



COLLEGE OF BUSINESS AND ECONOMICS

FINANCIAL SERVICES AND CUSTOMERS' WELFARE IN RWANDA

(CASE OF BPR MUHIMA BRANCH)

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DECLARATION

I hereby declare that this submission is my own work towards the Executive Masters Of Finance and that, to the best to my knowledge, it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the University, except where due acknowledgement has been made in the text.

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DEDICATION

This work is dedicated to my family and supervisor for their continued support in diverse ways for me, which has enabled me to aspire to this height. I trust that they will be inspired by this work, to strive to attain higher levels in whatever fields' nature and nurture will permit them.

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LIST OF ABREATIONS

%:	Percentage
ATM:	Automated Teller Machine
BCR:	Banque Commerciale du Rwanda
BNR:	Baque Nationale du Rwanda (Rwanda National Bank)
BPR:	Banque populaire du Rwanda
CBE:	College of Business and Economics
CVI:	Content Validity Index
Dr:	Doctor
HSA:	Health savings accounts
MDG:	Millennium Development Goals
MINECOFIN:	Ministry of Economy and Finance
SME:	Small and Medium Enterprises
SPSS:	Statistical Package of Social Sciences

ABSTRACT

Presently, financial institutions are being observed as a means to support the member's welfare to be improved and find solution for their problem of missing initial capital investment and other loans in the favorable conditions. Therefore, the current problem is that customers of BPR need basic capital for the creation of some business activities develop their land and get more resources to support their activities.

This research was carried out with the main objective to have baseline information on the relationship of financial services and welfare of customers and also this research had the specific objectives such as: To assess perpetual view of the customers of BPR on the services offered by the bank, to evaluate the effect of services delivered by BPR on customers' welfare, to identify if there exists a relationship between the role of services delivered by BPR and welfare of the customers. The researcher used a both analytical and descriptive design based on both qualitative and quantitative data while the population was 90 employees of BPR/Muhima branch. Questionnaires were used as the data collection techniques while data were collected from both primary and secondary sources. The collected data were presented using tables while analysis and interpretation was done based on the percentages and frequency of the collected data. The research findings revealed that the documents required when asking loan are always available as confirmed a mean of 4.76 and standard deviation of 0.45. The question that assessed if assurance to get credit is reasonable was outward with a mean of 4.77 and standard deviation of 0.41, the question that assessed if repayment is enough was outward with a mean of 4.68 (strong) and standard deviation of 0.58. This means that some few respondents had different perceptions.

(Less than 5% said that repayment is not enough) Online banking of BPR/Muhima branch is regularly available was perceived with a mean of 4.56 (strong) and standard deviation of 0.89. The results show that many respondents had the different opinions (few of them said that some times on line services are not available) about online banking of BPR/Muhima branch. The statement that assessed if the customers get mini-statement when they need was perceived with a mean of 4.78 and standard deviation of 0.41, the statement that assessed if the customers check their account history when they need it was perceived with a mean of 4.68 and standard deviation of 0.47, the research shows that the many respondents had the same opinions about the statement. **Key Words:** *Financial services, welfare, customers, and service.*

CHAPTER 1: INTRODUCTION

1.1. Background of study

In countries across the world, experience shows that economic development is inextricably linked to a strong financial institution sector. Financial institutions, through its inherently dynamic role in financing an economy, boost economic activity. Companies as other financial services companies also have an important role to play, as providers of services and developers of financial infrastructure. To deliver these benefits more effectively in the world, major banks and insurers are now actively investigating how best to expand their footprint worldwide (Pamela, 2006)

Financial institutions in Sub-Saharan Africa include a broad range of diverse and geographically dispersed institutions that offer financial services to low-income clients: non-governmental organizations, non-bank financial institutions, cooperatives, rural banks, savings and postal financial institutions, and an increasing number of commercial banks. Overall, the sector in Africa is dynamic and growing. While some large cooperatives date back to the 70s, industry analysts have seen numerous institutions emerge in the last eight years. These institutions appear to serve the broad financial needs of their clients. Unlike trends in most regions around the globe, the majority of financial institutions in Africa offer savings as a core financial service for clients and use it as an important source of funds for lending. By and large, African financial institutions are important actors in the financial sector and it is important for industry analysts to understand how the sector is evolving (Spenser K. 1986).

Rwanda financial service sector is composed by of commercial banks, microfinance, pension funds, cooperative banks and other non-banking financial institutions, regulated by central bank (BNR). Banking service operations date back in early 1960, originating from the oldest banks of BCR and bank of Kigali respectively. Recently, most commercial banks have centered their operations on trade finance as opposed to long-term debt financing.

This has triggered off lack of productive investment activity, thus there is urgent need to focus attention on the reform and strengthening of the financial sector, these appeals for introduction of more banks, financial products and capital market.

In 1975 the first Banque populaire was established in NKAMBA, Kibungo Eastern province. This was followed by the establishment of many more around the country to serve as savings and credit schemes especially for rural population. In 1986 the various autonomous Banques populaires around the country formed an umbrella: union des Banques populaires du Rwanda. The various banks work as savings and credit cooperative (BPR Report, 2000).

In 2008: BPR S.A acquired a strategic investor RABOBANK from Netherlands to steer the transformation process towards becoming a fully-fledged commercial bank. The government of Rwanda has encouraged Commercial Banks like Banque populaire to offer credit facilities to rural communities in quest for quick development in order to achieve vision 2020 and the Millennium Development Goals (MDG).

It is within the above background that this study is conducted. Specifically the study focuses on the role of financial services provided by financial institutions that improve their customers' welfare.

1.2. Problem Statement

Presently, financial institutions are being observed as a means to support the member's welfare to be improved and find solution for their problem of missing initial capital for investment and other loans in the favorable conditions (Panda, 2004). Therefore, the current problem is that customers of BPR need basic capital for the creation of some business activities to develop their land and get more resources to support their business activities. BPR is a financial intermediary that raise funds from savers and uses the resources so raised to make loans to customers (for instance, to buy durable goods, such as automobiles).

This study wishes to determine how financial institutions can help its customers to improve their welfare particularly BPR through different services they offer to their customers like loans etc.

The study therefore, aims at investigating the effects of financial services provided by financial institutions to their customers that improve their welfare.

It will look at the perceptions of the customers of BPR on the services offered by the bank. The researcher has to answer the following questions: what is the perception of the customers of BPR on the services offered by the bank? What is the effect of services delivered by BPR on customers' welfare? And is there a significant relationship between the services of BPR and welfare of the customers?

Based on the results, it will be possible to develop recommendations that generate satisfying customers welfare in the current circumstances, so that a competitive financial institution sector which motivates its customers. This is very important issue at hand in the country which raises the need for such scientific research.

1.3. Research objective

The main objective of this research is to investigate the relationship of financial services and customers welfare, so that the researcher can avail concrete conclusions and recommendations to various stakeholders and participants, and highlighting key areas for potential improvement.

1.3.1. Specific objectives

- I. To assess the perception of the customers of BPR on the services offered by the bank,
- II. To identify the relationship between the services delivered by BPR and welfare of the customers.

1.4. Significance of the study

This study is based on the assessment of services delivered by financial institutions and its effect on customers' welfare. The findings of the study will provide information useful to various parties.

1.4.1. To the community as whole

First of all the study will help the community as whole to know the services of financial institution, this study will help also the customers of those financial institutions and other persons to know how to use the financial institutions in order to improve their welfare. This study will remain a useful literature to the customers of these financial institutions.

1.4.2. To the financial institutions

This research will help financial institutions to know how it will plan and improving its services delivered to customers in order to satisfy their needs. The research study also becomes an added value to other existing literature on assessment of services of financial institutions and its effect on customers' welfare.

1.4.3. To other future researchers

In this context, this research study will help the other future researcher to build their research on the same area. Moreover, the researchers will benefit from the research study to improve their knowledge and skills about the services of financial institutions and its customers' welfare.

1.4.4. To the researcher

Finally, this research will help the researcher to fulfill the requirements for the awards of Master in Finance.

1.5. Assumptions and limitations

Various problems and constraints were uncouncted during the time of data collection, such as refusal to release some of the information by some of respondents, regarding it confidential. Others were that time was not enough to carry on the necessary research, lack of published literature, on availability of some respondents.

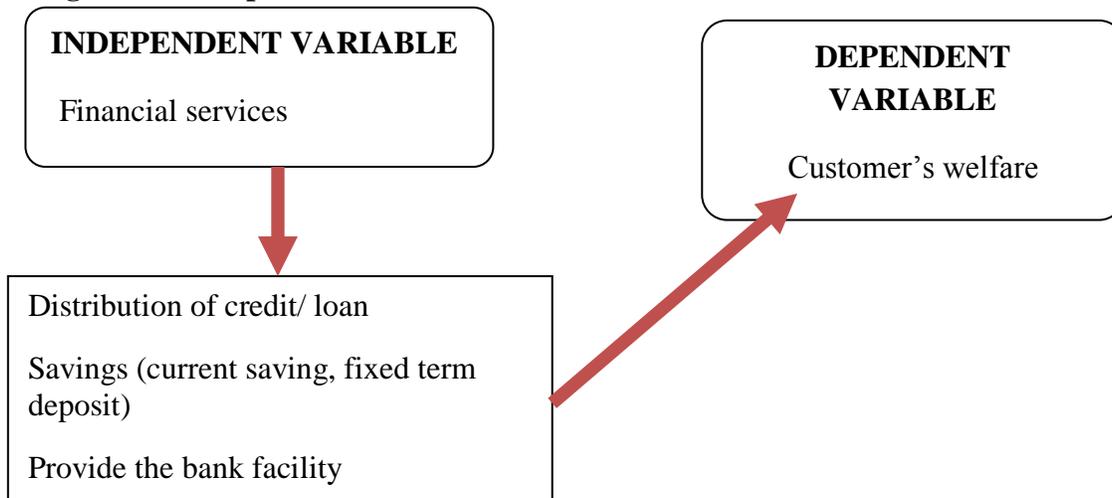
Above all, I am among the students who was allocated supervisor two months late, and I could not get my supervisor on e-mail, not until another month elapsed. His first response begins in April.

