



How Women are Benefiting from Village Banking. A Case of Katuba Constituency

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Abstract: *Micro financing activities such as village banking have become an increasingly important component of strategies to reduce poverty and promote women empowerment especially in developing countries such as Zambia with low formal financial services. The study used mixed research methodology. The study was undertaken in Katuba constituency which consists of 8,351 women, the sample size consisted of 40 participants and purposive sampling was used. Quantitative data was analyzed using simple frequencies and Qualitative data was analyzed thematically. The study revealed that village banking has brought significant development to household income and it plays an important role in poverty alleviation through informal loans that are given to women. Recommendations from the findings are that; all village banking members need to be trained on proper use of finances and investments. Loan repayment times need to be extended to increase profits.*

Keywords: *Women, Micro-finance, Village banking, empowerment.*

1. INTRODUCTION

Microfinance (MF) is an initiative which provides financial services to the poor, low-income women and small and micro enterprises that have limited access to banks and similar services. Microfinance is aimed at providing small loans to people living in poverty meant to improve their living standards (Banerjee, 2017). It is proving to be significant in empowering women in some communities of Zambia. These funds are able to empower women from poor households so as to improve their contribution to their community which then translates into better lives and poverty reduction. Although some may criticize, there have been many development experts that have agreed that MF, if properly utilized and supported, can empower women socially and economically and Small and Medium Enterprises (SMEs) by enabling them to contribute and benefit from economic development (UN, 2013). Microfinance in form of village banking has become a familiar name in poor households including women in Zambia. This study focused on how women are benefiting from village banking in Katuba constituency of Lusaka District.

2. BACKGROUND

It is estimated that out of 3.8 billion women across the world, 1.9 billion of them live in poverty and struggle to access the basic necessities of life (World Bank, 2018). Economic empowerment is a key element in eradication of poverty amongst women which the village banking model of financial empowerment is stimulating. Jones and Dallimore (2009) define village banks as semi-formal and self-sustaining financial institutions which create access to basic banking services to communities' village members on a sustainable basis.

The earliest village banking platform and initiative was introduced by the Grameen Bank (GB) which is a micro-financing institution based in Bangladesh and was established in 1974, and the idea was that there was need for credit by the poor borrowers of the area which would eventually free them from the clutches of the informal moneylenders (because the poorest of the poor had no access to commercial credit) (Jain & Mansuri 2003, p. 254). In 2006, the Grameen Bank together with Dr. Muhammad Yunus received the Nobel Peace Award for their contribution and fight towards poverty reduction through micro-financing. (Mahmuda et al.,2011, p.3). Some of the objectives that were put

in place for the GB was to allow the poor to be able to access credit, put in measures that would prevent creditors from being scammed or worse, to encourage entrepreneurship among the unemployed and vulnerable.

The village banking model was later developed by a Non-Governmental Organization (NGO) known as Foundation for International Community Assistance (FINCA) in 1984, the cofounder John Hatch came up with the initiative of helping farmers in Bolivia by giving them access to flexible loans that were not collateral based (Hollis, 1989). He first attempted it by gathering 10 to 15 farmers and had them each share a loan and brought in an agreement of repayment. After his success, he started to provide International financial assistance thus the name, 'Foundation for International Community Assistance' in order to help alleviate poverty in underdeveloped countries by giving small loans to the people. Hollis further argues that this approach has been successful at reaching poor segments of the population in rural areas (Hollis, 1989).

Noreen et al., (2011, p.318) states that microfinance can be defined as a type of informal banking service with the strategy of providing financial and non-financial services to people with low income. The rationale behind village banking was to improve social inclusion and reduce poverty levels so as to empower women, encourage social and economic development in the poor communities by giving them access to credit and loans. Wilkinson (2001), Whiteford and McGrath (2000), Mashingo and Shoeman (2011), state that providing credit is essential for social and economic growth development because of the part it plays by motivating money generating activities, responsible behavior, and economic independence among the people.

Village banking does not only play a major role in the development of a designated community but it also increases the resources to build up and empower the vulnerable. They can be viewed as self-managed and capitalized microfinance methods that can change development in rural communities worldwide, it provides members with the means to cope with emergencies, build capital and develop social dynamics that can be able support self-reliance (Innovations for Poverty Action, 2015).

