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An Investigation of the Association between the Implementation of Village Banking and Financial Inclusion of Women Marketeers: A Case Study of Marketeers at Chisokone in Kitwe District

¹ Sabrinah Malipande, ² Dr. Attridge Mwelwa

¹ Master of Business Administration, Graduate School of Business, University of Zambia, Zambia

² Supervisor, Graduate School of Business, University of Zambia, Zambia

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Corresponding Author: Sabrinah Malipande

Abstract

Village banking, also known as village savings and loan associations (VSLAs), traces its origins to the 1990s, with CARE International pioneering the model in Niger to address the financial exclusion of rural communities (Maganga, 2021) [25].

Methods

Correlational research design was used for this research, since little was known about the effect of village banking on financial inclusion of women at Chisokone market in Kitwe district. The study used primary data sources and this was collected using questionnaire data. The study was comprised of 200 respondents (female village bank marketeers from Chisokone market in Kitwe district). The study employed chi-square and regression analysis to answer the research objectives. Simple random sampling was adopted in the study because it ensured that each respondent is chosen without bias.

Adopting simple random sampling also ensured that respondents were selected at random and each respondent had an equal probability of being chosen to be part of the

study. The sampling frame consisted of women marketeers involved in manufacturing, services and trading.

Results

The study also revealed that group formation of village banks is a predictor of financial inclusion of women. The findings of the study have illustrated that loan conditions is a predictor of financial inclusion of women and this means that loan conditions has a significant influence on financial inclusion of women. The study also revealed that loan usage of village banks is a predictor of financial inclusion of women.

Conclusion

From the results of this study it was discovered that there is a strong association between group formation of village banks and financial inclusion of women. The results showed that there is a strong association between loan conditions and financial inclusion of women. The findings revealed that there is a strong association between loan usage of village banks and financial inclusion of women.

Keywords: Banking and Financial Inclusion, Women, Village Savings and Loan Associations (VSLAs)

1. Introduction

Lweendo (2021) documented how women in Ndola's informal markets used village banking loans to diversify their businesses, leading to increased household food security and children's educational outcomes. These outcomes reflect the gendered dimension of financial inclusion, where women prioritize familial and communal welfare over individual profit a trend observed in other African contexts, such as Malawi and Zimbabwe (Mbiro and Ndlovu, 2021).

However, challenges such as administrative inefficiencies and limited policy support hinder scalability. For instance, the Afri-Zam Cooperative faced delays in loan disbursement due to bureaucratic bottlenecks, underscoring the need for streamlined processes (Mulenga and Muuka, 2023). Additionally, while village banking has improved access to credit, its informality exposes women to risks like money laundering and inadequate consumer protections (Sichuundu, 2024) [43]. These findings suggest that while village banking is a powerful tool for financial inclusion, its long-term sustainability requires complementary policies, such as digital financial literacy programs and light-touch regulations to protect users without stifling innovation.

The efficacy of village banking in promoting financial inclusion is grounded in theories of social capital, collective action, and gendered financial empowerment. Social capital theory posits that trust and reciprocity within community-based groups reduce transaction costs and mitigate risks, enabling women to pool resources and access credit without formal intermediaries (Mulenga and Muuka, 2023). This is particularly relevant for women marketers, who often lack individual assets to secure loans but benefit from group guarantees. Feminist economic theories further illuminate how village banking disrupts patriarchal financial systems by decentralizing control and empowering women to exercise agency over economic decisions. For example, in Zambia, village banks have created women-only spaces that foster power within (self-confidence), power to (economic agency), and power with (collective bargaining) (Maganga, 2021) [25]. Such empowerment aligns with Sen's capability approach, which frames financial inclusion as a means to expand women's substantive freedoms and opportunities (Sichuundu, 2024) [43].

Village banking has proven to be a powerful tool for enhancing financial inclusion among women marketers at Chisokone Market and other similar settings. Village banks provide loans at lower interest rates compared to traditional banks, making it easier for women marketers to access capital for their businesses (Sichuundu, 2024) [43]. Village banks often offer flexible repayment plans tailored to the specific needs of their members, reducing the financial burden on women marketers Lweendo (2021) Village banks provide a safe and secure platform for women marketers to save their earnings, encouraging a savings culture. Village banking plays a crucial role in promoting financial inclusion, empowering women, and contributing to the overall economic development of communities Lweendo (2021).

Due to their inadequate educational and financial literacy, female marketers are less able to fully benefit from village banking services, including understanding loan terms and financial planning. Regulatory and legal barriers impair the effectiveness of village banking organisations' operations and their ability to offer female marketers a range of financial products (Mashigo and Kabir, 2017). Despite these challenges, village banking can nevertheless significantly contribute to improving financial inclusion for female marketers. A number of issues may affect the financial inclusion of women marketers (Mashigo and Kabir, 2017).

