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Effect of Financial Inclusion Policy on Saving in Microfinance Institutions, Case of COPEDU PLC

Murwanashyaka Alfred[1], Rusibana Claude[2]

[1]Student Graduate School, University of Kigali

[2]Senior Lecturer, University of Kigali

Abstract: ***The study examined the effect of financial inclusion policy on saving in Microfinance Institutions in Rwanda. The specific objectives were to analyse the effect of bank account on saving for beneficiaries of COPEDU Plc; to determine the extent to which the bank location (distance between client and financial service provider) influences the savings of beneficiaries in COPEDU Plc; to analyse the effect of financial literacy on saving of beneficiaries of COPEDU Plc; and to determine the relationship between financial inclusion policy and saving in MFIs in Rwanda. Target population was 2, 871 beneficiaries of COPEDU Plc; and the study applied stratified random sampling technique to select 107 respondents (97 respondents from target population and 10 staffs from COPEDU Plc). The various instruments were used by the researcher for gathering information from respondents including Questionnaire and Interview. Descriptive statistics and regression methods were used for analysis. Findings showed that ownership of bank account have positive and significant effect on Saving on a bank account, and use of bank loan for beneficiaries in MFIs in Rwanda ($\beta 1= 0.071$, $t=.707$; p - value=.481 less than 5%); that means Ho1 which stated that Bank Account does not affect saving for beneficiaries of COPEDU Plc was rejected. The Findings showed that bank location (distance between client and financial service provider) has positive and significant effect on Saving on a bank account, and use of bank loan for beneficiaries in MFI in Rwanda ($\beta 2=.521$, $t= 4.760$ and p - value=.000 less than 5%); Ho2 which stated that the bank location (distance between client and financial service provider) does not influence savings of beneficiaries in COPEDU Plc was rejected. Findings showed that financial literacy has positive and significant effect on Saving on a bank account, and use of bank loan for beneficiaries in MFIs in Rwanda ($\beta 3=.007$, $t=.077$ and p - value=.939 greater than 5%); Ho3 stating that there is no significant effect of financial literacy on saving of beneficiaries of COPEDU Plc. was rejected. Based on findings, we conclude that there is positive relationship between financial inclusion policy and saving in Microfinance institutions in Rwanda. Strong retail institutions committed to outreach and sustainability are essential for extending the permanent reach of financial services and to have a significant impact on poverty reduction. Thus, building the capacity of institutions with a commitment to reach the poor is vital. This is particularly true for institutions that target potential clients in resource - poor areas and the poorest of the poor. We strongly recommend to COPEDU Plc to approach the rural area because some of their clients are located in rural area. Because microfinance is primarily targeting the poor who are disadvantaged, social mobilization is necessary to introduce them to a formal or semi - formal, market - oriented institutional environment. This is particularly true for women, youth and the poorest of the poor.***

Keywords: Financial inclusion, Savings, Microfinance Institutions

1. Introduction

The lack of access by a large percentage of working age adults to the formal financial sector is a genuine global policy concern (Arun & Kamath, 2015). Hence, the financial inclusion has attracted the interest of many researchers and different definitions about it have been given where all emphasized that financial inclusion is the process that ensure the usage and access to the formal financial system for all members of an economy (Sarma, 2011).

Financial inclusion is where individuals and businesses have access to useful and affordable financial products and services that meet their needs in the overall country economic system (World Bank, 2018). The first step of this process is to have a transaction account that channel users to other financial services (World Bank, 2018).

In developed or developing countries worldwide, the process of ensuring access to financial services like savings, insurance, remittance, payments, and timely adequate credit are needed by different categories of people especially vulnerable groups such as weaker sections and low - income groups at an affordable cost (Ashraf & Yin, 2010). The financial inclusion policy empowers these vulnerable groups especially women empowerment, and it increases savings to them (Yang , 2012). The financial inclusion policy setting contributes to poverty reduction and economic growth while access to the formal financial system increase asset ownership and serve as a catalyst to greater economic empowerment among women (Klapper &Demirguc-Kunt, 2013). Moving from access to account - to - account usage is the next step for countries where 80% or more of the population have accounts (Ogunsakin, 2017).