Because of the little time remaining, I am also forced to change the area of study and started things afresh. Therefore, cited constraints and limitations are some of the problems which might have caused the gaps in this research paper.

1.6. Conceptual framework

The Conceptual Framework justifies the rationale behind the investigation. It gives the reason for searching for new data and for analyzing, interpreting and synthesizing these data. This conceptual framework is composed by two parties which are independent variables (financial services), dependent variables (customers' welfare).

Figure 1: conceptual framework



Source: Primary data

1.7. Thesis structure

The chapter outlines for this thesis is organized in following chapters:

The chapter one presents the background of study, the problem statement, research objectives, conceptual framework, research methodology, significance of the study, assumptions and limitations, and thesis structure.

Chapter two presents literature review. It includes the related literature with reference to different sources of data especially textbooks and other reports.

Chapter three presents the methodology. It deals with methods used while carrying out the research.

Chapter four presents presentation and interpretation of the results. This looks at critically at findings across the sector of financial institution in regard services and welfare of customers.

Chapter five presents the analysis of the results; the chapter addresses the conclusion and recommendations to various stakeholders in sector of financial institutions to be adopted, for improving welfare of customers.

CHAPTER 2: LITERATURE REVIEW

2.1. Introduction

This chapter reviews the literature relating to the relationship between financial institutions' services and welfare of its customers. To arrive at a conceptual understanding, this chapter discusses the meaning of financial service and their role, meaning of welfare in terms of well-being.

2.2. Definitions of key terms

2.2.1. Finance

Finance is defined as a field that deals with the study of investments. It includes the dynamics of assets and liabilities over time under conditions of different degrees of uncertainty and risk. Finance also as the science of money management (Berezin, M (2005).

2.2.2. Services

A service is an immaterial exchange of value. Service provision is often an economic activity where the buyer does not generally, except by exclusive contract, obtain exclusive ownership of the thing purchased. The benefits of such a service, if priced, are held to be self-evident in the buyer's willingness to pay for it (Turban et al. 2002).

2.2.3. Financial Services

Financial services are the economic services provided by the finance industry, which encompasses a broad range of businesses that manage money, including credit unions, banks, credit-card companies, insurance companies, accountancy companies, consumer-finance companies, stock brokerages, investment funds and some government-sponsored enterprises (Barr, N., 2004).

2.2.4. Institutions

Institutions are stable, valued, recurring patterns of behavior." As structures or mechanisms of social order, they govern the behavior of a set of individuals within a given community. Institutions are identified with a social purpose, transcending individuals and intentions by mediating the rules that govern living behavior (Koraus, 2002).

2.2.5. Financial institution

Financial institutions are institution that collects funds from the public in financial assets, such as deposit, credits and bonds rather than tangible property. Financial institutions provide a service as intermediaries of the capital and debt market, and they are further responsible for the flow of money through the economy (Pamela, 2006).

2.2.6. Customer

A customer is an individual or business that purchases the goods or services produced by a business. The customer is the end goal of businesses, since it is the customer who pays for supply and creates demand. Businesses will often compete through advertisements or sales in order to attract a larger customer base (Solomon, 1998).

2.2.7. Welfare

A statutory procedure or social effort designed to promote the basic physical and material well-being of people in need, or the good fortune, health, happiness, prosperity, etc., of a person, group of person or organization; well-being, to look after a person's welfare, the physical or moral welfare of society (Tom, 2003).

2.3. Types of financial institution

Various types of financial institutions are as follows: commercial banks, credit Unions, stock blockage firms, asset management firms, insurance companies, finance companies, building society, retail, credit and saving cooperatives (Siklos et al, 2001).

2.4. Role of financial institutions

Financial institution perform fundamental function to the community in which operate. The efficiency with which these functions are performed can go beyond in enhancing economic development. The main function of financial institution involves: lending money (credit), storing money (saving), collecting money, transfer money and money supply.

Lending money (credit): this function is vital in three aspects which are; the bank interest earned on lent money is a very important portion of income, the national economy bank should be accustomed to lending of money for smooth running of the development and lending money to the business customers, it is a source of funds that is used to expand business hence financing short and long term working capital (Spenser, 2005).

Keeping money safely for customers is one of the function for which banks are very known this use is performed by operating for the customers the various accounts. Collecting money: bank after receive checks, bill of exchange, promissory notes and dividends on behalf of their customers those are credited to the accounts of the customer who are informed that such amount have been credited on their accounts. Transferring money: through checks credit transfers, standing orders, bank overdrafts and modes of payment bank can pay debts of their customers by transferring money their accounts. The accounts of customers are debited with the amount transferred (Spenser, 2005).

Currency supply (Exchange): this is the provision of legal cash requirement and foreign exchange cash under statutory or central bank control. With many people believe only play a narrow role in the economy taking deposit and making credits the modern bank has had to adopt new roles in order to remain competitive to public needs. Banking principal roles today are as follows; the intermediate role: transforming saving received primarily from households into credit (credits) for business firms and others to make investments in new. The payment role, carrying out payment for goods and services on behalf of their customers (such as by issuing and clearing checks, wiring funds, dispensing coins and coins). The guarantor role: standing behind their customers to pay off customer debts when those customers are unable to pay (such as by issuing letter of credit to support internal trade and to back customers issues of commercial paper), which makes it both easier and cheaper for a bank's customers to obtain credit elsewhere in the financial market place.

The agency role: here the bank acts on the behalf of customer's manager and protects them properly or issue and redeem a customer's security (usually provided through the bank trust department). The policy role: serving a conduit for government policy in attempting to regulate the growth of the economy and pursue social goals (Goldsmith, 1968).

2.4.1. Credit

Credit is the trust which allows one party to provide resources to another party where that second party does not reimburse the first party immediately (there generating debts) but instead arranges either to repay or return those resources (or other material of equal value) at a later date. The resources provided may be financial (granting a credit) or they may consist of goods or services consumer credit. Credit encompasses any form of deferred payment. Credit is extended by a creditor, also known as a lender, and to a debtor also known as beneficiaries (Vincent, 2002).

The word credit is used in the term trade credit to refer, to the approval for delayed payments for purchased goods. Credit is sometimes not granted to a person who has financial instability or difficulty. Companies frequently offer credit to their customers frequently employ a credit manager. A credit is the money that is received from somewhere; this enables the use of anticipated income for current investment or consumption (Marguerite, 2005).

2.4.1.1. Types of credit

In general, the credits are classified according to three criteria's: the length, the guarantee and the object of the credit (Jhingan, 1997).

2.4.1.1.1. Agriculture credit

This loan is meant for any type of agricultural activity; production, processing or distribution. Purchase of farm inputs, tools, machines, agro-processing, livestock farming, farm related expenses, etc..(<http://bpr.rw/rural-banking#13-tab>).

2.4.1.1.2. Micro-Credit

We understand that some individuals lack the collateral, the steady employment and the verifiable credit history required to qualify for the usual bank loans (<http://bpr.rw/rural-banking#13-tab>).

2.4.1.1.3. Small and Medium Enterprises (SMEs) Credit

BPR's SME loan is meant to help improve the competitiveness of existing businesses and industrial units through the upgrading of their business and production tools (<http://bpr.rw/rural-banking#13-tab>).

2.4.1.1.4. Medical Care credit

For this credit you are able to afford your medical bill by spreading the expenses over a longer loan period, whatever medical procedure you may require, anytime, you don't have to worry about paying for the entire bill at once, medical insurance which doesn't take care of all types of medical bills, the medical loan can be used for all your health issues,

Medical loans are not only used for emergency interventions, but also for any other intended interventions, Payment period that extends up to 12 (<http://bpr.rw/rural-banking#13-tab>).

2.4.1.1.5. Education Loan

Making it possible to give your children the best education so that they can fulfil their dreams and live a prosperous life, designed for all levels of education from start until university graduation, the loan covers all education related expenditure: tuition fees, cost of study material, school equipment, etc. (<http://bpr.rw/rural-banking#13-tab>).

2.4.1.2. Credit policy in Rwanda

In Rwanda, the credit policy is the competence of National Bank of Rwanda (BNR). Credit is a monetary creation instrument. But the distribution of credit must follow certain rules and regulations to ensure the stability of the national currency.

With the emergency of bank instructions and strict supervision of banks, bank in general and commercial bank in particular have been recommended to never extend credit to persons or businesses which have non-performing credits and to publicly list in journals names of delinquent who have credit files have been introduced in court.

The instructions of BNR play a big role in help banks to be careful. In their pursuit of profit, bankers take risks, which are beyond their capacity. At the end of day they find themselves in the situation that they cannot manage, the result being the increase in non-performing credits.

2.4.1.3. Disadvantages of credit

Even though credit plays an important role in the development and welfare of a country when it is not used in certain limits it can have a negative impact on the economy. The advances some of certain disadvantages of credit which are: excessive use of credit can create inflation; excessive credits may also encourage unnecessary expenditure (Ahmed, 1988).