The association between village banking and financial inclusion for women marketers in Africa reflects a dynamic interplay of community resilience, gendered economic barriers, and innovative finance. While the model has demonstrably improved access to credit, savings, and social capital, its long-term sustainability hinges on addressing structural inequities and harnessing technology for scalability (Mbiro and Ndlovu, 2021).

As Africa strides toward the 2030 SDGs, village banking remains a pivotal tool for transforming the financial landscape one woman marketer at a time (Mbiro and Ndlovu, 2021).

It's against this background the current study sought to investigate the effect of village banking on financial inclusion of women on the Copperbelt Province.

Method

The study was conducted at Chisokone market in Kitwe

district. Kitwe was chosen in this study because it's the second largest district in Zambia housing the largest market on the Copperbelt Province and the findings can be replicated to smaller districts in Zambia.

The target population in this research are female village bank marketers from Chisokone market in Kitwe district. The current study is quantitative and thus a correlational research design was appropriate to investigate the association between village banking and financial inclusion of women at Chisokone market in Kitwe district. A correlational research design was also chosen to determine if there is an association between the independent variables (group formation, loan conditions and loan usage) and the dependent variable (financial inclusion of women).

Quantitative research method is the research approach that was also adopted by this research. Quantitative research was used in this study help to quantify the association between village banking and financial inclusion of women at Chisokone market in Kitwe district and offer factual, credible and reliable findings that is free from bias from the researcher.

A sample size of (200) are female village bank marketers from Chisokone market in Kitwe district was used in this study. The chosen sample was used to investigate the association between the village banking and financial inclusion of women.

Women participating in village banking programs at Chisokone market in Kitwe district were the targeted respondents. In order to ensure the sampling frame was accurate the researcher made sure that membership lists from village banks was complete and up-to-date to avoid exclusion biases.

The researcher obtained a list of all eligible women from village bank records and checked the list for duplicates or missing entries.

Simple random sampling was adopted in the study because it ensured that each respondent is chosen without bias. Adopting simple random sampling also ensured that respondents were selected at random and each respondent had an equal probability of being chosen to be part of the study. The sampling frame consisted of women marketers involved in manufacturing, services and trading.

The researcher took the appropriate precautions to protect participant identity and ensure that their responses will only be used for academic research. The investigator made sure that the respondents' identities are kept a secret and that their responses are kept private.

The privacy of the respondents' identities were protected by asking them not to write their names on the surveys. To preserve respondents' anonymity, code numbers were placed on the questionnaires in place of names and completed questionnaires were kept in a safe location.

Data sources and analysis

Likert scale questionnaires were adopted in the study and will be distributed to the all of the selected respondents. Likert scale questionnaire have been chosen in the study due to it being a reliable data collection instrument in a quantitative research project. A focus group discussions was also used to deepen the understanding of participants' experiences and get their insights. The questionnaire and focus group discussion was developed by the researcher and was validated by the research supervisor Statistical Package for Social Science (SPSS) version 27 was used to code and

analyse the primary data obtained from the completed questionnaires. The demographic information of the respondents were depicted in frequency tables and graphs. Chi-square and regression analysis was used to determine if the hypotheses statements are valid or not according to the results from the study. According to the rejection criteria, when the p value is less than 0.05, it is regarded as less than 0.05, which allows us to reject H₀ (the null hypothesis) and accept the alternative hypothesis, which is in accordance with the rejection criterion, allowing us to reject H₀ and accept the alternative hypothesis. When the null hypothesis being rejected, it means that the variables are somehow related to one another (Creswell, 2016) ^[12].

Regression analysis was used to determine if there is a relationship (association) between independent variables and the dependent variable and to establish the magnitude of the relationship.

Results and Discussion

The findings of the study showed that that an increase group formation of village banks will result in an increase of financial inclusion of women. The study also revealed that group formation of village banks is a predictor of financial inclusion of women.

Research by Mulenga and Muuka, (2024) revealed that the size of village banking groups represents another crucial formation characteristic. Mulenga and Muuka, (2024) observed that most successful models maintain membership between 10-20 women, a range that balances sufficient capital accumulation with manageable group dynamics. Mulenga and Muuka, (2024) observed that smaller groups often struggle to accumulate meaningful savings pools, while larger groups face coordination challenges and reduced social cohesion.

According to research in India by Women's World Banking (2024) it was found that groups of 10-12 women demonstrate optimal functionality for self-monitoring and peer pressure mechanisms that ensure repayment. Women's World Banking (2024) discovered that this group size also facilitates meaningful participation in decision-making processes, allowing each member to voice opinions and concerns during meetings.

