International Journal of Interdisciplinary Research in Arts and Humanities (IJIRAH)
Impact Factor: 5.225, ISSN (Online): 2456 - 3145
(www.dvpublication.com) Volume 8, Issue 1, 2023

ASSESSMENT OF THE EFFECT OF FINANCIAL INCLUSION POLICY ON SAVINGs IN MICROFINANCE INSTITUTIONS: CASE OF COPEDU PLC

Mugabire Vedaste* & Prof. Dr. Mbonigaba Celestin**

* Education Professional, Mediation and Anti-Corruption Ambassador, Professor, International & National Award Winner, Human Right Activist, Public-Private Business and Educational Consultant

** Assistant Lecturer, Department of Business Administration, Brainae University, Delaware, United States of America

Cite This Article: Mugabire Vedaste & Prof. Dr. Mbonigaba Celestin, "Assessment of the Effect of Financial Inclusion Policy on Savings in Microfinance Institutions: Case of COPEDU PLC", International Journal of Interdisciplinary Research in Arts and Humanities, Volume 8, Issue 1, Page Number 33-40, 2023.

Abstract:

The study examined the effect of financial inclusion policy on saving in Microfinance Institutions in Rwanda. The specific objectives were to analyse the effect of bank account on saving for beneficiaries of COPEDU PLC; to determine the extent to which the distance between the client and financial service provider influences the savings of beneficiaries in COPEDU PLC; analysed effect of financial literacy on saving of beneficiaries of COPEDU PLC; and to determine the relationship between financial inclusion policy and saving in MFIs in Rwanda. Target population was 2,871 beneficiaries of COPEDU PLC; this study applied the stratified random sampling technique to select 97 respondents from target population. The various instruments were used by the researcher for gathering information from respondents including Questionnaire and Interview guide. Descriptive statistical method and regression analysis stood in this study were methods of analysis. Findings showed that ownership of bank account have positive and significant effect on Saving on a bank account, and use of bank loan for beneficiaries in MFIs in Rwanda ($\beta1= 0.071$, $t= .707$; p-value= .481 less than 5%); that means Ho1 which states that Bank Account does not affect saving for beneficiaries of COPEDU PLC, was rejected. The results on distance between client and financial service provider has positive and significant effect on Saving on a bank account, and use of bank loan for beneficiaries in MFI in Rwanda ($\beta2= .521$, $t= 4.760$ and p-value= .000 less than 5%); Ho2 which stated that the distance between client and financial service provider do not influence savings of beneficiaries in COPEDU PLC, was rejected. Findings showed that financial literacy has positive and significant effect on Saving on a bank account, and use of bank loan for beneficiaries in MFIs in Rwanda ($\beta3= .007$, $t= .077$ and p-value= 0.939 greater than 5%); Ho3 stating that there is no significant effect of financial literacy on saving of beneficiaries of COPEDU PLC was rejected. Based on findings, we conclude that there is positive relationship between financial inclusion policy and saving in Microfinance institutions in Rwanda.

Key Words: Financial Inclusion Policy, Saving, Loans, MFIs

Introduction:

Financial inclusion is where individuals and businesses have access to useful and affordable financial products and services that meet their needs in the overall country economic system. The first step of this process is to have a transaction account that channel users to other financial services [1]. In developed or developing countries worldwide, the process of ensuring access to financial services like savings, insurance, remittance, payments, and timely and adequate credit are needed by different categories of people especially vulnerable groups such as weaker sections and low-income groups at an affordable cost [2]. The financial inclusion policy empowers these vulnerable groups especially women empowerment, and it increases savings to them [3]. The financial inclusion policy setting contributes to poverty reduction and economic growth while access to the formal financial system increase asset ownership and serve as a catalyst to greater economic empowerment among women [4]. Moving from access to account-to-account usage is the next step for countries where 80% or more of the population have accounts [5].