The goal of financial institution in Rwanda as development organization is to service the financial needs of underserved or underserved markets as means of meeting development objectives. This development objectives generally includes one or more of the following:the help existing enterprises grow diversify their activity, to encourage development of new enterprise, to increase productivity and income vulnerable groups, especially women and poor, to reduce rural dependence on drought-prone crops,

through diversification of the income generated activities,to create employment and income opportunities through the creation and expansion of small and medium enterprises, improve the management of household and reduce their risks that across, increasingstandard of living of the poor (health, education, closing, food security, providing seems to be a way of to generate self-employment for the poor (BNR, 2010).

Financial institutions support small entrepreneurs by giving those credits that have growth potentials, their access to credits smoothed consumption and facilities constraints in productivity of poor. Credits targeted to the poor women and youth has a greater impact on poverty eradication than financing large firms.

2.4.2. The concept of savings

Saving is a part of available revenue (revenue after taxes and other charges and deduction) that is not consumed by a person. Saving is process of depositing the amount of money for future uses (IWACU, 1998).

Saving as the portion of disposable income not spent on consumption of consumer goods but accumulated or invested directly in capital equipment or in paying off a home mortgage, or indirectly through purchase of securities (Mankiwin, 2003).

Process of setting aside a portion of current income for future use, or the resources accumulated in this way over a given period of time. Savings may take the form of bank deposits and cash holdings or securities (Marriam, 2003).

2.4.2.1. Types of savings

Financial institution they are three kinds of Savings: Compulsory Savings, Voluntary Savings, Contract Savings (Gatachew, 2006).

Compulsory savings: Compulsory saving is a saving that member is forced to save on regular basis; it is a membership.

Voluntary savings: If the potential financial institution members are farmers and only receive income once or twice a year, how can they save the appropriate amount at the appropriate time? This kind of saving is very important to farmers since they don't have regular income they can save as voluntary saving during harvest time, and transfer monthly to their compulsory saving accounts. Voluntary savings are deposited and withdrawn as the member sees fit. Farmers, and other individuals, can save the full amount for the coming year's compulsory savings in advance with the financial institution by depositing 12 months' worth of saving in a voluntary account.

Following that, each month on the appropriate day the member will come to the financial institution to withdraw the amount of one month's compulsory saving from the voluntary saving-account and deposit it in the compulsory saving account. This maintains the fundamental function of the financial institution and allows individuals with seasonal incomes to be members. Technically speaking, this is referred to as saving up.

This ensures regular flow of cash to the financial institutions and promotes members participation, this kind of saving can be withdrawn at any time when the owner needs it. The financial institutions may or may not provide saving interest for this voluntary savings. Farmers are highly advised to save on voluntary saving for small capital investment like purchasing seed for cultivation.

Contract savings (time deposits) or fixed deposit: This kind of saving will not be invited unless the financial institution acquires good experience in managing their savings and credits properly. This kind of saving will be invited in the future when the financial institution is in a good capacity and position of managing its savings and credits properly and if there is a shortage of feasible financial demand by members. This kind of saving can be collected from members and none members but the amount, period of Collection and interest for this saving should be decided by the General Assembly of members. Time deposit brings the opportunity of high interest rate on savings(Gatachew, 2006).

2.4.2.2. The purposes of savings

Saving behavior is fundamental aspect of human survival particularly in rural areas where income is unsecured, there is strong empirical evidence that the saving behavior of all private household is highly sensitive towards attractive incentives to save. He further observes that higher interests rates can stimulate financial saving substantially (Ahisimbiwe, 2007).

Uganda Cooperative Alliance (2005) highlights the various reasons why people save which are means of insurance: savings play the role of insurance against income losses, emergencies, bad wealth and health, Safeguard the household cash flow: saving safeguards poor household against the uneven income stream due to seasonal fluctuations especially in the rural areas. Savings will compensate for this uneven stream of cash by keeping the excess income (cash) and using it during the time of shortage. Accumulation of wealth through saving, the poor households are able to accumulate wealth to finance long term goals.

Rutherford showed three categories of savings needs the first is life cycle needs: Money is needed for management of birth, education, home making widowhood, old age and death. The second are emergencies: impersonal emergencies like theft, fines, and physical illness, finally is the opportunities: for instance starting a business or buying life enhancement durables as well as needs. The three factors were found to be determinants of the saving behavior of household in Uganda: First among these was ability to save which in turn depends on household's disposable income and expenditure.

The second is the propensity or willingness to save as influenced by socio cultural and economic factors like the family obligation to educate children. Last is the opportunity to save and returns on savings(Ahisimbiwe, 2007).

2.4.2.3. Advantages of savings

Some advantages are an easy way of organizing a community to save and recycle savings in a given locality; mobilize savings locally within the community because the nature financial institutions are local and then the profits are returned to members in the form of credits. The money stays and works within the membership and the area. This mutually achieved success helps to not only build a sense of ownership and pride in an area, it creates a culture of saving and investing (MINECOFIN, 2009).

2.4.3. Access to banking facilities

2.4.3.1. E-banking

E-banking is electronic banking means the conduct of banking electronically, or a form of banking where funds are transferred through an exchange of cash, checks, credit card or other negotiable instruments (Lustsik, 2004).

2.4.3.2. Debt card

Is a plastic card that may be used for purchasing goods and services or for purchasing goods and services or for obtaining cash advances for which payment is made from existing funds in bank account (Andrew, 2010).

2.4.3.3. Mobile banking

Mobile banking is a financial transaction conducted by logging on the bank's website using a cell phone, such as viewing account balances, making transfers between accounts, or paying bills, it is a term used for performing balance checks, account transactions, payments etc. via a mobile device such as a mobile phone. In recent time mobile banking is most often performed via SMS or the mobile internet but can also use special programs called clients downloaded to the mobile device (Gatera, 2011).

The biggest advantage that mobile banking offers is that it drastically cuts down the costs of providing service to the customers. For example an average teller or phone transaction costs about 30Rwf each, whereas an electronic transaction costs only about 5Rwf each. Additionally, this new channel gives the bank ability to cross-sell their other complex banking products and services such as vehicle loans, credits cards etc. for service providers; mobile banking offers the next surest way to achieve growth. Countries like korea where mobile penetration is nearing saturation, mobile banking is helping service providers increase revenues from the now static subscriber base. Also service providers are increasingly using the complexity of their supported mobile banking services to attract new customers and retain old ones (Abdoul, 2009).

The biggest advantage that mobile banking offers to banks is that it drastically cuts down the costs of providing service to the customers. For example an average tellet or phone transaction costs of about 30 Rwf each, whereas an electronic transaction costs about 5rwf each. Additionally, this new channel givess the bank ability to cross-sell their othercomplex banking products and services such as vehicle loan, credit cards ,debt card etc. for service providers, mobile banking offers the next surest way to achive growth.

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Today most large banks offer basic mobile banking solution for their cunsumers. The most common services available today are: Account balances updates and reminders, Customer service via mobile, Branch or ATM location information, Funds transfers, Mobile banking can offer services such us the following: Account information, Mini-statements and checking of account history, Monitoring of term deposits, Ordering cheque books, Balance checking in the account, Recent transactions Etc (Vaidya, 2011).

2.5. Lifestyle

Lifestyle refers to the level of wealth, comfort, material goods and necessities available to a certain socioeconomic class in a certain geographic area. The standard of living includes factors such as income, quality and availability of employment, class disparity, poverty rate, quality and affordability of housing, hours of work required to purchase necessities, gross domestic product, inflation rate, number of holiday days per year, affordable (or free) access to quality healthcare, quality and availability of education, life expectancy, incidence of disease, cost of goods and services, infrastructure, national economic growth, economic and political and stability, political and religious freedom, environmental quality, climate and safety. The standard of living is closely related to quality of life (Marcout, 2000).

2.5.1. Lifestyle measurement

Lifestyle is generally measured by standards such as real (i.e. inflation adjusted) income per person and poverty rate.

Other measures such as access and quality of health care, income growth inequality, access to energy (people's disposable income's ability to buy energy) and educational standards are also used. Examples are access to certain goods or measures of health such as life expectancy. It is the ease by which people living in a time or place are able to satisfy their needs and/or wants.

The idea of a 'standard' may be contrasted with the quality of life, which takes into account not only the lifestyle, but also other more intangible aspects that make up human life, such as leisure, safety, cultural resources, social life, physical health, environmental quality issues, etc. More complex means of measuring well-being must be employed to make such judgments, and these are very often political, thus controversial. Even between two nations or societies that have similar material standards of living, quality of life factors may in fact make one of these places more attractive to a given individual or group (The Human Development Report , 2013).

2.6. Income

Income is the consumption and savings opportunity gained by an entity within a specified timeframe, which is generally expressed in monetary terms. However, for households and

individuals, income is the sum of all the wages, salaries, profits, interests payments, rents and other forms of earnings received in a given period of time (Crow, 2009).

2.6.1. Increase in income

Income per capita has been increasing steadily in almost every country. Many factors contribute to people having a higher income such as education, globalization and favorable political circumstances such as economic freedom and peace. Increase income also tends to lead to people choosing to work less working hours. Developed countries defined as countries with a developed economy have higher incomes as opposed to the developing countries tend to have lower incomes (Barr N. 2004).

2.6.2. Types of income

A part of financial education is to understand the financial terms. There are different types of income. Understand the different types of income as earned income, worked income, investment income, passive income, other income. Income puts money into your pocket. The different types of income are for different types of people with different ideas, attitude and mind-set about money (Shadeska, 2003).