Village banking has become a popular way of savings and access to income especially by the women folk in Zambia. This type of informal banking through microfinancing institutions has become widely common especially in Zambia, mostly in rural areas were women form communities and co-operate to better their lives and become self-dependent to reduce poverty levels in their respective homes. Sharma, (2000) noted that many micro credit services in Asia and Africa targets women on the assumption that empowering women and targeting service to them leads to better allocation and use of household resources.

Increasing access to financial services, especially for women and rural populations is perceived as one way of reducing poverty levels (Brouwers et al., 2014). Poor households not only have the capability for loan repayments but, they also profit from the loans they borrow (Yunus, 2003). Not only does it help in poverty reduction but it also encourages the realization of gender roles and allows women to be able to save money and invest in businesses. Since the introduction of village banking, community people particularly women in Zambia are now able to participate in household income generating activities as they can receive monetary support from the village banking initiative.

Faraizi, (2011) argues that the microcredit program is seen as a panacea that should help to eradicate poverty and inequality. This has enabled them to startup businesses and also expand on existing ones. These types of activities are based on mutual support groups that have become common in most parts of Africa and underdeveloped countries. Microfinancing has become significant in empowering women in some communities of Zambia who lack access to banking related services, have low-income and small enterprises (United Nations, 2013). They are put together to help vulnerable women to have a sort of income so as to alleviate poverty in their homes(Sharma,2000). With the provision of small loans to poor families to invest in their small enterprises, village banking empowers them to create their own jobs, raise their incomes, build assets and improve their family's well-being (Grameen Bank, 2015). There are certain policies that are put in place which allows microfinancing institutions and village banks to be able to operate freely and accordingly.

At international level, the policy framework for financial support to vulnerable women/rural women is the Women's Entrepreneurship and Economic Empowerment (WEEE) Act of 2018 carried out by the United States Agency for International Development (USAID). This Act recognizes integrating

women's empowerment in the agenda of strategies that are aimed at improving their livelihood (WEEE Act, 2018). WEEE further acknowledges that if women are integrated into the economic sectors of the countries through empowering them with the right resources like policies, empowerment packages and informal financial services, they can contribute about 28 Billion of the Global GDP, on a condition that participation becomes equal, it can be achieved by 2025 (WEEE, 2018).

The women have more difficulties in being financially inclusive than the men in Zambia. Therefore, the National Financial Inclusion Strategy (2017-2022) recognized that there was a need for all Zambian women to be able to reap the benefits of financial inclusion which insinuated that they should have access to savings, credit services, payments, insurance and investment to be able to reduce risks, forecast for future troubles, and also achieve their goals; and firms will be able to access affordable financing to innovate, grow, and create employment (National Financial Inclusion Strategy, 2017). Village banking has been found to have the advantage of enabling members to save according to their capacity with the risks being pooled for sharing (Thuysbaert et al.,2012).

This is primarily because women are much more likely than men to use informal financial services (65% of women use informal savings groups compared to 34% of men according to the 2015 FinScope report. Female financial inclusion has been steadily increasing for women in the recent years from 33.9% in 2009 to 57.4% in 2015 (NFIS, 2017). Further, according to Bank of Zambia, (2020), there has been a recognition of the impactful role that village banking plays in communities and rural areas including the transition of their members from informal to formal financial services and in driving the financial inclusion agenda.

Due to the significant progress that village banking brought in developing countries like Zambia, there are still some challenges that are being faced in its operations in form of gender roles, it has allowed women to participate in the provision of household goods, even though this is a good thing, there are those men mostly in rural areas who believe that they should be the only providers in the household and so, it brings in conflict and violence because men feel challenged (Reidy et al. 2014). Reidy et al., (2014), points out that when men believe that they are not or are not perceived to be "masculine" or "man enough," they may use intimate partner violence as a way to overcompensate or conform with gendered expectations. Another challenge is that there is little to no legal creditor protection, laws are not enforced accordingly and one of the biggest challenges is that there is still need for village banking to be financially self-sustaining. In addition, another challenge noted by Shevlin, Winder and Flynn is that of lack of awareness. 'Fear of the unknown' is cited as the root of resistance to inclusion (Shevlin, Winder and Flynn, 2013). Many people mostly women are not certain of the exact way that Village Banking is conducted, there is need to have a broader platform that can educate more women in rural areas and communities on the benefits of village banking because some may fear to join because they do not fully understand it.

