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Effects Of Village Banking Saving Groups On Small And Medium Enterprises In Matero Market, Lusaka

Abstract

This study investigates the effects of Village Banking Saving Groups (VBSGs) on the performance of Small and Medium Enterprises (SMEs) in Matero Market, Lusaka. SMEs are critical to Zambia's socio-economic development, yet they face persistent barriers in accessing affordable and sustainable financing. Using quantitative methods approach. A structured questionnaire incorporating a five-point Likert scale was administered to a sample of 281 SME operators to assess their experiences across key areas, including access to capital, business growth, financial management, recordkeeping, and business networking.

Findings reveal that participation in VBSGs significantly enhances SME access to credit, boosts business resilience during emergencies, and improves members' financial literacy and managerial confidence. Nonetheless, some challenges persist, particularly in relation to high interest rates and inadequate business skills. The study concludes that village banking models are effective tools for promoting financial inclusion and supporting SME growth in urban informal markets such as Matero. Key recommendations are offered to stakeholders for strengthening the operational and regulatory frameworks of VBSGs to maximize their developmental impact.

Keywords: *Village Banking Saving Groups, SMEs, financial inclusion, Likert scale, Matero Market, business growth, financial literacy, Zambia.*

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Dedication

This work is dedicated to my family especially my husband, parents and children whose unwavering support, encouragement, and sacrifices have been the foundation of my academic journey. I also dedicate this to all the hardworking entrepreneurs in Matero Market whose determination and resilience continue to inspire community development.

Acknowledgements

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Acronyms:

CBOs: Community-Based Organizations

CDF: Constituency Development Fund

CSO: Central Statistical Office

CSOs: Civil Society Organizations

FSDZ: Financial Sector Deepening Zambia

FSP: Financial Service Provider

GDP: Gross Domestic Product

GRZ: Government of the Republic of Zambia

KII: Key Informant Interview

MFI: Microfinance Institution

NGO: Non-Governmental Organization

ROI: Return on Investment

SME: Small and Medium Enterprise

SPSS: Statistical Package for the Social Sciences

VSLA: Village Savings and Loan Association

ZMW: Zambian Kwacha

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CHAPTER ONE

INTRODUCTION

1.1 Introduction

This chapter discusses the research on Village Banking Saving Groups (VBSGs) and their influence on Small and Medium Enterprises (SMEs) in Matero Market, Lusaka. This chapter provides a succinct summary of the research, highlighting the financial challenges SMEs face in securing traditional funding and the rise of VBSGs as an alternative solution (Loti, 2024). The research problem, objectives, enquiries, and justification are clearly articulated to establish the basis for investigating this phenomenon. The chapter outlines the study's scope, limits, and potential contributions, providing a comprehensive foundation for understanding the significance of examining VBSG effects on SME performance in Matero Market, Lusaka.

1.2 Background of the Study

Small and Medium Enterprises (SMEs) are the cornerstone of Zambia's economic structure, significantly aiding in job creation, income development, and poverty reduction (Abisuga-Oyekunle et al., 2020). Matero Market in Lusaka accommodates several SMEs across diverse industries such as retail, food, apparel, and services, collectively forming a vibrant commercial hub that enhances the local economy. Despite their economic significance, these enterprises often encounter substantial challenges in securing the financial resources necessary for growth and sustainability (Beck et al., 2018).

Village Banking Saving Groups (VBSGs) have become essential financial instruments for Small and Medium Enterprises (SMEs) in Matero Market, Lusaka. Community-based financial collectives often have 15-25 members who aggregate resources, extend internal loans, and function under self-governance structures (Mwiya, 2019). VBSGs began to emerge in Matero Market in about 2010 as a reaction to exclusion from traditional financial institutions, with the Lusaka City Council (2023) reporting 38 active groups that serve approximately 760 market-based enterprises. These groups have modified conventional VBSG models to suit the distinct trading behaviours of market vendors, featuring adaptable meeting times corresponding to market hours and loan durations matched with inventory cycles (Hapompwe et al., 2021). Research by Mutang'anyi et al. (2018) reveals that Matero Market VBSGs have established unique operational traits,

including emergency fund provisions tailored to mitigate market specific risks, such as fire incidents or theft, prevalent in densely populated trading settings.

The historical evolution of Village Banking Saving Groups in Matero Market dates back to 2010, during which a significant financial exclusion crisis impacted market based firms in the wake of the global financial recession (Financial Sector Deepening Zambia, 2022). The inaugural organised VBSG in Matero, referred to locally as the "Tiyanjane Group," was founded by 17 vegetable vendors in the market's northwest area who had been denied loans by three microfinance banks despite the stability of their enterprises (Chanda, 2024). Mwanza (2021) indicates that this pioneering group formulated essential operational ideas that impacted later VBSGs, such as weekly donations corresponding to daily sales trends instead of the monthly cycles customary in rural VBSGs. By 2015, the Matero Market Association had recorded 22 active groups with diverse structures. Following a financial literacy program initiated in 2018 by the Bank of Zambia in collaboration with the Lusaka City Council, the number rose to 38 active groups with more formalised governance structures and record keeping systems (Zambia Development Agency, 2022). This historical evolution illustrates the transformation of financial mechanisms from basic savings collectives to advanced financial intermediaries catering to Matero's varied entrepreneurial landscape.

1.3 Research Problem

The financial difficulties faced by SMEs at Matero Market are highlighted by significant data, indicating that 65% of the 2,017 registered merchants are classified as SMEs, although merely 18.3% obtained official loans in the past two years due to onerous collateral demands averaging 187% of the loan amount. This exclusion results in a 57.8% failure rate among SMEs within their first two years, with financial limitations identified in 68.4% of instances. Although there are 38 active Village banking Savings Groups with 763 members, the average loan provided is only ZMW 6,842, significantly lower than the ZMW 15,000-25,000 required for substantial business investment. Thus, a substantial research issue emerges about the effectiveness of VBSGs in enhancing SME performance and the factors that promote successful loan utilisation. This knowledge deficiency hinders the development of effective policies designed to improve financial inclusion and foster sustainable growth among SMEs in this market.

1.4 Justification for the Research

This study investigated the influence of Village Banking Saving Groups (VBSGs) on small and medium sized enterprises (SMEs) in Matero Market, driven by many significant factors. The study seeks to deliver empirically grounded insights into the operation of VBSGs within the Matero Market setting, aiding policymakers and development organisations in Zambia in formulating more precise and effective financial inclusion initiatives. The National Financial Inclusion Strategy 2017-2022 (Ministry of Finance, 2017) underscored the imperative to comprehend and advocate for alternative financing options for SMEs, especially in informal markets such as Matero, where traditional financial services have achieved minimal penetration.

1.5 Research Aim

This study sought to examine the influence of Village Banking Saving Groups on Small and Medium Enterprises in Matero Market, Lusaka, by analysing the effects of participation on business outcomes, including inventory levels, business expansion, and profitability, thereby offering insights to inform financial inclusion strategies for market based enterprises in urban settings.

1.5.1 Research Objectives

I. To assess how SMEs, utilise VBSG loans for business operations and growth in Matero Market, Lusaka.
II. To evaluate the characteristics of SMEs that participates in VBSGs in Matero market, Lusaka.
III. To examine VBSG loan conditions and their effects on SME credit behaviours in Matero Market, Lusaka.
IV. To measure the effect of VBSG participation on specific SME performance indicators in Matero Market.

1.5.2 Research Questions

I. How do SME owners in Matero Market utilise loans acquired from village banking savings groups?
II. What distinguishing characteristics do VBSG participating SMEs exhibit compared to non-participating businesses in Matero Market?

III. What loan conditions do VBSGs in Matero Market offer, and how do these conditions influence SME borrowing decisions and business outcomes?

IV. What measurable effects has VBSG participation had on business performance indicators among SMEs in Matero Market?

1.5.3 Research Hypothesis

H_0:Village Banking Saving Groups have no significant effect on SME performance indicators (inventory levels, business expansion, and profitability) in Matero Market, Lusaka.

H_1: Village Banking Saving Groups have a significant positive effect on SME performance indicators (inventory levels, business expansion, and profitability) in Matero Market, Lusaka.

1.6 Research Scope

This study concentrated on Small and Medium Enterprises in Matero Market, Lusaka, that engage in Village Banking Saving Groups. The study is geographically limited to Matero Market, which has 2,017 registered vendors as per the Lusaka City Council (2023), with around 763 engaged in VBSGs. The research thematically investigated four principal dimensions: patterns of loan utilisation, characteristics of VBSG participants, loan conditions provided by these groups, and the consequent company performance consequences. Data collection was taken place from March to April 2025, documenting current VBSG activities and integrating a retrospective evaluation of company changes from the prior 12-24 months to identify patterns in the VBSG-SME interaction. This targeted methodology facilitates a thorough analysis of the VBSG phenomena within Matero's own business context, while constraining applicability to other markets or geographies.

1.7 Research Contributions

This research substantially enhances both the theoretical comprehension and practical application of financial inclusion for market oriented SMEs. Theoretically, it will improve comprehension of the manifestation of social capital theory and financial inclusion frameworks in urban market contexts in Zambia, potentially uncovering distinctive dynamics neglected in current literature. Practical contributions encompass evidence based insights for policymakers formulating financial inclusion plans, market

administrators aiming to enhance VBSG operations, and SME proprietors trying to maximise the advantages of VBSG participation. The research examines particular information deficiencies concerning which VBSG traits and procedures most effectively enhance favourable business outcomes in market environments such as Matero. The findings will elucidate potential connections between informal financial mechanisms and formal financial services, thereby enhancing complete financial inclusion strategies for market based entrepreneurs in Zambia and analogous developing nations.

1.8 Chapter Summary

The chapter lays the groundwork for the study by examining the pivotal role of Village Banking Saving Groups (VBSGs) in supporting Small and Medium Enterprises (SMEs) within Matero Market, Lusaka. It begins with an overview of the economic significance of SMEs and their persistent challenges in accessing formal financial services, which has led to the rise of VBSGs as alternative financing mechanisms. The chapter outlines the historical emergence and adaptation of VBSGs to the needs of market based entrepreneurs, identifies a research gap on their effect on SME performance, and states the study's aim, objectives, questions, and hypotheses. It also defines the research scope, focusing on Matero Market in Lusaka and concludes by highlighting the study's expected contributions to financial inclusion and SME growth in Zambia.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The literature review analyses existing knowledge about Village Banking Saving Groups and their association with Small and Medium Enterprises, so building the theoretical framework for exploring this phenomenon in Matero Market. This critical review consolidates previous research on alternative financing mechanisms for SMEs, with specific emphasis on the emergence, structure, and operations of VBSGs as instruments for financial inclusion in developing economies. Mutang'anyi et al. (2018) assert that comprehending the theoretical and empirical framework of informal finance systems is crucial for contextualising market-specific research. The analysis systematically transitions from analysing financial constraints faced by SMEs to assessing empirical information on the impacts of VBSG in various geographical contexts, ultimately identifying distinct knowledge gaps concerning market-based VBSG operations in urban Zambia. Hapompwe et al. (2021) indicate that this systematic method offers the essential conceptual foundation for examining the operation of VBSGs within the distinctive socioeconomic context of urban markets such as Matero.

2.2 Financial Challenges Facing SMEs in Developing Economies

SMEs in developing countries face significant financial challenges largely due to limited access to formal credit which is mainly driven by lack of sufficient collateral and poor credit history making the formal financial institutions favour larger firms and in so doing marginalizing SMEs access to traditional sources of financing (OECD, 2024).

2.2.1 Limited Access to Formal Financial Services

Small and Medium Enterprises in developing nations routinely encounter substantial obstacles in obtaining formal financial services. According to research by the World Bank Group (2020), around 68% of formal SMEs in emerging economies encounter significant credit limitations, increasing to 72% for informal enterprises in market environments like to Matero Market. These exclusion patterns arise from rigorous collateral requirements that generally necessitate assets valued at 150-200% of the requested loan amount, a standard that numerous market-oriented enterprises find challenging to satisfy due to insufficient fixed assets and frequently informal property rights (Beck et al., 2018).

Moreover, formal institutions necessitate documentation including audited financial statements, firm registration certificates, and tax compliance records, which several market-based SMEs lack due to their engagement in the informal economy or inadequate financial literacy (Adomako et al., 2021).

2.2.2 Loan Application complexity and Lending Bias

The bureaucratic loan application procedures exacerbate these challenges, with processing durations averaging 4-6 weeks, as indicated by a recent study of African financial institutions. This results in considerable timing discrepancies for SMEs that frequently require swift financing to seize short-term business opportunities or address pressing needs (Quartey et al., 2023). Moreover, traditional banking risk models primarily depend on credit history, business tenure, and standardised financial indicators, which automatically advantage larger, established enterprises over smaller, newer, or informal entities (Chikalipah, 2022). An examination of lending practices among commercial banks in Zambia indicated that 76% of loan officers classified market-based SMEs as "high-risk" borrowers, irrespective of their actual business performance or repayment ability, highlighting institutional biases over evidence-based risk evaluation (Bank of Zambia, 2023).