Rwanda is one of Africa's smallest, poorest and most densely populated countries; with a population of around 11 million. Although the country has made significant progress from the devastated nation that emerged from the 1994 genocide, it remains a severely underdeveloped country with around 44.9% of the population living under the poverty line. Rwanda as one of the least developed countries has taken the issue of poverty as a serious problem, hence devised a means of overcoming it. To reduce the poverty, the government of Rwanda has some actions related to the priority of poverty reduction; those actions include the enforcement of microfinance institutions [6]. The Fin Scope report in 2008 revealed that only 48% of Rwandan adults had access to financial services and products both formal and informal. Given the linkage between economic development and access to finance, the Government of Rwanda and DFID established Access to Finance Rwanda (AFR) in 2010, with a core mandate of promoting financial inclusion (Access to Finance, 2019). DFID, the World Bank, and KFW were the initial funders of access to finance Rwanda [7].

Financially excluded people depend on the informal economy for financial services. Without access to bank accounts, formal credit and savings services or insurance, they rely on friends, family, or unregistered money lenders for credit opportunities. However, borrowing money in the informal financial sector is in many cases insufficient, risky and unpredictable. Furthermore, without a deposit account, savings are often kept under the mattress or as cash in the pocket at risk of being stolen or wasted [8]. The study on the Microfinance institution and its impact in Poverty Reduction in Rwanda, case study of COPEDU Ltd. Specifically to assess the contribution of COPEDU Ltd as a microfinance institution to the socio-economic development of beneficiaries, to investigate the perceptions of micro finance beneficiaries on the poverty reduction strategies put in place by COPEDU Ltd and to determine the impact of COPEDU Ltd as microfinance institutions to poverty reduction. The results of the study revealed that the number of beneficiaries having less than 5 000Rwfs of income reduced from 10.3% before working with COPEDU up to 0% after working with COPEDU Ltd and those having above 30 000frw increased from 4.4% up to 32.4% [9].

Objectives of the Study:

The objective of this study is to analyze the effect of financial inclusion policy on saving in Microfinance Institutions in Rwanda. There are four specific objectives as follows:

- To analyze the effect of ownership of bank account on saving for beneficiaries of COPEDU PLC.
- To determine the extent to which the distance between client and financial service provider influences the savings of beneficiaries in COPEDU PLC.
- To analyze effect of financial literacy on saving of beneficiaries of COPEDU PLC
- To determine the relationship between financial Inclusion policy and saving in MFIs in Rwanda.

Research Hypotheses:

The following are null hypothesis verified.

- Ho1: Ownership of Bank Account does not affect saving for beneficiaries of COPEDU PLC.
- Ho2: The distance between client and financial service provider do not influence savings of beneficiaries in COPEDU PLC.
- Ho3: There is no significant effect of financial literacy on saving of beneficiaries of COPEDU PLC.
- Ho4: There is no positive relationship between financial Inclusion policy and saving in Microfinance Institutions in Rwanda.

Literature Review:

Financial inclusion or access to Finance is a component of financial development, along with depth, efficiency, and stability. Financial development is important for economic growth, and financial inclusion in particular, has a bearing on equity as well [10]. Saving has been for long advocated as a tool for poverty reduction. Poverty reduction is a set of measures, both economic and humanitarian, that are intended to permanently lift people out of poverty. Poverty was found to be complex and unique and the features of this uniqueness are particularly prominent in the third World countries, African countries inclusive [11].

Achieve the selected research objectives of this study, the researcher adopts the below research theories elaborated by previous authors. Economists have developed three major theories of consumption and saving behaviour as follows :(1) The life-cycle hypothesis, (2) The permanent income hypothesis; and (3) The relative income hypothesis. All three theories have their conceptual roots in the microeconomic theory of consumer choice. However, the life-cycle hypothesis (Modigliani and Brumberg, 1954; Modigliani and Ando, 1957; Ando and Modigliani, 1963); the permanent income hypothesis; are the most similar; both theories assume that individuals attempt to maximize their utility or personal well-being by balancing a lifetime stream of earnings with a lifetime pattern of consumption. The relative income hypothesis is quite different. They theorized that individuals are less concerned with their absolute level of consumption than with their relative level.