3. PROBLEM STATEMENT

Access to credit from Micro Finance Institutions (MFI) is good. It is savings that improve household cash-flow management and are a better fit for this clientele, which prefers to minimize risk by limiting its exposure to debt (Village Savings and Loans Associates (VSLA), 2015). The women are often empowered with finances to start businesses and enterprises which in turn benefits them and their households. However, village banking has had its share of problems with media reports of members embezzling funds. It was reported on 8th, October, 2020 that a pastor's wife was arrested for allegedly embezzling money from village banks amounting to K1.7 million (Phiri, 2020). Bell (2015, pp. 21-22) states that the identification challenges can increase the likelihood of success for fraud schemes such as ghost borrowers, where loan proceeds are received by someone who creates a fictitious borrower who does not exist such as a fake identity. This study focused on assessing how women are benefiting from village banking in Katuba Constituency.

4. PURPOSE OF THE STUDY

The purpose of the study was to assess how village banking has been beneficial to the women of Katuba Constituency.

Research Question

- How has village banking been beneficial to the women of Katuba Constituency?

Objectives of the study

The objectives of the study were to:

1. To find out why women join village banking.
2. To establish women's gains from village banking.
3. To establish challenges faced in village banking.
4. To find out strategies that can be used to enhance village banking in empowering women.

5. LITERATURE REVIEW

5.1. Why Women Join Village Banking

Women in poor households and rural areas seek to be financially empowered through many forms of activities, they try to take part in decision making and they believe that joining or becoming a member of a village banking program enables them to do so. Village banking services enhance women's empowerment by providing a stand-point on women's decision-making power at household level and their overall socioeconomic status. Levin, (2012) defines empowerment as a process through which all women are equipped with the capacity to positively change their self-perception and gender roles. Furthermore, Noreen et al., (2011) pointed out that micro financing has the potential to make a significant contribution to gender equality and promote sustainable livelihoods and better working conditions for women.

Notably, is that, savings groups are one of the most inclusive financial initiatives and are relatively easy to run and engage in. According to a survey conducted by the Financial Sector Deepening (FSD, 2018), the successful operation of savings groups did not depend upon someone's educational level unlike other financial service providers such as banks and capital markets. The data that was collected from the survey showed that the number of women associated with (Chilimba) was more than the number of men. Therefore, this can be assigned to the understanding that these savings groups are community centered and gendered social norms shows that women are greatly more capable of participating in community social interactions than men, which makes savings groups more accommodating for women than men. Furthermore, the survey came to the understanding that Chilimbas' were the best form of financial provisional services inclusive for women in Zambian. More women in rural areas were willing to join these informal financial services as opposed to the formal financial services which were in requirement of some form of educational level and a higher socio-economic status.

The National Financial Inclusion Strategy pointed out that women ought to contribute to the provision of household income to reduce poverty in their homes, if they are able to increase their income, then the welfare of the whole family will increase significantly. Joining a village bank creates confidence, economic self-reliance of rural poor women. And most notably, men are significantly more likely than women to use bank services, electronic payments, and formal sources of borrowing; while women are significantly more likely than men to use informal savings groups (NFIS, 2017).

5.2. Benefits of Village Banking

Village banking has become a likely community activity for acquiring monetary services for majority of the poor women and those who want to avoid the high interest rates from the main banks and micro finance institutions (MFI's). Brouwers et al., (2014) noted that increasing access to financial services, especially for women and rural populations, is perceived as one way of reducing poverty levels. Consequently, microfinancing activities such as village banking are crucial to Zambia's objective to alleviate poverty.

Village banking activities can help alleviate poverty and also make it easier for the vulnerable women to access more goods and services. When accurately strategized, the benefits of village banking can extend beyond the household and can be poured into the community as women will be able to venture in businesses and create their own jobs (Cehhay, 2011).The United Nations, (2015) acknowledged that at personal level, microfinancing activities can be able to assess issues connected to "non-material poverty, which includes psychological and social effects that hinder people from being able to realize their true potential.

Many supporters of the informal banking sector entail that giving or providing credit to poor people especially the women would increase a source of income and employment which in turn will prevent them from accessing high interest credit and therefore empowers these women to make personal decisions about how to invest their money, and ultimately better allocate resources to meet basic needs (Dyar, 2006). Enabling poor communities to escape from the clutches of local moneylenders and loan sharks and their exorbitant interest rates (Banerjee, 2017).

In a case study that was conducted in Chipata district, by Zimba (2016) discovered that women were mostly involved in MF because they were the ones that were mostly affected by poverty, he noted that some of the biggest causes of poverty was because there was little access to income, employment, education, health and financial services. Access to finance is of great importance in accessing the factors observed by Zimba (2016) because if one has money, they can be able to access the basic human needs and become entrepreneurs.