Earned income: is an income from a job, earned income includes all the taxable income and wage you get from working there are two ways to get earned income: You work for someone who pay you or you work in a business your awn.

Worked income: is income from paper assets or capital gains. Portfolio income is not passive income for the passive loss rules. Portfolio income includes dividends, interest, capital from property that produces portfolio income

Passive income: Passive income is income you have earned from assets as businesses and/or investments. Business owners and investors must not be actively involved with the business and/or the investment in order to make money. To generate passive income most of the work is done at the beginning. In the case of a real estate you do research of the real estate, the market. Once the deal is closed you will receive passive income from the rental property.

Investment income: The return received by insurers from their investment portfolios including interest, dividends and realized capital gains on stocks. It doesn't include the value of any stocks or bonds that the company currently owns. Capital gains, dividends, interest, and rent generated by investment, and not by trading activities. Also called unearned income, investment income is generally taxable (Hassett et al, 2008).

According to Jimmy Choos (2003), there are actually quite a number of instances when you can make a deposit or go straight to the store to buy those without being taxed on money or benefits that comes your way. Here are some of the most common and interesting benefits and sources of money that aren't taxable for federal income tax purposes: Gifts and inheritances, employee achievement award, deferred compensation and retirement plans, Health savings accounts (HSA).

Gifts and inheritances: In most cases, property you receive as a gift, bequest, or inheritance is not included in your income.

Employee achievement award: If you receive tangible personal property generally, a thing you can touch like cufflinks or the dreaded grandfather clock as an award for length of service or safety achievement, you generally can exclude its value from your income.

Deferred compensation and retirement plans: This is kind of a trick on my part since these plans aren't so much exempt as they are deferred. Your employer will report to you the total amount of deferrals for the year under a deferred compensation plan; that amount is generally not included in your income until you make a withdrawal.

Health savings accounts (HSA): If you are an eligible individual, you and any other person, including your employer or a family member, can make contributions to your HSA; those contributions made by your employer are not included in your income. Additionally, when you take the money out to pay qualified medical expenses, it's not included in your income etc.

2.7. Empirical review

Conceptual studies indicate that improved quality of financial services have a positive relationship on customers' welfare. A number of empirical studies have attempted to examine the relationship between quality financial services and customers' welfare and it has been established that the improved financial services will improve on as cited by Bates K. et al (2003).

Todaro (1982); suggests that financial institutions improved service quality will influence some intermediate variables of which later will have an effect on customers welfare as a result of reduced interest rates on loanable funds. It should be noted that if the customers welfare is improved, the level of investment in economy have to increase and economic development will be promoted leading to apposite relationship. Campsey, (2005), argues that if customers do not save their money with financial institutions they stand high risks of making losses in case of theft and even the money saved on their saving account would generate an interest rate to the financial institutions thus making a lot of profits and improving their livings standards.

Khazi, (2002), points out the relationship between quality financial services offered by financial institutions and welfare of their customers. It should be noted that funds shortage will disrupt the customers operation for instance failure to acquire goods/items for sale, inputs in production and meeting customers; orders (Mc Clelland, 2001). Thus financial institutions offers credit to support purchase of goods and services and to finance capital investments increases the productivity of customers's resources and makes as possible a standard of welfare for individuals and families as revealed.

Business growth depends on safety and good control of funds which reduces on mismanagement and misappropriations (Parren, 2000).

The measures to ensure safety of money needs daily banking of funds received business to reduce on theft and mismanagement of funds. Thus financial institutions offer the security service to customers' money which increases on investments thus promoting growth and welfare.

James et al, (2003) explains that if financial institutions properly manage its funds and maintains a positive balance especially on bank accounts in form of fund deposits, it may increase on the position of performance through the interest earned. Having positive funds balance enables a customers to take advantage of funds discounts from suppliers, purchase input and enables the customers to carry on further investment in profitable ventures thus leading to socio-welfare as financial service delivered properly handle customers funds and awarding an interest on the money saved in the bank by the customers.

Khambata (1996) asserts that, financial institutions boom by having the saving culture but then, it is not always possible to do so because of the meager resources that these businesses normally have. This is disadvantageous incase of expansion of business.

Wilker, (2006) and Samuels, (2006) share the same view as Shaw, (2006) on the relationship between the roles of financial services and customers welfare. If a business does not manage its funds properly, it can easily go into liquidation as a result of failing to pay the outstanding liabilities (suppliers, wages) and meeting the day to day operation. This has an adverse impact on customers welfare (Wilkes, 2006).

According to Brunner A.D (2004) asserts that financial institutions offer secured loans on which the borrower pledges some asset in form of property like car, land as collateral for the loan. He revealed that in the event where by a borrower defaults the creditor takes possession of the asset used as collateral and may sell it to regain some or the entire amount originally lent to the borrower. This negative relationship has been observed since most of the farmers fail to return the borrowed money especially after when their crops have been destroyed by un-certainties like heavy rain or drought. On the other hand a positive relationship exist since financial institutions offer unsecured loans in from of bank overdrafts, help to improve on customer welfare especially the business people and civil servants who keeps money in these financial institutions.

2.10. Summary

The second chapter is interested to the findings of previous researchers where the actual researcher show and explain the reason of his or her research. The researcher list the different research has done by others and you suggest the factors that have not attract many scholars, which is considered to be the research gap. In this chapter the researcher determines the relationship between independent variable and dependent variables.

The above chapter differentiates the theoretical literature and empirical literature by showing the impact of variables and show how the variables are supposed to be used for improvement of customer welfare. And then our topic is focused on the role of financial services on welfare of customers.

CHAPTER 3: RESEARCH METHODOLOGY

3.1. Introduction

This chapter focuses on methods and approach that was used in data collection, analysis and presentation.

3.2. Research design

The research used an explanatory design. This approach tends to clarify why and how two or more aspects of a situation or phenomena relate each other. This approach used to identify the reasons and answer as to why and how the relationship between financial services and welfare of customers. The study used both the quantitative and qualitative research design. Quantitative research uses objective measurement and statistical analysis of numeric data from the respondents through questionnaire to understand and explain a phenomenon. Qualitative research, in contrast, focus on understanding social phenomenon from the perspective of human participants in the study.

3.3. Population of the study

The population of this study was composed by two groups, the first group was 10120 customers of BPR Muhima branch and the second group is staff of this bank.

The first group of this population has a representative sample and the second group interviewed entirely.

3.3.1. Sampling procedures

The study used a strategy of formula for calculating a sample size. A sample is when a survey covers less than a hundred per cent of the population. A researcher did not take the whole population of the study but only a sample. Because it is not impossible to analyze the characteristics of the whole population aimed at this research, there is need to choose the representatives of that population by selecting a sample size.

To determine a representative of sample, there are renowned universal procedures to use. Thus, to achieve this, the researcher used the formula for determination of the sample size. The Yaro Yamane techniques have been used for this research work.

$$n = \frac{N}{1 + Ne^2}$$

n= Sample size

N= Size of population

e= desired level of precision (10%)

To illustrate this formula Sample size = $\frac{10120}{1+(10120*0.1^2)} = 99.0215$

n= 99.0215= 99

For choosing these 99 customers, simple random sampling technique was used.

While the sample size was 99, the researcher distributed 99 questionnaires to the respondents and interview was conducted with the branch Manager.

3.4. Data collection methods

Data was collected from field visits to the office of BPR Muhima branch. An interview, questionnaires and key informants discussions was conducted to investigate the role of financial services to the customers' welfare.

3.4.1. Data collection instrument

The data collection instrument is the manner of getting information from respondents by using questionnaires in which include the different types of questions such as open and close ended questions.

3.4.2. Administration of data collection instruments

Individual Interviews guide

In depth interview with the branch manager of the bank has been conducted. Because in depth interviews are more detailed and require more time and concentration, respondents was interviewed according to their convenience.

Questionnaire

According to Kenneth (1978), a questionnaire is a set of questions handed to the respondents and filled in by him or her with no help from the interviewer. The questionnaire is considered beneficial for respondents because they have enough time to give well-thought out answers. They also feel free and respond without fear as they do it without the supervision of the researcher.

The questionnaire was designed in the light of the topic and the objectives of the study. The questionnaires in this research were distributed to customers of BPR Muhima branch.

3.4.3. Quality control

Allen, M. (2002:11), point out that there are two basic goals in questionnaire design: to obtain information relevant to the purposes of the survey and to collect this information with maximal reliability and validity. The researchers must be sure that the data gathering instrument being used measured what it is supposed to measure and how it did this in a consistent manner. This section is concerned with how the researchers performed the quality control during this study. Two main things are detailed in this section: validity and reliability

3.4.1. Validity

According to Allen, M. (2002:11-12), validity can be defined as the degree to which a research instrument measures what it is supposed to measure.

The approach of content validity measures the degree to which the instrument items present the domain or universe of the trait or property being measured. In order to establish the content validity of a measuring instrument, the researchers must identify the overall content to be represented (Allen, M. 2002:13).

For the approach of construct, the term construct in this instance is defined as a property that is offered to explain some aspect of human behavior, such as mechanical ability, intelligence, or introversion. The construct validity approach concerns the degree to which to test measures the construct it was designed to measure (Allen, M., 2002:13).

For approach of criterion-related is concerned with detecting the presence of one or more criteria considered to present traits or constructs of interest.