The Life-Cycle Hypothesis:

Franco Modigliani and his student Richard Brumberg developed this theory in the early 1950s. The theory was with the idea of spending basing on the fact that individuals' choices of how and when to spend is aligned with their age and limited by resources available at their disposal over their entire lives. They further states that working people make a provision for their retirement and that provision is tailored to their consumption and needs at different ages.The life-cycle hypothesis has been utilized extensively to examine savings and retirement behaviour of older persons. The observation from this hypothesis was that there is inequality between consumption needs and income at different stages of the life cycle with a view that consumption needs of young people exceed their income. Their needs tend to be mainly for housing and education, and therefore they have little savings. In middle age, earnings generally rise, enabling debts accumulated earlier in life to be paid off and savings to be accumulated. Finally, in retirement, incomes decline and individuals consume out of previously accumulated savings.

Modigliani had noted that one of the most important motives for putting money aside was the need to provide for retirement. Young people will save so that when they are old and either cannot or do not wish to work, they will have money to spend. This theory suggest that aging population initially lead to an increase in national savings given that the proportion of the population in the maximum savings years increases. However, the theory predicts a reduction in aggregate savings the time when the population continues to age and the relative proportion of the population of those reaching retirement age grows relative to the middle-aged population.

The Permanent Income Hypothesis:

The Nobel prize-winning economist Milton Friedman formulated the permanent income hypothesis in 1957. The theory states that the individual expectations tend to make the changes in consumption behaviour unpredictable. He further argued that, even though the economic policies can succeed in increasing the income in the economy, those policies might not kick off a multiplier effect in relation to the increasing consumer spending. Rather, the theory predicts that unless workers reform expectations about their future incomes, there is not an uptick in consumer spending. Milton assumed that the estimate of people`s future income leads their consumption patterns. The basis was the fact that they prefer to smooth their consumption rather than let it bounce around because of short-term fluctuations in income. Under the Permanent Income Hypothesis, the spending habits model assumes that if a worker is aware of the likelihood to receive an income bonus at the end of a particular pay period, it is possible that the worker's spending in advance of that bonus change in anticipation of the additional earnings. However, it was possible that workers can choose not to increase the spending based solely on a short-term windfall and they may instead make efforts to increase their savings, based on the expected boost in income.

The Relative Income Hypothesis:

Developed by James Duesenberryin 1949the relative income hypothesis states that an individual's attitude to consumption and saving is dictated more by his income in relation to others than by abstract standard of living; the percentage of income consumed by an individual depends on his percentile position within the income distribution. The theory states further that the current consumption is not necessarily influenced by current levels of absolute and relative income, but also by levels of consumption attained in a previous period. A family cannot easily reduce the level of consumption once attained instead, the aggregate ratio of consumption to income is assumed dependent on the level of current income in relation to past highest income.

Empirical Review:

The study on the factors influencing the sustainability of microfinance institutions in Muranga Town, Kenya was providing the poor with access to savings and credit services as a poverty reduction strategy has gained prominence in the past ten years. This has resulted from the emergence of models that have shown increasing success in terms of their ability to reach the poor and in sustaining the delivery of financial services. However, a significant number of those engaged in microfinance services continue to struggle with the twin goals of outreach and sustainability [12]. This study therefore sought to establish the factors affecting sustainability of microfinance institutions operating within the Muranga Town. Specifically, the study aimed at establishing various factors influencing sustainability of microfinance institutions within the Town. The methodology employed involved a descriptive design study seeking to explore the situation of microfinance institutions in the Town. The study concludes that sustainability of MFIs is a function of many factors that are related and interconnected i.e., low level of client base affects the sustainability of MFIs. Similarly, the limited branch network leads to low sustainability and lending to individual client contributes to higher repayment rate. The researcher also concluded that mandatory saving is a factor to MFIs sustainability and the sustainability of MFIs is a motive that MFIs continuously work to achieve. The study recommends that microfinance institutions should open many branches so that they can be able to reach as many people as possible, which will enhance their sustainability. The study on the effects of financial inclusion on poverty reduction: the moderating effects of microfinance. The purpose of the study was to investigate the effects of financial inclusion on poverty reduction: the moderating effects of microfinance. Data collection techniques employed was self-administered questionnaire. The findings of the study revealed that there is a significant relationship between the financial inclusion and poverty reduction. The results further revealed that microfinance positively moderate the relationship between the variables under studies. The paper recommends the financial inclusion to be more robust in the rural areas and to make microfinance a more effective means of poverty reduction and other services such as, education loan, technological support loan, skills training, and housing [13].