2.2.3 Informal Financial Mechanisms: Evolution and Adaptation

In reaction to ongoing exclusion from formal financial systems, SMEs in developing nations have historically depended on diverse informal finance channels that persistently evolve and adapt to shifting economic situations. Conventional informal financing avenues such as familial loans, supplier credit, and customer prepayments have historically constituted the principal capital sources for numerous SMEs, with recent research indicating that around 65% of market-oriented enterprises in Sub-Saharan Africa persist in relying primarily on these methods for both initial and growth capital (Kinyanjui, 2020). Relationship-based financing approaches provide benefits including minimum documentation, flexible payback terms, and rapid cash availability, alleviating numerous significant disadvantages of traditional finance (Quartey et al., 2023).

Nevertheless, they impose considerable constraints, including restricted finance availability, potential pressure on relationships due to repayment challenges arising from business troubles, and large opportunity costs when suppliers extend credit instead of granting discounts (Mutang'anyi et al., 2018). Notwithstanding these constraints, the

ongoing prevalence of traditional mechanisms reveals enduring deficiencies in formal financial service delivery and highlights the significance of social embeddedness in SME financing choices, where trust relationships and social capital frequently surpass purely economic considerations in shaping financial conduct (Kinyanjui, 2020). In this regard, Village Banking Saving Groups signify a notable advancement in informal financial systems, merging aspects of traditional mutual assistance with more organised financial methodologies to provide accessible and adaptable financing solutions for market-oriented enterprises (UNDP, 2023).

2.2.4 The Financial Inclusion Gap in Urban Markets

Urban informal markets in developing economies have distinct financial inclusion problems that contrast with both rural contexts and formal urban company environments. Matero Market typifies this unique context, accommodating some 2,000 enterprises primarily in the informal sector, marked by high density, fierce competitiveness, and intricate socioeconomic networks that influence financial behaviours and requirements (Lusaka City Council, 2023). Although their urban setting seemingly offers access to formal financial institutions, market-based enterprises face considerable financial exclusion relative to similarly-sized formal businesses in other metropolitan areas. Current data indicates that merely 24% of market vendors in Lusaka's principal markets had active business loans from formal institutions, in contrast to 47% of formally registered SMEs in alternative urban areas (Financial Sector Deepening Zambia, 2022).

This difference endures despite the close vicinity of multiple microfinance institutions and bank branches within 2-5 km of large markets, suggesting that simple proximity does not address the underlying barriers to financial inclusion for market-based enterprises (Bank of Zambia, 2023). The enduring nature of the "financial inclusion paradox," wherein exclusion persists despite physical access to financial institutions, underscores the necessity to comprehend the particular contextual factors that affect financial behaviour in market environments and the distinct advantages that mechanisms such as VBSGs offer within these specialised economic contexts. Mwanza and Simumba (2022) discovered that market vendors in Lusaka prioritise financial services that cater to their frequent, low-value transaction habits, flexible operating hours, and integrated social trust mechanisms—attributes that formal institutions have predominantly overlooked in their product designs.

2.3 Village Banking Saving Groups: Structure and Operations

Village banking saving groups are informal, community based financial organisations where members contribute their savings regularly and are able to access small short term loans from these pooled funds on a rotational basis. They operate under simple regulation with transparent record keeping and group elected leadership. This structure facilitates both financial access and builds social trust (Allen & Panetta, 2010).

2.3.1 Operational Models and Governance Structures

Village Banking Saving Groups exhibit significant structural variety in their operational frameworks, adapting to local situations while preserving fundamental principles that differentiate them from other informal financial systems. The fundamental VBSG framework generally consists of 15-25 members who establish a self-regulating financial collective, convening regularly (weekly, biweekly, or monthly), executing systematic savings contributions, engaging in internal lending, and allocating designated "share-out" intervals for the distribution of accumulated funds and profits (UNDP, 2023). Within this fundamental structure, VBSGs in market environments such as Matero have established unique operational variations. Recent research has delineated three primary models: the Pure Savings Model, which prioritises consistent contributions with minimal lending activity (approximately 15% of groups); the Balanced Model, which equally emphasises savings accumulation and internal lending (approximately 65% of groups); and the Credit-Focused Model, characterised by predominant lending activities with negligible retained savings (approximately 20% of groups) (Hapompwe et al., 2021).

These differences illustrate distinct member goals, with diverse approaches addressing individual requirements ranging from long-term capital appreciation to rapid liquidity availability. In addition to these broad categories, distinct groups exhibit further discrepancies in contribution amounts (varying from ZMW 50 to 500 weekly in Lusaka markets), meeting frequencies (68% convene weekly, 23% biweekly, 9% monthly), and timing of distributions (78% annually, 18% semi-annually, 4% quarterly), culminating in a diverse array of financial collectives even within similar market environments (Mutang'anyi et al., 2018). Governance structures are essential to VBSG operations, delineating decision-making processes, accountability frameworks, and operational protocols that affect group efficacy and sustainability. Sichilongo et al. (2021) assert that the majority of VBSGs employ democratic governance frameworks, wherein members

elect leadership committees, typically comprising a chairperson, secretary, treasurer, and supplementary positions such as money counter or key holder, with leadership tenures generally ranging from 6 to 12 months.

2.3.2 Lending Practices and Financial Management

The lending practices of Village Banking Saving Groups exhibit unique traits that set them apart from formal credit institutions and alternative informal financing alternatives. In most VBSGs, loan eligibility predominantly relies on membership status and savings history instead of conventional creditworthiness evaluations. Standard requirements encompass a minimum membership period (often 1-3 months), a continuous record of contributions, and the presence of guarantors from within the group (Musau & Mwangi, 2016). Loan size restrictions are typically articulated as multiples of personal savings, varying from 2 to 5 times the saved amounts, so establishing direct connections between saving behaviour and loan accessibility, while preserving proportionality between collective risk and member contributions (Hapompwe et al., 2021).

This method significantly differs from traditional credit evaluation, emphasising established community behaviour and human relationships rather than documented income or collateral assets. Research indicates that VBSGs in market contexts such as Matero offer loan processing times averaging 2-7 days from application to disbursement, markedly quicker than formal institutions (21-45 days), with approval rates of 85-90% for members who meet basic eligibility criteria, in contrast to 35-40% approval rates for comparable applicants at microfinance institutions (Financial Sector Deepening Zambia, 2022). These accessibility features immediately mitigate significant obstacles encountered by market-oriented SMEs in conventional financial systems, elucidating the increasing prevalence of VBSGs despite their frequently elevated interest rates.

The interest rate frameworks in VBSGs exemplify a distinctive method of financial returns that reconciles money production for the group with borrower accessibility. In Zambia, market-based Village Banking Savings Groups (VBSGs) generally impose monthly interest rates ranging from 5% to 20% (equating to annualised rates of 60% to 240%), which substantially surpass formal sector rates (25% to 45% annually) but are comparable to or lower than other informal lenders, such as "kaloba" moneylenders, who charge monthly rates of 30% to 50% (Hapompwe et al., 2021). The heightened rates fulfil multiple roles within the VBSG model: they produce returns that motivate member

savings, accumulate group capital that enhances future lending capacity, safeguard against inflation, and establish buffers to absorb occasional defaults without jeopardising group sustainability (Sichilongo et al., 2021)..

2.3.3 Social Dynamics and Non-Financial Functions

In addition to their financial functions, Village Banking Saving Groups provide significant social purposes that augment their efficacy and appeal for market-oriented small and medium-sized enterprise owners. These organisations generally cultivate robust social connections through frequent engagement, common financial objectives, and collaborative decision-making, establishing communities of practice where interactions transcend simply commercial elements (Kinyanjui, 2020). Research in market environments akin to Matero indicates that VBSG meetings frequently incorporate social components, including the commemoration of member accomplishments, discourse on personal difficulties, communal sharing of food or beverages, and joint resolution of business or community challenges, thereby cultivating complex relationships that enhance group cohesion and compliance incentives (Hapompwe et al., 2021).

The social components establish accountability mechanisms based on interpersonal relationships instead of formal contracts, with members expressing that "not wanting to disappoint the group" serves as a more compelling incentive for payback than the apprehension of financial penalties (Musau & Mwangi, 2016). This social embeddedness produces non-monetary advantages, like broadened business networks, improved social status within the market community, and access to practical support during personal crises, providing value propositions that extend beyond financial returns (Lweendo, 2021). The social dynamics elucidate why market-based entrepreneurs persist in their engagement with VBSGs, despite potentially elevated nominal costs relative to formal alternatives, acknowledging that the comprehensive value proposition encompasses significant social benefits not reflected in mere interest rate comparisons.

2.3.4 Peer-Based Capacity Building within Village Banking Saving Groups

The exchange of knowledge serves as a crucial non-monetary function of VBSGs, fostering informal learning networks that improve members' financial and commercial skills. The study investigates the varied knowledge transfer occurring through formal and informal channels within these groups, encompassing structured information sessions

where successful members disseminate business strategies, spontaneous discussions of market trends or opportunities during regular meetings, and individualised mentoring relationships between established and nascent entrepreneurs (Sichilongo et al., 2021). Mwanja (2020) identifies commonly shared knowledge domains such as supplier selection and negotiation, customer retention strategies, inventory management practices, diversification opportunities, and financial management techniques, noting that peer-to-peer learning is especially beneficial in informal market environments where formal business education is limited.

2.4 Empirical Evidence on VBSG Effects

Empirical studies on Village Banking Saving Groups have produced significant evidence concerning their effects on microenterprises and small businesses in several situations. Research undertaken at global, African, and locally Zambian levels offers insights into the impact of various financial processes on company performance, revealing common trends but emphasising significant contextual heterogeneity. Karlan et al. (2023) conducted a comprehensive meta-analysis encompassing 53 impact studies across 23 countries, revealing consistent positive correlations between VBSG participation and business outcomes, such as improved business assets (average effect size of 0.27), augmented monthly profits (average effect size of 0.19), and an elevated likelihood of business expansion (average effect size of 0.22). Musau and Mwangi (2021) conducted research in African marketplaces, demonstrating that membership in VBSG correlated with a 34% increase in monthly inventory investment, a 28% higher probability of launching new product lines, and a 21% increase in self-reported earnings relative to matched non-participants. In Zambia, Hapompwe et al. (2021) discovered that participation in VBSG resulted in enhanced financial management procedures among market sellers, with 67% reporting greater segregation of business and personal finances and 58% showing more consistent documentation of sales and costs. These empirical findings establish a robust basis for investigating the impact of VBSGs on SME performance within the specific setting of Matero Market.

2.4.1 Limitations and Challenges in VBSG Operations

Despite considerable evidence of favourable effects, research also underscores notable limitations and constraints in VBSG operations that impact their efficacy in assisting SMEs within market environments. A recurring problem noted in numerous studies

pertains to the restricted loan amounts offered by most Village-Based Savings Groups (VBSGs), especially during initial operational stages when group capital is still limited. An analysis of 45 VBSGs functioning in Lusaka's markets indicated that the average maximum loan sizes varied from ZMW 3,000 to 8,000 in their inaugural year, inadequate for considerable business investments such as major equipment enhancements, significant premises renovations, or expanded production capacity that could facilitate transformative rather than merely incremental growth (Financial Sector Deepening Zambia, 2022). Mutang'anyi et al. (2018) assert that this constraint particularly disadvantages "missing middle" enterprises that have surpassed micro-enterprise classification but are still too small for conventional bank financing, resulting in a financing gap that neither VBSGs nor formal institutions sufficiently fulfil for substantial growth. Governance and accountability challenges constitute a significant constraint, as Lweendo (2021) highlights ongoing issues such as record-keeping inaccuracies, deficiencies in leadership capacity, and obstacles in rule enforcement when members encounter genuine hardships or when defaulters have robust social ties within the group. These constraints underscore the necessity for novel adaptations and potential connections with official financial institutions to enhance VBSG efficacy.

2.5 Theoretical Frameworks for Analysing VBSG-SME Relationships

The connection between Village Banking Saving Groups (VBSGs) and Small and Medium Enterprises (SMEs) can be thoroughly analysed through a combination of social and financial theories. Social Capital Theory sheds light on how trust, networks, and group norms within VBSGs improve information exchange, access to resources, and peer assistance among SME members (Putnam, 2000). Financial Inclusion Theory supports the idea that obtaining microloans and savings via VBSGs addresses the funding gaps that frequently impede the growth and sustainability of SMEs (Beck, Demirgüç-Kunt, & Honohan, 2009). Together, these theories provide a comprehensive understanding of how VBSGs affect SME performance through both financial services and social dynamics.

2.5.1 Social Capital Theory

Theory of social capital was established by sociologists Bourdieu in 1986 whoo perceived social relationships as resources that may be amassed and employed to obtain goals that would be unachievable or more expensive for individuals acting alone. Coleman (1988) introduced the concept to education and economic contexts stating that social capital was

inherent in family relationships and community social structure, making it easy for individuals to act in those structures and in 1993,Putnam popularised the concept in political studies and development studies focusing on the democratic and communal benefits of social capital. The theory differentiates bonding social capital (strong ties within homogeneous groups), bridging social capital (connections among diverse groups), and linking social capital (relationships across power or status differentials), each offering unique advantages for economic agents (Woolcock, 2001).This theoretical position, offers a comprehensive analytical framework for comprehending the influence of Village Banking Saving Groups on SME performance through mechanisms that transcend simple financial transactions. This notion, when applied to VBSGs, elucidates how these financial collectives create social capital that advantages participating SMEs beyond just financial services.