In Africa, financial inclusion ensures that economic growth in poor countries is inclusive and sustainable. Financial inclusion is increasingly being recognized as one of the most powerful tools to fight poverty and promote social and economic development. This is because financial inclusion reduces inequalities particularly for the poor and vulnerable by strengthening the financial sector on a national level and enabling resource mobilization at household level. Financial inclusion is the availability and usage of financial products and services at affordable costs provided by professional institutions to all society segments including vulnerable and low - income population groups. Access to finance is essential for enabling individuals and families to invest in their lives and shape their future, hence it is essential for businesses to invest, employ people, and reducing poverty (Adalessosi.K, 2015).

Poverty as a structural problem takes a scientific approach based on naturalistic and cultural - hermeneutic methods. It is therefore considered an objective concept that can be subjected to empirical research (Reed & Harvey, 1992).

Poverty is a problem for all the countries irrespective of their level of development. It can be observed in many forms since it has both income and non - income dimensions. In consideration of poverty line, people in each country can broadly be divided into two categories namely poor and non - poor. The non - poor are living above and the poor are living below the poverty line (Olaoluwa, 2015). Most African countries are faced with serious and worsening poverty.

Therefore, to achieve sustainable development there is need for a holistic approach to dealing with the concerns of the poor in the region. There is a range of MFIs whose participation is essential to address appropriately the challenge of poverty reduction (Salia, 2014).

Furthermore, (Swain, 2004) states that financial inclusion policy is better used as an instrument along with other policies for poverty alleviation rather than poverty reduction strategy in isolation. This creates a need to intensify poverty reduction efforts through MFIs in planning and outreach (Okibo &Makanga, 2014).

Rwanda is one of Africa’s smallest, poorest and most densely populated countries; with a population of around 12 million. Although the country has made significant progress from the devastated nation that emerged from the 1994 genocide, it remains a severely underdeveloped country with around 44.9% of the population living under the poverty line (NISR, 2012). Rwanda as one of the least developed countries has taken the issue of poverty as a serious problem, hence devised a means of overcoming it. To reduce the poverty, the government of Rwanda has some actions related to the priority of poverty reduction; those actions include the enforcement of microfinance institutions (NISR, 2012).

The Fin Scope report (FinScope, 2008) revealed that only 48% of Rwandan adults had access to financial services and products both formal and informal. Given the linkage between economic development and access to finance, the Government of Rwanda and DFID established Access to Finance Rwanda (AFR) in 2010, with a core mandate of promoting financial inclusion (Access to Finance, 2019). DFID, the World Bank, and KFW were the initial funders of access to finance Rwanda.
The creation of Access to Finance Rwanda and the institutionalization of financial inclusion policy was based on the premise that a sound and growing financial sector is essential to underpinning Rwanda’s ambitious development targets and the aim was to overcome all barriers hindering access to finance for women, youth and the rural poor in general (Access to Finance, 2019).

The Rwanda Central bank is at the center of implementation of the financial inclusion strategies adopted by the country in partnership with other players in the financial sector (BNR, 2018). Saving through formal institutions (49%), show an increase of 13% from 36% in 2012. There has been an increase in credit consumption with an increase in formal credit from 9% in 2012 to 15% in 2016 (BNR, 2018).

Encouragingly when compared to savings behavior, people in Rwanda mainly borrow for developmental reasons. Further, 34% borrow money for living expenses, increasing the vulnerability of the poor, insurance and risk mitigation (BNR, 2018). In general, the uptake of insurance is low in Rwanda. Only about 9% of adults have insurance products, (around 0.5 million), showing an increase from 0.3 million in 2012. Medical insurance (excluding Mutuelle de Santé (National Health Insurance) and Rwanda Social Security Board drive product uptake. Main perceived barriers relate to income i. e., low/no/insufficient income, insufficient balance after paying for expenses, and affordability issues (BNR, 2018).

The specific objectives are as follows:

i) To analyse the effect of ownership of bank account on saving for beneficiaries of COPEDU Plc.
ii) To determine the extent to which the bank location (distance between client and financial service provider) influences the savings of beneficiaries in COPEDU Plc.
iii) To analyse effect of financial literacy on saving of beneficiaries of COPEDU Plc.
iv) To determine the relationship between financial Inclusion policy and saving in MFIs in Rwanda.