Research Design and Methodology:

The study applied the qualitative and quantitative approaches. The quantitative approach analyzed the effect of bank account on saving capacity of beneficiaries of COPEDU PLC, the extent to which the distance between client and financial service provider influence savings of beneficiaries in COPEDU PLC, the relationship between financial inclusion policy and saving in MFIs in Rwanda. The qualitative approach captured expressive information not conveyed in quantitative data about beliefs, values, feelings, and motivations that underlie behaviors and life of the beneficiaries of COPEDU PLC. The study used the correlative to determine the relationship between financial services received through financial inclusion policy that influence the saving capacity. This was assisted by the use of statistical packages for social sciences (SPSS) version 22.0.Target population are 2,871 beneficiaries of COPEDU PLC of which a sample size was determined using the formula of Taro Yamane, which is highly recommended when working with a finite population and the population size is known. This study uses 10% of margin errors while confidentiality level is 90%. The study applied the formula of Taro Yamane (1982) to determine sample size of the study as the population is finite and the size is known.

$$n = \frac{N}{1 + N * (e^2)}$$

Where n = sample size, N= Total population, e = margin error

$$n = \frac{2,871}{1 + (2,871 * 0.1^2)} = 96.6 \approx 97$$

Data are classified either as primary or secondary. During the conduct of this research, primary data was used to get accurate results and reliably generalizable findings. It consisted in various instruments that were used by the researcher for gathering information from respondents. The questionnaire was distributed to 97 respondents selected from beneficiaries of COPEDU PLC, and were composed by close end and open questions where we expected the participation rate of 100% for responding to the questions. The interview was addressed particularly to the beneficiaries and the staff of COPEDU PLC. SPSS remained as a software for data examination. Descriptive Statistic method and regression analysis stood in this study were methods of analysis. Descriptive statistics presents frequency, percentages, and cumulative percentage in this study. Those methods help to assess whether dependent variables are the result of independent variables while the intervening variables fill the gap and reveal the causal links between the independent and dependent variables.

Results and Discussion for Findings:

Findings on how the effect of bank account on saving for beneficiaries of COPEDU PLC were characterized by having transaction account that serves as a gateway to other financial services; access to a transaction account in COPEDU PLC helping beneficiaries to save and create profitable businesses; provision of small loans by COPEDU PLC for working capital helping beneficiaries to increase income; extending the large loans to customers continually at COPEDU PLC based on loan repayment history helping beneficiaries to expand the businesses and get satisfaction of their basic needs. Table 1 details the analysis of the perceptions of respondents on the effect of bank account on saving for beneficiaries of COPEDU PLC.

Table 1: Perceptions of respondents on the effect of bank account on saving for beneficiaries of COPEDU PLC

Effect of bank account on saving for beneficiaries of COPEDU PLC	**SA**		**A**		**N**		**D**		**SD**	
	fi	**%**	**fi**	**%**	**fi**	**%**	**fi**	**%**	**fi**	**%**
Having transaction account serves as a gateway to other financial services.	35	36.1	47	48.5	11	11.3	2	2.1	2	2.1
Access to a transaction account in COPEDU PLC help beneficiaries to save and create profitable businesses	41	42.3	50	51.5	3	3.1	2	2.1	1	1.0
Provision of small loans by COPEDU PLC for working capital help beneficiaries to increased income	50	51.5	36	37.1	6	6.2	3	3.1	2	2.1
Extending the large loans to customers continually at COPEDU PLC based on loan repayment history help beneficiaries to expand businesses and get satisfaction of their basic needs.	50	51.5	38	39.2	4	4.1	4	4.1	1	1.0
The credit offered by COPEDU PLC help beneficiaries to start and expand their businesses, invest in education or health, manage risk, financial shocks and improve the overall quality of their lives.	22	22.7	65	67.0	5	5.2	3	3.1	2	2.1
Monitoring and regulation of financial transactions including loans, saving/deposit and withdraw, and payment facilities in COPEDU PLC help beneficiaries to convert their savings into profitable investment and attract additional savings.	35	36.1	51	52.6	4	4.1	4	4.1	3	3.1