Bonding social capital is developed through consistent group gatherings, collective financial objectives, and reciprocal support systems, fostering trust connections that mitigate knowledge asymmetries and transaction costs in financial transactions (Ibrahim, 2012). Market research indicates that this bonding dimension facilitates group lending in the absence of traditional collateral, permits adaptive responses to member crises, and fosters psychological safety for business experimentation, collectively improving SME performance through risk mitigation and opportunity utilisation strategies (Hapompwe et al., 2021). The bridging function of social capital emphasises how VBSGs link members across diverse business sectors, knowledge levels, and social networks, establishing important information routes and opportunity frameworks that beyond individual capacities. Lweendo's (2021) research illustrates that social capital mechanisms elucidate why VBSGs frequently exhibit more robust business support effects compared to purely financial interventions providing equivalent capital, underscoring the substantial impact of embedded social structures and relational networks on economic outcomes.

2.5.2 Financial Inclusion Theory

The Financial Inclusion theory unlike classical theories does not have a single originator. However, Thorsten Beck and Asli Demirguc-Kunt are recognised for their role in framing financial inclusion theory of financial inclusion as a theoretical concept and empirical concept in development finance (Beck, 2007).Beck (2007) perceives financial inclusion as a continuum instead of binary condition, highlighting the progressive transition from

total exclusion to complete inclusion across diverse financial service categories, such as savings, credit, payments, and insurance. while Demirgüç-Kunt et al (2018) delineates financial inclusion across several dimensions: access (physical proximity and eligibility), usage (actual utilisation of available services), quality (suitability to user needs), and impact (welfare effects of financial service utilisation).This approach, when applied to VBSGs, elucidates how these community-based mechanisms tackle the particular financial exclusion encountered by market-based SMEs, perhaps acting as "stepping stones" towards enhanced financial integration rather than as permanent alternatives to formal services.

Research indicates that VBSGs markedly enhance accessibility for market-oriented entrepreneurs via physical proximity (meetings generally held on market premises), streamlined eligibility criteria (based on group acceptance rather than formal documentation), and culturally relevant processes (accounting for local languages, diverse literacy levels, and cultural norms), thereby diminishing obstacles that hinder numerous SMEs from interacting with formal financial institutions (Financial Sector Deepening Zambia, 2022). Quartey et al. (2023) assert that the usage dimension of financial inclusion theory highlights that VBSGs not only enhance access but also foster active participation in financial services through social dynamics and customised product attributes. The conventional meeting framework, peer motivation, and contribution obligations intrinsic to VBSGs establish "commitment mechanisms" that convert financial access into regular usage patterns, addressing the disparity between availability and utilisation often observed in formal financial inclusion initiatives.

2.5.3 Integration of Theoretical Perspectives

This study utilises a cohesive conceptual framework that merges social capital theory with financial inclusion theory to thoroughly investigate the influence of Village Banking Saving Groups on SME performance in Matero Market. This integrated approach acknowledges that VBSGs operate concurrently as financial instruments and social entities, influencing business results through various channels that no single theoretical perspective can entirely encompass. The framework defines VBSGs as complex interventions that integrate financial services within social frameworks, collectively influencing SME performance through four primary mechanisms: improved access to suitable financial services, bolstered social networks and information pathways,

enhanced financial competencies and business practices, and diminished vulnerability via risk-sharing arrangements. Each mechanism delineates a unique method via which VBSG participation may affect business outcomes, with their relative significance presumably differing across various enterprises and market conditions.

The initial mechanism, enhanced access to suitable financial services, is rooted on financial inclusion theory, elucidating how VBSGs broaden financial access across multiple dimensions pertinent to market-oriented SMEs. This encompasses physical accessibility via market-based meeting venues, economic accessibility through suitable contribution stipulations and loan amounts, procedural accessibility through streamlined processes accommodating diverse literacy levels, and temporal accessibility through operating hours synchronised with market trading patterns (Beck et al., 2007). The second mechanism, reinforced social networks and information channels, is based on social capital theory and elucidates how VBSGs cultivate advantageous connections that improve corporate operations beyond mere financial services. The framework differentiates bonding connections among analogous enterprises that promote specialised knowledge sharing and collaborative problem-solving for shared challenges, bridging connections across diverse business types that facilitate varied information exchange and opportunity recognition beyond particular market segments, and linking connections to entities with superior resources or authority that enhance access to suppliers, institutions, or market opportunities that would be challenging to attain independently (Woolcock, 2001).

2.6 Conceptual Framework

2.6.1 Conceptual Model of VBSG Effects on SME Performance

The conceptual model explores the influence of Village Banking Saving Groups (VBSGs) on SME performance in Matero Market by drawing from social capital and financial inclusion theories (Sichilongo et al., 2021). It highlights four main pathways through which VBSG participation contributes to enterprise development: enhanced financial access, strengthened social networks, improved entrepreneurial capabilities, and reduced economic vulnerability. The independent variable which is VBSG participation is assessed through membership duration, contribution levels, meeting attendance, and

loan utilization. The dependent variable SME performance, includes indicators such as business growth, operational improvements, financial health, and stability.

Moderating variables such as firm characteristics (size, sector, and age), entrepreneur attributes (e.g., education, gender, experience), and external market dynamics (e-competition and seasonality) are included to reflect contextual variations. The model also considers potential cumulative or threshold effects, where benefits emerge only after sustained participation or a critical level of engagement (Sichilongo et al., 2021). This framework not only supports empirical analysis but also ensures theoretical coherence and practical relevance in assessing VBSG outcomes in Matero Market.

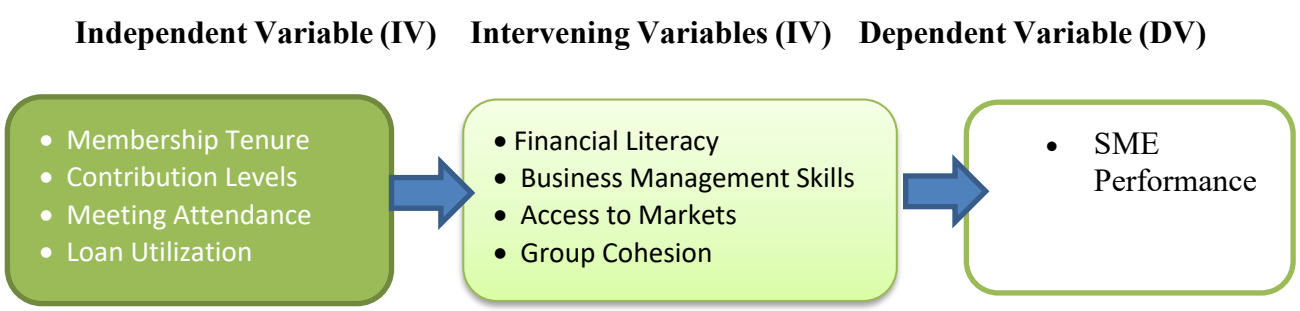


Figure 0:1Conceptual Framework.

The conceptual framework illustrates the pathways through which independent variables influence SME performance by introducing key intervening variables that mediate these relationships. The independent variables membership tenure, contribution levels, meeting attendance, and loan utilization represent key dimensions of participation in village banking saving groups. However, their impact on the performance of small and medium enterprises (SMEs) is not always direct.

To better understand this relationship, the framework incorporates intervening variables such as financial literacy, business management skills, access to markets, and group cohesion or peer support. These factors help explain how the inputs from savings group participation translate into improved business outcomes. For instance, regular meeting attendance may enhance financial literacy, while longer membership tenure may foster stronger group cohesion and more reliable market information exchange.

These mediating variables collectively influence the dependent variable SME performance by improving the entrepreneur's ability to manage resources, access opportunities, and respond to external shocks. This framework thus provides a more

comprehensive view of the mechanisms driving SME success through participation in village banking systems.

2.7 Gaps in the Literature

Despite an increasing acknowledgment of the significance of VBSGs) in fostering financial inclusion, the current literature highlights several notable gaps. There is a lack of empirical data regarding how effective VBSGs are in improving the performance of SMEs in urban informal markets such as Matero (Mwanza, 2021). Research rarely investigates whether the loan amounts and conditions provided by VBSGs are sufficient to satisfy the actual investment requirements of SMEs, nor does it consider how these funds are used (Adomako et al., 2021**).**Moreover, obstacles to accessing formal financial services, such as stringent collateral demands, are frequently discussed in general terms, without a thorough examination of their connection to the rise and dependence on informal financing options. The internal structure and governance of VBSGs, which could influence loan utilization and business outcomes, have not been extensively studied, especially in urban settings. Most of the existing research tends to center on rural areas, leading to a contextual gap concerning urban microenterprise financing **(**Kinyanjui, 2020). Furthermore, there is a scarcity of evidence relevant to policy that discusses how VBSGs can be effectively supported or integrated with formal financial institutions. Finally, the connection between informal financial inclusion and the long-term viability of SMEs remains ambiguous, particularly concerning the high rates of business failure.

2.8 Chapter Summary

This chapter thoroughly analysed the literature on Village Banking Saving Groups and their association with Small and Medium Enterprises. The review examined the financial obstacles confronting SMEs in developing economies, the development of informal financial systems as a reaction to these limitations. It examined VBSG operational models, governance frameworks, lending methodologies, and social dynamics, highlighting the dual role of these groups as financial and social institutions within market contexts. The chapter concluded by highlighting critical research deficiencies in contextual comprehension and practical insights concerning VBSGs in urban market environments such as Matero, thereby delineating the justification and trajectory for this

study's contribution to both theoretical and practical aspects of informal finance for market-based enterprises.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter delineates a comprehensive technique for assessing the influence of Village Banking Saving Groups on Small and Medium Enterprises in Matero Market, Lusaka. The technique is carefully designed to achieve the research objectives through rigorous data collection and analysis methods. The chapter begins by outlining the philosophical foundations that guide the study approach, followed by detailed descriptions of the research design, strategy, and methodology employed. Significant attention is devoted to defining the study site and target population, outlining sampling methods, and describing the equipment developed for data collection. The chapter outlines the analytical methods for transforming raw data into meaningful insights while considering validity, reliability, and ethical norms. This methodology framework aims to generate empirically-based insights on the influence of VBSGs on SME performance within the distinctive context of Matero Market, ensuring that the results are scientifically valid and culturally relevant.

3.2 Research Approach

This research utilized a quantitative methodology consistent with the positivist framework to assess the effects of Village Banking Saving Groups (VBSGs) on SMEs in Matero Market. The selection of a quantitative approach aligns with the study's application of a deductive research strategy, progressing from overarching theories of financial inclusion and social capital to specific hypotheses regarding the influence of VBSG participation on SME performance (Bryman, 2016).Saunders et al. (2019),asserts that quantitative techniques allow for the systematic collection of standardized data across a wide sample, supporting statistical analysis of trends in loan usage and business results. This methodological consistency strengthened the study's ability to produce objective, evidence-driven insights that can guide policies and practices aimed at enhancing financial inclusion for SMEs.

3.3 Research Paradigm

This research employs the positivist research paradigm, which endorses the use of objective and systematic approaches to investigate the impacts of Village Banking Saving Groups (VBSGs) on small and medium-sized enterprises (SMEs). Positivism asserts that

social phenomena can be analysed through empirical observation and measurement, akin to natural sciences, to uncover patterns and relationships that exist independently of the researchers' biases (Neuman, 2014). Consistent with a realist ontological perspective, this study presumes that the activities of VBSGs and their effects on SMEs are observable and quantifiable realities. As a result, it focuses on hypothesis testing, the application of standardized instruments, and the development of generalizable knowledge regarding how informal finance affects SME performance in Matero Market (Saunders et al., 2019).

3.4 Inductive Approaches

While the study mainly employs a deductive approach consistent with its quantitative framework, it also integrates inductive reasoning during the initial phase of developing the instrument. Inductive reasoning, which entails deriving general insights from specific examples (Creswell & Creswell, 2018), will be utilized in the exploratory stage to ensure that the questionnaire accurately reflects the experiences of SMEs operating in the Matero Market. Before finalising the survey, the researcher plans to examine existing literature and conduct informal discussions with local stakeholders—including market leaders, VBSG coordinators, and SME support officers—to pinpoint recurring themes and operational realities relevant to savings groups in this urban informal economy. These discussions will guide the incorporation of context-specific variables such as governance structures of groups, repayment dynamics, informal lending practices, and socio-economic challenges related to loan use. By integrating inductive reasoning at this point, the research instrument’s content validity will be strengthened, as it will be rooted in the actual experiences of VBSG participants. This approach guarantees that the study addresses nuanced, locally relevant aspects of VBSG operations that may be overlooked by conventional financial inclusion tools (Creswell & Creswell, 2018).

3.5 Deductive Approaches

The deductive approach served as the principal methodological foundation of this research, offering a systematic framework for analysing the effects of Village Banking Saving Groups on SMEs in Matero Market. Deductive reasoning commences with overarching theoretical notions, which are employed to develop specific hypotheses that may be empirically verified; the outcomes are subsequently utilised to affirm, amend, or disprove the initial theoretical claims (Bryman, 2016). This study employs deductive reasoning by utilising established theories concerning financial inclusion, social capital,

and alternative finance methods to formulate testable hypotheses on the influence of VBSG participation on SME performance in Matero Market. This research utilises social capital theory (Putnam, 1993; Coleman, 1988) and financial inclusion frameworks (Beck et al., 2007) to propose that VBSGs augment SME performance by facilitating access to credit, promoting savings discipline, disseminating knowledge, and fostering social support networks. The deductive approach improves research rigour by setting explicit criteria for the acceptance or rejection of hypotheses based on statistical significance and effect sizes, hence minimising researcher subjectivity in result interpretation (Neuman,2014).