The study verified the following null hypothesis.
Ho1: Ownership of bank account does not affect saving for beneficiaries of COPEDU Plc.
Ho2: The bank location (distance between client and financial service provider) does not influence savings of beneficiaries in COPEDU Plc.
Ho3: There is no significant effect of financial literacy on saving of beneficiaries of COPEDU Plc.
Ho4: There is no positive relationship between financial inclusion policy and saving in Microfinance Institutions in Rwanda.

2. Literature Review

Financial inclusion or access to Finance is a component of financial development, along with depth, efficiency, and stability. Financial development is important for economic growth, and financial inclusion in particular, has a bearing on equity as well (Ogunsakin, 2017). Saving has been for long advocated as a tool for poverty reduction. Poverty reduction is a set of measures, both economic and humanitarian, that are intended to permanently lift people out of poverty. Poverty was found to be complex and unique and the features of this uniqueness are particularly prominent in the third World countries, African countries inclusive (Onaolapo, 2015).

Theoretical Literature Review
To achieve the selected research objectives of this study, the researcher adopted the below research theories elaborated by previous authors. Economists have developed three major theories of consumption and saving behavior as follows: (1) The life - cycle theory (Modigliani and Brumberg, 1954; Modigliani and Ando, 1957; Ando and

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Modigliani, 1963); (2) The permanent income theory (Friedman, 1957); and (3) The relative income theory (Dusenberry, 1949).

All three theories have their conceptual roots in the microeconomic theory of consumer choice. However, the life - cycle theory (Modigliani and Brumberg, 1954; Modigliani and Ando, 1957; Ando and Modigliani, 1963); the permanent income theory (Friedman, 1957); are the most similar; both theories assume that individuals attempt to maximize their utility or personal well - being by balancing a lifetime stream of earnings with a lifetime pattern of consumption. The relative income theory is quite different. They theorized that individuals are less concerned with their absolute level of consumption than with their relative level.

Life - cycle theory
Franco Modigliani and his student Richard Brumberg developed this theory in the early 1950s. The theory was with the idea of spending basing on the fact that individuals choices of how and when to spend is aligned with their age and limited by resources available at their disposal over their entire lives.

They further states that working people make a provision for their retirement and that provision is tailored to their consumption and needs at different ages.

The life - cycle theory has been utilized extensively to examine savings and retirement behaviour of older persons. The observation from this theory was that there is inequality between consumption needs and income at different stages of the life cycle with a view that consumption needs of young people exceed their income. Their needs tend to be mainly for housing and education, and therefore they have little savings. In middle age, earnings generally rise, enabling debts accumulated earlier in life to be paid off and savings to be accumulated. Finally, in retirement, incomes decline and individuals consume out of previously accumulated savings.

Modigliani had noted that one of the most important motives for putting money aside was the need to provide for retirement. Young people will save so that when they are old and either cannot or do not wish to work, they will have money to spend.

This theory suggests that aging population will initially lead to an increase in national savings given that the proportion of the population in the maximum savings years increases.

However, the theory predicts a reduction in aggregate savings the time when the population continues to age and the relative proportion of the population of those reaching retirement age grows relative to the middle - aged population.

Permanent income theory
The Nobel Prize - winning economist Milton Friedman formulated the permanent income theory in 1957. The theory states that the individual expectations tend to make the changes in consumption behaviour unpredictable. He further argued that, even though the economic policies can succeed in increasing the income in the economy, those policies might not kick off a multiplier effect in relation to the increasing consumer spending. Rather, the theory predicts that unless workers reform expectations about their future incomes, there will not be an uptick in consumer spending.

Milton assumed that the estimate of people`s future income leads their consumption patterns. The basis was the fact that they prefer to smooth their consumption rather than let it bounce around because of short - term fluctuations in income.