5.3. Challenges in Micro-Finance

According to Khandker and Samad, (2012) diverting loan money to urgent problems especially for basic need and for unexpected crises is among the challenges that women face in microfinance. When the money is received, it is then diverted to sorting out personal problems such as paying back debt or paying for healthcare rather than re-investing it. The poor divert loan money to their urgent problems, because, it is clear that not all borrowers benefit equally as it depends on their local economic environment, their entrepreneurial ability and the extent their income sources is diversified (Levin, 2012).

Women entrepreneurs often lack information on the existence of credit facilities, financial instruments, networks and the borrowing conditions of financial institutions (Mehdi and Schwank, 2011). Most women who invest in village banking and run businesses have little or nothing to show for the money they acquire due to the fact that many of them end up stopping because they have to focus on staying at home and raising their children. Most illiterate poor women cannot keep record of their profit and loss in their enterprise or petty trade which is a great challenge to women and the business (Levin, 2012). It was discovered that most women lacked interest to work in partnerships and are fearful of cooperation and they are not well aware that teamwork stimulates innovation and encourages people to try new approaches to problems (Dinsmore and Cabanis Brewin, 2014, p.38). Working in cooperation especially for women can make their role visible and it also increase their confidence. In most cases, if they are able to access credit, they are most likely not to prosper due to the fact that they always have to look out for their family's needs.

Studies show that microfinance does little to change gender inequities by limiting female control over loans (CGAP, 2012). A lot of vulnerable women in society believe that all household decisions should be made by the husband and so, if they collect their money from the village bank, instead of investing it or starting up a business, they submit the finances to the spouse to show respect. Egyir, (2016) noted that one of most common complaint was that clients' husbands or other household members took control of the woman's finances, yet the client herself retains responsibility for paying off the loans, thus increasing her level of stress and dependency. Women also face internal constraints like aversion of willingness to compete (Berge et al., 2015).

5.4. Strategies to Enhance Micro-Finance

The world of finance is changing and evolving, this means some changes are inevitable in micro-finance. Ledgerwood, (2013) argues that micro-financing does not only need to focus on poverty reduction and empowerment, but they need to be able to achieve good financial ratios to be able to stay relevant as the world advances. Non-profit MFIs tend to put more weight on their social performance, whereas for-profit MFIs mainly concentrate on the achievement of clearly stated financial goals (Galema et al, 2012).

Technological upgradation in operations of micro-financing activities such as village banking would enhance the efficiency of empowering the participants. Use of mobile money to accept payment may contribute to recovering transaction costs. Access to mobile banking for microfinance transactions will significantly result in an increase of its client base. One reason for the popularity of mobile banking is its 24/7 access. Village banking members would highly benefit from the mobile banking's

reduced transaction costs and the foothold it gives them in the difficult to access rural markets. The National Financial Sector Development Policy (NFSD, 2017) states that Zambia has a low cellular penetration rate, and the usage of mobile financial services is low. According to the 2017 Zambia Financial Capability Survey Report, the country's mobile penetration rate is 74.5 percent, which is low compared with Africa's average rate of 90.8 percent and Ghana's and Côte d'Ivoire's rates at 129.7 percent and 119.3 percent, respectively. The 2015 Fin Scope report reveals that, of the adult population in Zambia, 11 percent own mobile money accounts and only 4 percent use mobile money.

6. METHODOLOGY

Research methodology can simply be defined as the specific procedures or techniques used to identify, select, process, and analyze information about a topic (www.libguides.wits.ac.zm, 2020). Typically, it surrounds concepts such as theoretical model, paradigm, phases and both quantitative and qualitative techniques. Irny and Rose, (2005) explain that a methodology does not set out to resolve solutions, therefore, it is different from a method. Instead, it offers the understanding of which method, techniques or the best ways which can be put in to a specific case, for instance, to complete a specific result. There are various types of research methodology such as a Quantitative, Qualitative and Mixed method. This study adopted the mixed method. According to Cameron and Miller (2011), a mixed approach method is a research that involves collecting, analyzing, and interpreting quantitative and qualitative data in a single study or in a series of studies that investigate the same underlying phenomenon.

7. RESEARCH DESIGN

Research design is the overall strategy for carrying out a research (Oso and Onen, 2008). A research design can be viewed as one of major structures of a research, it is the glue that holds all elements together. It is also known as a way of identifying methods for analyzing and collecting data for collecting and the necessary information of the study. The types of research types are descriptive, experimental, correlational, diagnosis and explanatory. This study adopted the descriptive design. Descriptive research is defined as a research method that describes the characteristics of the population or phenomenon studied(www.questionpro.com, 2020). It consists of gathering, analyzing, and presenting the data that has been collected.