3.6 Time Horizon

This research utilised a cross-sectional time frame, gathering data at one specific moment instead than tracking changes over a prolonged duration. This methodology entails collecting data from several respondents within a brief period designated for March-April 2025, offering an overview of VBSG participation trends, loan utilisation tactics, and SME performance at that particular time (Saunders et al., 2019). The cross-sectional design is suitable for this study due to the practical limitations of time and resources typical in master's level research, as well as the unpredictable nature of market environments, where monitoring participants over prolonged periods poses considerable challenges, including high attrition rates and shifting business locations.

The study acknowledged the constraints of cross-sectional research in determining causal linkages and monitoring developmental processes; yet, it utilises various methodological strategies to improve temporal insights within this period. Bryman (2016) asserts that retrospective questions yield significant temporal data in a cross-sectional context, facilitating before-and-after comparisons from the respondents' viewpoints. The questionnaire comprises items that encourage respondents to reflect on business conditions before VBSG membership and to record changes encountered since joining. Additionally, enquiries regarding membership duration, the number of completed loan cycles, and alterations in loan utilisation methods over time introduce a temporal aspect that facilitates the analysis of how VBSG effects may differ according to the length of participation.

3.7 Research Strategy

This research utilized a survey method to evaluate the influence of Village Banking Saving Groups (VBSGs) on SMEs located in Matero Market, Lusaka. Information was gathered from a representative sample of SME proprietors through structured questionnaires that were administered in person, ensuring standardized and comparable answers (Fowler, 2014). This method was effective for obtaining quantitative data regarding the characteristics of VBSGs, loan utilization, and business performance, allowing for statistical analysis to examine the relationships between variables (Saunders et al., 2019). The questionnaire primarily consists of likert scale questions, complemented by a few open-ended queries for additional context, and is tailored to the local context through the involvement of trained field assistants, strategic timing, and culturally relevant language to guarantee clarity and precision (Bryman, 2016).

3.8 Sampling Frame and Sample Size

The sampling frame for this study included all SME proprietors engaged in Village Banking Saving Groups within Matero Market, Lusaka. Official records from the Lusaka City Council Market Department (2023) indicate that Matero Market hosts 2,017 registered vendors and business operators, of which 1,311 (65%) are categorised as SMEs based on the Zambian Micro, Small and Medium Enterprise Development Policy (2020), which defines SMEs as entities with an annual turnover not exceeding ZMW 800,000 and employing between 1 and 50 individuals. Documentation from Financial Sector Deepening Zambia (2022) reveals that 58.2% of market-based SMEs in Lusaka's primary marketplaces engage in informal savings groups, indicating an estimated 763 SME proprietors in Matero Market who are involved in VBSGs.

The sample size is determined using Cochran's formula for finite populations: $\mathbf{n_0 = Z^2 \times p \times (1\text{-}p) \div e^2}$,

where Z denotes the z-value corresponding to the specified confidence level (1.96 for 95% confidence), p signifies the estimated proportion possessing the characteristic of interest (0.5 is employed when unknown to optimise sample size), and e indicates the desired margin of error (0.05 or ±5%). The preliminary computation results in: $n_0 = (1.96)^2 \times 0.5 \times 0.5 \div (0.05)^2 = 384.16$. Given that this sample size surpasses 5% of the finite population of 763 SMEs involved in VBSGs, Cochran's correction formula is utilised: $\mathbf{n = n_0 \div (1 + ((n_0 - 1) \div N))}$

yielding a sample size of **255**. Incorporating a 10% allowance for anticipated non-response results in a final target sample of 281 SME owners, ensuring statistical representativeness while adhering to the study's resource limitations (Taherdoost, 2017).

3.9 Data Collection

Information was collected using standardized, in person questionnaires given to SME owners in Matero Market who belong to Village Banking Saving Groups. The questionnaire was designed to meet the research goals, encompassing participant demographics, involvement in VBSGs, loan terms and utilization, and business performance. Conducting the questionnaire in person is appropriate for environments with diverse literacy levels and intricate financial inquiries, as it enables clarification and enhances response rates (Fowler, 2014).

The survey comprises primarily closed-ended questions, including 5-point Likert scales and multiple-choice items. Six trained research assistants will administer the survey over a period of three weeks from March to April 2025, aiming to reach participants during low-traffic hours to reduce disruptions to business operations. Each survey session is anticipated to last between 30 and 45 minutes, with help provided to ensure participants understand the questions. Daily reviews for completeness and consistency will be conducted, and follow-up actions will be taken as needed (Bryman, 2016).

3.10 Data Processing and Analysis

The initial step in data processing involved the methodical organization and verification of completed questionnaires to guarantee their accuracy and completeness, along with follow-up actions when needed. Once verified, the data was be coded and entered into SPSS version 28, employing double data entry for a random 20% sample to identify and rectify any data entry mistakes. Following the recommendations of Tabachnick and Fidell (2019), a comprehensive data cleaning process was be undertaken, which included checks for range and consistency, as well as an examination of missing data that was be addressed with suitable methods such as multiple imputation based on the missing type.

The analysis occurred in phases, starting with descriptive statistics to summarize trends in VBSG membership, loan utilization, and SME performance, using central tendency, dispersion, and frequency measures. Bivariate analysis will investigate relationships between VBSG variables and business outcomes via Pearson correlations for continuous data, chi-square tests for categorical variables, and t-tests for comparing various groups

of VBSG participants. Lastly, multivariate analysis will utilize multiple regression to identify which VBSG factors significantly influence positive SME performance, while controlling for confounding variables such as business age, sector, and the education level of the business owner (Bryman, 2016).

3.12 Reliability of Research Findings

Reliability denotes the consistency and stability of study findings, indicating the extent to which research instruments yield analogous outcomes when utilised under identical settings (Bryman, 2016). This study utilised various methodologies to improve the credibility of findings concerning VBSG effects on SMEs in Matero Market. The internal consistency reliability of multi-item measuring scales was evaluated using Cronbach's alpha coefficients, with values over 0.7 being suitable for research objectives. Tavakol and Dennick (2011) assert that Cronbach's alpha is a vital metric for assessing scale reliability, as it evaluates the degree of interrelatedness among a collection of items, with elevated values signifying enhanced internal consistency. This statistical method guarantees that items intended to assess the same construct (such as perceived advantages of VBSG participation or indicators of business performance) exhibit suitable coherence and consistency.

A test-retest reliability evaluation was performed with a small subsample of 25 participants, who completed the questionnaire twice, with a two-week delay between the administrations. The correlation coefficients of these paired replies will illustrate measurement stability over time, with values surpassing 0.7 signifying acceptable temporal consistency. The questionnaire design includes various methodological elements that improve reliability by minimising potential measurement errors. These elements consist of employing clear, straightforward language suitable for respondents' educational levels, integrating multiple items to assess key constructs to lessen reliance on single-item measures, and incorporating reverse-coded items to identify response patterns indicative of inattentive completion (Saunders et al., 2019).

3.13 Validity of Research Findings

Validity refers to the degree to which a study effectively measures what it aims to, ensuring that its conclusions are both meaningful and credible (Saunders et al., 2019). To enhance validity in evaluating the effect of VBSGs on SMEs in Matero Market, this

research explored various dimensions. Content validity was confirmed through a literature review, consultations with experts in informal finance and practitioners in SMEs, as well as the adaptation of existing measurement tools to ensure that all key constructs are thoroughly covered (Taherdoost, 2016). The survey included clearly defined indicators for VBSG participation and SME performance to encompass all pertinent aspects. Construct validity was improved by modifying established tools such as the Microenterprise Performance Scale and by aligning new measurements with recognized theories related to financial inclusion and social capital. To bolster internal validity, the research accounted for confounding variables such as business age, sector, and education level, employs retrospective questions to evaluate business performance prior to VBSG participation, and investigates dose-response relationships between levels of VBSG involvement and business results (Bryman, 2016).

3.14 Generalisability of Research Findings

Generalisability pertains to the degree to which research results can be applied outside the specific study environment, indicating their significance for wider populations or situations (Bryman, 2016). This research improves statistical generalisability through the use of probability sampling and a suitable sample size, determined using Cochran's formula, which ensures that the outcomes accurately represent the population of 763 SMEs participating in VBSGs at Matero Market. A sample consisting of 281 respondents offers adequate power to detect significant effects, thereby supporting the extension of findings within this urban market environment (Taherdoost, 2017). In addition to statistical inference, the study also achieves theoretical generalisability by connecting its findings to established frameworks, including financial inclusion, social capital, and alternative financing. This enables the interpretation of results in a manner that enhances the understanding of how VBSGs impact SME performance in similar informal economies (Saunders et al., 2019).

3.15 Ethical and Access Issues

3.15.1 Accessibility

ZCAS University supported the study with an official introductory letter to enhance credibility and access.in addition, Lusaka City Council Market Department provided formal authorization for access to participants and the research site, allowing for data collection at Matero Market while adhering to ethical research practices (Saunders et

al., 2019). Additionally, to improve engagement, the researcher fostered an early relationship with VBSG leaders and seasoned SME owners to aid in identifying and recruiting participants. Prior to data collection, familiarization visits were carried out to gain insight into the market context and pinpoint optimal times for minimal disruption. To improve participation rates, questionnaires were translated into Bemba and Nyanja and were orally administered by trained assistants to overcome language and literacy challenges. Data collection was timed during off-peak trading hours, with the survey limited to a duration of 30–45 minutes to honor participants' time (Bryman, 2016).

3.15.2 Research Ethics

This research followed essential ethical guidelines such as respect for individual autonomy, beneficence, non-maleficence, and fairness throughout its design and execution. All participants provided informed consent, as they received comprehensive information about the study's aims, methods, potential risks and benefits, measures for protecting confidentiality, and their right to withdraw from the study at any moment without facing any repercussions (Israel, 2015). The information was delivered both verbally and in writing, using straightforward, non-technical language appropriate for various literacy levels. Confidentiality was maintained by using code numbers instead of participants' names on the questionnaires, while any identifying details were kept in a secure, restricted-access location. Surveys took place in private settings, and trained assistants ensured sensitive financial data was handled with discretion. All digital documents were secured through encryption and password protection, with physical records stored in locked facilities. (Bryman, 2016).

3.16 Chapter Summary

The chapter commenced by outlining the philosophical perspective of the study, grounded within the positivist framework and primarily employing a deductive methodology. It continued by detailing the quantitative research approach, and then provided an explanation of the cross-sectional time frame. The survey strategy was elaborated upon, encompassing the sampling framework, the calculation of sample size with Cochran's formula, and the rationale for choosing 281 participants. The procedures for data collection were articulated, including the design of instruments, their administration, and strategies to ensure accessibility. Methods for data processing and analysis were described, highlighting the use of SPSS for descriptive, bivariate, and

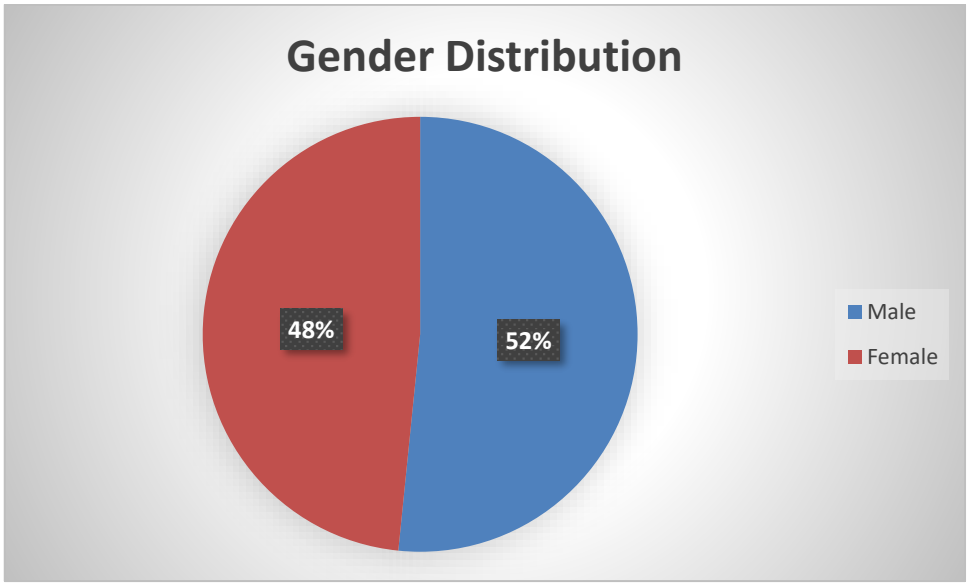
multivariate analyses. Furthermore, the chapter discussed the reliability, validity, and generalizability of the results, along with ethical considerations and access protocols. Overall, the chapter presents a structured and coherent methodological framework that guarantees the study's credibility, accuracy, and ethical integrity, thereby establishing a robust foundation for the forthcoming analysis and presentation of findings in the next chapter.