One of the easiest ways to test for criterion-related validity is to administer the instrument to a group that is known to exhibit the trait to be measured (Allen, M. 2002:14). During the study, considering the above three approaches of validity, the researchers expected to include all of them in the instrument that was used. Firstly, all questions to be asked concerned the variables (financial services and customers' welfare) of this study and their relationship. Secondly and lastly, the questionnaire was addressed to customers of BPR Muhima Branch.

Furthermore, in order to determine quantitatively the validity, all items were given to experts in literature to see if their contents conform to the overall content identified by the researcher. After, the researchers estimated the validity by using the following formula:

$CVI = \frac{n}{N}$ where CVI stands for content validity index, n stands for number of items declared valid and N stands for the number of all items. By replacing each parameter by its specific value, the researchers found the CVI equal to 83% which she considered acceptable. From this, the researcher confirmed that the instrument was valid.

3.4.2. Reliability

The reliability of research instrument concerns the extent to which the instrument yields the same results on repeated trials. One of the easiest ways to determine the reliability of the instrument is by the rest method in which the same test is given to the same people after a period of the time. The reliability of the instrument can be estimated by examining the consistency of the responses between two tests.

With the method, the researchers chose 99 respondents and give them the questionnaires in two different periods. Thereafter, she tested the consistency of the responses between the two administrations of the same questionnaire. If the same results were obtained, then the reliability coefficient would be 1.00 (100%). If it is not the case, the following formula was adopted to estimate the reliability coefficient.

Where n stands for the number of items which gave the same results and N stands for the number of all items. After applying the formula, the following criteria were used:

$0.9 \leq a \leq 1$	Excellent
$0.7 \leq a \leq 0.9$	Good
$0.6 \leq a \leq 0.7$	Acceptable
$0.5 \leq a \leq 0.6$	Poor
$a < 0.5$	Unacceptable

With the above range of values, the researcher expected to maintain the ranges of excellent, good and acceptable and to revise the questionnaire otherwise. Luckily, the calculations led to the value of an equal to 8.6 and the researcher conducted that the instruments used were reliable.

3.5. Processing and analysis of data

The data, after collection, has to be processed and analyzed in accordance with the outline laid down for the purpose at time of developing the research plan (Schindler, 2003).

The kind of statistical treatment depends upon the nature of the problem, especially the specific and the nature of the data gathered. Descriptive statistics were used in this research because of data gathered that can be very difficult to analyze qualitatively. Mean, standard deviation and correlation coefficient were taken into consideration to make the analysis. A Statistical Package for Social Sciences (SPSS) version 22.0 was used to analyze the data collected throughout a questionnaire.

Mean (μ)

Mean the best known and frequently used measure of the center of distribution of a quantitative variable is well known as the mean. The mean refers to averaging; adding up.

Table 3.1: Evaluation of mean

Mean	Evaluation
1-1.49	Weak
1.5-2.49	Weak
2.5-3.49	Weak
3.50-4.49	Strong
4.5- 5	Strong

Source: (Aggresti, 2009)

Standard déviation (σ)

The standard deviation helps to measure how far or near from the mean. A measure of the center is not enough to describe a distribution well. It tells the researcher about the spread of the data. In summary, we have σ is typical distance from the mean, larger values of σ represent greater spread, and $\sigma = 0$ means that all observations take the same value.

Table 3.2: Evaluation of standard deviation

Standard Deviation	Level Spreading
$\sigma < 0.5$	Homogeneity
$\sigma > 0.5$	Heterogeneity

Source: (Aggresti, 2009)

Correlation

The tool of correlation analysis has been developed to study and measure the statistical relationship that exists between two or more variables. When three or more variables are considered, the study deals with multiple correlations (Sanders at al, 2000).Correlation coefficient takes on values ranging between 0 and 1. Correlation analysis, the purpose was to measure the strength and closeness of the relationship between each independent variable to dependent.

The following points are the accepted guidelines for interpreting the correlation coefficient:

Table 3.3: Evaluation of correlation coefficient

Correlation Coefficient	Label
$r = 1$	Perfect linear correlation
$0.9 < r < 1$	Positive strong correlation
$0.7 < r < 0.9$	Positive High correlation
$0.5 < r < 0.9$	Positive moderate correlation
$0 < r < 0.5$	Weak correlation
$r = 0$	No, Relationship

Source: Sanders et al, (2000).

The data which was collected was prepared for analysis and then later analyzed. By using qualitative method, the investigator will be in position to collect the type of information that relates to the feeling, thoughts and intentions of interviewed population. By using this method, the researchers were able to analyze variables to get the exact data required.

3.6. Ethical Consideration

To ensure that ethics is practiced in this study as well as utmost confidentiality for the respondents and the data provided by them, the following activities were done: (1) coding of all questionnaires; (2) Request the respondents to sign in the Informed Consent Form (3) acknowledge the authors quoted in this study through citations and referencing; (4) present the findings in a generalized manner. Finally all the citations were acknowledged with the corresponding authors for avoiding any possibility of plagiarism.

CHAPTER 4: DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1. Introduction

This chapter deals with data analysis, presentation of the findings of the research primary data from the study in relation to the research questions and the assessment of financial services and the customers' welfare. The data collected from the field were encoded and statistically analyzed using SPSS version 22.0. The data was collected through a structured questionnaire that was distributed to the 90 customers of BPR/Muhima branch, the data presentation is in form of percentages and statistical tables. The researcher's judgments are not final conclusive and therefore stand for further investigator's contributions.

4.2. BPR profile

The project of Banque Populaire du Rwanda is one of the fruits of the co-operation between the Swiss confederation and the Republic of Rwanda. Then the principal idea was centered on the installation of a network of the co-operatives of saving and credit in order to contribute to the collection of the deposits especially in rural area and to reinvest them in projects of development.

Thus, in June-July 1971, a Swiss commission made feasibility studies which proved to be conclusive and at the end of which an agreement would be signed in Bern (in Switzerland) the 7th December 1972. However, the operational phase did start that with the creation of BP de NKAMBA in ex-Commune of KABARONDO, in the ex-Prefecture of KIBUNGO on August 04th, 1975. The periods which followed were characterized by the creation of the new Popular Banks. In 1986, the Union des Banques Populaires du Rwanda (UBPR) was born thus replacing the office of direction.

Before 1994 the UBPR joined together 131 Popular Banks. The members were counted with 356779 people, with 455020291 Rwandan francs of deposits. The genocide and the war of 1994 put an end to this evolution, much of members were assassinated, others fled, and the Popular Banks were plundered. However, the period post genocide was characterized by activities of rehabilitation which made that the Popular Banks of Rwanda retake their activities. Thereafter, the Popular Banks were spread everywhere in the country.

Nowadays, Banque Populaire du Rwanda S.A maintains a network of 18 branches, over 109 sub-branches and 61 outlets in all provinces of the country. It employs 1460 staff number and has a capital of 5,800,000,000 Rwf. BPR Motto is «BANKI YACU, HAFI YACU»; English meaning: Our neighborhood bank.

4.2.1. Mission and vision of Rwanda People's Bank

BPR's mission is still wholly in line with the original strategy of its founding banks. The main difference being the national approach and the extension of its products.

In short: «To be the leading retail bank of Rwanda» BPR will provide a full range of financial services in the urban and the rural areas in a market-driven and financially sustainable way, historically based on cooperative characteristics. Special emphasis will be on providing a wide range of financial services to farmers, agribusiness enterprises, private individuals and micro- as well as SME types of businesses». BPR vision is to be the leading retail bank of Rwanda.

4.2.2. Objectives of Banque Populaires in Rwanda

The Banque Populaires were created with the objectives of developing people's savings and credit, promoting cooperation through social and economic welfare of their members and serving the community. They aimed at attaining above-mentioned objectives by:

Extending credit facilities to their members, This enabled members to cover their economic needs, Promoting savings by giving members economic interest on fixed accounts according to the time limited and on agreement terms, Creating an environment for expansion of agricultural and art-craft production and other income and job creating activities particularly in rural areas, Creating an environment for economic and social progress of the population through training members about project formulation, Creating mutual confidence between the members.

4.3. Respondents' Demographic profile

In this research, the characteristics of the respondents that include gender, age, highest academic level, and working experience were taken into account to assess the financial services and the customer's welfare. Therefore, the corresponding research findings are presented hereafter.

Table 4.1. Gender of respondents

Categories	Frequency	Percentage
Male	46	51.0
Female	44	49.0
Total	90	100.0

Source: Primary data, 2016

The table above 4.5 shows that majority of the respondents, 46 (51.0 %) were male as compared to females, 44 (49.0%). This finding indicates that males continue to dominate positions of responsibility in financial institutions as well as engagement in business as compared of women, but there is improvement compared to nowadays.

Table 4.2 Age group of respondents

Categories	Frequency	Percentage
<30	36	40.0
31-40	40	45.0
41-50	12	13.0
51 and Above	2	2.0
Total	90	100.0

Source: primary data, 2016

The findings from the table 4.6 indicate that 40.0 % of the respondents were aged under 30 years and below, 45.0% were aged between 31 and 40, 13.0% were aged between 41 and 50, 2.0% were aged 51 years and above. By implication, majority of the respondents being mature meant that they were informed and knowledgeable about the services delivered by bank hence these services help them to improve their welfare.

Table 4.3. Level of education of the respondents

Categories	Frequency	Percentage
Primary level	20	22.0
Secondary level	32	36.0
University level	26	29.0
Others	12	13.0
Total	90	100.0

Source: primary data, 2016

The results from the table 4.7 shows that 13.0% of the respondents have other trainings like professional trainings, 22.0% hold primary level, 36.0% had completed secondary level, and 29.0% of respondents had University level. Majority respondents were attended secondary school, this implying that customers of BPR/Muhima branch have the knowledge and capabilities of dealing with banking services. These services help customers to improve their lifestyle.