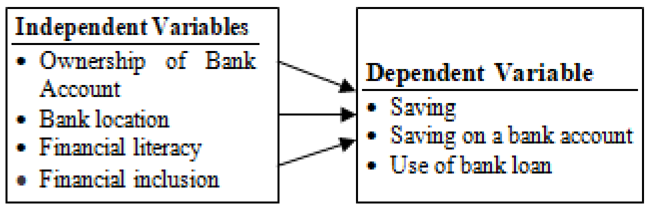
Under the Permanent Income theory, the spending habits model assumes that if a worker is aware of the likelihood to receive an income bonus at the end of a particular pay period, it is possible that the worker’s spending in advance of that bonus will change in anticipation of the additional earnings. However, it is also possible that workers can choose not to increase their spending based solely on a short - term windfall and they may instead make efforts to increase their savings, based on the expected boost in income (Friedman, 1957).

Relative income theory
Developed by James Duesenberry 1949, the relative income theory states that an individual’s attitude to consumption and saving is dictated more by his income in relation to others than by abstract standard of living; the percentage of income consumed by an individual depends on his percentile position within the income distribution.

The theory states further that the current consumption is not necessarily influenced by current levels of absolute and relative income, but also by levels of consumption attained in a previous period.

A family cannot easily reduce the level of consumption once attained instead, the aggregate ratio of consumption to income is assumed dependent on the level of current income in relation to past highest income (James Duesenberry 1949).

The conceptual framework is as follows:



3. Empirical Review

Ruth, WanjikuMuriithi (2017) studied the factors influencing the sustainability of microfinance institutions in Muranga Town, Kenya where providing the poor with access to savings and credit services as a poverty reduction strategy has gained prominence in the past ten years. This has resulted from the emergence of models that have shown increasing success in terms of their ability to reach the poor and in sustaining the delivery of financial services. However, a significant number of those engaged in microfinance services continue to struggle with the twin goals of outreach and sustainability (Ruth, 2017).

This study therefore sought to establish the factors affecting sustainability of microfinance institutions operating within the Muranga Town. Specifically, the study aimed at establishing various factors influencing sustainability of microfinance institutions within the Town. The methodology employed involved a descriptive design study seeking to explore the situation of microfinance institutions in the Town.

The study concludes that sustainability of MFIs is a function of many factors that are related and interconnected i. e., low level of client base affects the sustainability of MFIs. Similarly, the limited branch network leads to low sustainability and lending to individual client contributes to higher repayment rate. The researcher also concluded that mandatory saving is a factor to MFIs sustainability and the sustainability of MFIs is a motive that MFIs continuously work to achieve. The study recommends that microfinance institutions should open many branches so that they can be able to reach as many people as possible, which will enhance their sustainability.

Iqbal and Ahsan Haq (2013) studied the microfinance: a tool for poverty reduction, a case of District Rajouri. The present study was designed to examine the role and impact of microfinance on poverty reduction in the study area and how microfinance increase the income level and standard of the poor from low income to high income group (Iqbal, 2013).

The results of the study showed that microfinance scheme helped poor people to enhance their living standard and provide them financial opportunities for better life

Hussaini and Chibuzo (2018) carried out the study on the effects of financial inclusion on poverty reduction: The moderating effects of microfinance. The purpose of the study was to investigate the effects of financial inclusion on poverty reduction: the moderating effects of microfinance. Data collection techniques employed was self - administered questionnaire. The findings of the study revealed that there is a significant relationship between the financial inclusion and poverty reduction. The results further revealed that microfinance positively moderate the relationship between the variables under studies.

The paper recommends the financial inclusion to be more robust in the rural areas and to make microfinance a more effective means of poverty reduction and other services such as, education loan, technological support loan, skills training, and housing (Chibuzo, 2018).

Gap Identification

According to the findings revealed by EICV5, this is an indicator that some of the government policies including financial inclusion policy were not adopted effectively by implementers to facilitate people to access financial services to enhance saving as a channel of poverty reduction in Rwanda, and this can cause the continuity of persistence increase of poverty in Rwanda. Referring to the studies done by Iqbal, and Ahsan Haq, (2013) on the microfinance as a tool for poverty alleviation with a case study of District Rajouri, this study did not investigate the contribution of MFI through adoption of financial inclusion policy for sustainable savings.