CHAPTER FOUR

DATA PRESENTATION

4.1 Demographic profile

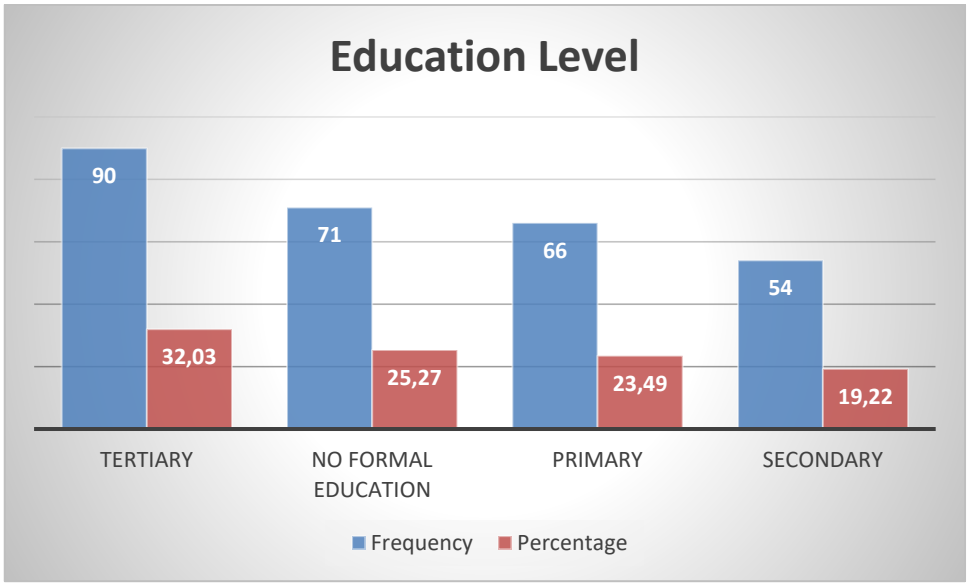
Figure 1: *Gender Distribution*



Source: Field 2025

The table summarizes the gender composition of the 281 participants who took part in the 2025 survey on Village Banking Saving Groups (VBSGs). The data indicates that **145 respondents (51.6%)** identified as **male**, while **136 respondents (48.4%)** identified as **female**. This near-balanced distribution provides a reasonably equitable basis for comparing gender-based outcomes and experiences within the study.

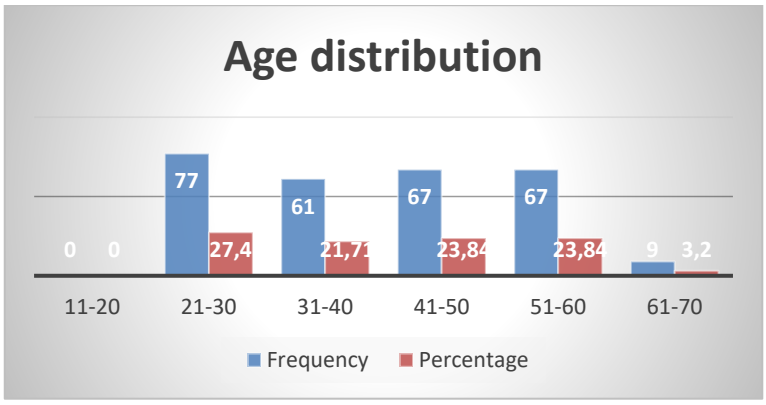
Figure 2: Education Level



Source: Field 2025

The table presents the distribution of respondents based on their highest attained level of education out of a total sample of 281 individuals. Four categories are represented: Tertiary, No Formal Education, Primary, and Secondary. The largest group comprises respondents with tertiary education, totaling 90 individuals (32.03%). This is followed by 71 individuals (25.27%) with no formal education, 66 individuals (23.49%) with primary education, and 54 individuals (19.22%) with secondary education.

Figure 3: *Age Group Distribution*

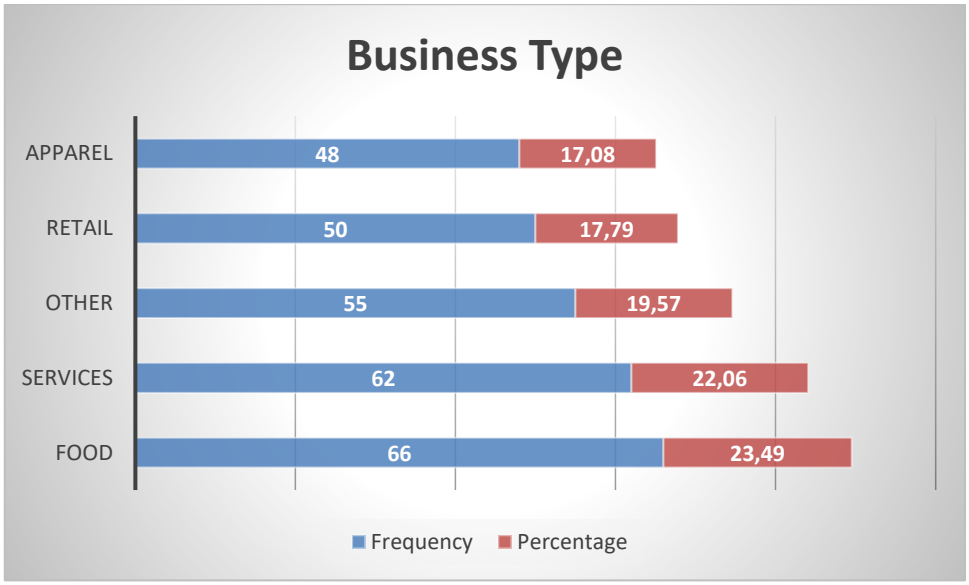


Source: Field 2025

The age distribution table classifies a sample of 281 individuals into six distinct age groups based on predefined ranges. These groups are: 11–20, 21–30, 31–40, 41–50, 51–60, and 61–70 years. Each category includes both a frequency of individuals within that range and the corresponding percentage of the total population.

The table reveals that the largest age group is 21–30 years, comprising 77 individuals or 27.4% of the sample. This is followed closely by the 41–50 and 51–60 age groups, each with 67 individuals, accounting for 23.84% each. The 31–40 age group includes 61 individuals (21.71%). The least represented group is 61–70 years, with only 9 individuals or 3.20%. Interestingly, the 11–20 age bracket has no representation in this dataset.

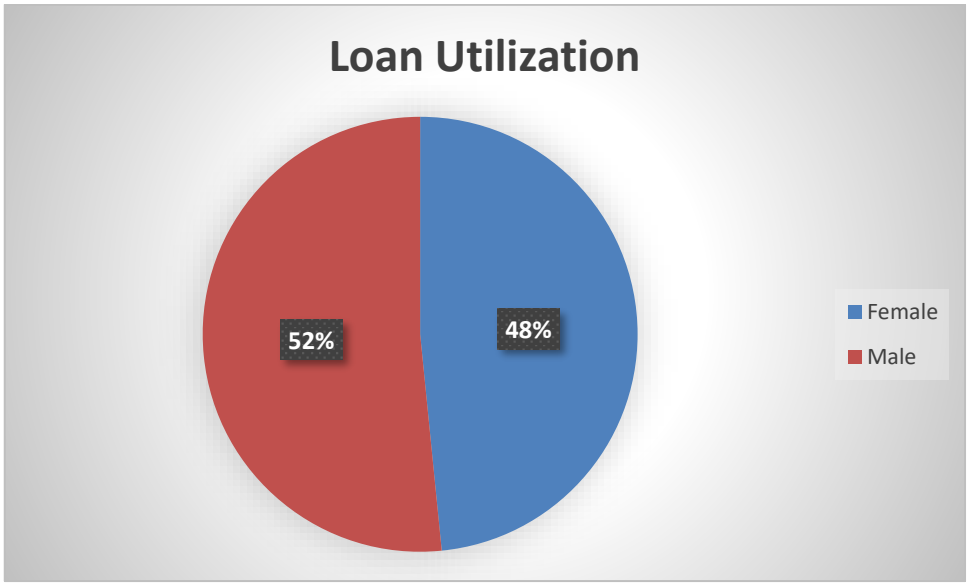
Figure 4: Business Type



Source: Field 2025

The table categorizes the types of businesses run by the 281 respondents in the study. It identifies five main business categories: Food, Services, Other, Retail, and Apparel. The largest proportion of respondents operate in the food sector, accounting for 66 individuals (23.49%). This is closely followed by those in services (62 respondents or 22.06%) and other unspecified businesses (55 respondents or 19.57%). Retail businesses account for 50 respondents (17.79%), while apparel-related businesses make up the smallest share with 48 respondents (17.08%). The distribution reflects a varied entrepreneurial landscape within the target population.

Figure 5: *Loan Utilization Behavior by Gender*



Source: Field 2025

The table presents data on the average scores for loan utilization behavior among 281 respondents, disaggregated by gender. The data is based on responses to five Likert-scale items assessing how frequently individuals use loans for business activities. The scores range from 5 to 25, with higher scores indicating more frequent or active use of loans. The table shows that **female respondents (n = 136)** had an average score of **14.51**, while **male respondents (n = 145)** had a higher average score of **15.46**

Table 1: Years in Business Among Respondents

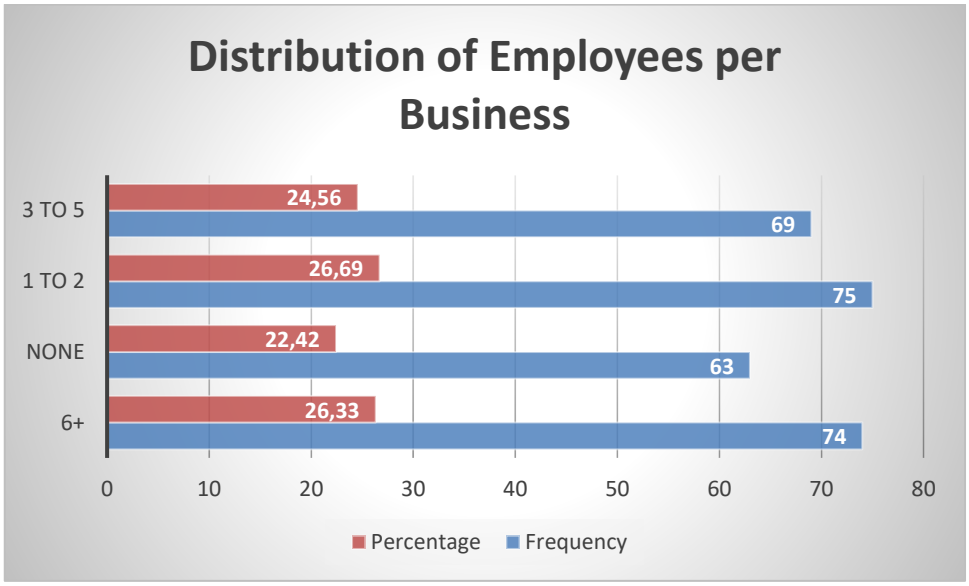
Years in Business	Frequency	Percentage
1	30	10.68
2	21	7.47
3	26	9.25
4	31	11.03
5	21	7.47
6	36	12.81
7	29	10.32
8	31	11.03
9	28	9.96
10	28	9.96

Source: Field 2025

The table presents the number of years that respondents have been operating their businesses, with data gathered from a total of **281 individuals**. The years in business range from **1 year to 10 years**. The most frequently reported business experience is **10 years**, followed closely by **6, 4, 8, and 9 years**. This shows a fairly even spread of experience levels, with many respondents having significant tenure in their enterprises. The data suggests a strong level of business sustainability among respondents, with a large portion having operated their businesses for **6 years or more**. Specifically, a notable cluster appears at **10 years**, which may indicate that many businesses have weathered

challenges over a decade, pointing to stability and perhaps resilience through rotating savings group support. On the other hand, there is also a substantial representation of relatively **new business operators** (1–3 years), which highlights the importance of ongoing support for business development, especially in areas like financial literacy, savings discipline, and access to capital.

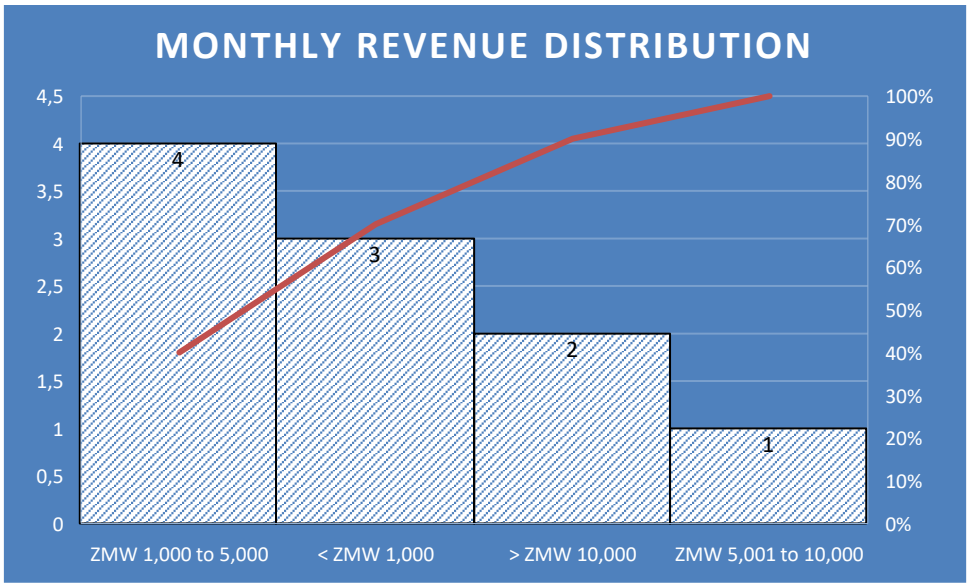
Figure 6: Distribution of Employees per Business



Source: Field 2025

The table titled "Distribution of Employees per Business" categorizes businesses based on the number of employees into four main groups: "None," "1–2," "3–5," and "6+." Among the 281 total responses, the most common category was businesses with 1–2 employees, accounting for 75 entries (26.69%). This was closely followed by businesses employing 6 or more people (74 entries, 26.33%) and those with 3–5 employees (69 entries, 24.56%). Notably, a significant number of businesses, 63 in total (22.42%), reported having no employees at all, suggesting sole proprietorship or informal operations.