Source: Primary data (2021)

Statistical analysis on perceptions of respondents on the effect of bank account on saving for beneficiaries of COPEDU PLC confirmed that having transaction account serves as a gateway to other financial services, as stated by 84.5%; the access to a transaction account in COPEDU PLC help beneficiaries to save and create profitable businesses, confirmed by 93.8%; the provision of small loans by COPEDU PLC for working capital help beneficiaries to increase income, confirmed by 88.7%; the extending large loans to customers continually at COPEDU PLC based on loan repayment history help beneficiaries to expand the businesses and get satisfaction of their basic needs, confirmed by 90.7%. The credit offered by COPEDU PLC help beneficiaries to start and expand their businesses, invest in education or health, manage risk, financial shocks and improve the overall quality of their lives, stated by 89.7%; monitoring and regulation of financial transactions including loans, saving/deposit and withdraw, and payment facilities in COPEDU PLC help beneficiaries to convert their savings into profitable investment and attract additional savings as confirmed by 88.7% respondents strongly agreed and agreed.

The Effect of the Distance Between Client and Financial Service Provider Influences the Savings of Beneficiaries in COPEDU PLC:

Findings from respondents in COPEDU PLC confirmed that the distance between client and financial service provider influences the savings of beneficiaries in COPEDU PLC because it was clearly that living in banked area help to access transaction account easily; financial access encourage saving, and families and businesses can plan for their wellbeing from long-term goals for beneficiaries; COPEDU PLC provides affordable financial services to low-income groups and this is a stepping-stone for saving culture. The individuals and businesses in COPEDU PLC are able to save with the help of useful and affordable financial products/services that meet their needs; access to and use of a wide range financial products and service schemes such as credit, savings, pension, and payments products promote saving culture; easy access to financial products and services that reach all sections of the population without tight requirements encourage the beneficiaries of COPEDU PLC to save; remote financial products and services in COPEDU PLC encourage savings (mobile banking, internet banking) and are designed according to the need of customers without considering the income levels. Table 2 illustrates perceptions of respondents on the effect of the distance between client and financial service provider influences the savings of beneficiaries in COPEDU PLC

Table 2: Perceptions of respondents on how distance between client and financial service provider influences the savings of beneficiaries in COPEDU PLC

Effect of the distance between client and financial service provider influences the savings of beneficiaries in COPEDU PLC	SA		A		N		D		SD	
	fi	%	fi	%	fi	%	fi	%	fi	%
Living in banked area help to access transaction account easily.	46	47.4	36	37.1	8	8.2	5	5.2	2	2.1
Financial access encourages saving, and families and businesses can plan for their wellbeing from long-term goals for beneficiaries.	46	47.4	43	44.3	1	1.0	5	5.2	2	2.1
COPEDU Plc provides affordable financial services to low-income groups and this is a stepping-stone for saving culture.	27	27.8	59	60.8	9	9.3	2	2.1	0	0.0
In COPEDU Plc, individuals and businesses are able to save with the help of useful and affordable financial products/services that meet their needs.	30	30.9	48	49.5	6	6.2	6	6.2	7	7.2
Access to and use of a wide range financial products and service schemes such as credit, savings, pension, and payments products promote saving culture.	39	40.2	51	52.6	2	2.1	1	1.0	4	4.1
Easy access to financial products and services that reach all sections of the population without tight requirements encourage the beneficiaries of COPEDU Plc to save.	45	46.4	42	43.3	4	4.1	4	4.1	2	2.1
Remote financial products and services in COPEDU Plc encourage savings (mobile banking, internet banking) and are designed according to the need of customers without considering the income levels.	29	29.9	57	58.8	4	4.1	3	3.1	4	4.1

Source: Primary data (2021)