Hussain, and Chibuzo, (2018) in their study only focused on loans and capacity building of employees but they ignored how other factors including financial inclusion policies like savings, payment facilities and others could be the solution to poverty reduction of beneficiaries of Microfinance. Based on the above - mentioned studies, and the EICV5 survey, the gaps identified served as the motivation for this study, which investigates the effect of financial inclusion policy on savings in Microfinance Institutions in Rwanda by using current information from Beneficiaries of COPEDU Plc.

4. Methodology

This section shows the research design, target population, sample size, sampling techniques, data collection instruments, source of data, data processing and analysis methods.

Research Design

During this research, the researcher applied the qualitative and quantitative approaches. The quantitative approach analyzed the effect of bank account on saving capacity of beneficiaries of COPEDU Plc, the extent to which the distance between client and financial service provider influence savings of beneficiaries in COPEDU Plc, the relationship between Financial Inclusion policy and saving in MFIs in Rwanda. The qualitative approach captured expressive information not conveyed in quantitative data about beliefs, values, feelings, and motivations that underlie behaviors and life of the beneficiaries of COPEDU Plc. The study used the correlative to determine the relationship between financial services received through financial inclusion policy that influence the saving capacity. This was assisted by use of statistical packages for social sciences (SPSS) version 22.0.

Study Population, Sampling procedure and Sample size

Study Population

In respect of this case study, target population are 2, 871 beneficiaries of COPEDU Plc of which a sample size was determined using the Formula of Taro Yamane, which is highly recommended when working with a finite population and the population size is known.

Sampling procedures

This study applied the stratified random sampling technique to select the respondents from target population. Given the nature and use of stratified random sampling, the population was heterogeneous and the entire heterogeneous population was divided into different homogeneous groups (Strata), each with homogeneous nature.

Sample Size
This study used 10% of margin errors while confidentiality level is 90%. The study applied the formula of Taro Yamane (1982) to determine sample size of the study as the population is finite and the size is known.

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

n = sample size **N=** Total population **e=** margin error

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

This sample has driven the collection of data with the help of questionnaires distributed to 97 respondents and interviews addressed to 10 Staffs of COPEDU Plc forming a total of 107 respondents.

Sources of Data
Data are classified either as primary or secondary. During the conduct of this research, primary data was used to get accurate results and reliably generalizable findings.

Primary Data
Primary data is the first - hand observation and investigation. The administration of questionnaires forms the basis of primary data. Data were collected through background features of respondents and their knowledge on financial inclusion and saving in Rwanda using questionnaires and interviews.

Data Collection Instruments
It consisted in various instruments that were used by the researcher for gathering information from respondents.

Questionnaire
In this research, the questionnaire was distributed to 97 respondents selected from beneficiaries of COPEDU Plc, and were composed by close end and open questions where the participation rate was 100% in responding to the questions.

Interview guide
It consisted of asking the proper voice on the purpose of exchanging ideas between the interviewer and the interviewee. During this study, the interview was addressed particularly to the sampled beneficiaries above and 10 staffs of COPEDU Plc.

Measurement of variables
Variables are measurement using an instrument, device, or computer. The scales of measurement are generally nominal, ordinal, interval, and ratio. In respect of this study, there are typically three levels of measurement that are nominal, ordinal and interval.

Validity and Reliability of instruments

Validity
This consist of measuring the level to which the differences found with a measuring instrument reflect true differences among these being tested. In this study, questionnaire was given to supervisor and other lecturers to evaluate if its container pertinent data.

Reliability
For this study, the questionnaires were given to diverse groups of defendants two dissimilar times to crisscross if they provided the same opinion in relations of answers. The researcher prepared pre - test of Cronbach's Alpha at DUTERIMBERE IMF Ltd for testing the consistency of 0.75.