Table 4.4: Distribution of respondents by occupation of respondents

Occupation of respondents	Frequency	Percentage
Students	8	9.0
Public and Private Officers	30	33.0
Business men	42	47.0
Others	10	11.0
Total	90	100.0

Source: primary data, 2016

As illustrated in Table 4.8, indicates that 9.0% of respondents are students who got loans from BPR, 33.0% are public and private officers, finally 42 respondents (47.0%) are business men who got loans from BPR, finally there are other 11.0% of respondents have other occupations.

Table 4.5. The number of years that respondents have being customer of BPR Muhima branch

Categories	Frequency	Percentage
1 year	20	22.0
2-5 years	49	54.0
6-10 years	15	18.0
10 years and above	6	6.0
Total	90	100.0

Source: primary data, 2016

Table 8 above shows that 22.0% of the respondents indicated that they have been working with BPR/Muhima branch for a period of one year, 54.0% indicated that they have been working with BPR/Muhima branch for the period between 2-5 years while 18.0% indicated that they have been working for a period between 6-10 years, finally, 6.0% of respondents have been working with BPR for a period more than 10 years. This creates an impression that the respondents had a vast experience of working with financial institutions and therefore more knowledge and informative as regards the operations of BPR/Muhima branch hence an experience of using loan from the bank.

4.4. Presentation of findings

4.1. The Assessment of financial services

This section presents findings of analysis financial services, Findings on whether BPR/Muhanga branch has a credit facility that is delivered to customers in favorable way and the results are shown in the Table below:

Table 4.6. What is the respondents perception on BPR/Muhima branch credit distribution?

Questions	Mean(μ)	Std. deviation (σ)	Comment
Documents required when asking loan are clear	4.55	0.48	Strong Homogeneity
Documents required when asking loan are always available	4.64	0.42	Strong Homogeneity
Interests rate is affordable	4.76	0.45	Strong Homogeneity
The collateral asked by the bank is affordable	4.26	0.57	Strong Heterogeneity
Analysts understands well borrowers	4.52	0.41	Strong Homogeneity
There is no corruption in giving loan	4.43	0.41	Strong Homogeneity
Analysts give enough time to borrowers in defending their project	4.26	0.56	Strong Heterogeneity
All requirements for getting a loan are fair	4.68	0.47	Strong Homogeneity
Assurance to get credit are reasonable	4.77	0.41	Strong Homogeneity
Repayment period is enough	4.68	0.58	Strong Heterogeneity
Aggregate Mean	4.55		

Source: Primary data, 2016

The results from the table 4.10 indicate that out of the 100 % respondents, the finding from respondents on distribution of credits.

The question that assessed if documents required when asking loan are clear was outward with a mean of 4.55 (strong) and standard deviation 0.48 (Homogeneity) this means that the customers of BPR/Muhima branch viewed this statement in the same way because BPR/Muhima branch provides easy way to give loan to customers.

The question that analyzed if the documents required when asking loan are always available, for this question many respondents had same perceptions as shown by a mean of 4.76(strong) and standard deviation of 0.45 (Homogeneity).

The respondents have been asked whether collateral asked by the bank is affordable was outward with a mean of 4.26(strong) and standard deviation of 0.57 (Homogeneity). Many respondents had different perceptions on the collateral asked by BPR/Muhima branch. From here some customers look at collateral very complicated and few others said that collateral asked by BPR/Muhima branch is affordable.

The analysts understand well a borrower was outward with a mean of 4.53(strong) and standard deviation of 0.41 (Homogeneity). This means that respondents had same views. This shows that credit officers of BPR/Muhima branch provide good services to their customers. The question that assessed if there is no corruption in giving loans was perceived by many respondents said that said that is true. This confirmed with a mean of 4.26 (strong) and standard deviation of 0.53(Homogeneity).

Do analysts give enough time to borrowers to defend their project? The outward with a mean of 4.26 (strong) and standard deviation of 0.56 (heterogeneity) indicate that some few respondents had different perceptions. This shows that credit officers of BPR/Muhima branch provide good services to their customers. The question that assessed if all requirements for getting loan are fair was perceived by many respondents who agreed that those documents are fare as confirmed by a mean of 4.68 (strong) and standard deviation of 0.47 (homogeneity). The question that assessed if assurance to get credit is reasonable was outward with a mean of 4.77 (strong) and standard deviation of 0.41 (homogeneity). This means that respondents had same perceptions. The question that assessed if repayment period is enough was outward with a mean of 4.68 (strong) and standard deviation of 0.58 (heterogeneity).

This means that some respondents had different perceptions. The reasons of this disagreement are because all those customers asked a short term loan which requires a short repayment period.

Table 4.7. What are the respondents views on saving and withdraw

Questions	Mean(μ)	Std. Deviation(σ)	Comments
It is easy to open an account	4.42	0.40	Strong Homogeneity
Saving forms are easy to fill	4.89	0.61	Strong Heterogeneity
I have financial security become of my savings	4.81	0.37	Strong Homogeneity
Savings can be withdrawn for use at any time	4.63	0.39	Strong Homogeneity
There is supervision that ensure safety of money	4.68	0.58	Strong Heterogeneity
There is a relevant facilities for saving/withdraw	4.78	0.41	Strong Homogeneity
There is enough facilities for saving/withdraw	4.57	0.40	Strong Homogeneity
Tellers are competent	4.52	0.51	Strong Heterogeneity
Tellers have good communication	4.80	0.31	Strong Homogeneity
Tellers have good customer care	4.52	0.51	Strong Heterogeneity
Aggregate Mean	4.52		

Source: Primary data, 2016

From the table 4.11 the results show the results from customers on saving and withdraw. Then the research findings show that it is easy to open an account from BPR/Muhima branch this was perceived with a mean of and standard deviation respectively (4.42, 0.40) (Strong, Homogeneity) as means that many customers of BPR/Muhima branch had the same views in answering because it is free to open an account from this bank.

On the question that asked if saving forms are easy to fill was outward with a mean of 4.89(strong) and standard deviation of 0.61 (heterogeneity). This means that some respondents had same views about saving form.

On the question that asked if customers have financial security of their savings was perceived with a mean of 4.81(strong) and standard deviation of 0.37 (homogeneity). This means that respondents had same views. Because the research revealed out that BPR/Muhima branch provide a full security of money of customers. On the question that asked if savings can be withdrawn at any time was perceived with a mean of 4.63(strong) and standard deviation of 0.39 (homogeneity). This means that many respondents had same views. These agreements of customers explained by the use of ATM Machine of BPR/Muhima branch which provides services of withdraw in 24 hours. On the question that asked if there is supervision that ensure safety of money was perceived with a mean of 4.68 (strong) and standard deviation of 0.58 (heterogeneity). This means that some (customers) respondents had different views.

On the question that asked if there is enough facilities for savings and withdraw was outward with a mean of 4.57 (strong) and standard deviation of 0.40 (homogeneity). This shows that many respondents had same views. And for the question that asked if there is relevant facilities for saving and withdraw was outward with a mean of 4.78 (strong) and standard deviation of 0.54 (heterogeneity). This shows that some respondents had different views. For these points customers were perceived differently because the ignorance of some of them.

On the question that asked if the tellers of BPR/Muhima branch are competent was perceived with a mean of 4.52 (strong) and standard deviation of 0.51 (heterogeneity). This means that few respondents had different views, on the question that asked if the tellers of BPR/Muhima branch have good communication was perceived with a mean of 4.80 (strong) and standard deviation of 0.31 (homogeneity). This means that more respondents had same views. And on the question that asked if the tellers of BPR/Muhima branch have a good customers care was perceived with a mean of 4.52(strong) and standard deviation of 0.51(heterogeneity).

This means that many respondents had same views. These questions customers answered them differently because are individual judgments to know if tellers provide good services, good customers etc. The respondents were asked to indicate as to whether they access to bank facility. The following results were obtained from the table below:

Table 4.8. What are the Opinions of respondents about access to bank facilities

Questions	Mean (μ)	Std. Deviation(σ)	Comments
E-banking of BPR/Muhima branch functions well	4.47	0.51	Strong Heterogeneity
Online banking functions well	4.78	0.70	Strong Heterogeneity
Online banking is regularly available	4.56	0.89	Strong Heterogeneity
I get my Mini-statement when I need it	4.78	0.41	Strong Homogeneity
I check my account history when I need it	4.68	0.47	Strong Homogeneity
Payment order are faster	4.52	0.51	Strong Heterogeneity
I get ATM card as soon as I apply for it	4.63	0.49	Strong Homogeneity
ATM Machine functions well	4.73	0.39	Strong Homogeneity
Money transfer services functions well	4.67	0.54	Strong Heterogeneity
Mobile banking of BPR/Muhima branch function well	4.87	0.40	Strong Homogeneity
Aggregate Mean	4.63		

Source: Primary data, 2016

The statement that assessed if E-banking of BPR/Muhima branch functions well was perceived with a mean of 4.47 (strong) and standard deviation of 0.51 (heterogeneity), the results show that the some respondents had the different opinions about the statement. This difference in perception of customers about functions E-banking of BPR/Muhima branch caused by insufficient knowledge of using internet, as we know many people in rural area do not use internet.

