

**THE EFFECT OF COMMERCIAL BANK SERVICES ON THE WELFARE OF THE
CLIENTS IN UGANDA. A CASE STUDY OF TORORO MUNICIPALITY.**

BY

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APR 2022.

DECLARATION.

I, **OTENGE ELIAS OMUSUGU** do here by declare that this research dissertation on

“THE EFFECT OF COMMERCIAL BANK SERVICES ON THE WELFARE OF CLIENTS IN UGANDA” is entirely my own original work, except where acknowledged, and it has not been submitted before to any other university or institution of higher learning for any other academic award.

Signed.....

Date.....

APPROVAL.

This is to certify that this research dissertation entitled “**THE EFFECT OF COMMERCIAL BANK SERVICES ON THE WELFARE OF CLIENTS IN UGANDA**”, by **OTENGE ELIAS OMUSUGU** has been prepared under my supervision and submitted to Busitema University Nagongera Campus in partial fulfillment for the requirements of the award of Bachelor’s degree in Science and Education (Mathematics and Economics).

MR. MUGISHA INNOCENT

(Supervisor).

Signature..... Date.....

DEDICATION.

To my Mum Awor Christine, Dad Omusugu Patrick, Brother Elisa Marico.

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LIST OF ACRONYMS

GDP: Gross Domestic Product.

Std.dev: Standard Deviation.

TMU: Tororo Municipality Uganda.

CDs: Certificate of Deposit.

NGOs: Non-Governmental Organizations.

CCTV: Closed Circuit Television.

BFA: Bankable Frontiers Associates.

ABSTRACT

Commercial banks offer financial services to improve the welfare of its clients with the view towards achieving better welfare. Hence, this study sought to establish the effect that commercial bank services for example the financial savings mobilization, access to credit of finance and the challenges facing the commercial banks when delivering financial services to its clients and their possible solutions had on the welfare of the clients and the factors that affects the client's welfare for example reduction in saving tendencies as a result of high interest rates, Bankruptcy, Repayment default, Increase in consumption pattern, Insecurity in Tororo Municipality-Uganda. The research study comprised of about four commercial banks operating within TMU. The researcher used the following criteria for selecting the commercial banks: date of publication, reliability of the source of information, the extent of contribution of the text to the development of the research area. Even if it was a government policy to ensure that all people should access the financial services but the four commercial banks (Stanbic bank, Centenary bank, House Finance Trust bank, and DFCU bank) in Tororo Municipality have continued to suffer from the challenges like defaulters, poor infrastructures, and inadequate capital which have led to moderately low rate of welfare improvement of its clients in TMU. The objectives were to investigate the effect of access to credit of finances on client's welfare in Tororo municipality, to assess the effect of savings mobilization by Commercial banks on the welfare of clients in Tororo Municipality, and to find out the challenges facing the commercial banks and their possible solutions when they were to deliver financial services to its clients in Tororo Municipality. The study employed longitudinal-sectional research design. The data were collected from clients in different parts of Tororo Municipality and in all the four Commercial banks operating in TMU. A sample of 30 respondents were determined from 33 target population. The data was analyzed using frequencies, mean, standard deviation and percentages. The purpose of access to credit of financial services by the clients of commercial banks affect their welfare by 47.8% and this implied high effect, financial savings mobilization had a 56.5% effect on the client's welfare improvement, and the challenges that affect the commercial banks were high. On the first objective, the researcher established high effect on the access to credit of financial services on the welfare improvement of the clients. This meant that access to credit of financial services was

more significant to the client's welfare. The effect on the second research objective that was established from financial saving mobilization on the welfare improvement was high, the researcher concluded that the level of operations through savings were high which indicates that welfare improvement can be attained through financial savings mobilization. From the third objective, the researcher concluded that there was a high challenge that affects the operation of commercial banks when they were to deliver financial services to its clients in TMU. The researcher recommended that there is need for government interventions to curb the challenges facing the commercial banks.

CHAPTER ONE.

1.0. Introduction.

This chapter consists of the introduction of the study that the researcher formulated. The chapter discusses the background of the study, the statement of the problem, research questions, objectives of the study, scope of the study, significance of the study and conceptual frame work.

1.1. Background of the study.

Commercial banks offer financial services to its clients in Tororo Municipality who had all sorts of accounts like the saving account, fixed asset account, and the currency account which were their main merchandise (Mujurizi Isaac, 2013).

The improvement of the client's welfare by the commercial banks were the key challenges in Tororo Municipality. The key constraints that faces the majority of the poor clients of commercial banks in Tororo Municipality were lack of access to credit facilities that can enable them achieve better welfare. (Ddumba 1998).

The importance of improvement of access to credit of financial services from commercial banks to the poor clients of Tororo Municipality were the identities to the key welfare strategies that was formed in 1960's (Muhammad Yunus, 1999).

The government establish new services within the commercial banks of Tororo Municipality for example the government offers small loans like the agricultural loans to rural farmers and the government controls interest rates and of which it was done by the central bank (Mwesigwa 2000).

The clients of commercial banks in Tororo Municipality mismanage their funds through high consumption pattern and this result into the bankruptcy, reduction in saving tendencies, low investment that led to the collapse of co-operative movement when they were to provide financial services to the agricultural sector that boost its productivity (Bategeka 1999).

The enhancement of the efficiency of the Finance Institutions Act (2003) was put in Tororo Municipality that provide the opportunity for commercial banks to intermediate public savings (Robmson M.S, 1994). The commercial bank services did not favor the government supporters

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