Table 3.1: Legend Cronbach's Alpha Test of Reliability

Cronbach's Alpha	Internal consistency
$\alpha \geq 0.9$	Excellent
$0.8 \leq \alpha < 0.9$	Good
$0.7 \leq \alpha < 0.8$	Acceptable
$0.6 \leq \alpha < 0.7$	Questionable
$0.5 \leq \alpha < 0.6$	Poor
$\alpha < 0.5$	Unacceptable

Table 3.2: Pre - tested result of Reliability

Cronbach's Alpha	N of Items
.76	10

Source: *Pre - test of reliability (2020)*

The pre - test result done showed the consistency data of 0.76 (i. e: 76%) categorized as Acceptable (Surveys). This helped to continue data collection to selected respondents in COPEDU Plc.

Data processing, analysis and presentation

Data processing
Data processing concerned with putting the responses into meaningful categories where it consists of editing, coding, recording, classifying and tabulation.

1) **Editing:** involves the review and if essential, influences of each questionnaire or observation form; the basic purpose of editing is to impose some minimum quality standards on the raw data.
2) **Tabulation:** involves putting data into statistical tables and determination of frequency of the responses to a particular question and their percentages. Tabulation is used to summarize the data collected using different techniques into table format of frequencies and percentage.

Data analysis procedure
SPSS remained as a software for data examination. Descriptive Statistic method and regression analysis stood in this study were methods of analysis. Descriptive statistics presents frequency, percentages, and cumulative percentage in this study. Those methods help to assess whether dependent variables are the result of independent variables while the intervening variables fill the gap and reveal the causal links between the independent and dependent variables.

Ethical Considerations
To safeguard privacy of the information provided by the respondents, and to determine the exercise of morals in this study, the researcher implemented the following activities. The respondents were coded instead of reflecting the names. The permission was requested via written letter to the concerned officials of the study areas. The respondents sign in the informed consent form, acknowledge the authors

quoted in this study and the author of the standardized instrument through citations and referencing. The research presented the answers in a generalized manner.

5. Research Findings

This section presents the summary of major findings from analysis on data collected from beneficiaries of COPEDU Plc. It also proposed the possible suggestions with a conclusion pertaining to whole study drawn on effect of financial inclusion policy on savings in Microfinance Institutions in Rwanda.

Findings on the effect of bank account on saving for beneficiaries of COPEDU Plc

Analysis of statistics on perceptions of respondents on the effect of bank account on saving for beneficiaries of COPEDU Plc shown on table 4.6 which stated that having transaction account serves as a gateway to other financial services, as stated by 84.5%; the access to a transaction account in COPEDU Plc help beneficiaries to save and create profitable businesses, confirmed by 93.8%; the provision of small loans by COPEDU Plc for working capital help beneficiaries to increase income, confirmed by 88.7%; the extending large loans to customers continually at COPEDU Plc based on loan repayment history help beneficiaries to expand the businesses and get satisfaction of their basic needs, confirmed by 90.7%. The credit offered by COPEDU Plc help beneficiaries to start and expand their businesses, invest in education or health, manage risk, financial shocks and improve the overall quality of their lives, stated by 89.7%; monitoring and regulation of financial transactions including loans, saving/deposit and withdraw, and payment facilities in COPEDU Plc help beneficiaries to convert their savings into profitable investment and attract additional savings as confirmed by 88.7% respondents strongly agreed and agreed.

Findings on how the distance between client and financial service provider influences the savings of beneficiaries in COPEDU Plc

Results shown on able 4.7 present the perceptions of respondents on effect of the distance between client and financial service provider influences the savings of beneficiaries in COPEDU Plc. It was shown that living in banked area help to access transaction account easily, confirmed by 84.5%; financial access encourages saving, and families and businesses can plan for their wellbeing from long - term goals for beneficiaries, stated by 91.8%; COPEDU Plc provides affordable financial services to low - income groups and this is a stepping - stone for saving culture, stated on 88.7%.

In COPEDU Plc, individuals and businesses are able to save with the help of useful and affordable financial products/services that meet their needs, confirmed by 80.4% respondents; access to and use of a wide range financial products and service schemes such as credit, savings, pension, and payments products promote saving culture, stated on 92.8%; easy access to financial products and services that reach all sections of the population without tight requirements encourage the beneficiaries of COPEDU Plc to save, confirmed by 89.7%; remote financial products and services in COPEDU Plc encourage savings (mobile banking, internet banking) and are designed according to the need of customers without considering the income levels, confirmed by 88.7% respondents.