Results shown on table 2 present the perceptions of respondents on effect of the distance between client and financial service provider influences the savings of beneficiaries in COPEDU PLC. It was shown that living in banked area help to access transaction account easily, confirmed by 84.5%; financial access encourages saving, and families and businesses can plan for their wellbeing from long-term goals for beneficiaries, stated by 91.8%; COPEDU PLC provides affordable financial services to low-income groups and this is a stepping-stone for saving culture, stated by 88.7% of the respondents. In COPEDU PLC, individuals and businesses are able to save with the help of useful and affordable financial products/services that meet their needs, confirmed by 80.4% respondents; access to and use of a wide range financial products and service schemes such as credit, savings, pension, and payments products promote saving culture, stated on 92.8%; easy access to financial products and services that reach all sections of the population without tight requirements encourage the beneficiaries of COPEDU PLC to save, confirmed by 89.7%; remote financial products and services in COPEDU PLC encourage savings (mobile banking, internet banking) and are designed according to the need of customers without considering the income levels, confirmed by 88.7% respondents.

Perceptions of Respondents on the Effect of Financial Literacy on Saving of Beneficiaries of COPEDU PLC:

During this study at COPEDU PLC; the effect of financial literacy on saving of beneficiaries of COPEDU PLC confirmed by the financial attitude of beneficiaries in COPEDU enhances their saving level; financial actions like decisions on flexible spending account of beneficiaries help to strengthen saving capability; investment planning of beneficiaries in COPEDU PLC encourages them to save for it; loan decision influences future saving for beneficiaries in OPEDU PLC; and financial self-control is discipline of saving for beneficiaries from COPEDU PLC. Table 3 shows analysis of perceptions of respondents on the effect of financial literacy on saving of beneficiaries of COPEDU PLC.

Table 3: Perceptions of respondents on the effect of financial literacy on saving of beneficiaries of COPEDU PLC

Effect of financial literacy on saving of beneficiaries of COPEDU PLC	**SA**		**A**		**N**		**D**		**SD**	
	fi	**%**	**fi**	**%**	**fi**	**%**	**fi**	**%**	**fi**	**%**
Financial attitude of beneficiaries in COPEDU enhances their saving level.	42	43.3	46	47.4	3	3.1	3	3.1	3	3.1
Financial actions like decisions on flexible spending account of beneficiaries help to strengthen saving capability.	23	23.7	61	62.9	6	6.2	2	2.1	5	5.2
Investment planning of beneficiaries in COPEDU PLc encourages them to save for it.	30	30.9	54	55.7	3	3.1	7	7.2	3	3.1
Loan decision influences future saving for beneficiaries in OPEDU PLc.	46	47.4	35	36.1	8	8.2	6	6.2	2	2.1
Financial self-control is discipline of saving for beneficiaries from COPEDU PLc.	25	25.8	60	61.9	4	4.1	5	5.2	3	3.1

Source: Primary data (2021)

Findings on the effect of financial literacy on saving of beneficiaries of COPEDU PLC confirmed that financial attitude of beneficiaries in COPEDU enhances their saving level, stated by 90.7% respondents; financial actions like decisions on flexible spending account of beneficiaries help to strengthen saving capability, stated by 86.6% respondents; investment planning of beneficiaries in COPEDU PLC encourages them to save for it, stated by 86.6%; loan decision influences future saving for beneficiaries in OPEDU PLC, confirmed by 83.5%; and financial self-control is discipline of saving for beneficiaries from COPEDU PLC, confirmed by 87.6% of respondents.

The Relationship between Financial Inclusion Policy and Saving of Beneficiaries in MFIs in Rwanda:

The relationship between financial Inclusion policy and saving of beneficiaries in MFIs in Rwanda shown by Correlation analysis test of variables. The matrix was used to summarize data, as which led to advanced analysis and interpretation of the variables. Table 4 below shows Correlation Coefficient Matrix between variables under study in this research.