The statement that online banking function well was perceived with a mean of 4.78 (strong) and standard deviation of 0.70 (heterogeneity), the results show that the some few respondents had the different opinions about the statement. The statement that assessed if online banking of BPR/Muhima branch is regularly available was perceived with a mean of 4.56 (strong) and standard deviation of 0.89 (heterogeneity). The results show that many respondents had the different opinions about online banking of BPR/Muhima branch. Here the persistent problem is the use internet or knowledge of ICT in general. The statement that assessed if the customers get mini-statement when they need was perceived with a mean of 4.78 (strong) and standard deviation of 0.41 (homogeneity). The findings in this research revealed out that many respondents had the same opinions for the statement.

The statement that assessed if the customers check their account history when they need it was perceived with a mean of 4.68 (strong) and standard deviation of 0.47 (homogeneity). The research shows that the many respondents had the same opinions about the statement. The statement that assessed if the payment orders from BPR/Muhima branch are faster was perceived with a mean of 4.52 (strong) and standard deviation of 0.91 (heterogeneity). The research revealed out that the many respondents had the different opinions about the statement. The statement that assessed if the customers of BPR/Muhima branch get ATM card as soon as they apply for it was perceived with a mean of 4.63 (strong) and standard deviation of 0.49 (homogeneity). The research revealed out that some respondents had the same opinions about the question.

The statement that assessed if ATM Machine of BPR/Muhima branch function well was perceived with a mean of 4.73 (strong) and standard deviation of 0.39 (homogeneity), the research revealed out that some respondents had the same opinions about the question.

The statement that assessed if money transfer services functions well was perceived with a mean of 4.67 (strong) and standard deviation of 0.54 (heterogeneity). The research revealed out that some respondents had different opinions about the question. The statement that assessed if mobile banking of BPR/Muhima branch function well was perceived with a mean of 4.87 (strong) and standard deviation of 0.40 (homogeneity), The research revealed out that many respondents had the same opinions about the question.

Findings on whether the welfare of customers of BPR/Muhima branch has improved through working with BPR and the results are shown in the Table below:

Table 4.9. Respondents' perception of about their welfare

Questions	Mean(μ)	Std. Deviation(σ)	Comments
My personal income increases since I got a loan from BPR/Muhima branch	4.76	0.42	Strong Homogeneity
My needs are fulfilled because of the loan from BPR/Muhima branch	4.84	0.37	Strong Homogeneity
I have better lifestyle than before getting a loan in BPR/Muhima branch	4.88	0.41	Strong Homogeneity
I created my own job due to the loans from BPR/Muhima branch	4.64	0.32	Strong Homogeneity
My health is well treated because of the loans from BPR/Muhima branch	4.73	0.45	Strong Homogeneity
I participate in many social affairs because of the loan from BPR/Muhima branch	4.87	0.37	Strong Homogeneity
My deity is improved because of the loan from BPR/Muhima branch	4.73	0.45	Strong Homogeneity
My shelter is improved because of the loan from BPR/Muhima branch	4.68	0.74	Strong Heterogeneity
My wants are fulfilled because of the loan from BPR/Muhima branch	4.70	0.62	Strong Heterogeneity
Aggregate Mean	4.75		

Source: Primary data, 2016

The finding from respondents on welfare of customers of BPR/Muhima branch, the question that analyzed if the personal income of customers is increasing since they get loan from BPR/Muhima branch was perceived with a mean of 4.76 (strong) and standard deviation of 0.42 (homogeneity) this means that the many respondents had different perceptions. On the question that analyzed if the needs of customers are fulfilled because of the loan from BPR/Muhima branch was perceived with a mean of 4.84 (strong) and standard deviation of 0.37 (homogeneity). The research revealed out that many respondents had same perceptions about this question. On the question that analyzed if the customers of BPR/Muhima branch have better lifestyle than before getting loan from the bank was viewed with a mean of 4.88 (strong) and standard deviation of 0.41 (homogeneity). This result shows that some respondents had same perceptions about the question.

On the question that analyzed if the customers created their own job due to the loan from BPR/Muhima branch was viewed with a mean of 4.64 (strong) and standard deviation of 0.32 (homogeneity). This means that the respondents had same perceptions. On the question that analyzed if the customers participate in many social affairs because of the loan got from BPR/Muhima branch was perceived with a mean of 4.73 (strong) and standard deviation of 0.45 (homogeneity). This means that the more respondents had same perceptions about the question asked. On the question that assessed if the deity of customers was improved because of the loan from BPR/Muhima branch was perceived with a mean of 4.87 (strong) and standard deviation of 0.37 (heterogeneity). This means that the respondents had same perceptions on the question asked.

On the question that assessed if the shelter of customers was improved was perceived with a mean of 4.68 (strong) and standard deviation of 0.74 (heterogeneity). This means that the many respondents had different perceptions about the improvement of shelter. On the question that assessed if the wants of customers are fulfilled because of the loan from BPR/Muhima branch was viewed with a mean of 4.74 (strong) and standard deviation of 0.62 (heterogeneity). The research revealed that many respondents had different perceptions on the wants fulfillment.

4.10. The range of credit which customers obtained from the BPR Muhima Branch.

On this question we wanted to know the amount of credit that members got from BPR Muhima Branch for economic development of Rwanda.

From the table below, 4% of respondents got credit of less than 100,000 Rwf, 11% of respondents got credit in range of 100,000-500,000 Rwf, 50% of respondents got a credit in range of 500,000-2,000,000 Rwf, finally, 31% of respondents said that they received a credit of over 2, 000,000 Rwf.

Table 4.10. The range of credit as financial services which customers obtained from the BPR Muhima Branch.

Range of credit (Rwf)	Frequency	Percentage
Less than 100 000 Rwf	4	4
Between 100 000 and 500 000 Rwf	10	11
Between 500 000 Rwf and 2 000 000 Rwf	50	54
Over 2 000 000 Rwf	26	31
Total	90	100

Source: Primary data, 2016

4.11. Credits given to clients of BPR Muhima by sector of activity

As recorded in the table bellow, the BPR Ltd/Mhima branch gives respectively 5,167,747,933 in 2011, 5,831,526,422 in 2012, 5,035,515,480 in 2013, 5,834,579,885 in 2014 and 6,904,156,066 in 2015. The credits offered by BPR Ltd/Muhima vary year to year but this was occupies the first place to be financed the best project such as: Mortgage loans and commercial loans because are the types of credits which generate the high income to customers hence improvement in welfare. But consumption loans and equipment loans are not profitable activities.

Table 4.11. Credits given to clients of BPR Muhima by sector of activity

Credit Years	Treasury Loans	Equipment loans	Consumer loans	Mortgage loans	TOTAL
2011	1,052,694,705	411,254,941	598,822,913	2,889,095,386	5,167,747,933
2012	1,383,551,329	510,528,557	669,290,164	3,230,108,799	5,831,526,422
2013	1,692,272,231	347,578,291	687,738,651	3,531,829,906	5,035,515,480
2014	2,280,536,664	314,007,097	823,269,855	2,890,103,926	5,834,579,885
2015	1,193,106,510	214,142,731	828,790,891	1,416,367,660	6,904,156,066

Source: Secondary data, 2016

4.12. The customers welfare increase due to financial services of BPR /Muhima branch

The table below indicates that there is an increase in BPR/ Muhima branch customers welfare as there was an income of between 0-50,000 Rwf earned by 26.9% customers before working with BPR, but this income has been earned by only 9% customers after working with BPR. 26.9 % of customers earned between 50,000 and 100,000 Rwf before working with BPR, but this shifted from this rate to 10% of customers after working with BPR Muhima/ branch. 10% of customers earned between 100,000 and 150.000 Rwf before working with BPR/Muhima Branch but they shifted to 26% as they started working with BPR/ Muhima branch. Finally a great increase in customers welfare is recognized where a percentage of 4.4 % of BPR customers earned more than 200,000 Rwf of income before working with BPR, but after working with this bank, this percentage increased up to 31% of customers that earn more than 200,000Rwf of income.

Table 4.12. The customers welfare increase in terms of income

Income per month (Rwf)	Before working with BPR		After working with BPR	
	Frequencies	Percentage	Frequencies	Percentage
0-50,000	26	26.9	9	9
50,001-100,000	26	26.9	10	10
100,001-150,000	25	27.7	21	24
150,001-200,000	9	10	20	26
200,001 and above	4	4.4	30	31
Total	90	100	90	100

Source: Secondary data, 2016

4.13. Credit interest rate in BPRLtd/Muhima branch

According to this table, the credit interest policy in BPRLtd/ Muhima branch might be another motivator to clients and credit demand evolution in this bank as it is not far from interest rates in other banks in the country.

Table4.13. Credit interest rate in BPRLtd/Muhima branch

N ^o	Type of loan	Rate per year	Duration(In month)
1	Personal loans	17%-19%	24
2	Consumer loans	17%-19%	24
3	Overdraft facilities	17%-19%	12
4	Retail loans	17%-19%	24
5	Commercial loans	17%-19%	24
6	Housing loans	17%-19%	60
7	Investment loans	17%-19%	120
8	Salary advance loans	17%	40
9	Transport loans	17%	24
10	Agriculture loans	17%	48

Source: Secondary data, 2016

4.5. Testing the relationship between financial services and welfare of customers

The relationship between financial services and its effects on welfare of customers was statistically tested using Pearson's correlation matrix. This was used because both financial services and welfare of customers were numerical. The results obtained are shown in table below:

Table 4.14. Statistical test using Pearson’s correlation matrix

		Financial services	welfare of customers
Financial services	Pearson Correlation	1	.806**
	Sig. (2-tailed)		.001
	N	60	60
Welfare of customers	Pearson Correlation	.806**	1
	Sig. (2-tailed)	.001	
	N	60	60

* Correlation is significant at the 0.01 level (2-tailed).