Findings on the effect of financial literacy on saving of beneficiaries of COPEDU Plc;

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

Findings on the relationship between financial Inclusion policy and saving of beneficiaries in MFIs in Rwanda

Results show that development and implementation of rapid sustained economic programs in areas like infrastructure, health, education, nutrition and sanitation allowed the poor to participate and earn income, part of which is saved for their future growth and the growth of the country in general, stated on 86.6%; creation and improvement of access to job creation and income as well as development of entrepreneurial talents, confirmed by 91.8% respondents; providing all people with access to basic financial services enable access to basic needs including shelter and clean water; 84.5% respondents; empowering people living in poverty by involving them in the development and implementation of plans and programs to reduce and eradicate poverty, confirmed by 88.7%; removing barriers to equal access to financial resources and services, confirmed by 91.8%; providing access to technology and innovation including internet banking to easily access affordable financial services, stated on 78.4%; empowering people living in poverty by involving them in economic development activities that help them to generate income and save, confirmed by 88.7% respondents.

The results in table 4.11 indicates that the R=**.566** representing that **56.6%** change from Saving on a bank account, and use of bank loan come from financial inclusion policy represented by Financial literacy, Ownership of Bank Account, Distance between client and financial service provider. This means that 43.4% of Saving on a bank account, and use of bank loan in MFIs come from other variables that are not included in Model of this research.

The results from table 4.12 indicated that the F - test= **14.579** which is positive and significant at 0.0% shows that There is significant effect of financial inclusion policy represented (financial literacy, ownership of bank account, and distance between client and financial service provider) on Saving on a bank account, and use of bank loan for beneficiaries in MFIs in Rwanda. This is based on the fact that the findings indicated positive and significant effect on financial inclusion policy on saving of beneficiaries of MFIs in Rwanda.

Correlation Matrix

Correlation shows the relationship between variables. The matrix was used to summarize data, as which led to advanced analysis and interpretation of the variables. Table 4.10 below shows Correlation Coefficient Matrix between variables under study in this research.

Correlation Coefficient Matrix

		Saving on a bank account, and use of bank loan
Ownership of Bank Account	Pearson Correlation	**.350****
	Sig. (2 - tailed)	.000
	N	97
Distance between client and financial service provider	Pearson Correlation	**.562****
	Sig. (2 - tailed)	.000
	N	97
Financial literacy	Pearson Correlation	**.253***
	Sig. (2 - tailed)	.013
	N	97
Saving on a bank account, and use of bank loan	Pearson Correlation	1
	Sig. (2 - tailed)	
	N	97

**. Correlation is significant at the 0.01 level (2 - tailed).
*. Correlation is significant at the 0.05 level (2 - tailed).

Regression Analysis Test

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

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.566[a]	.320	.298	2.83453

a. Predictors: (Constant), *Financial literacy, Ownership of Bank Account, Distance between client and financial service provider*

b. Dependent Variable: Saving on a bank account, and use of bank loan

The results in table 4.11 indicates that the R=**.566** representing that **56.6%** change from Saving on a bank account, and use of bank loan come from financial inclusion policy represented by Financial literacy, Ownership of Bank Account, Distance between client and financial service provider. This means that 43.4% of Saving on a bank account, and use of bank loan in MFIs come from other variables that are not included in Model of this research.

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	351.417	3	117.139	**14.579**	**.000[b]**
	Residual	747.216	93	8.035		
	Total	1098.633	96			

a. Dependent Variable: Saving on a bank account, and use of bank loan

b. Predictors: (Constant), *Financial literacy, Ownership of Bank Account, Distance between client and financial service provider*

The results from table 4.12 indicated that the F - test= **14.579** which is positive and significant at 0.0% shows that there is significant effect of financial inclusion policy represented (Financial literacy, ownership of bank account, and distance between client and financial service provider) on Saving on a bank account, and use of bank loan for beneficiaries in MFIs in Rwanda. This is based on the fact that the findings indicated positive and significant effect on financial inclusion policy on saving of beneficiaries of MFIs in Rwanda.