Figure 7: Monthly Revenue Distribution



Source: Field 2025

The table presents the frequency distribution of monthly revenue among the surveyed businesses. Four distinct revenue brackets are represented: "< ZMW 1,000", "ZMW 1,000–5,000", "ZMW 5,001–10,000", and "> ZMW 10,000". The highest number of respondents (4) fall into the "ZMW 1,000–5,000" bracket, followed by 3 in the "< ZMW 1,000" bracket. The "> ZMW 10,000" category includes 2 businesses, while only 1 respondent reported revenue between "ZMW 5,001–10,000".

Table 2: VBSG Membership Duration

Number	Membership Duration	Number of Respondents (Frequency)
1	0–6 months	57
2	7–12 months	52
3	13–24 months	58
4	25–36 months	69
5	37+ months	45

Source: Field 2025

The table presents the distribution of Village Banking Saving Group (VBSG) membership duration among the respondents. The duration is categorized into five brackets: 0–6 months, 7–12 months, 13–24 months, 25–36 months, and 37+ months. The highest number of respondents have been members for **37+ months**, indicating long-term engagement. This is followed by those in the **25–36 months** and **13–24 months** categories. The smallest group comprises members who have been in the VBSG for **0–6 months**, suggesting a relatively small proportion of new entrants.

Table 3: Loan Range

Loan Range	Frequency	Percentage
ZMW 5,001-10,000	14	28.57
> ZMW 10,000	13	26.53
< ZMW 1,000	12	24.49
ZMW 1,000-5,000	10	20.41

Source: Field 2025

The table presents the distribution of loan amounts accessed by a subset of respondents, grouped into four loan ranges. The category **ZMW 5,001–10,000** has the highest number of respondents, with 14 individuals (28.57%) falling within this bracket. This is followed closely by those who accessed **loans above ZMW 10,000**, accounting for 13 respondents (26.53%). The category of respondents who accessed **less than ZMW 1,000** includes 12 individuals, representing 24.49% of the sample. The smallest group comprises 10 respondents (20.41%) who accessed **loans between ZMW 1,000 and 5,000**. The data

indicates a fairly balanced spread across the different loan categories, with a slight concentration in the higher loan brackets.

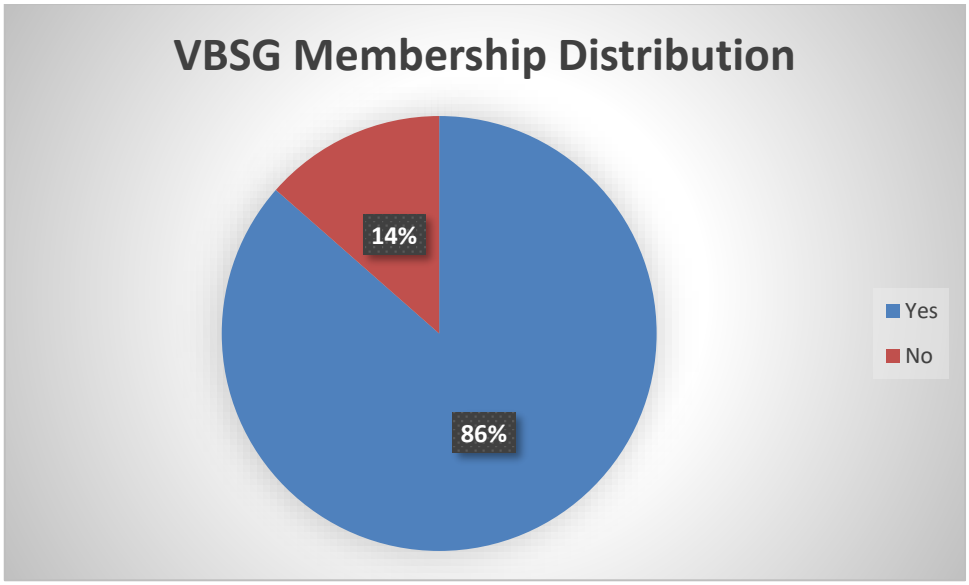
Table 4: Contribution Per Cycle

< ZMW 100	4	25
ZMW 101_200	4	25
ZMW 201_300	3	18.75
ZMW 301_500	5	31.25

Source: Field 2025

The table presents the distribution of respondents based on their contribution per cycle within Village Savings and Loan Associations (VSLAs). The contributions are grouped into four distinct ranges: less than ZMW 100, ZMW 101–200, ZMW 201–300, and ZMW 301–500. Among the 16 respondents recorded in this dataset, the highest proportion (31.25%) contributed between ZMW 301–500 per cycle. This is followed by two groups—those contributing less than ZMW 100 and those contributing between ZMW 101–200—each comprising 25% of the respondents. The smallest proportion (18.75%) of participants contributed between ZMW 201–300.

Figure 8: *VBSG Membership Distribution*



Source: Field 2025

The figure presents the distribution of respondents based on their membership in Village Banking and Savings Groups (VBSGs). There are two categories: **Yes**, indicating current

membership in a VBSG, and **No**, indicating non-membership. The dataset includes 281 individuals. According to the table, 243 individuals (86.48%) are VBSG members, while 38 individuals (13.52%) are not.

Table 5: *Membership Duration Distribution*

Category	Frquency	Percentage
0-6 months	24	8.54
7-12 months	31	11.03
13-24 months	53	18.86
25-36 months	64	22.78
37-48 months	49	17.44
49-60 months	55	19.57
61+ months	5	1.78

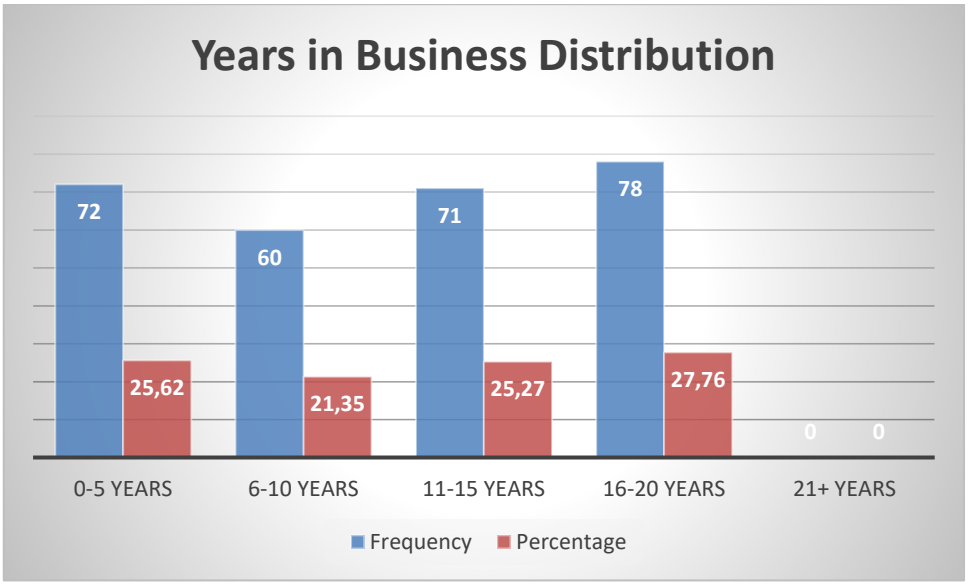
Source: Field 2025

The membership duration table groups 281 individuals based on how long they have been part of a Village Banking and Savings Group (VBSG), measured in months. The durations are categorized into seven ranges: **0–6 months**, **7–12 months**, **13–24 months**, **25–36 months**, **37–48 months**, **49–60 months**, and **61+ months**. Each range includes both the number of respondents and their corresponding percentage of the total sample.

According to the table, the largest group falls within the **25–36 months** category, with 64 members (22.78%). This is followed by **49–60 months** with 55 members (19.57%), and **13–24 months** with 53 members (18.86%). The categories **37–48 months** and **7–12 months** include 49 (17.44%) and 31 (11.03%) individuals respectively. The smallest categories are **0–6 months** with 24 members (8.54%) and **61+ months** with just 5 members (1.78%).

4.2 Business Growth and Performance

Figure 9: *Years in the Business Distribution*



Source: Field 2025

Table 6: *Business Type Distribution*

Category	*Frequency*	*Percentage*
Services	*60*	*21.35*
Other	*59*	*21*
Retail	*57*	*20.28*
Apparel	*53*	*18.86*
Food	*52*	*18.51*

Source: Field 2025

The business type distribution table categorizes 281 respondents based on the nature of their enterprise. It presents five primary categories: **Services**, **Other**, **Retail**, **Apparel**, and **Food**. Each category includes the number of businesses falling within that type, along with the corresponding percentage of the total sample.

From the data, **Services** is the most common business type, with 60 entries representing 21.35% of the total. This is followed closely by **Other** business types, which include 59 entries (21.00%). **Retail** businesses constitute 57 entries or 20.28%, **Apparel** accounts for 53 (18.86%), and **Food** enterprises make up 52 entries (18.51%).

Table 7: *Meeting Frequency Distribution*

Category	Frequency	Percentage
Biweekly	76	27.05

Occasionally	73	25.98
Monthly	71	25.27
Weekly	61	21.71

Source: Field 2025

The meeting frequency table categorizes how often Village Banking and Savings Groups (VBSGs) convene among 281 respondents. Four distinct categories are represented: **Biweekly**, **Occasionally**, **Monthly**, and **Weekly**. Each category includes the total number of respondents reporting that frequency, along with the corresponding percentage.

According to the table, the most common meeting schedule is **Biweekly**, with 76 respondents (27.05%). This is closely followed by **Occasionally** at 73 respondents (25.98%) and **Monthly** at 71 (25.27%). **Weekly** meetings are the least common, reported by 61 respondents (21.71%).

Table 8: *Contribution Amount Distribution*

Category	Frequency	Percentage
0-100 ZMW	29	10.32
101-200 ZMW	59	21
201-300 ZMW	56	19.93
301-400 ZMW	64	22.78
401-500 ZMW	73	25.98
501+ ZMW	0	0

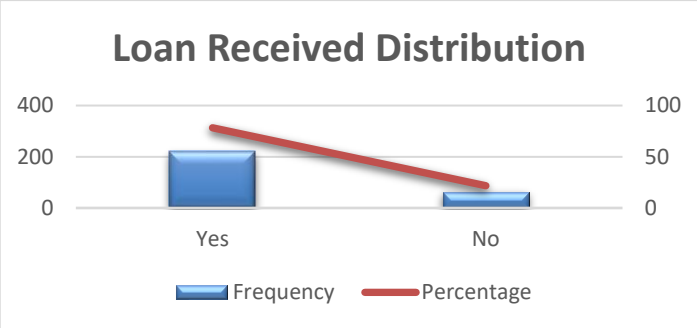
Source: Field 2025

The contribution amount table presents the frequency and percentage distribution of financial contributions made by 281 Village Banking and Savings Group (VBSG) members, measured in Zambian Kwacha (ZMW). Contribution amounts are grouped into six ranges: **0–100 ZMW**, **101–200 ZMW**, **201–300 ZMW**, **301–400 ZMW**, **401–500 ZMW**, and **501+ ZMW**. The highest concentration of members **73 individuals (25.98%)**

contribute between **401–500 ZMW**, while the smallest group **29 members (10.32%)** contribute between **0–100 ZMW**. Notably, there were no contributions above 500 ZMW.

4.3 Financial Access and Management

Figure 10: *Loan Received Distribution*



Source: Field 2025

The loan received table categorizes 281 respondents based on whether they have accessed a loan from their Village Banking and Savings Group (VBSG). The responses are divided into two categories: **Yes** (loan received) and **No** (no loan received). Out of the total respondents, **220 individuals (78.29%)** indicated that they had received a loan, while **61 individuals (21.71%)** had not.

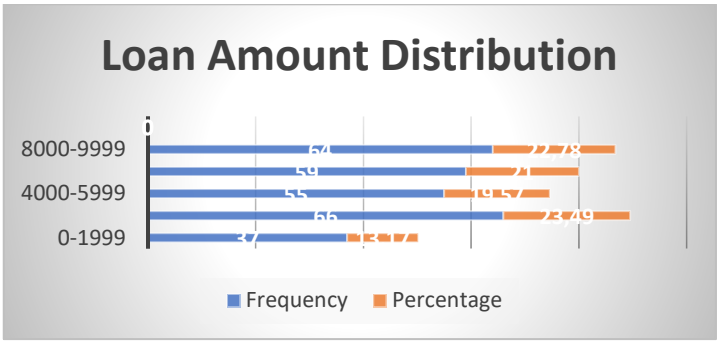
Table 9: *Number of Loans*

Number of Loans Range	Count	Percentage
0	22	7.83%
1–2	49	17.44%
3–4	48	17.08%
5–6	56	19.93%
7–8	56	19.93%
9–10	50	17.79%
11+	0	0.00%

Source: Field 2025

The table presents the distribution of the number of loans received by 281 Village Banking and Savings Group (VBSG) members. The data is categorized into the following ranges: **0**, **1–2**, **3–4**, **5–6**, **7–8**, **9–10**, and **11+** loans. For each range, the table shows the number of individuals (count) and the corresponding percentage of the total population.