8. TARGET POPULATION

According to Field, (2012) a target population is an aggregate or totality of all subjects, objects or members that conform to a designated set of specification. The target population consisted of the female population which is 8,351 that are living in the households of Katuba constituency (CSO, 2010).

Sample size

According to Nobbs et al, (2014) a sample size is a subset of a well-defined population established for the purpose of data collection. The sample size for this research was 40 women.

Table1. Age of respondents

Age	Frequency	Percentage
Below 20	-	-
21-30	14	35%
31-40	15	37.5%
41-50	11	27.5%
TOTAL	40	100%

Table 1 shows that the majority of respondents age is between 31-40 years for Village bankers representing 15(37.5%) while members at the age range of 41-50 were 11(27.5%), were members between 21-30 came at 14(35%).

Sampling Procedure

The study made use of purposive sampling. Amin, (2005) explains that purposive sampling enables the researcher to be able to select respondents that are holding positions which makes them to be automatically selected based on their knowledge with issues going on in their areas of expertise. In

respect to the above, the researcher selected members of village banks as key respondents in order to acquire relevant information concerning how women benefit from village banking in Katuba constituency.

Data Collecting Tool

According to Denscombe, (2014) data collection is the process of gathering and measuring information on targeted variables. Tools such as interviews, case studies, observations, checklists, and questionnaires are tools used to collect data. In, order to achieve the study objective which is to find out how women are benefiting from village banking, questionnaires were used in this study. A questionnaire is a list of questions either open-ended or close-ended for which the respondents give answers to. There are various ways of conducting a questionnaire such as telephone, mail, live in a public area, or in an institute, through electronic mail or through fax and other methods. Oso and Onen, (2008) noted that questionnaires collect information over a short period of time.

9. DATA ANALYSIS

The collected data was analyzed using both qualitative and quantitative data. Quantitative data was analyzed using simple frequencies. Qualitative data was analyzed thematically.

10. ETHICAL CONSIDERATIONS

According to Kothari (2004), research ethics refer to the application of fundamental ethical principles to a variety of topics in scientific research. These are normally inclusive of the implementation of research involving many aspects of academic scandal, the confidentiality of the participants and keeping their autonomy private which means it is unethical to release unnecessary information about any participant. The researcher had taken into account all the necessary procedures that are required such as protecting all those that are participating in this research project through keeping confidentiality, fairness and accountability.

11. STUDY FINDINGS

Perception towards Women Joining Village Banking

Respondents were asked to state their educational background. The figure below shows their responses.

Table2. Respondents level of education

Educational level	Frequency	Percentage
Primary	10	25%
Secondary	24	60%
College	4	10%
University	-	-
Other (none)	2	5%
TOTAL	40	100%

Table 2 above shows the respondents level of education. Out of all the 40, some of the respondents had an educational level of only secondary 24(60%), some did not have any educational background which consisted of 2(5%) and those that ended at primary level were 10(25%) respectively.

Further, respondents were asked to indicate their marital status and the following table shows the responses:

Table3. Marital status of respondents

Marital status	Frequency	Percentage
Single	13	32.5%
Married	15	37.5%
Divorced	3	7.5%
Widowed	9	22.5%
TOTAL	40	100%

Table 3 comprises of the marital status of respondents which shows that the majority were married 15(37.5%) and single 13(32.5%) were the second last were widowed 9(22.5%) and the least were

divorced 3(7.5%).Also, relating to the number of respondents who were divorced 3(7.5%) and widowed9(22.5%),it was noted that their statuses allowed room for all kinds of vulnerabilities because in most cases, women are highly dependent on men in the provision of household necessities.

Table4. *Number of years as a member of Village banking*

Number of Years	Frequency	Percentage
2	11	27.5%
3	11	27.5%
4	4	10%
5	35	35%
TOTAL	40	100%

Table 4 comprises of the number of years as a member of Village banking. The majority were members for 2 years 11(27.5%) and 3 years 11(27.5%). The respondents that had been members for 4 years were 4(10%) and those that were members for 5 years were 14(35%) respectively.

However, it should be noted that the majority of respondents who were members for 5 years or more had received training and thus benefited more.