Coefficients[a]

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

a. Dependent Variable: *Saving on a bank account, and use of bank loan*

The results from Table 4.13 indicated that Ownership of Bank Account has positive and significant effect on Saving on a bank account, and use of bank loan for beneficiaries in MFIs in Rwanda (β1= 0.**071**, t=.7**07**; p - value=.**481** less than 5%). **Y**= β0 + β1OBA + β2DBCFSP+β3FL+ε Model. Further, distance between client and financial service provider has positive and significant effect on Saving on a bank account, and use of bank loan for beneficiaries in MFI in Rwanda (β2=.5**21**, t= **4.760** and p - value=.0**00** less than 5%). Financial literacy has positive and significant effect on Saving on a bank account, and use of bank loan for beneficiaries in MFIs in Rwanda (β3=.0**07**, t=.0**77** and p - value=.9**39** greater than 5%).

6. Conclusion

The financial inclusion policy such as provision of small loans, access to a transaction account, extending the large loans to customers, credit and insurance offered by COPEDU Plc, and monitoring and regulation of financial transactions on behalf of beneficiaries. Saving for beneficiaries were determined by many factors including saving level and loan delivery; access to health, education, nutrition and sanitation; allowing the poor participating and contribute to their growth; creation and improvement of access to jobs and income; access to basic social service like shelter and clean water; and technology and innovation including internet banking of COPEDU Plc.

The research hypotheses were verified in this study where the results indicated that ownership of bank account have positive and significant effect on Saving on a bank account, and use of bank loan for beneficiaries in MFIs in Rwanda ($\beta1$= 0**.071**, t=.7**07**; p - value=.4**81** less than 5%); that means **Ho1**which states that Bank Account does not affect saving for beneficiaries of COPEDU Plc, was rejected.

The results showed that distance between client and financial service provider (bank location) has positive and significant effect on Saving on a bank account, and use of bank loan for beneficiaries in MFI in Rwanda ($\beta2$=.5**21**, t= **4.760** and p - value=.0**00** less than 5%); **Ho2** which stated that the distance between client and financial service provider do not influence savings of beneficiaries in COPEDU Plc, was rejected.

Findings showed that financial literacy has positive and significant effect on Saving on a bank account, and use of bank loan for beneficiaries in MFIs in Rwanda ($\beta3$=.0**07**, t=.0**77** and p - value=.9**39** greater than 5%); **Ho3** stated that there is no significant effect of financial literacy on saving of beneficiaries of COPEDU Plc was rejected. Based on the findings, we conclude that there is positive relationship between financial inclusion policy and saving in microfinance institutions in Rwanda.

7. Recommendations

The research brings facts on the opinion that the financial inclusion policy is the key to achieve sustainable social economic development. Its careful implementation by the relevant organizations and other stakeholders will lead to the successful achievement of the desired impact of financial inclusion policy in reducing poverty towards the beneficiaries of microfinance institutions countrywide.

To the Government

The government should as a matter of urgency set up appropriate policies and legal framework for protection and smooth operation of microfinance institutions and their beneficiaries.

Those policies should be the pillars for microfinances to maintain macroeconomic stability and to avoid interest rate caps that prevent microfinance institutions from covering their costs and hinder sustainable operations.

The government should institutionalize the financial literacy to ensure the attainment of inclusive finance for the illiterate rural people who are still facing the challenge of limited access to finance.

To COPEDU Plc

As an institution whose target potential clients are poor underserved people, the COPEDU Plc should endeavor to further build its capacity with a commitment to ease the accessibility of its services. We strongly recommend to COPEDU Plc to approach the rural area because some of their clients are located in rural area.

Owing to the above fact that COPEDU Plc is primarily targeting the poor who are disadvantaged, in collaboration with other stakeholders it should conduct social mobilization as a tool to ensure that all necessary awareness is in place to introduce the inclusive finance environment to the target group.

To the clients/Beneficiaries

Because microfinance is primarily targeting the poor who are disadvantaged, social mobilization is necessary to introduce them to a formal or semi - formal, market - oriented institutional environment. This is particularly true for women, youth and the poorest of the poor.

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