs in Tanzania.

Six (6) SACCOS in Bukoba municipal which are; Matumaini Mapya SACCOS, Buboka Tuinuane Women SACCOS, Veta Kagera SACCOS, Bukoba staff government referral hospital SACCOS, Tumejiajiri SACCOS and Imani SACCOS were announced to be terminated their registrations on 12.08.2022 due to large accumulated non-performing loans and delay of loans repayment. This was a sign that there was a poor financial literacy among the SACCOS members. Therefore, this study was conducted to evaluate how lack of financial education promoted the savings and deposits, borrowing and loan repayment of SACCOS in Bukoba municipal in Kagera region.

1.4. Research Objectives

1.4.1 Overall Objective

To assess the role of financial literacy on clients' participation in SACCOS' activities in Bukoba municipal.

1.4.2 Specific Objectives

- i. To assess the influence of financial literacy on SACCOS clients' loan borrowing in Bukoba municipality.
- ii. To evaluate the influence of financial literacy on SACCOS clients' loan repayment performance in Bukoba municipality.
- iii. To estimate the nature of financial literacy on SACCOS clients' savings and deposits in Bukoba municipality.

1.5 Significance of the Study

The findings from this research are expected to be of great value to the government and other policymakers who will use information resulting from this research to form a basis for the formation of government policies governing financial literacy among individuals.

This study contributes to the existing body of work on financial literacy and knowledge and offer a uniquely Tanzanian perspective in this area. Moreover, it is anticipated that this study will spur further interest in the research of financial literacy levels and the determinants of financial literacy among employees within the Tanzanian context. The research information will also provide vital data to assist and benefit researchers carrying out research in this field.

1.6 Scope of the Study

The study covered several SACCOS among of them is VETA Kagera SACCOS (Registration number KAR 737), Matumaini Mapya SACCOS (Registration number KAR 572), Bukoba Tuinuane Women SACCOS (Registration number KAR 779),

Bukoba staff Government Referral Hospital SACCOS (Registration number KAR 618), Tumejiajiri SACCOS (Registration number KAR 638) and Imani SACCOS (Registration number KAR 321). All of the SACCOS were registered in Bukoba Municipal).

1.7 Dissertation Structure

This dissertation has been arranged into five chapters. The chapter one explains how the problem of the study has emerged and what was a research problem which motivated the researcher to conduct this study. Then the chapter displayed the objectives of the study in a general and in a specify way. The financial literacy significance of the study and the boundaries are also slotted in the chapter one. The chapter further presents the weaknesses of the study and narrates how the study is organized.

Chapter two presented the studies that assessed the roles of the financial literacy on savings and deposits, loan borrowing and loan repayments. The chapter defined the key concepts of the study and link the variables of the studies with the financial literacy theory. The empirical analysis of the studies especially the empirical gaps are well covered. The study also presents the framework narratives and figures of the study.

Chapter three explains the procedures and techniques used to determine the way the study was conducted. The research belief (philosophy), the design techniques, the selected approach, the sampling methods, the techniques for data collection and

analysis have also been displayed. The chapter further involves the precision and reliability criteria. The procedures for measuring the variables are also outlined in the chapter. The chapter also include the research ethical procedural adherence.

The chapter four explains the exacts findings from the analysis and explanations on what the data real means (interpretations). The chapter five concluded about the study. The chapter five summarized the findings information of the study, the exact conclusion, the recommendation drawn from this financial literacy study. the chapter further elucidates the general (practical) recommendations, the recommendations related to policies, contributions emanated from the theory, the weaknesses and limitations of the study and future studies' guidance.

CHAPTER TWO

LITERATURE REVIEW

2.1 Overview

This chapter delineates the concepts guiding the study. Also, the chapter review the financial literacy theory by linking it with variables of specific objectives. Then the empirical literature on the financial literacy roles on savings and deposits, loan borrowing and repayment has been presented. The chapter narrates the empirical and theoretical gaps and the pictorial conceptual framework of the study.

2.2 Conceptual Definitions

2.2.1 Financial Literacy

Financial literacy refers is related to the financing knowledge comprehension, since it related to the way the individual understands well and apply effectively the financial concepts such as savings, investing, budgeting and borrowing (Serhiichuk et al., 2025). The financial literacy is important because it promotes the financial wellbeing for the individuals (Moreira Costa et al., 2025). Financial literacy improves the behaviours of the individuals and in this way reduces the financial stress and promote the prosperity of the people with financial literacy (Lusardi & Mitchell, 2014). The financial stress emphasizes that understanding the financial concepts is not enough but the importance of financial literacy is confirmed when an individual applies the financial knowledge to make the financial decisions (Hashmi et al., 2022). This study accepts the definition of Serhiichuk et al. (2025) who recognizes the application of financial literacy in different functions such as savings and deposits, loan borrowing and repayment.

2.2.2 Saving and Credit Cooperative Organization (SACCOS) Functions

SACCOS are semi formal financial institutions operated following the cooperative principles of autonomy, democracy and independent economic decision making (González & Popescu, 2025). In SACCOS various functions are performed such as savings, borrowing, loan repayment, remittance of funds, microinsurance services and training opportunities (Dirse & Japee, 2025). SACCOS in Tanzania faces the diverse challenges such poor governance, embezzlement of funds, Lack of skills and accumulated loans amount due to lack of timely loan repayment (Tanzania Cooperatives Development commission, TCDC,2024). Therefore, this study considers the definition of Dirse and Japee (2025) which recognizes the functions of the savings and deposits, loans borrowing and loans repayment.

2.3 Theoretical Literature Review

The theoretical linkage between the financial literacy and behaviour done by a financial Economist Hilgert et al. (2003) is highly recognized in the establishment of the financial literacy theory. However, the financial literacy theory was formalized by Lusardi and Mitchell (2007) who asserted that the financial literacy enables an individual to make knowledgeable decisions on financial resources planning, accumulation of wealth and retirement life management. Huston (2010) stressed on two aspects that are vital in making the financial literacy useful; to understand the financial ideas and to apply them when making the financial decisions.

Lusardi and Mitchell (2014) stressed that financial education is essential in improving the financial behaviour. According to Lusardi and Mitchell (2014),

improved financial behaviour brought by financial education in the financial theory increases the financial security and the security is essential in reducing the financial stress. Moreover, the financial knowledge promotes the accumulation of the wealth. The theory argues that financial education improves financial behaviour, which in turn enhances financial security, reduces financial stress, and fosters wealth accumulation (Shi et al., 2025). Hence, the financial knowledge when used in the financial concepts of saving, budgeting, investing, management, of debts and risk management when applied effectively promote the personal and societal economic wellbeing (Serhiichuket al.,2025)

One strength of financial literacy theory is linking the concepts of financial literacy, financial decisions and economic steadiness (Moreira Costa et al., 2025). The theory also aligns with the public organizational goals of prompting the financial literacy knowledge to their citizens. The financial education is vital in improving the individual and the national wellbeing (Lusardi & Mitchell, 2014). Moreover, it obvious that financial literacy theory may be applied to every sector, since no sector can survive sustainably without having the sustainable financial resource and the financial literacy education plays this role (Prasetya et al., 2021).