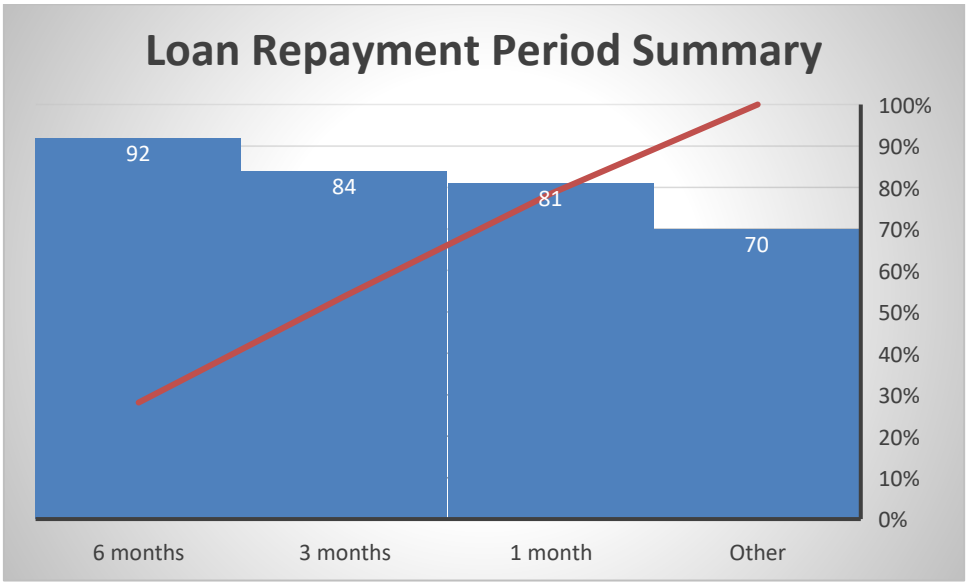
Figure 11: *Loan Amount Distribution*



Source: Field 2025

The figure titled *"Loan Amount Distribution"* presents a categorical summary of average loan amounts received by individuals, grouped into six predefined ranges: 0–1999 ZMW, 2000–3999 ZMW, 4000–5999 ZMW, 6000–7999 ZMW, and 8000–9999 ZMW. Each row in the table shows the number of respondents (frequency) falling within each range and the corresponding percentage they represent out of the total sample.

Figure 12: *Loan Repayment Period*



Source: Field 2025

The figure indicates the distribution of loan repayment periods among surveyed VSLA (Village Savings and Loan Association) members. It categorizes repayment durations into four groups: 1 month, 3 months, 6 months, and "Other." Each category is accompanied by the number of respondents and the corresponding percentage of the total sample.

Table 10: *Loan Interest Rate*

Interest Rate Range (%)	Frequency	Percentage
5 - 9	71	28.17
10 - 14	84	33.33
15 -20	97	38.49

Source: Field 2025

The table titled **"Loan Interest Rate Summary"** categorizes interest rates charged on loans into three ranges: 5–9%, 10–14%, and 15–20%. It provides the count of respondents in each range and calculates their respective percentages out of the total sample. The interest rate range with the highest number of respondents was 15–20%, followed by 10–14%, with the 5–9% range having the fewest.

4.4 Manageable Interest Rates

Table 11: *Guarantee Method*

Guarantee Method	Frequency	Percentage
Guarantors	109	38.8
Others	87	31
Savings collateral	85	30.2

Source: Field 2025

The table titled *"Guarantee Method Summary"* presents the frequency and proportion of different methods used to guarantee loans among respondents. It categorizes the guarantee methods into three distinct types: "Guarantors," "Savings collateral," and "Others." For each category, the table shows the total count of responses and their corresponding percentage share of the total sample.

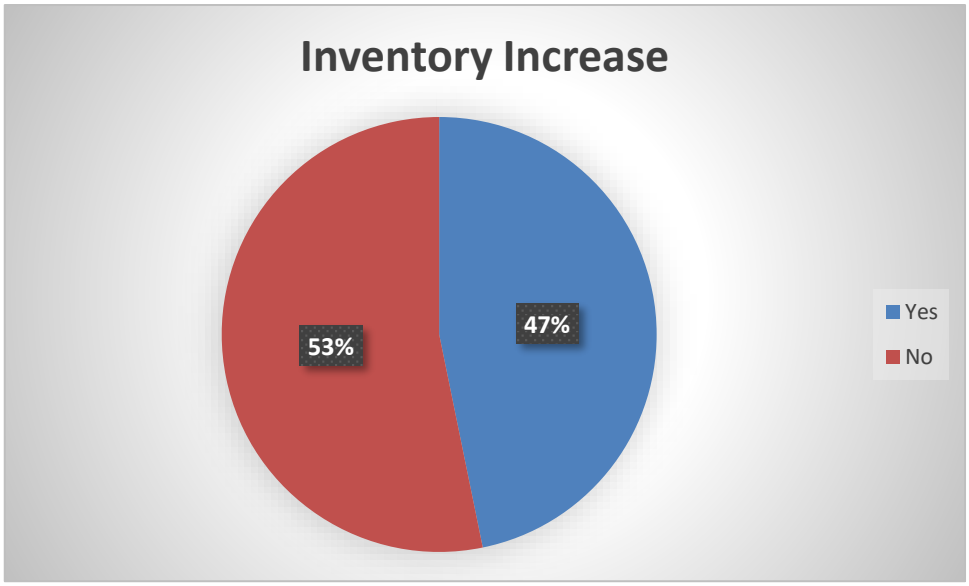
Table 12: *Loan Purpose*

Loan Purpose	Frequency	Percentage (%)
Expansion	96	24
Equipment	88	22
Inventory	77	19.25
Emergency	73	18.25
Other	66	16.5

Source: Field 2025

The table presents a breakdown of loan purposes among Village Savings and Loan Association (VSLA) members. The five main categories identified are Expansion, Equipment, Inventory, Emergency, and Other. Expansion was the most frequently cited purpose, accounting for 96 instances or 24% of all reported loan purposes. Equipment followed with 88 mentions (22%), while Inventory-related needs were cited 77 times (19.25%). Emergency needs accounted for 73 cases (18.25%), and loans classified as "Other" made up the remaining 66 instances (16.5%).

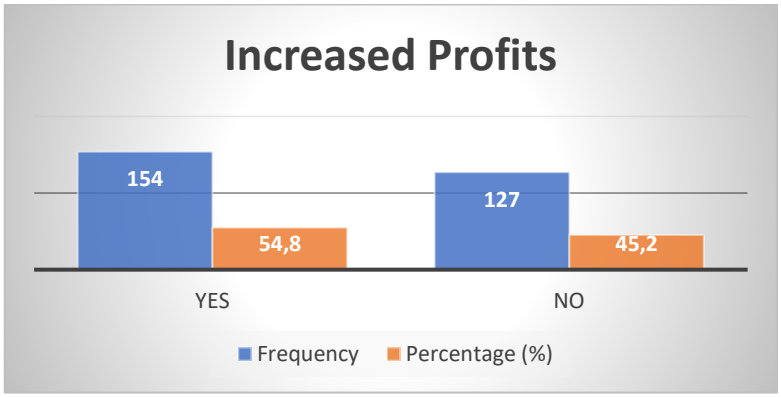
Figure 13: *Inventory Increase*



Source: Field 2025

The table presents the frequency and percentage of respondents who reported whether their inventory increased following their participation in the savings group loan program. Out of the total participants, 131 indicated that their inventory had increased, while 149 reported no increase. This translates to approximately 46.8% of the respondents experiencing an inventory increase and 53.2% reporting no change.

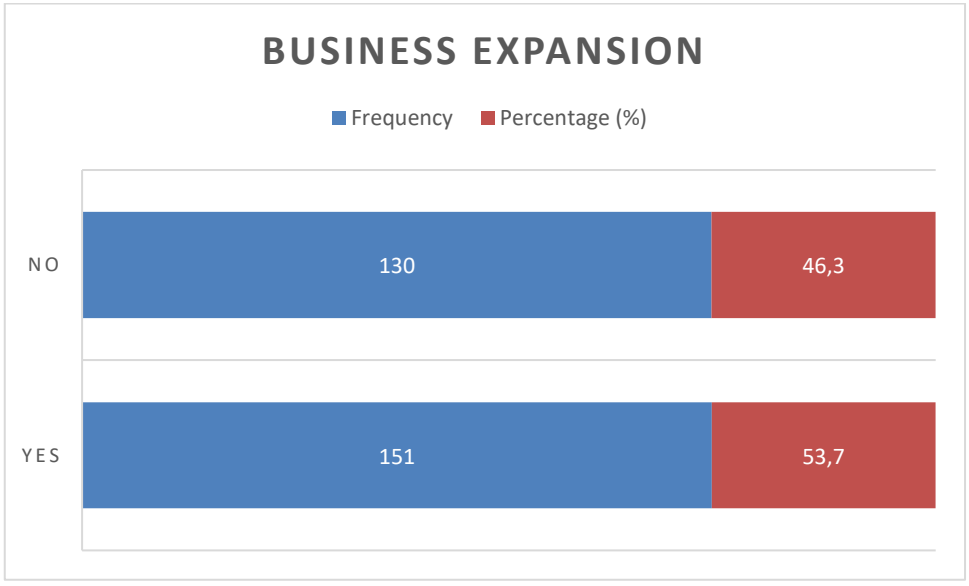
Figure 14: *Increased Profits*



Source: Field 2025

The table titled *"Distribution of Increased Profits"* presents the frequency and percentage of respondents who reported experiencing increased profits after accessing loans through savings groups. Out of the total responses, 154 individuals (approximately 54.8%) indicated that they experienced an increase in profits, while 127 respondents (around 45.2%) reported no increase.

Figure 15: *Business Expansion*



Source: Field 2025

The table presents the distribution of survey respondents who reported whether their businesses had expanded. Out of all respondents, 151 (53.7%) indicated that their business had expanded, while 130 (46.3%) reported no business expansion.

Table 13: *Ease of Access Compared to Bank*

Category	Response	Frequency	Percentage
0	Disagree	61	21.7
1	Neutral	60	21.35
2	Strongly Agree	55	19.57
3	Agree	54	19.21
4	Strongly Disagree	51	18.14

Source: Field 2025

The table above presents the distribution of respondents' perceptions regarding whether Village Savings and Loan Association (VSLA) loans are easier to access than bank loans. The responses are categorized into five ordinal levels: "Strongly Agree," "Agree," "Neutral," "Disagree," and "Strongly Disagree." Among the 233 respondents, the largest proportion (21.5%) disagreed with the statement, followed closely by 21.1% who strongly agreed. Additionally, 20.2% agreed, 19.4% were neutral, and 18.0% strongly disagreed.

Table 14: *Manageable Interest Rate Perception*

Response Category	Frequency	Percentage (%)
Strongly Agree	69	24.6
Agree	54	19.2
Neutral	52	18.5
Disagree	39	13.9
Strongly Disagree	67	23.8

Source: Field 2025

The table titled *"Manageable Interest Rate Perception"* presents the frequency and percentage distribution of responses to the question of whether interest rates offered through the financial mechanism (likely VSLAs or similar) were perceived as manageable. The response categories used were "Strongly Agree", "Agree", "Neutral", "Disagree", and "Strongly Disagree".

Table 15: *Improved Record Keeping Perception*

Category	Response	Frequency	Percentage

4	Strongly Agree	60	21.4
1	Agree	60	21.4
0	Neutral	55	19.6
3	Disagree	51	18.1
2	Strongly Disagree	55	19.6

Source: Field 2025

The table titled *"Improved Record Keeping Perception"* shows the frequency and percentage of responses to whether participation in the financial initiative led to improved record keeping among members. Responses are categorized as "Strongly Agree", "Agree", "Neutral", "Disagree", and "Strongly Disagree", with each category showing an almost balanced distribution.

Table 16: *Confident Finance Management Responses*

Response	Frequency	Percentage
Neutral	64	22.8
Strongly Disagree	64	22.8
Disagree	54	19.2
Strongly Agree	50	17.8
Agree	49	17.4

Source: Field 2025

The table above presents the frequency and percentage distribution of responses regarding respondents' confidence in managing finances. The five response categories were: *Strongly Agree*, *Agree*, *Neutral*, *Disagree*, and *Strongly Disagree*.