The respondents were asked why they joined village banking and their responses were as follows:

It is much easier to get a loan from village banks

It was indicated by a majority of respondents that they joined village banking because it allowed them to gain access to loans which would be difficult for them in a formal financial sector because they did the meet the necessary requirements. One respondent said: *“it was a place where I could get a loan with good interest”*

For Employment Purposes

Through the provision of loans and other activities such as training, members of a village bank are exposed to a wider view of creating employment opportunities for themselves with the view of sustainability. A number of respondents said they joined village banking so they could start businesses which would allow them to earn a living. One respondent stated that: *“I wanted to start a business but I didn't have money”*

Benefits of Village Bank Program in Katuba constituency

The respondents in this study were asked if they had gotten a loan from village bank and they all agreed. A follow-up question was asked as to what they used the loans for and their responses were as follows:

To Start a Business

A number of participants were able to indicate that they used the loans to start various businesses including opening grocery stores and saloons. As a means of empowered initiative, many women seek to become financially stable through running independent businesses that has the capacity to increase and produce household income for better and healthy living. The loans they got from village banking was beneficial to all the respondents even those involved in farming.

To Procure Farming Inputs

Through acquired loans from village banking, the respondents and women who practiced farming were able to expand on their produce by bringing in new equipment and farming inputs to grow and sell the output. One respondent said: *“I bought seeds for farming”*

And another said: *“to buy fertilizer and seeds”*

In this study, all questionnaires had a section where respondents were asked which areas of their lives had greatly improved due to their involvement in village banking and the following where their responses:

“Social”

A majority of respondents indicated that their social lives had improved greatly from the time they had joined village banking. This includes participation of individuals in society and community issues at large and also improved interaction patterns between respondents and other people.

One respondent answered: *“my self-esteem”*

Financial

Some respondents noted that their involvement in village banking improved their financial lives in the sense that they were now able to access finances at an easier pace than they were when they hadn't become members. Other respondents indicated that their involvement in village banking was able to improve on their homes and dress code. Other responses were as follows:

One respondent stated that: *“I'm now able to access better health services”*

Another said: *“my home has improved”*

The other respondent said: *“I'm happier than I was before”*

In addition, respondents were asked to indicate how the gender relations have been in their household from the time they joined village banking and their responses were as follows:



Figure1. Gender relations in the household

The figure above shows how the gender relations had been in the household from the time the respondents joined village banking. The majority of the respondents said it was just the same 21(52.5%) while the second said it was good 19(47.5%). This study shows that all of the respondents were empowered financially which led to opening or expanding their businesses and strengthened married women's gender relations.

Challenges in village banking

Respondents were asked to indicate if they had faced any challenges after they joined village banking and their responses are shown in the figure below:



Figure2. Respondents who faced challenges

Figure 2 shows that the majority of respondents 28(70%) did not face any challenges after joining village banking. The respondents 12(30%) who said that they had faced challenged, highlighted the following;

Entrepreneurial and investment challenges

The majority of respondents 7(17.5%) indicated that they had faced entrepreneurial and investment challenges from the time they joined village banking. This was due to the improper training that the respondents had undergone which made it difficult for them to venture into businesses and invest the money wisely.

Fraudsters

Some respondents 4(10%) indicated that they had faced challenges relating to fraudsters. It was proven that some of the respondents were swindled by fraudsters in Village banking which resulted in loss of funds and a reduced interest in Village banking continuation.

Financial challenges

In this study, a respondent 1(2.5%) had indicated that they faced financial challenges from the time they joined Village banking. This was due to the fact that they were unable to get loans on time and they did not get the exact amount that they requested for.

Further, respondents were asked if they had faced any difficulties in accessing a loan from the village bank and their responses are shown in the diagram below:

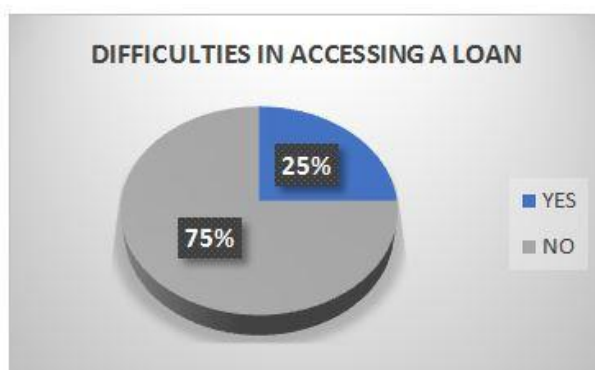


Figure3. Respondents who faced difficulties in accessing a loan

As shown in figure 3, a large number of respondents 30(75%) indicated that they had not faced any challenges in accessing the loans, whilst 10(25%) indicated otherwise.