The weaknesses of the theory include one of its assumptions that only financial literacy can improve individual behaviour. In the real sense, financial literacy should be complemented with other factors such innate behaviour and individual financial attitudes (Nazah et al., 2022). Studies such as Hashmi et al. (2022) assert that financial attitudes, self-control, and behavioural prejudices affect also the financial

management decisions. Moreover, some financial literacy studies asserted that the improvement of the financial decision behaviour through financial literacy may be attained in the long term (Kaiser et al., 2022). Lack of considering the factors such as individual disparities in personal income economic conditions, financial services, is another weakness because differing in these variables bring the diverse findings (Rahman et al., 2021).

2.4 The Theoretical Gaps

There are scanty studies which have assessed how the financial literacy theory is applied in the semi-formal financial institutions such as savings and credit cooperative societies (SACCOS). Specifically, there are scarce studies which have assessed the influence of the financial literacy in SACCOS contexts. The literature does not explain how the financial literacy theory can be integrated in the SACCOS in the low developing countries like Tanzania where the clients have varied income sources which influence the savings practices. Moreover, application of the financial literacy theory in loan repayment in the SACCOS has not well explored. The literature states that most SACCOS struggle with loan repayment and hence the study assessed whether the financial literacy has promoted the loan repayment in SACCOS. Similarly, the study has assessed how the financial literacy has promoted the borrowing among the SACCOS members. The majority of the previous scholars concentrate on the factors determining the loan repayment among the SACCOS borrowers and not on the influence of loan borrowing and repayment.

2.5 Empirical Literature review

Taneja (2023) using the regression analysis determined the way financial literacy knowledge promoted the banking activities in the Netherlands. The findings indicated that the financial literacy promoted the precise way of money transfers, savings, opening of bank accounts, and loans borrowing in a faster practice and in an effective way. However, the variable of the loan repayment was not covered. Barua and Sane (2014) in India investigated the financial literacy role in the loan for Indian MFI clients using the regression analysis. The findings showed that financial literacy promoted the loan repayment. However, the study did not assess the role of financial literacy on savings and deposits and loan borrowing.

Verma et al. (2024) examined the way the financial literacy promoted the Indian MFIs loan group using the descriptive analysis. The findings indicated that there was weak loan repayment for the group members due to low financial literacy of the group members. However, the variables of savings and deposits and loan borrowing were not included in this study. Alfa et al. (2023) assessed how the gender variable moderated the connection between financial literacy and repayment of loans. Using regression analysis and 90 respondents, the findings showed that the financial literacy predicted the loan repayment among the Nigerian MFI clients. However, the variables of the borrowing and savings and deposits were beyond the study's scope.

Baidoo et al. (2020) investigated how the loan repayment in Ghana was influenced by the financial literacy using regression analysis. The findings indicated that the financial literacy improved the loan repayment. However, the study did not

concentrate on the variables such as savings, deposits and borrowing of loans. Kuchena and Makoni (2023) assessed how the in South African MFIs outreach and growth was influenced by the financial literacy. The study applied the regression analysis and 44 respondents. The study revealed the financial literacy promoted the loan portfolio management, budgeting and investment. However, the variables of the savings and deposits were not covered.

Wakhung and Mbuva (2023) assessed how the financial literacy moderated the association between the characteristics of the clients' loan and SMEs financial performance using the regression analysis and 366 Kenyan respondents who were SME owners. The study showed that that financial literacy in a positive and a significant context moderated the influence of the characteristics of loans and SMEs' the financial performance. However, the variables of savings and deposits and loan repayment was not covered.

Mutegi et al. (2015) using the regression analysis, financial theory and 30 Kenyan SMEs revealed that financial literacy affected the management of the credit, book keeping, loan repayment and budgeting. However, the savings and deposits variables were not covered. Moreover, the study was done on SMEs and not in SACCOS. The analysis of financial literacy on the Ecumenical church congregations was assessed by Wanjiku and Muturi (2015) in Kenya. The regression data analysis indicated that difficult in repaying loans was caused by low financial literacy. Loan repayments, whereas most clients who lacked financial negotiation literacy faced difficulties in

loan repayment. Nonetheless, the study did not focus on the variables of savings, deposits and loan borrowing.

Sayinzoga et al. (2016) analysed the effect of financial literacy on financial behaviour for the Rwandan MFIs clients using the regression analysis. The findings indicated that lack of financial literacy retarded the savings and using of the collateral as condition for borrowing. However, the variable of the loan repayment was not covered. Gaudence et al. (2018) examined how the loan repayment was influence by financial literacy for the Rwandan entrepreneurs who were MFI clients. The study used regression analysis and 178 clients. The study indicated that financial literacy promoted the loan repayment. However, the variables of loan borrowing and savings and deposits were not part of the study.

Mujabi et al. (2022) examined the way the financial literacy affected the clients borrowing form money lenders in Uganda. The study used the regression analysis and 385 respondents. The study indicated that financial literacy positively and significantly influenced the amount of the money to borrow from the money lenders. However, the study did not assess how the financial literacy affected the savings and deposits and loan repayment. Nkundabanyanga et al. (2014) in Uganda learned how the formal credit accessibility was catalysed by terms of lending and financial literacy. The study used the factor analysis and 384 SMEs. The findings showed a significant and a positive connection between lending terms of commercial banks, formal credit access and financial literacy. However, the study concentrated on

commercial banks than MFIs. Also, the savings and deposits and loan repayment were not under assessment.

Redson and Magali (2022) using the multivariate analysis revealed that the financial literacy positively and significantly affected the savings, borrowing and loan repayment activities village community banks in Karagwe district in Kagera region in Tanzania. However, the study was not done in SACCOS which is semi-formal MFIs comparatively with the current study which centred on semi-formal microfinance institutions.

2.6 The Research Gaps

The studies have analysed the influence of financial illiteracy on financial activities in different countries. For instance, Lusardi et al. (2012) and Disney and Gathergood (2013) in USA, Satar and Kassim (2020) in Malaysia. Also, Saifurrahman and Kassim (2021) and Marini et al. (2024) in Indonesia, Bongomin et al. (2020) in Uganda, Bouasria et al. (2020) in Mauritania and Ertiro and Mohammed (2022) in Ethiopia. The scholars reported that the financial literacy affected the performance of MFIs and clients' activities such as savings, budgeting, investment, lending, and investment (Serhiichuket al., 2025). Mmari (2022) has reported the challenge of financial illiteracy for MFIs clients in Tanzania. The problem also has been confirmed by Mwakyusa (2017). Roberts (2025) asserted that lack of financial literacy has accelerated the challenges of over-indebtedness, and inadequate loan amounts for microfinance loan clients who are entrepreneurs in Tanzania. The literature indicates that none of the study has assessed the influence of financial

literacy covering the variables of savings and deposits, loan borrowing and loan repayment in SACCOS or credit unions. The findings also designate that there is no a study, to the best of the author knowledge has been conducted to assess the influence of the financial literacy on the SACCOS' savings and deposits, loan borrowing and loan repayment. Thus, this study was done to accomplish such objective.

2.7 The Conceptual Framework

This study assessed how the concept of financial literacy is applied in SACCOS financial functions of savings and deposits, borrowing and loan repayment. If the SACCOS clients understand well the importance of savings and deposits, they save and deposits better and this promotes the financial wellbeing of the SACCOS' members because regular and proper savings increases the amount of loans to be borrowed by members. Moreover, the knowledge on borrowing the proper amount of loans promotes the repayment and this reduces the stress of the borrowers. Knowledge about the repayment of loans helps the SACCOS borrowers to repay the loans according to the repayment schedules. This increases not only the prosperity of the SACCOS clients but a sustainability and financial performance of the SACCOS in Kagera municipal, in Tanzania and beyond. The conceptual framework is displayed in Figure 2.1.