Table 4: Correlation Coefficient Matrix

		Ownership of Bank Account	Distance between client and financial service provider	Financial literacy	Saving on a bank account, and use of bank loan
Ownership of Bank Account	Pearson Correlation	1	.531**	.226*	.350**
	Sig. (2-tailed)		.000	.026	.000
	N	97	97	97	97
Distance between client and financial service provider	Pearson Correlation	.531**	1	.440**	.562**
	Sig. (2-tailed)	.000		.000	.000
	N	97	97	97	97
Financial literacy	Pearson Correlation	.226*	.440**	1	.253*
	Sig. (2-tailed)	.026	.000		.013
	N	97	97	97	97
Saving on a bank account, and use of bank loan	Pearson Correlation	**.350****	**.562****	**.253***	1
	Sig. (2-tailed)	.000	.000	.013	
	N	97	97	97	97
**. Correlation is significant at the 0.01 level (2-tailed).					
*. Correlation is significant at the 0.05 level (2-tailed).					

Regression Analysis Test:

Findings indicated regression analysis, which is a form of inferential statistics. The p-values help to determine whether the relationships that observed in the sample also existed in the larger population.

Table 5: Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.566[a]	.320	.298	2.83453
a. Predictors: (Constant),Financial literacy, Ownership of Bank Account, Distance between client and financial service provider				
b. Dependent Variable: Saving on a bank account, and use of bank loan				

The results in table 5 indicates that Adj. R2= .298 representing 29.8% change from Saving on a bank account, and use of bank loan come from financial inclusion policy represented by financial literacy, Ownership of Bank Account, Distance between client and financial service provider. This means that 70.2% of Saving on a bank account, and use of bank loan in MFIs come from other variables that are not included in Model of this research.

Table 6: ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	351.417	3	117.139	14.579	.000[b]
	Residual	747.216	93	8.035		
	Total	1098.633	96			
a. Dependent Variable: Saving on a bank account, and use of bank loan						
b. Predictors: (Constant), Financial literacy, Ownership of Bank Account, Distance between client and financial service provider.						

The results from table 6 indicated that the F-test= 14.579 which is positive and significant at 0.0% shows that there is significant effect of financial inclusion policy represented (Financial literacy, ownership of bank account, and distance between client and financial service provider) on Saving on a bank account, and use of bank loan for beneficiaries in MFIs in Rwanda. This is based on the fact that the findings indicated positive and significant effect on financial inclusion policy on saving of beneficiaries of MFIs in Rwanda.

Table 7: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.024	1.489		2.030	.045
	Ownership of Bank Account (OBA)	.113	.160	.071	.707	.481
	Distance between client and financial service provider (DBCFSP)	.656	.138	.521	4.760	.000
	Financial literacy (FL)	.010	.130	.007	.077	.939
a. Dependent Variable:Saving on a bank account, and use of bank loan						

The results from Table 7 indicated that Ownership of Bank Account has positive and significant effect on Saving on a bank account, and use of bank loan for beneficiaries in MFIs in Rwanda ($\beta 1= 0.071$, t= .707; p-value= .481 less than 5%). $Y = \beta 0 + \beta 1OBA + \beta 2DBCFSP+\beta 3FL+\varepsilon$ Model. Further, distance between client and financial service provider has positive and significant effect on Saving on a bank account, and use of bank loan for beneficiaries in MFI in Rwanda ($\beta 2= .521$, t= 4.760 and p-value= .000 less than 5%). Financial literacy has positive and significant effect on Saving on a bank account, and use of bank loan for beneficiaries in MFIs in Rwanda ($\beta 3= .007$, t= .077 and p-value= .939 greaterthan 5%).

Conclusion:

The financial inclusion policy such as provision of small loans, access to a transaction account, extending the large loans to customers, credit and insurance offered by COPEDU PLC, and monitoring and regulation of financial transactions on behalf of beneficiaries. Saving for beneficiaries were determined by many factors including saving level and loan delivery; access to health, education, nutrition and sanitation; allowing the poor participating and contribute to their growth; creation and improvement of access to jobs and income; access to basic social service like shelter and clean water; and technology and innovation including internet banking of COPEDU PLC. The research hypotheses were verified in this study where the results in Table 4.13 indicated that ownership of bank account have positive and significant effect on Saving on a bank account, and use of bank loan for beneficiaries in MFIs in Rwanda ($\beta 1= 0.071$, t= .707; p-value= .481 less than 5%); that means Ho1 which states that Bank Account does not affect saving for beneficiaries of COPEDU PLC, was rejected. The results showed that distance between client and financial service provider has positive and significant effect on Saving on a bank account, and use of bank loan for beneficiaries in MFI in Rwanda ($\beta 2= .521$, t= 4.760 and p-value= .000 less than 5%); Ho2 which stated that the distance between client and financial service provider do not influence savings of beneficiaries in COPEDU PLC, was rejected. Findings showed that financial literacy has positive and significant effect on Saving on a bank account, and use of bank loan for beneficiaries in MFIs in Rwanda ($\beta 3= .007$, t= .077 and p-value= .939 greaterthan 5%); Ho3 stated that there is no significant effect of financial literacy on saving of beneficiaries of COPEDU PLC was rejected. Based on the findings, we conclude that there is positive relationship between financial inclusion policy and saving in microfinance institutions in Rwanda.