The following challenges in accessing loans were highlighted;

Delayment in accessing a loan

Some respondents complained that they did not get the loans they needed in time and some said they had to be put on waiting list when they needed the money urgently, which cases businesses to suffer or they end up missing out on income generating opportunities. Some respondents mentioned that the getting a loan One respondent said that:

"I was urgently in need but I was put on a waiting list"

Short period given to repay the loan

The respondents were not all satisfied with the operations of the village bank as some noted that they were not given enough time for the businesses they invested in to make up a reasonable profit. This resulted in paying back the money without a reasonable outcome. *"I had to pay fast"* said one of the respondents. from village banks had a risk of making the women over indebtedness and time wasting since some were supposed to pay back loans in a short amount of time when they had not made any proper sells from the businesses they started.

Being given less than what was requested for

Some respondents indicated that they were given less as compared to the amount they required. This resulted in mismanagement of finances and smaller investments with lesser profits which did not improve their livelihoods.

The respondents were asked if they had undergone any training after they joined village banking and their responses are shown in the figure below:



Figure4. Respondents who were trained after joining village banking

Figure 4 shows those respondents that went through training and those that did not. The majority of respondents 23(57.5%) indicated that they had not undergone any training whilst 17(42.5%) had undergone training in entrepreneurship, management, business and marketing. The majority of those who had been trained had been members of village banking for more than five years.

Finally, the respondents were asked what they think should be done to improve the functioning of the village bank and their responses were as follows:

Training

The respondents suggested that in order for village bank to function smoothly, there was need for every member to be trained either when they join or when they are about to get a loan, a respondent said, “*educate us on ways on investment*” while others said that “*they should offer training and not just give money*” and another said “*we need to be trained more frequently*”.

Most of the respondents indicated that they required to be put in financial and entrepreneurial training before being handed the loans because most of the money they had gotten was either misused or mismanaged. The world is uncertain and the training that the women can acquire from village banking can also help them in other sectors of life as they navigate through the future. Also, training allows the respondents to be able to diversify in various businesses.

One respondent said that:

“we need to be all trained because only those that joined earlier were trained”

The other respondent said:

“we need to be trained more frequently”

Reduce defaulting

Some of the respondents observed that the rate at which members of their respective village banks were defaulting was alarmingly increasing, not only that but some respondents stressed out that they were forced to pay for the defaulters by the loan facilitators increasing the interest rates whenever someone defaults so that they can collect revenue to sum up with the funds that have been lost. They wanted measures to be put in so that the numbers of defaulters were reduced. Also, to prevent misuse of money which would lead to defaulting or failure to make profit from the money before repayment.

One respondent said that: “*they should prevent people from defaulting on the loans*”

Another respondent said: “*we should not pay for defaulters*”

Reduce interest rates

Many of the respondents indicated that one of the strategies that should be put in place to improve the performance of village banking was to reduce on the interest rates.

Extension of repayment period

Many of the respondents were not satisfied with the way they had to pay and they wanted to pay for the loans at lower interest than they paid. Furthermore, some respondents did not like the way they had to pay for the loans on a weekly installment basis and requested it to be done monthly. This was because most of the respondents did not even make proper profits and it was already time for them to pay back.

One respondent said: *“they should give enough time to repay loans”*

12. DISCUSSION OF FINDINGS

This study established that women join village banking because it was easier for them to get loans. Yunus, (2005) and Yunus (2008) observed that there is a deprived socio-economic position of poor women that hinders them from accessing funds from formal sectors with which to establish and or expand existing ventures. The women went further to explain that the village banks offered them employment by enabling them to startup businesses. This concurs with the findings by Cehhay (2011) and Zimba (2016) that women get financial empowerment through village banks to create jobs that not only benefit households but communities.

Women’s involvement in village banking has been found to have several benefits. Women were able to startup businesses using the loans. Village banking is perceived to be an empowerment initiative by the women because the businesses end up improving their financial standing. The income helps them in improving their living conditions and health outcomes. Noreenet al.,(2011) established that women’s socio-economic well-being and that of their households which can lead to sustainable livelihoods.

The study also established that women benefitted from the village banking through financing for agricultural inputs. This not only improves household income but also promotes household food security.