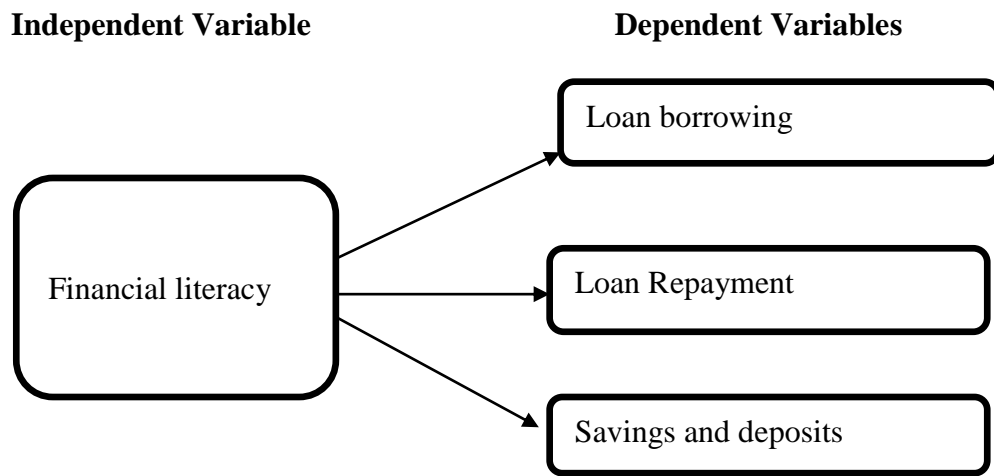


Figure 2. 1: The Conceptual Framework

Source: Own construction based on empirical literature review

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Overview

The chapter presents how the influence of financial literacy on SACCOS savings, deposits, loan borrowing and repayment is conceptualized through the research design, the study approach and philosophy. The chapter also narrates the justification for conducting the study in Kagera municipal. It also justifies the sampling procedure and criteria for sample size selection. How the data was collected and analyzed and how the research tool precision and accuracy were enhanced are also thoroughly presented. Furthermore, this chapter is essential in explaining the accurate way of measuring the variables and indicators used. The chapter confirms that the research ethical issues were considered and adhered.

3.2 The Research Philosophy

The study utilized the positivism philosophy which is applied for the quantitative studies (Saunders et al., 2019). The positivism was employed in this study because the sample size was relatively large and hence permitted the generalization of the findings through the descriptive analysis. Usually, the positivism philosophy is applied when the researcher intends to confirm the relationship of some variables in the theory (Saunders, et al., 2019). The positivism philosophy also permitted the researcher to test the hypotheses in order to infer the relationship among the variables. Through positivism philosophy the researcher confirmed the influence of the financial literacy on the SACCOS' clients' savings and deposits, loan borrowing and loan repayment. Therefore, the positivism philosophy was applied because the

research wanted to approve if the concept of the financial literacy had influence on the SACCOS clients' savings and deposits, loan borrowing and loan repayment.

3.3 Study Design

The research design encompasses the way the study was design and completed (Johnson et al., 2025). The design of research explains all procedures since problem formulation, objective setting, the philosophy that guides the study, the design that fits the study, the viable approaches, instrument, data handling, management and analysis (Dannels, 2018). The study adopted the descriptive design. The descriptive design explains in general view the characteristics of the variables without considering the causative aspects, Hence, the descriptive results can be directly understood by different people with different level of understandings and knowledge (Munyasya & Katuse, 2025). However, the descriptive research requires further verification using the inferential analysis such as correlation and regression analysis (Alford & Teater, 2025).

3.4 The Research Approach

According to Saunders et al. (2019), there are three approaches: induction, deduction and abduction. The induction is suitable for the qualitative studies. The quantitative studies usually are conducted in order to generate the theories, thus way the procedure is called the deduction, means a new way of thinking is generated through testing the assumptions of the theory (Sætre et al., 2021). The deduction method is applied where there is already a theory and the researcher intends to analyze the functioning of the theory in the new scenarios. The study utilized the deductive

approach. The deductive approach for this study was recommended because the study was quantitative and hence the conclusion of the study could be done based on the theory (Saunders et al., 2019). Also, the financial literacy theory has been applied in different field which are not SACCOS, Hence, the study intended to confirm the application of the financial literacy theory in SACCOS environment in Bukoba municipality. Since majority of the studies have analysed the influence of the financial literacy theory on the commercial and formal financial institutions, in this study, the researcher examined the influence of financial literacy theory in focus semi-formal microfinance institutions.

3.5 Description of the Study Area

According to the TCDC (2024), the Kagera region had 47 SACCOS. This study was conducted exactly on SACCOS that were found in Bukoba Municipal, which is among of the seven districts that form the Kagera region of Tanzania. The SACCOS were selected in the six wards that were Rwamishenye, Kibeta, Kashai, Hamugembe, Bilele and Bakoba. These wards were selected because the researcher found that there were a good number of SACCOS clients (Kagera district Council, 2025).

3.6 Target Population

According to Raymond and Darsaut (2025), the population comprises the total number of people or objects that is ought to be studied. The population of the study involved the SACCOS clients in the six wards of the Bukoba municipal. The total population of the SACCOS clients were 390.

3.7 The Sample Size

The researcher used the common sample size computing formula of Yamane (1967).

The formula is presented as:

$$\text{Sample size formula} \quad n = \frac{N}{1 + N(e)^2}$$

Where:

n = Minimum recommended sample size

N = population total number

e = allowed error sampling for social sciences (estimated to be 5%).

Therefore, the calculated minimum sample size is 198. However, as recommended by Ghazali et al. (2022), for minimizing the effects of missing data, 7 respondents were added and the sample size was 205 respondents.

3.8 Sampling Techniques

The study used the simple random sampling to select the 205 SACCOS clients for the survey. Through simple random sampling, all the SACCOS clients who borrowed the loans at least once were listed in a piece of paper and each SACCOS client was signed a specific number. Then each one was assigned a piece of paper. The researcher mixed the piece of paper randomly and each SACCOS member was selected randomly until 198 respondents were reached. This procedure ensured that there was bias in electing the SACCOS members. Scholars assert that the simple random sampling is recommended than other technique of sampling because the technique has got the small sampling errors (Shahzad & Tshung, 2023).

3.9 Methods of Data Collection

This study used the questionnaire, which according to Mikhail et al (2020), questionnaires collect the data in very structured way compared to checklist which is usually used to collect the qualitative data. The questionnaire consisted the questions on the demographic variables and the questions on the influence of the savings and deposits, the loan borrowing and loan repayment. The questionnaire was structured in the sense that consisted on the closed ended questions. Closed ended questions allowed the respondents just to fill in the response or selecting the right response. The questionnaire was pretested to 30 respondents before collecting data to the intended respondents from the study. The pre-testing helped the researcher to correct the errors and mistakes and check whether it could be well responded.

3.10 Variables and Measurement Procedures

According to Tran et al. (2025), variables should be measurable to ascertain the relationship between the independent and dependent variables. The demographic variables were measured using the nominal and ordinal scales. However, as adopted from Redson and Magali (2022), variables of the savings and deposits, the loan borrowing and repayment were measured using the 5-Likert like scales using the following indicators of 1=strong disagree, 2= disagree, 3= not sure, 4=agree and 5= strongly agree while the amount of loan borrowed and repaid will be measured by the exact amount of the loan borrowed and repaid respectively. The variables were taken from the past financial literacy scholars as indicated in Table 3.1.