Recommendations:

The research brings facts on the opinion that the financial inclusion policy is the key to achieve sustainable social economic development. Its careful implementation by the relevant organizations and other stakeholders will lead to the successful achievement of the desired impact of financial inclusion policy in reducing poverty towards the beneficiaries of microfinance institutions countrywide. The government should as a matter of urgency set up appropriate policies and legal framework for protection and smooth operation of microfinance institutions and their beneficiaries. Those policies should be the pillars for microfinances to maintain macroeconomic stability and to avoid interest rate caps that prevent microfinance institutions from covering their costs and hinder sustainable operations. Government should institutionalize the financial literacy to ensure the attainment of inclusive finance for the illiterate rural people who are still facing the challenge of limited access to finance. As an institution whose target potential clients are poor underserved people, the COPEDU PLC should endeavor to further build its capacity with a commitment to ease the accessibility of its services. We strongly recommend to COPEDU PLC to approach the rural area because some of their clients are located in rural area. Owing to the above fact that COPEDU PLC is primarily targeting the poor who are disadvantaged, in collaboration with other stakeholders it should conduct social mobilization as a tool to ensure that all necessary awareness is in place to introduce the inclusive finance environment to the target group.

References:

1. World Bank. (2018). The World Bank Annual Report. Washington, D.C: World Bank Group.
2. Ashraf, K. &., & Yin. (2010). Female Empowerment: Impact of a Commitment Savings Product in the Philippines. World Development Elsevier Ltd.

3. Yang , J. (2012). A review of earnings management in China and its implications. ISI Journal, 334/363.
4. Demirguc-Kunt, A., Klapper, L., & Singer, D. (2013). Financial inclusion and legal discrimination against women: evidence from developing countries. Washington: Policy Research working paper.
5. Ogunsakin. (2017). Financial Inclusion as an Effective Policy Tool of Poverty Alleviation: A Case of Ekiti State. University of KwaZulu-Natal, South Africa.
6. Adalessosi.K, O. (2015). Effects of Financial Inclusion on Economic Growth of Nigeria. International Journal of Business and Management Review.
7. Salia. (2014). The effect of Microcredit on the Household Welfare (Empirical Evidences from Women
8. Okibo &Makanga. (2014). Effects of micro finance institutions on poverty reduction in Kenya. Nairobi,Kenya.
9. NISR, National Institute of Statistics of Rwanda. (2018). Integrated Households Living Conditions Survey, EICV5. Kigali: NISR.
10. Access to Finance. (2019). World Wide Web Corporation. Retrieved from http://www.afr.rw/history/
11. Martinez. (2011). The Political Economy of Increased Financial Access. Georgetown: Georgetown University Press.
12. Enatha, K. (2014). Microfinance institution and its impact in Poverty Reduction in Rwanda. Kigali: University of Rwanda.
13. Ogunsakin. (2017). Financial Inclusion as an Effective Policy Tool of Poverty Alleviation, A Case of Ekiti State. Nigeria: Ekiti State University.
14. Onaolapo. (2015). Effects of Financial Inclusion on Economic Growth of Nigeria. International Journal of Business and Management Review., Vol 3, no 8, pp 11-28.
15. Ruth, W. M. (2017). Factors influencing the sustainability of microfinance institutions in Muranga Town, Kenya.
16. Hussaini and Chibuzo (2018) the effects of financial inclusion on poverty reduction: The moderating effects of microfinance