Another benefit highlighted by the women was that village banking had boosted their self -esteem because they were able to participate in individual and community activities. This concurs with Levin (2012) and United Nations (2013) that empowerment leads to positive self-perception.

The village banking also improved women’s finances by having an easier access to finances to improve their homes, dress code, access to better health services which brought about happiness. Similar conclusions were drawn by Kato and Kratzer, (2013) that at household level, several changes take place in terms of control of income and savings, ownership of basic household assets and created jobs. However, Khandker and Samad, (2012) argued that prioritization of other needs instead of investing the loan. This was established by this study. On the other hand, enjoying other needs and acquiring assets is improving living standards thus alleviating poverty. The findings of this study are also in harmony with Brouwers et al., (2014) who argued that village banking is a panacea in overcoming poverty among the women folk.

Women’s relationships in their households was not affected by their involvement in village banking. This is in contrast to the findings by Reidy et al., (2014) that women’s involvement in village banking led to intimate partner violence.

There are a number of challenges faced by women in village banks. The study established that some women had difficulties regarding access to the loans. The first one was that in some cases, the loan disbursement delays. This results in loss of income from the anticipated business that one intended to invest in.

The second challenge was that of repayment period which was perceived to be too short as they were expected to repay on a weekly basis. In most instances, this resulted in them having to start repaying before they even got profits from their investments. This understanding is in agreement with (Karim, 2008) who argues that microfinance contributed to deterioration of social relationships in the community through aggressive loan recovery tactics that created a `culture of shame, quoted in (Banerjee and Jackson 2016). This is a case where if one-member defaults on a loan, then other members will be charged more so as to repay that loan, this in turn creates conflict and hatred among members and defaulters.

Luyirika (2010) also established that women faced challenges in their access to utilization of 36 micro-financing services because the amounts disbursed by the institutions were not enough to finance reasonable investments and that funds attracted exorbitant interest rates that made it difficult for women to pay back the loans.

Furthermore, the women faced challenges with lack of entrepreneurial knowledge and skills which compromised their abilities to make informed choices on business investments. This is affirmed by Levin (2012).

There was a concern on fraudsters who compromised the operations of the village banks with the risks being borne by loyal members. There have been reports in the Zambian media of village banking members defrauding others (Phiri, 2020; VSLA, 2015).

Another challenge that was faced by the respondents was that they were constrained mainly by lack of education on business and credit management. Micro financing activities such as village banking should include provisions of other financial services like savings, mobile money transfers, payments and financial training to entrepreneurs and small business owners who don't have access to traditional sources of capital. As specified by Caramela(2017).

The women suggested that they should be trained in entrepreneurship to optimize their gains from village banking. There is need to also address defaulting. Another suggestion was that the interest rates should be lowered. This should be coupled with extension in long repayments from weekly basis to monthly.

Some of the respondents suggested that one way of enhancing the function of village banking was to encourage more women to join so that there was more money gathered because the amounts they were getting as loans were not enough and they were forced to pay back with the amount same percentage of interest. As some respondents suggested that the interest rates should be reduced in accordance with how small the loan is.

One thing that was observed by the respondents and the research was that there were less trained village bank members and this also affected their use of income. One of the respondents stated that they should educate all members on ways on investment and entrepreneurship.

13. CONCLUSION

The study established that village banking has brought on a significant in beneficiary capacity building of women by enabling them to be self-employed. The income generated from the ventures has helped to meet individual and household needs. This has also accrued to community upliftment through increased participation of women in community activities. Furthermore, the benefits of village banking have been that of enhancing some members' self-perception. This study also established that women's relationships in their households was not affected by their involvement in village banking. Despite the benefits of village banking, some challenges exist. There is need to address issues of timely loan disbursements, interest rates, repayment plans, and training of members in entrepreneurship.

RECOMMENDATIONS

- i. Village banking should incorporate training of members so that it is beneficial to all of them. They should organize regular training activities for all their clients and formal micro financial institutions should be involved. Training in financial and operational lines is highly needed so as to be able to widen the knowledge among the members on how to commit loans into productive activities.
- ii. The Ministry of Community Development that introduced the village banking initiative in Zambia should come up with strict rules and regulations in order to prevent people from defaulting.
- iii. The loan repayment method should not be done on a weekly basis but after a month or two so that the members are given enough time to do their businesses and earn proper profits.
- iv. More emphasis should be placed on savings.

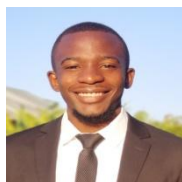
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