Table 3.1: Variables and Measurement Procedures

Variables	Measurement indictors	Source	Type of Scale
Financial literacy	The Financial literacy is measured considering the level of SACCOS client's knowledge in savings and deposit, loan borrowing and repayment	Redson and Magali (2022)	Ordinal (5-Likert scales)
Savings and Deposits	<ul style="list-style-type: none"> ✓ Amount of deposit amount ✓ Rate of deposits ✓ Amount of savings amount ✓ Rate of savings 	Serhiichuket al. (2025).	Ordinal (5-Likert scales)
Loan borrowing	<ul style="list-style-type: none"> ✓ Size of Loan ✓ Duration of Loan ✓ Conditions of Loan 	Mujabi et al. (2022)	Ordinal (5-Likert scales)
Loan repayment	<ul style="list-style-type: none"> ✓ Repayment time ✓ Repayment amount ✓ Amount in arrears 	Gaudence et al. (2018)	Ordinal (5-Likert scales)

Source: Empirical Literature Review (2025)

3.11 Data Handling

Before analysis, data was screened to confirm their accuracy and completeness. This aspect was essential before analysis as recommended by Guo et al. (2023), so as to have clean and correct data. After receiving the data, the questionnaires were checked if there were correctly filled. Fortunately, all 205 questionnaires were properly filled and there was no missing information. Thereafter, the outliers checking was done and no outliers were observed. After checking the outliers and missing data, the questionnaires were numbered ready for data analysis. Then the questionnaire was coded by assigning the response, the nominal and ordinal scales.

3.12 Data Analysis

Data analysis involves breaking out the data in order to give the meaningful pattern

(Samuelsson, 2025). This study applied the descriptive data analysis. The descriptive analysis usually gives the full picture of the existing situations (Johnson et al., 2025). The study used the measures of the central tendencies such as percentages and averages. The descriptive analysis in this study explained what were the average responses of the SACCOS clients on the influence of the financial literacy on savings and deposits, loan borrowing and loan repayment. The descriptive analysis, as presented in the chapter of the results and discussions (chapter four). The descriptive statistics summarized in the general view on the influence of the independent variables on the dependent variables.

3.13 Validity

Validity refers to measuring precisely of what was intended (Chetwynd, 2022). The researchers ensured that the questionnaires construction was guided by the indicators and variables of the specific objectives. After the researcher's consultation with the supervisor and the financial literacy experts, all questions which did not align with the specific objectives of the study were dropped. The experts in SACCOS and the financial literacy both in the Bukoba municipal and Kagera region were consulted to recommend on the questions in the questionnaire. The variables from the study were taken from the previous scholars and the researchers pre-tested the questionnaire to 30 respondents who were not the respondents of this study. The researcher ensured that variables of the study were adopted from the previous financial literacy scholars who conducted the same study.

3.14 Reliability

Reliability is concerned with showing the precision of the research tool (Ledford et al., 2018). Usually, the validity is measured using the Cronbach alpha statistics and the researcher should the questionnaire if the reliability values are the acceptance ranges (Quansah, 2017). According to the Quansah (2017), the research tools and data are considered as reliable when the reliability value of the Cronbach alpha coefficient is 0.7 and above. The findings in Table 3.1 indicates the reliability figures. The data from Table 3.1 shows that each variable has a coefficient of 0.7 and above proving that the questionnaire and data were reliable.

Table 3.1: Reliability Coefficients for Variables

Type of variable	Number of Variable	Cronbach Alpha
Savings and deposits	4	0.779
Loan borrowing	3	0.788
Loan repayment	3	0.824

3.15 Ethical Issues Consideration

As recommended by Senghore and Omotosho (2025), the researcher ensured that all key research ethics have been followed upon. Therefore, the researcher was permitted to collect data by the Open University of Tanzania and the Bukoba Municipal Director as per appended clearance letters. Moreover, the respondents' anonymity, privacy and confidentiality were well thought-out and adhered to. Before participating in the research, the researcher asked the respondents if they were

willingly to do so. The researcher did not force any respondents to participate in the research if they were not being willing. If the respondents were not willing to take part in the study, the researcher opted for other willing respondents. The researcher ensured that the respondents were well treated by respecting their humanity. Finally, the researchers used the real data and avoided the fabricated data were not part of the study. All the references used in the study were cited completely and the researcher avoided making falsification of the data.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Overview

This chapter narrates what do the findings of study display. Then, the results are discussed and their implications are explained accordingly.

4.2 The Response Rate

The researcher distributed 205 questionnaires and 205 questionnaires were returned. Hence, the rate of the response was 100%. This rate was achieved because the researcher elaborated the research's objectives well. Also, the municipal cooperative officer sensitized the SACCOS clients on the importance of filling quickly and correctly the questionnaire and he emphasized that it was essential that the questionnaire should be returned earlier. Bonafiglia et al. (2021) stressed that it is possible to achieve the 100% rate of the response if there is better collaboration between the researcher and the respondents.

4.3 Demographic Characteristics

Demographic features are well delineated in the following sections.

4.3.1 Age of the SACCOS Clients

Age analysis of the SACCOS clients in Bukoba Municipal is shown in Table 4.1. The findings show many of clients (47%) had 36-50 age ranges. The findings indicates that SACCOS have been devised to enable the young population to access the financial services and increase their income. Similar to the finding of this study,

Tekalign (2017) found that majority of SACCOS' clients in Ethiopia had the same age ranges. The findings imply that SACCOS attracted the youths and active age people to join with. These categories of people were the ones who borrowed loans and invested in a viable economic activity. Hence, the findings show that SACCOS was important catalyst of economic activities' investment for the youth and active working group. The other working groups' findings are displayed well in Table 4.1.

4.3.2 Gender of the SACCOS' Clients

The gender analysis show that women were well attracted to join the SACCOS than the men. This is approved by frequency statistics where the women scored the 58 percentages. Many scholars have witnessed that the majority of the majority of the SACCOS clients for the community-based SACCOS were women. For instance, Mwaipaja and Magali (2024) exposed that 61% the SACCOS' clients in Tanzania were females. However, Magali (2022) disclosed that males were 57 percent compared to female clients who were 48% percent. The data shows that averagely that women clients exceeded the male clients. The data displays the active role played by SACCOS promoting the availability of the financial service to the women clients who are treated as a disadvantaged group.

4.3.3 Respondents' Marital Status

Table 4.1's findings indicate many of the clients (91%) were married partners. The married partners usually had many responsibilities and hence the SACCOS provided the savings and deposits services and loans who used to operate the married households' income needed consumptions (Magali, 2022). The findings indicate the

married people required the SACCOS services in very high levels and hence the existence of SACCOS in the Bukoba municipality was highly valuable. The findings concur Magali (2022) who disclosed that majority of SACCOS clients in the Mvomero district were married. Mwaipaja and Magali (2024) further disclosed that married partners comprised high numbers in the community based and employed based SACCOS in Tanzania.

4.3.4 Sources of Income

The findings show that 72% of the SACCOS' clients were employed. The data manifest that most of the employed workers joined SACCOS so as to supplement their income with their monthly salaries. Mwaipaja and Magali (2024) indicated that 85% of community and employed SACCOS in Tanzania were employed. The employed clients found the SACCOS were very useful because they clients used their presence to access the microfinance services such as savings and deposits and borrowing the loans that promoted the social economic activities and hence the economic wellbeing of the clients. The findings confirm the vital role of the SACCOS in promoting the economic activities not only for the employed individuals but also for those who were self-employed.