A strong positive relationship ($r=.806^*$) was established because .703 is close to 1, implying that a positive relationship that was significant at 0.01 level existed between financial services and the welfare of customers.

To further establish the significance of the contribution of financial services to the improvement of welfare customers. Since $r=0.806$, This implies that financial services contributed 79% on the levels of welfare customers of BPR/Muhima branch while 21% was contributed by other factors. The implication of the above relationship is that financial services has positive influence on welfare customers and therefore reminds the management of BPR/Muhima branch of the need to effectively streamline the services delivery and strategies if they are to achieve higher levels of welfare customers, such services are credit, saving, withdraw and other bank facilities provided by BPR.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1. Introduction

This chapter includes the summary of the findings from the study, the conclusions drawn from the same findings and the recommendations made by the researcher on how to improve the services in financial institutions especially in BPR/Muhima branch where the research was conducted.

5.2. Summary of major findings

The study was carried out in the area covered by the activities of BPR/Muhima branch in order to assess the financial services and its effect on the welfare customers. The targeted population under the study was the selected customers who got the bank loan to finance their business activities. Data was collected by the use of questionnaire, the surveyed respondents was 90 customers of BPR/Muhima branch. This study is organized in five chapters and sub chapters as it was seen from the beginning.

The research findings revealed that the documents required when asking loan are always available as confirmed a mean of 4.76 and standard deviation of 0.45. The question that assessed if assurance to get credit is reasonable was outward with a mean of 4.77 and standard deviation of 0.41, the question that assessed if repayment is enough was outward with a mean of 4.68 (strong) and standard deviation of 0.58. This means that some few respondents had different perceptions. Online banking of BPR/Muhima branch is regularly available was perceived with a mean of 4.56 (strong) and standard deviation of 0.89. The results show that many respondents had the different opinions about online banking of BPR/Muhima branch.

The statement that assessed if the customers get mini-statement when they need was perceived with a mean of 4.78 and standard deviation of 0.41, the statement that assessed if the customers check their account history when they need it was perceived with a mean of 4.68 and standard deviation of 0.47, the research shows that the many respondents had the same opinions about the statement. The statement that assessed if the payment orders from BPR/Muhima branch are faster was perceived with a mean of 4.52 and standard deviation of 0.91.

The findings from the study revealed that there is a significant inverse relationship between the services of financial institutions and customers' welfare of 0.806 (as shown by Pearson correlation coefficient). This implies that the level of customers' welfare in BPR/Muhima branch is influenced by the services of financial institutions being delivered.

5.3. Conclusion

From the Summary of findings from the study, it can be concluded that the services of financial institution has an effect on their customers' welfare. The BPR/Muhima branch loan is so stringent thus affecting the level of customers' welfare.

5.4. Recommendations and suggestions

In light of the above findings and conclusions the researcher suggests the following recommendations to improve services in BPR/Muhima branch.

1. The management of BPR/Muhima branch should charge competitive interest rates and on a reducing balance if possible.
2. Clients should be extended a period of grace at least two weeks in case they delay to pay their loan in time.
3. Business borrowers should be allowed to pay periodically.
4. Management should encourage clients to acquire individual loans so as to prevent the loyal clients from being penalized on behalf those members of the group who fail to fulfill their part.
5. Loan officers should emphasize constant monitoring and training of clients on how to manage their businesses in order to pay back the loan promptly. These will reduce client

diverging loaned money for other purposes other than the intended one and hence fail to pay back the loan.

6. Management should endeavor to compare their services with those of other service providers so as to improve on the weak areas as regards their credit policy.

5.5. Recommendations for further researchers

Due to constraints like suspicious respondents, objectivity of the study, subjectivity of the respondents and financial resources, the study focused on financial services and welfare customers. A case study of BPR/Muhima Branch, further research is thus recommended on the replica of this study to be conducted in other services and institutions. This will help in establishing the general trend of the investigated variables to improve on services and welfare of people in developing countries especially in Rwanda. Research should be conducted also on other variables that may affect welfare of customers and even services from institutions (organizations).

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APPENDICE

APENDIX ONE

QUESTIONNAIRE ON FINANCIAL INSTITUTIONS' SERVICES AND CUSTOMERS' WELFARE (BPR MUHIMA BRANCH)

Date: 2016

Questionnaire Number: _____

Dear Respondent,

I am Jean Damascene DUSENGIMANA. I am conducting a research on the topic “*The financial services and customers' welfare*”. I would like to request you to kindly participate in this study by answering all questions that focus on the above topic. You will need around 15 minutes to complete all the questions. Please do this on your own and answer honestly, just by indicating whatever you think is right to you on each question. Your participation is very important in this study. Your opinion will only be used for academic purposes; and it will help bank to improve their workforce effectively.

All the information and answers you give will be treated confidentially. Please do not write your name on the questionnaire. You will not be identified or mentioned in any report. We appreciate your help in giving your opinion about these questions so that our work can be useful to our University and BPR/Muhima branch.

Sincerely,

Jean Damascene DUSENGIMANA

PART ONE: BACKGROUND INFORMATION OF RESPONDENTS

This questionnaire is composed by two parts, part A is personal identifications of respondents, and part B which is made up structured and open questions is for research purpose. You are required to answer the following questions provided to you.

Instructions

Answer all questions writing in the answer in the space provided.

Put a sign (V) in the space corresponding to the right answer as it applies to you.

PART A: Personal identification of respondents

1. What is your gender?

A. Male

B. Female

2. What is your age?

A. >30 years

B. 31-40 years

C. 41-50 years

D. <51years

3. What is your status?

A. Single

B. Married

C. Widowed

D. Separated

4. What is your level of education?

A. Primary 0level

B. Secondary level

C. University level

D. Master's degree

What is your occupation?

- A. Student
- B. Public and Private Officer
- C. Business men
- D. Others

6. How long have you been customer of BPR Muhima branch?

- A. Between 2-3 years
- B. Between 4-6 years
- C. Above 7 years

Part B: Structured questions

Dear respondents you are required to answer all questions by cycling the number in the space provided. Cycle a number in space corresponding to the right answer as it applies to you.

Services of financial institution		Strongly Disagree (SD)	Disagree (D)	Neutral (N)	Agree (A)	Strongly Agree (SA)
Distribution of credits		SD	D	N	A	SA
1.	Documents required when asking loan are clear	1	2	3	4	5
2.	Documents required when asking loan are available	1	2	3	4	5
3.	Interests rate is affordable	1	2	3	4	5
4.	The collateral asked by the bank is affordable	1	2	3	4	5
5.	Analysts of loans are competent	1	2	3	4	5
6.	There is corruption in giving loan	1	2	3	4	5
7.	Analysts give enough time to borrowers in defending their project	1	2	3	4	5
8.	All requirements for getting loan are fair	1	2	3	4	5
9.	Assurance to get credit are reasonable	1	2	3	4	5
10.	Repayment period is enough	1	2	3	4	5

Saving/withdraw		SD	D	N	A	SA
11.	It is easy to open an account	1	2	3	4	5
12.	Saving forms is easy to fill	1	2	3	4	5
13.	I have financial security become of my savings	1	2	3	4	5
14.	Savings should be withdrawn for use at any time	1	2	3	4	5
15.	There is supervision and ensure safety of money	1	2	3	4	5
16.	There is relevant facilities for saving/withdraw	1	2	3	4	5
17.	There enough facilities for savings / withdraw	1	2	3	4	5
18.	Tellers are competent	1	2	3	4	5
19.	Tellers have good communication	1	2	3	4	5
20.	Tellers have good communication	1	2	3	4	5

ACCESS TO BANK FACILITY		SD	D	N	A	SA
21.	E-banking of BPR Muhima branch functions well	1	2	3	4	5
22.	Online banking functions well	1	2	3	4	5
23.	Online banking is regularly available	1	2	3	4	5
24.	I get mini-statement when I need it	1	2	3	4	5
25.	I check my account history when I need it	1	2	3	4	5
26.	Payment order are faster	1	2	3	4	5
27.	I get ATM card as soon as I apply for it	1	2	3	4	5
28.	ATM Machine function well	1	2	3	4	5
29.	Money transfer services function well	1	2	3	4	5
30.	Mobile banking of BPR Muhima branch function well	1	2	3	4	5

WELFARE OF CUSTOMERS		SD	D	N	A	SA
31.	My person income is increasing since I get loan from BPR Muhima branch	1	2	3	4	5
32.	My needs are fulfilled because of the loan from BPR Muhima branch	1	2	3	4	5
33.	I have better lifestyle than before getting a loan from BPR Muhima branch	1	2	3	4	5
34.	I created my own job due to the loans from BPR Muhima branch	1	2	3	4	5
35.	My health is well treated because of the loans from BPR Muhima branch	1	2	3	4	5
36.	My education level is improved than before getting loans from BPR Muhima branch	1	2	3	4	5
37.	I participate in may social affairs because of the loan from BPR Muhima branch	1	2	3	4	5
38.	My deity is improved because of the loan from BPR Muhima branch	1	2	3	4	5
39.	My shelter is improved because of the loan from BPR Muhima branch	1	2	3	4	5
40.	My wants are fulfill because of the loan from BPR Muhima branch	1	2	3	4	5

THANK YOU FOR YOUR COOPERATION!