The above findings of the study indicates that there is a strong association between group formation of village banks and financial inclusion of women. The findings of the current study are also supported by the findings of National Financial Sector Development Policy (2017) research which established that the group formation of village banking enhances the financial inclusion of women.

The findings of the study has illustrated that loan conditions is a predictor of financial inclusion of women and this means that loan conditions has a significant influence on financial inclusion of women.

The results of Frotman and Mikkilineni (2024) showed that the design of loan products offered through village banking models significantly influences their accessibility and utility for female borrowers. Frotman and Mikkilineni (2024) notes that, interest rates represent a particularly contentious aspect of loan conditions, with most village banks charging rates substantially higher than commercial banks but lower than informal moneylenders. Repayment schedules constitute another critical dimension of loan conditions that significantly affect women's financial inclusion outcomes. Most village banking models employ frequent repayment

instalments (often weekly or biweekly) aligned with women's cash flow patterns from small-scale economic activities (Frotman and Mikkilineni, 2024).

All of the above results of the current study vividly shows that there is a strong association between loan conditions and financial inclusion of women and that two variables share a significant and inseparable relationship.

The findings of the study have been validated by a study that was carried out by Zeller *et al*, (2022), which revealed that loan conditions of village banks significantly affected the financial inclusion of women. The findings of the current study are in support of the results of Banerjee and Jackson (2016) ^[3] study which showed that loan conditions of village banks have an effect on financial inclusion of women.

The findings of the study showed that that an increase of loan usage of village banks will result in an increase of financial inclusion of women. The study also revealed that loan usage of village banks is a predictor of financial inclusion of women.

Research by CGAP (2025), showed that the economic activities financed through village banking loans significantly mediate their impact on women's financial inclusion and broader empowerment. Women predominantly allocate loan proceeds to microenterprise development (particularly retail trading, food processing, and artisan production), agricultural inputs (seeds, fertilizers, livestock), and education expenses for children (CGAP, 2025).

This pattern reflects both the opportunity constraints facing women who often operate in crowded, low-margin sectors and their caregiving responsibilities that prioritize household welfare over business expansion. Interestingly, studies suggest that loans used for consumption smoothing (during emergencies or seasonal shortages) may be just as valuable for women's economic stability as those directed toward productive investments, despite traditional microfinance theory privileging the latter. The degree of control that women exercise over loan utilization significantly influences empowerment outcomes.

The above findings of the study indicates that there is a strong association between loan usage of village banks and financial inclusion of women. The findings of the current study are also supported by the findings of Kabuka (2018) ^[19] which established that loan usage of village banks improved the standards of living and financial inclusion of women marketeers.

The findings of the current study are also in support with Nalungwe (2018) ^[31] the results of who discovered that there is a strong connection between village banking and financial inclusion of women marketeers.

Conclusion

The main objective of the current study was seeks to investigate the association between the implementation of village banking and financial inclusion of women in Zambia using Chisokone market in Kitwe district as case study.

The first objective was to assess if there is an association between group formation of village banks and financial inclusion on financial inclusion of women and this objective was achieved using chi-square analysis and regression analysis. From the results of this study it was discovered that there is a strong association between group formation of village banks and financial inclusion of women.

The second objective of this research was to evaluate if there is an association between loan conditions of village banks and financial inclusion on financial inclusion of women this objective was achieved using chi-square analysis and regression analysis. The results showed that there is a strong association between loan conditions and financial inclusion of women.

The third objective of this study was to analyse if there is an association between loan usage of village banks and financial inclusion of women this objective was achieved using chi-square analysis and regression analysis. The findings revealed that there is a strong association between loan usage of village banks and financial inclusion of women.

Recommendations

1. Village banking does not always translate into business growth, as loans are often diverted to household needs rather than entrepreneurial investments. This highlights the need for complementary interventions, such as financial literacy programs and gender-sensitive loan products.
2. The ministry of community development mother and child health should market the women village bank more effectively as to uplift more women and have more beneficiaries of the women village bank.
3. The ministry of community development mother and child health should continue funding the women village bank because it is reducing the poverty levels of women and empowering them.
4. The stakeholders who enable the programme must get along for it to run well and the women village bank to be implemented with less difficulty.
5. Village banking groups should establish strict policies and processes to handle and avoid defaulting among group members. One strategy that would help reduce defaulting is police callouts.
6. Members of village banks should consider making loan repayments every two weeks as opposed to once a month in order to reduce default rates.
7. Group leaders of village banks should offer training courses for women marketeers, which will improve the entrepreneurial skills of members.
8. Group leaders of village banks should arrange financial literacy awareness events to assist members in increasing revenue.
9. Zambian village banking groups should compile and disseminate permanent defaulter registries in order to discourage group members from going into default and joining other organisations.

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