Table 4.1: Demographic Characteristics of the SACCOS Clients

Age of respondents	Frequency	Percent
18-35	78	38.0
36-50	97	47.3
50 and above	30	14.6
Sex		
Male	86	42.0
Female	119	58.0
Marital Status		
Single	11	5.4
Married	186	90.7
Divorced	3	1.5
Widow/widower	5	2.4
Source of Income		
Business	39	19.0
Agriculture	2	1.0
Employment	149	72.7
Technical works	15	7.3

Source: Field data (2024)

4.3.5 The Number of Dependents

The information on the number of dependents indicates that majority (48%) were having the number of dependents 4-6. The high number dependents usually influence the family consumption and expenditures and hence distort the loan repayment (Mwaipaja & Magali, 2024). Moreover, Donat et al. (2021) revealed that 31% of the SACCOS clients in Rwandan Kirehe district were having 4-6 dependents. The study discouraged large number of the children because they perceived that they increased the responsibility burden in the households. However, the households who had good income status did not perceive the large number of dependents as a burden since their income level managed handling the family responsibilities.

Table 4.2: Number of Dependents

Number of Dependents	Frequency	Percent
1-3	55	26.8
4-6	99	48.3
7 and above	43	21.0
None	8	3.4
Total	205	100

4.3.6 Membership Years

The findings in Table 4.3 indicates that many (66%) of clients had experience with SACCOS about 2-5 years. This was the reasonable time for a member to experience various activities of the SACCOS such as savings and deposits, loan borrowing and loan repayment. The findings signify that the respondents really were having adequate information about the SACCOS operations and hence prompt the readers to accepts the given information. Being experience in SACCOS exposed members to share skills and experiences about the SACCOS operations and genuinely helped them to participate actively in SACCOS activities. Experience in SACCOS functions promoted members to use the services in SACCOS effectively and this enhanced the performance and sustainability of the SACCOS. Therefore, the findings justify that SACCOS in Kagera region could be sustainable if the clients use their experiences to promote the SACCOS functions. The findings concur with Magali (2022) who ascertained that SACCOS members in Mvomero district had a borrowing experience up to six years and above. The Table 4.3 summarizes the findings of the study about membership experiences in years.

Table 4.3: Membership in Years

Membership Years	Frequency	Percent
Less than 1	39	19.0
2-5	135	65.9
More than 5	31	15.1
Total	205	100.0

4.3.7 The Amount of the Loans Borrowed

Table 4.4 stipulates the findings on the amount of loans borrowed from the SACCOS clients from Bukoba Municipality. The findings show that clients worth 28% borrowed from Tanzanian Shillings (TZS) from TZS 500,000 up to 1,000,000. The findings indicate that many of the SACCOS members did not borrow the high amount of loans due to different reasons. Firstly, due to their low experiences in SACCOS, it was difficult for them to handle the large amount of loans. Moreover, the financial literacy education on handling was not adequate to promote them to handle the larger amount of loans. Some of them also hesitated to borrow the larger amount of loans in order to reduce the risk of non-repayment. Therefore, the financial literacy education especially on the loan borrowing and repayment is required in order to promote clients to borrow the larger amount of loans and handle the loan properly. The findings confirm that of Magali (2022) who disclosed that SACCOS clients in Mvomero district borrowed the loan up to 5 million. However, the findings indicated that majority of the borrowers failed to repay their loan timely and hence the SACCOS accumulated large number of loan arrears.

Table 4.4: Amount of Loan Taken

Amount in Tshs	Frequency	Percent
100000-500000	51	24.9
510000-1000000	58	28.3
1010000 – 1500000	26	12.7
1510000 – 2000000	33	16.1
Above 2000000	11	5.4
Total	205	100.0

4.3.8 Amount of Loan Repaid

Table 4.5's results show that the loans that ranged TZS 100,000 to 500,000 led in repayment. The findings designate that many of the SACCOS borrowers had capability to manage the small amount of loans. The findings depict that in order to promote the repayment of loans carefully appraisal of loans on the repayment capacity was required. The exercise of stringent loan appraise was necessary to ensure that borrowers were given loan that could manage and this was essential for promoting the loan repayment. Therefore, the SACCOS should not disburse large amount of the loans to the borrowers who cannot manage the loans properly. Disbursing loans to borrowers who unable to repay the loans timely could entertain the non-loan repayment and could jeopardize the loan repayment performance for SACCOS in Bukoba municipal. This ultimately could endanger the sustainability of the SACCOS in the district. The findings are in tandem with that of Abimbola (2021) who proved the influence of loan size on the loan repayment performance of microfinance banks in Nigeria. The findings contradict that of Mwanukizi et al. (2024) who revealed that loan size positively promoted the loan repayment of youth-based loans in Tanzania. However, Kiros (2022) did not confirm the influence of loan size on the loan repayment in Ethiopia.

Table 4.5: Amount of Loan Repaid

Amount in Tshs	Frequency	Percent
100000 -500000	83	40.5
510000-1000000	23	11.2
1010000 – 1500000	19	9.3
1510000 – 2000000	12	5.9
Settled	42	20.5
Total	179	87.3
Not responded	26	12.7
Total	205	100.0

4.3.9 Loan Purpose

Table 4.6's results display that 85% of SACCOS clients borrowed the loan to operate the businesses. The findings designate that most of clients in the SACCOS in Bukoba municipal were entrepreneurs and hence operated the businesses. Therefore, the SACCOS provided the capital to run the business activities. In other words, the existence of SACCOS' in Bukoba municipal provided the opportunity to enable the growth of businesses to the entrepreneurs. The findings concur that of Magali (2022) who disclosed that the SACCOS in Mvomero district promoted the business positively and significantly. Many SACCOS clients borrowed to operate the businesses because the businesses ensured the constant and stable income than the activities which took long time such as agricultural activities. The findings show that the SACCOS was an essential source of capital for business operations in Kagera Municipal council.

Table 4.6: Purpose of Loan

	Frequency	Percent
Investment	175	85.4
Paying bills	4	2.0
Total	179	87.3
Not responded	26	12.7
Total	205	100.0

4.3.10 Challenges in Managing Loans

SACCOS respondents were requested to indicate Yes or No whether they experienced problem in managing loans borrowed from SACCOS. About 58% of SACCOS clients responded that they experienced the problem in managing the SACCOS' loan. This problem was caused by the financial illiteracy. Usually, the clients were trained for about 2 days before the disbursement of loans. However, the findings display that training of two days before loan disbursement was inadequate to make them manage the loan properly. Therefore, much training on business management was required before disbursement of loans. This could orient the borrowers to learn deeply on how to operate the business profitably. This in turn could promote the loan repayment. The findings confirm that of Endris (2022) who disclosed that the financial literacy helped the MFI to keep well the financial information and records and hence promoted the MFI clients' loan repayment in Ethiopia.

Table 4.7: Do you have Problems in Managing Loan?

	Frequency	Percent
Yes	61	29.8
No	118	57.6
Total	179	87.3
Not responded	26	12.7
Total	205	100.0

4.3.11 Borrowing for Repaying the Current Loans

Table 4.7's results revealed one the cause of financial illiteracy problem, where 35% of SACCOS clients borrowed from SACCOS in order to repay their existing loans. This was the sign of financial illiteracy among the SACCOS clients. Borrowing from SACCOS in order to repay the other loans distorted the SACCOS loan repayment since the borrowing initially aimed to promote the economic activities such as businesses and not for repaying the current loans. Hence, training on the financial literacy was inadequate by these findings. Borrowing in order to repay the current loans is the cause of the multiple loans and multiple loans cultivates the loan default. The findings designate that more training on the wise borrowing was required in order to sensitize the SACCOS clients to borrow for economic purposes and not for repaying the current loans. The findings concur that of Kiptoo et al. (2015) who found that some MFIs clients in Kenya had multiple borrowing and this influenced negatively the loan repayment.

Table 4.8: Relying on Borrowing to Repay Loans

Response	Frequency	Percent
Yes	71	34.6
No	108	52.7
Total	179	87.3
Not responded	26	12.7
Total	205	100.0

4.3.12 Client Training in Financial Matters

SACCOS clients were asked if had been trained on the financial matters. About 86% accepted that they had being trained but insufficiently. Therefore, the findings imply that training in financial matters should conducted sufficiently. Adequate training in financial matters is essential for promoting the financial skills of the SACCOS members. Financial literacy training is essential for promotion of financial matters understandings to the clients such as savings, deposits, borrowings, investment and other financial decisions. For the training to be beneficial adequate time is needed. The adequate training time allows the interactions between the trainer and SACCOS clients and hence fosters the deep understanding of the financial concepts. The finds are similar to Lusardi et al. (2012) who reported that poor financial literacy in USA weakened the financial planning for the retirees and ultimately it reduced the wealth accumulation and retirees' participation in the financial markets. Similarly, Saifurrahman and Kassim (2021) affirmed that Indonesians MFI clients experienced the skills on low financial literacy and this distorted their business performance.

Table 4.9: Training in Financial Matters

Sex	Frequency	Percent
Yes	176	85.9
No	29	14.1
Total	205	100.0

4.3 Financial Literacy Influence on Borrowing

About 91 % of the SACCOS clients asserted that they had been trained on the borrowing principles before borrowing. Majority asserted that they had been trained on the basic principles of borrowing. However, the training time was not adequate and this limited their level of awareness of the financial matters. The findings designate that training required adequate time to impart the skills to the SACCOS clients on the financial matters. Training on proper amount to borrow and timely repayment skills was essential to promote borrowing the proper amount, borrowing wisely and utilizing the loans according to the presumed purposes. Therefore, the financial literacy training could be successfully if trainees were given adequate time to familiarize themselves with the financial concepts and this could cultivate their proper application. The findings are similar with Bongomin et al. (2020) who declared that limited financial literacy in Uganda for the MFI clients deterred their understanding of multifaceted financial products. Bouasria et al. (2020) bared that in Mauritania poor financial literacy resulted into poor financial activities execution for the MFI clients.

Table 4.10 Financial Literacy Role on Borrowing

Financial literacy on borrowing		SD	D	N	A	SA
I have been trained on the importance of loan borrowing	Freq (F)	9	5	5	116	70
	%	4.4	2.4	2.4	56.6	34.1
I have been trained on the proper amount of loan to borrow	F	5	7	7	116	70
	%	2.4	3.4	3.4	56.6	34.1
Before receiving the loan I have been trained on how to use my loan properly	F	7	4	9	101	83
	%	3.4	2.0	4.4	49.5	40.7
I have been trained to consider risk management before borrowing	F	5	5	6	113	76
	%	2.4	2.4	2.9	55.1	37.1
The financial literacy I have has helped me to borrow wisdom	F	4	4	3	107	87
	%	2	2	1.5	52.2	42.4

Key: SD=strongly disagree D= Disagree N=Not Sure A=Agree SA=strongly agree

4.4 Financial Literacy on Loan Repayment

The findings confirmed that approximately 91 percent of clients in SACCOS received the had loan repayment trainings. The data show that majority of SACCOS members had an awareness on why is essential to repay the loan timely. This training is essential since loan repayment in SACCOS facilitated earning the income for the operation of the SACCOS. When the SACCOS clients pay the loans, the interest is collected and this interest is one of the SACCOS incomes. Hence, proper repayment of loan promotes the performance and sustainability of the SACCOS. When members of the SACCOS pay loans according to the contract makes the SACCOS to run smoothly their economic activities. Various scholars have emphasized the important of training SACCOS clients on savings and deposits. Gaudence et al. (2018) examined how the loan repayment was influence by financial literacy for the Rwandan entrepreneurs who were MFI clients. The study indicated that financial literacy promoted the loan repayment. Alfa et al. (2023) assessed how the gender

variable moderated the connection between financial literacy and repayment of loans. The findings showed that the financial literacy predicted the loan repayment among the Nigerian MFI clients. Baidoo et al. (2020) indicated that the financial literacy improved the loan repayment for MFI clients in Ghana.

Table 4.11: Financial Literacy and Loan Repayment

Financial literacy on loan repayment		SD	D	N	A	SA
I have been trained on the importance of loan repayment	F	5	7	7	100	86
	%	2.4	3.4	3.4	48.8	42
The financial literacy I have has helped me to repay the loan according to the loan contract	F	6	11	5	95	88
	%	2.9	5.4	2.4	46.3	42.9

Key: SD=strongly disagree D= Disagree N=Not Sure A=Agree SA=strongly agree

4.5 Role of Financial Literacy on Shares and Deposits

The SACCOS clients approximately 88% asserted that the training they received had a component of the savings and deposits. The findings show that at least many SACCOS clients were aware on the role of savings and deposits in SACCOS. Savings and deposits in SACCOS are essential because the savings and deposits are used in many ways that promote the economic stability and wellbeing of the SACCOS members, the performance and sustainability of the SACCOS. The savings for members is used to decide on the amount of which is to be borrowed. Most of the SACCOS sat regulations to lend members amount of the loan three times of the members' savings and deposits. Grigoryan et al. (2024) asserted that mandatory based deposits are essential for MFIs that serve the poor because increases the outreach. In Sub-Saharan Africa, Moyo et al. (2024) affirmed that high level of savings and deposits improved the sustainability of the MFIs. Rakiro (2022) asserted

for MFIs in Kenya, increase of savings and deposits boosted the amount of SACCOS funds which was used as loans for borrowing.

Table 4.12: Financial Literacy on Shares and Deposits

		SD	D	N	A	SA
I have reasonable shares and deposits in my VICOBA Group	F	7	8	10	100	80
	%	3.4	3.9	4.9	48.8	39
I have been trained on the importance of depositing shares and deposits	F	9	8	5	111	72
	%	4.4	3.9	2.4	54.1	35.1
The financial knowledge and skills I have, helped me to deposit the reasonable shares and deposits	F	5	6	8	87	99
	%	2.4	2.9	3.9	42.4	48.3

Key: SD=strongly disagree D= Disagree N=Not Sure A=Agree SA=strongly agree

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.1 Overview

This chapter summarizes the descriptive findings on the influence of SACCOS functions on the financial literacy on savings and deposits, loan borrowing and loan repayment. Then, the chapter concludes what has been researched. The theoretical, policy and practical implications then are presented to elucidates the significance of the study. recommendation. The researcher finally presents the limitations of this study and recommends the financial literacy future studies which should be considered.

5.2 Summary of Findings

After data analysis and discussion, the study neatly summarizes the observed findings analyzed from specific objectives.

5.2.1 The Financial Literacy Influence on Clients' Loan Borrowing

About 91 % of the SACCOS clients asserted that they had been trained on the borrowing principle before borrowing. Majority of clients declared that they have been trained on proper borrowing. However, the training time was not adequate and this limited their level of awareness of the financial matters regarding borrowing. The findings designate that training required adequate time to impart the skills to the SACCOS clients on the borrowing financial matters. Therefore, the short training duration hindered them to conceptualize clearly the concepts of borrowing the proper amount, borrowing wisely and utilizing the loans according to the presumed

purposes. However, the financial literacy training could be utilized well if trainees were given adequate time to familiarize themselves with the financial concepts and this could cultivate their proper application.

5.2.2 Financial Literacy Influence on Clients' Loan Repayment Performance

The findings confirmed that approximately 91 percent of clients in SACCOS received the had loan repayment trainings. However, SACCOS' clients asserted still they required more trainings that will foster their deep understandings on the strategies to enhance the timely loan repayment. The data show that majority of SACCOS members had an awareness on why is essential to repay the loan timely. However, they lacked the skills on the effective strategies to ensure the timely loan repayment. The training on loan repayment strategies was essential since loan repayment in SACCOS facilitated the operation of the SACCOS. When the SACCOS clients pay the loans, the interest is collected and this interest is one of the SACCOS incomes. Hence, proper repayment of loan promotes the performance and sustainability of the SACCOS. When members of the SACCOS pay loans according to the contract make the SACCOS to run smoothly their activities.

5.2.3 The of Financial Literacy Influence On Clients' Savings and Deposits

The findings indicated that SACCOS clients approximately 88% asserted that the training they received had a component of the savings and deposits. The findings show that at least many SACCOS clients were aware on the role of savings and deposits in SACCOS. Savings and deposits in SACCOS were essential because the savings and deposits were used to promote the economic stability and wellbeing of

the SACCOS members and the performance and sustainability of the SACCOS. The savings for members was used to decide on the amount of that was to be borrowed. The SACCOS in Bukoba municipality set regulations to lend members amount of the loan three times of the members' savings and deposits. Hence, training on effective savings and deposited ought to increase the amount of the loan borrowed.

5.3 Conclusion

The findings designed that the SACCOS clients in Bukoba municipality were trained on proper savings and deposits, loan borrowing, and loan repayment. However, the findings indicated that the trainings took shorter time and hence, the SACCOS' clients did not understand well the concepts. The findings demonstrated that there was a challenge in implementation of the trainings on the proper savings and deposits, effective loan borrowing and timely loans repayment. Hence, as far as the meaning of the financial literacy is concerned, the SACCOS clients understood partially the comprehensive meanings of savings and deposits, proper borrowing and timely loan repayment. The low level of understandings of the financial literacy concepts can be manifested with the SACCOS clients' responses on their low performance of the savings and deposits, loan borrowing and loan repayment activities. The findings showed that clients in Bukoba Municipality did not save and deposit, borrow the loan desired amount and repay their borrowed loans at the recommended higher levels.

5.4 Recommendations

The findings on the influence of financial literacy on the SACCOS clients' savings and deposits, loan borrowing and loan repayment gives the researcher opportunity to

recommend the following:

5.4.1 Recommendations for SACCOS

Based on the findings on the level of SACCOS clients' savings and deposits, loan borrowing and loan repayment, the SACCOS is recommended to organize the trainings on savings and deposits, loan borrowing and loan repayment. Before the training the deep training needs analysis for the SACCOS clients should be conducted. The training needs analysis will reveal the areas of weaknesses on the savings and deposits, loan borrowings and loan repayments. The training needs analysis should be done by experiencing experts to reveals all areas of the weaknesses through which the training will be conducted.

The trainings should be conducted by the financial skills experts who emphasize on the practical and participatory approaches. The training should take a considerable duration. This will allow the SACCOS clients to comprehend the concepts of the savings and deposits, proper borrowing and proper loan repayment in a deeper and a practical way. The training evaluation is essential during the training, at the end of the training and after trainings in order to reveal the areas of the weaknesses and to take corrective actions when required. In this way the training will promote the SACCOS clients in the Bukoba municipality to deeply understandings the financial concepts of the savings and deposits, loan borrowing and loan repayments. Understanding well of the financial literacy concepts by the SACCOS clients will promote practical applications of them. It is better to assert that financial literacy comprises both understandings and application of the financial literacy concepts.

5.4.2 Recommendations for Government

The policymakers, the Tanzania Cooperatives Development Commission (TCDC) and the government in particular should devise and amend the policy regarding the financial literacy. The researcher is aware that the TCDC has set the regulation to ensure that the SACCOS set the budget for training their clients on the financial literacy. However, the TCDC has not set the follow-up criteria to confirm if the SACCOS' clients have been trained on various matters, and if they have been trained satisfactorily. Therefore, the TCDC, the ministry of agriculture, foods and cooperatives and the government in particular should set the policies which ensure that the training have been conducted and evaluated.

The policy should specify the types of mandatory trainings that the SACCOS members should be trained on. Further the policy should state the type of the trainings, the number of trainings and the criteria which justify the qualification of the trainer. The policy also should specify the time of the training and training environment. The policy should narrate on how to evaluate the training outcomes. By having a financial literacy training policy, the financial literacy training for the SACCOS members will be effective and will have an opportunity to provide the impacts to the trainees. The training policy will make members to have desirable training contents on the savings and deposits, loan borrowing and loan repayment. By training the members well, they will manage to increase the savings and deposits levels, borrow the proper loan amount and pay their loans according to the contract and this will increase the financial well beings of the SACCOS clients and financial performance of the SACCOS. Hence, the policy will promote the understanding and application of

the financial literacy concepts and make the financial literacy training useful to SACCOS and their clients.

5.5 Contribution of the Study to Theories

The findings of this study contribute to the financial literacy theory which recognizes the role of the financial literacy on enhancement of the financial wellbeing of the trained participants. Scholars have emphasized that the financial literacy should contain the understandings of the financial concepts such as borrowing, investment, budgeting and all financial transactions. Also, scholars regard the financial literacy as the ways the financial the individuals apply what they have studied. As far as this stud is concerned the scholars asserted that the SACCOS clints applied partially the financial literacy theory. Since, the trainings were conducted in a limited time and the SACCOS clients failed to comprehend the details of the financial literacy. Therefore, the very short training discourages the SACCOS clients to apply the financial literacy concepts.

Therefore, the findings show that the financial literacy theory did not well achieve the intended objectives because the SACCOS clients learned only the financial concepts but did not well apply them. The study contributes to the theory of financials literacy through explaining the role of financial literacy in the semi formal financial institutions such as SACCOS. Despite the semi-formal financial institutions (SACCOS) took initiatives by training the SCCOS members on the financial literacy, did not have strategies to ensure that the financial literacy concepts might be applied. Hence, from the findings if the study, it is evident that training individuals on the

financial literacy is not adequate. What is required after the trainings in to ensure that the individuals apply what have been taught. The financials literacy theory also does not explain the mechanisms that reinforces the trainings. Since, individuals might be trained on financial literacy and the challenges may be manifested during the practical applications on the financial literacy concepts.

5.6 The limitations of the Study

The study assessed the influence of the financial literacy on the SACCOS financial functions on the savings and deposits, loan borrowing and loan repayment. The existing study considered only SACCOS which is the semi-formal financial institutions. In this case, the findings may not to be generalized for every microfinance institution in Bukoba municipal and Tanzania. The current studies also concentrate on the descriptive analysis which generalize only the concepts and may results into the sampling error. The current study used the measures of central tendencies that are the mainly mean and percentages to analyze data. The descriptive analysis limit cause-effect explanation of the variables. The current study also focused only in Bukoba municipal, covering only in one district limit the generalization of the findings in other municipals of Kagera region and other regions in Tanzania. The existing studies also concentrated on the role of financial literacy on the SACCOS functions. This denies the explanation of the role of financial literacy on other financial concepts such as women empowerment, efficiency, performance, outreach and sustainability of SACCOS and other microfinance institutions.

5.7 Direction for Future Studies

The future studies may focus on other financial services such as loan remittances, microinsurance and training services. The future studies also may focus on other financial institutions such as village community banks and non-government institution microfinance institutions. The future studies should focus on the inferential analysis such as correlation, regression, factor analysis and structural equation modelling. The inferential analysis usually draws the cause-effect relationship between the independent and dependent variables. The explanation on how the independent variables influence of dependent variables could give the picture on the level that the independent variable influences the dependent variables. The future studies should cover the broader areas such as zones and the whole Tanzania. The inter-countries comparisons also are recommended for the future studies. The future studies may examine the role of financial literacy on other financial concepts such as women empowerment, efficiency, performance, outreach and sustainability of SACCOS. The role of the financial literacy may be extended to analyze women empowerment, efficiency, performance, outreach and sustainability in other microfinance institutions such as village banks, non-governmental organizations MFIs.

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APPENDICES

Appendix 1: Questionnaire for Beneficiaries/group members of SACCOS in Bukoba Municipal

Thank you for being one of the participants to be interviewed as a group member of saving and credit cooperation society (SACCOS) under Cooperative Office in Bukoba Municipal Cluster. The sole purpose of interviewing you is to solicit information that will help other stakeholders and partners to improve in the positive way for more impact realization through SACCOS interventions.

Name of interviewer -----

Date of interview-----

Name of interviewee-----

Name of village-----

SECTION A: GENERAL DATA.

Please choose an appropriate answer by putting a tick in the space provided.

1.	What is your age?Years	2	What is your sex.....
3.	Please indicate the number of your dependents.....people	4	Marital status: Single { } Married { } Divorced or separated{ } widow/widower { }
5.	What is your source of income? Business { } Employment{ } agriculture { } technical works{ }	6.	For how long have you been a member of this microfinance?.....years

Name of SACCOS which serves you_____

1. What was the amount of loan taken from last loan?_____Tshs
2. What was the purpose taken from the loan?_____
3. what is the amount of loan you have paid according to loan's contract?...Tshs
4. What is the value of shares you own in the SACCOS.....Tshs
5. What is the value of the amount of shares and other deposits do you own?
.....Tshs
6. Have you been trained on financial matters since you have joined SACCOS?.
Yes.....No.....

SECTION B: Questions based on specific objectives

INFLEUENCE OF FINANCIAL LITERACY ON LOAN BORROWING

4. For the following statements, please indicate the level of agreement or disagreement on the following statements, 1=Strong disagree. 2= Disagree, 3= Not sure, 4=Agree and 5= Strongly Agree

LOAN BORROWING / INDICATOR	1	2	3	4	5
1. I have been trained on the importance of loan borrowing					
2. I have trained on the proper amount of the loan to borrow					
3. Before receiving loan I have been trained on how to use my loan properly					
5. I have being trained to consider the risk management carefully before borrowing					
6. The financial literacy I have has helped me to borrow in Wisdom					

LOAN REPAYMENT	1	2	3	4	5
1. I have been trained on the importance of loan repayment					
2. The financial literacy I have has helped me to pay loan according to the loan contract					

SHARES AND DEPOSITS / INDICATOR	1	2	3	4	5
1. I have been trained on the importance of depositing shares and deposits					
2. I have the reasonable share and deposits in my SACCOS account					
3. The financial knowledge and skills I have has helped me to deposit the reasonable shares and deposits					

Appendix 2: OUT Clearance Letter

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF EDUCATION, SCIENCE
AND TECHNOLOGY



THE OPEN UNIVERSITY OF TANZANIA

Ref. No OUT/PG201507208

4th October, 2024

Municipal Director,
 Bukoba Municipal Council,
 P.O.Box 284,
 KAGERA.

Dear Director,

RE: RESEARCH CLEARANCE FOR MR. FRABIUS NGEMELA, REG NO:
PG201507208

The Open University of Tanzania was established by an Act of Parliament No. 17 of 1992, which became operational on the 1st March 1993 by public notice No.55 in the official Gazette. The Act was however replaced by the Open University of Tanzania Charter of 2005, which became operational on 1st January 2007. In line with the Charter, the Open University of Tanzania mission is to generate and apply knowledge through research.

2. To facilitate and to simplify research process therefore, the act empowers the Vice Chancellor of the Open University of Tanzania to issue research clearance, on behalf of the Government of Tanzania and Tanzania Commission for Science and

Technology, to both its staff and students who are doing research in Tanzania. With this brief background, the purpose of this letter is to introduce to you **Mr. Frabius Ngemela Reg.No: PG201507208**), pursuing Master of Project Management (MPM). We here by grant this clearance to conduct a research titled “The Role of Financial Literacy on Clients’ Participation on SACCOS’S Activities in Bukoba Municipal, Kagera Region”. He will collect his data at your area from 7th October to 30th November 2024.

3. In case you need any further information, kindly do not hesitate to contact the Deputy Vice Chancellor (Academic) of the Open University of Tanzania, P.O.Box 23409, Dar es Salaam. Tel: 022-2-2668820. We lastly thank you in advance for your assumed cooperation and facilitation of this research academic activity.

Yours sincerely,

THE OPEN UNIVERSITY OF TANZANIA



Prof. Gwahula Raphael Kimamala

For: VICE CHANCELLOR

Appendix 3: Bukoba Municipal Clearance Letter

THE UNITED REPUBLIC OF TANZANIA
PRESIDENT'S OFFICE
REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT

BUKOB A MUNICIPAL COUNCIL
(All Correspondences should be directed to the Municipal Director)

When replying please mention:

Ref.No. BMC/A.74/185/01/22

14/08/2024

The Open University of Tanzania,
Director Postgraduate Studies,
Kawawa Road, Kinondoni Municipal,
P.O. Box 23409,
DAR ES SALAAM.

REF: CLEARANCE LETTER FOR FRABIUS FERDINAND NGEMELA

This is to certify that Frabius Ferdinand Ngemela, student of Open University of Tanzania pursuing Master of Project Management (MPM) has been collecting data from different SACCOS in Bukoba Municipal Council for his Research proposal titles "The Role of Financial Literacy on Clients' Participation on SACCOS Activities in Bukoba Municipal Council in Kagera. Region".

2. The Candidates reported at Cooperative Office from **05/06/2024** to **06/07/2024** for the request of collecting data from different SACCOS for his Masters Research thesis. The SACCOS visited were; Bukoba Municipal Teachers SACCOS, Matumaini Mapya SACCOS, Bukoba Tuinuane WOMEN SACCOS, VETA Kagera SACCOS, Bukoba Staff Government Referral Hospital SACCOS, Tumejiajiri SACCOS and Imani SACCOS.

3. This Certificate of Clearance is Issued for whatever purpose it may serve the best regarding his research.

Sincerely yours,


 Obadia M. Kyakajumba
COOPERATIVE OFFICER
BUKOB A MUNICIPAL COUNCIL

AFISA USHIRIKA
HALMASHAURI YA MANISPAA YA
BUKOB A