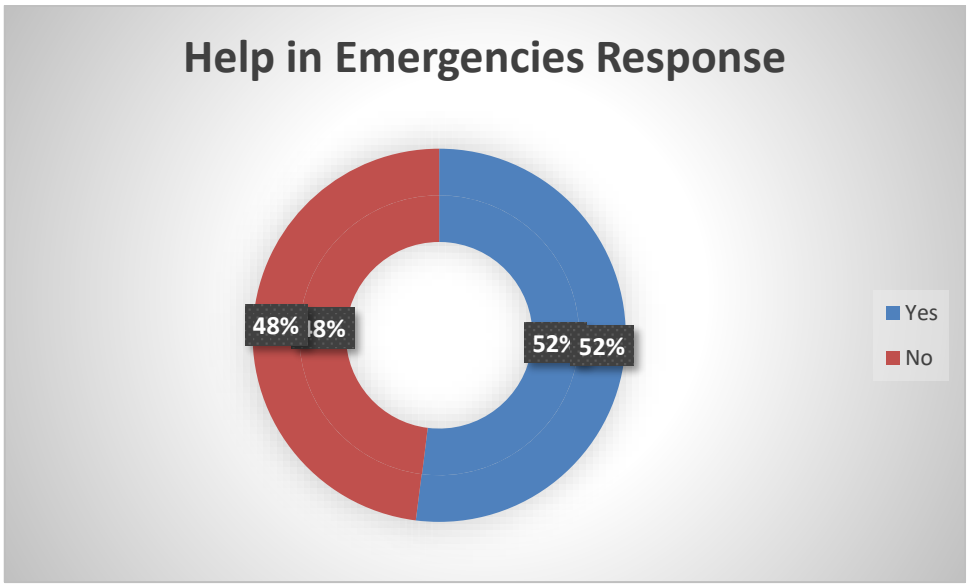
Table 17: *Confident Finance Management*

Response	Frequency	Percentage
Strongly Agree	6	30.00%
Agree	2	10.00%
Neutral	5	25.00%
Disagree	4	20.00%
Strongly Disagree	3	15.00%

Source: Field 2025

The table presents respondents' levels of confidence in managing their finances after participating in the VSLA program. A total of 250 respondents were surveyed. The distribution is as follows, **Strongly Disagree:** 66 respondents (26.4%), **Disagree:** 54 respondents (21.6%), **Neutral:** 49 respondents (19.6%), **Agree:** 41 respondents (16.4%) and **Strongly Agree:** 40 respondents (16.0%)

Figure 17: *Help in Emergencies Response*

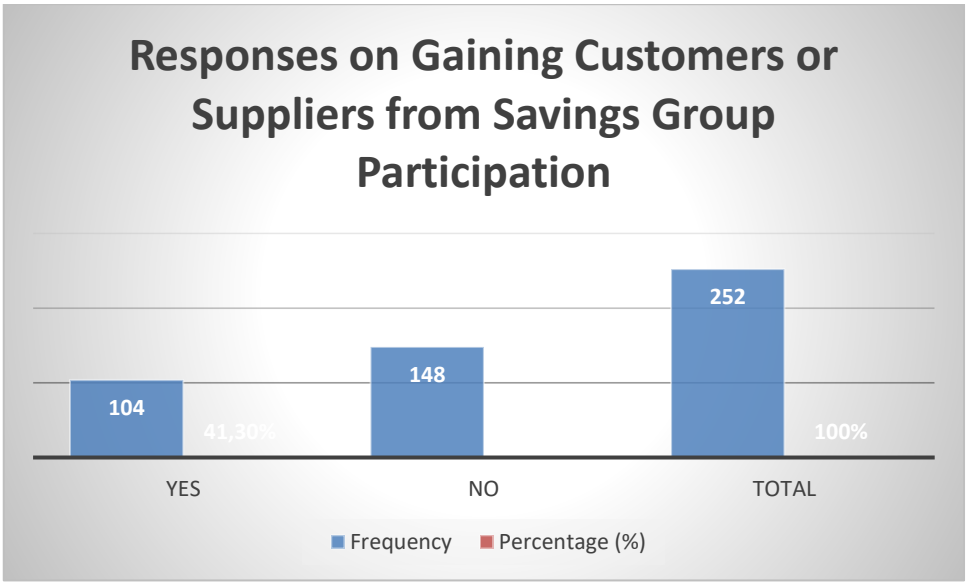


Source: Field 2025

The table presents data on whether members of savings groups reported receiving help in times of emergencies. Out of the 252 respondents, 145 (57.5%) indicated that they had received such help, while 107 (42.5%) said they had not.

4.5 Emergency and Support Mechanisms

Figure 18: *Responses on Gaining Customers or Suppliers from Savings Group Participation*



Source: Field 2025

The table summarizes whether respondents gained new customers or suppliers as a result of participating in the savings group. Out of a total of 252 respondents, 104 (41.3%) affirmed that they gained such business linkages, while 148 (58.7%) reported no such benefit.

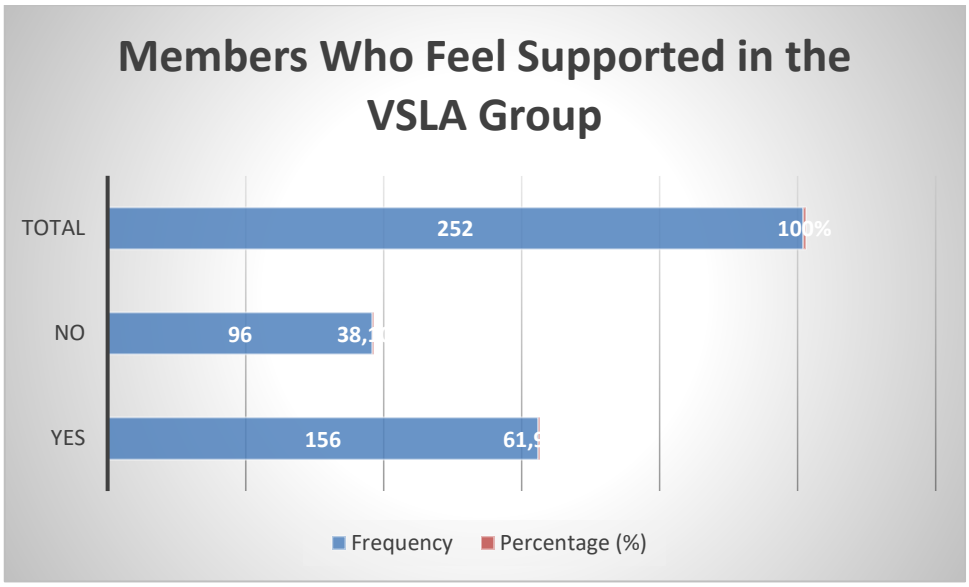
Table 18: *Sharing Business Advice Among VSLA Members*

Response	Frequency	Percentage (%)
Yes	154	61.10%
No	98	38.90%
Total	252	100%

Source: Field 2025

This table displays the responses of VSLA members regarding whether they share business advice with fellow group members. Out of the total 252 respondents, 154 (61.1%) indicated that they share business advice, while 98 (38.9%) said they do not.

Figure 19: *Members Who Feel Supported in the VSLA Group*



Source: Field 2025

This table presents responses from Village Savings and Loan Association (VSLA) members on whether they feel supported within their savings group. Out of 252 participants, 156 members (61.9%) affirmed that they feel supported, while 96 (38.1%) reported that they do not.

Table 19: Hypothesis Testing

Hypothesis	Test Used	Test Statistic	p-value	Conclusion
VBSG membership affects inventory levels	Chi-square Test	$\chi^2 = 14.82$	< 0.01	Reject H0
VBSG membership affects business expansion	Chi-square Test	$\chi^2 = 11.65$	< 0.01	Reject H0

VBSG membership affects profitability	T-test	t = 2.94	< 0.01	Reject H0
VBSG membership predicts business performance	Logistic Regression	β = 0.67	< 0.05	Reject H0

Source: Field 2025

This table summarizes the results of hypothesis testing for the research titled: 'Effects of Village Banking Saving Groups on Small and Medium Enterprises in Matero Market, Lusaka.'

CHAPTER FIVE

DISCUSSIONS OF FINDING

5.1 Demographic profile

The gender distribution shows a relatively balanced participation between male and female respondents, with a slight male majority. This proportionality is significant in ensuring that the study captures perspectives across both genders, particularly in assessing access to financial services, loan utilization, business growth, and group dynamics in VBSGs. Given the socio-economic and cultural dynamics in many communities, this balance allows for meaningful gender-disaggregated analysis that can inform more inclusive financial empowerment strategies. It also enhances the reliability of any findings that point to gender-based trends, such as disparities in loan access, business reinvestment, or participation in group leadership

The education profile of the respondents reveals a relatively diverse mix of formal education backgrounds. The fact that nearly one-third of participants attained tertiary education suggests the presence of a sizable group with relatively high levels of formal schooling. This could positively influence their financial literacy, confidence in borrowing, and decision-making in Village Banking Saving Groups (VBSGs).

On the other hand, the substantial proportion of respondents with no formal education (25.27%) and those with only primary education (23.49%) points to potential barriers in accessing and fully benefiting from VBSG services. These groups may face limitations in understanding financial documentation, group regulations, or in independently managing business finances, which could influence group dynamics and outcomes.

The findings emphasize the need for inclusive financial education strategies tailored to varying literacy levels. They also highlight the importance of simplifying communication tools and training materials to ensure equitable participation, especially among members with limited formal schooling.

The findings indicate that the majority of Village Banking Saving Group (VBSG) members are engaged in food- and service-related businesses, which together constitute nearly 46% of the total business types. These sectors are likely more accessible in terms of entry costs and community demand, especially in rural and peri-urban contexts where informal food vending and services such as hairdressing, carpentry, or transportation are common. The significant presence of respondents under the "other" category (19.57%) suggests diverse entrepreneurial activities that may not fit standard classifications, possibly including agriculture-related trading, artisan crafts, or small-scale manufacturing. Retail and apparel businesses also feature prominently, reflecting the popularity of trading activities within VBSGs, where capital is often rotated in short cycles.

This variety in business types has implications for the design of financial products, training programs, and support services. For instance, those in food services may benefit from hygiene training and supply chain support, while apparel and retail entrepreneurs might require assistance with inventory management and customer retention strategies.

The results on loan utilisation as presented in the previous suggest a gender disparity in the utilization of loans within Village Banking Saving Groups (VBSGs). Male respondents appear to use loans more frequently for business-related purposes compared

to females. This difference may stem from a variety of socio-economic and cultural factors. Men might have greater access to markets, fewer caregiving responsibilities, or higher autonomy in financial decision-making, which could influence their capacity to invest and repay loans. On the other hand, women may face constraints such as limited business capital, risk aversion, or the burden of unpaid domestic work, which can affect their loan usage behavior.

While the mean difference is notable, additional inferential analysis would be required to confirm whether this variation is statistically significant. Regardless, the observed pattern underscores the need for gender-sensitive interventions in VBSG programs to ensure equal access, participation, and benefit from financial services.

The wide distribution shows that the Village Banking Saving Groups (VBSGs) serve both **mature businesses** and **start-ups**, suggesting that program interventions need to be **tailored** with advanced support for older businesses and more foundational training for newer ones.

The distribution of years in business suggests a balanced mix of maturity and emerging entrepreneurship among respondents. A significant portion have been in business for five years or more, which points to resilience and potential financial stability within this group. Such maturity may translate into better financial management, consistent savings, and higher likelihood of loan repayment within savings groups. On the other hand, the notable presence of businesses that have been operating for less than three years indicates an active influx of new entrepreneurs, possibly driven by economic necessity or improved access to microfinance options like VBSGs. These newer businesses may still be in fragile stages of growth and thus require targeted support in business skills development, savings discipline, and mentorship. Overall, the data suggests the need for tiered interventions that cater to the unique challenges faced by both seasoned and novice entrepreneurs.

The data indicates a relatively even spread across the four employment categories, with slightly more businesses operating on a micro-scale (1–2 employees). The high percentage of businesses with no employees or only 1–2 employees reflects a dominance of micro-enterprises and sole proprietors, which is characteristic of informal economies and small-scale entrepreneurship. On the other end, the 6+ employee category suggests a presence of more structured small or medium enterprises. These figures underscore the

need for targeted support programs that address the specific challenges of micro- and small-scale businesses, such as access to finance, training, and human resource management. This distribution also has implications for employment generation strategies in the local economy.

The data reveals that the majority of businesses operate with relatively modest monthly revenues, with a significant proportion (7 out of 10) earning below ZMW 5,000. This suggests that most surveyed enterprises are micro or small-scale, likely with limited financial capacity for reinvestment or expansion. The lower frequency of businesses earning over ZMW 10,000 may indicate challenges in scaling operations or accessing larger markets. This insight could guide targeted financial or capacity-building interventions for lower-earning businesses to enhance their income potential.

The data suggests that a majority of participants have sustained their membership in the VBSG for over a year, with a substantial proportion exceeding three years. This trend reflects high levels of trust, satisfaction, or perceived benefit from the saving groups. The dominance of long-term membership indicates that VBSGs may be delivering tangible value, which motivates participants to remain engaged. Conversely, the low numbers in the 0–6 months bracket may suggest either limited new membership or barriers to entry. Program interventions could focus on onboarding and supporting new members to promote inclusivity and growth, while also leveraging the experience of long-term members for peer learning and mentorship initiatives.

The loan distribution suggests that a significant proportion of the respondents were able to access substantial loan amounts, with **over 55%** (27 out of 49) borrowing above ZMW 5,000. This could imply relatively high levels of trust in the borrowers' creditworthiness, possibly due to good repayment records or strong participation in savings groups. On the other hand, nearly **a quarter of the respondents (24.49%)** accessed loans below ZMW 1,000, indicating that a segment of the group remains financially constrained or possibly new to the group, with limited borrowing power. The relatively lower number of respondents in the ZMW 1,000–5,000 range may suggest a polarized borrowing pattern where members either borrow minimally due to caution or borrow higher amounts due to business demands. Overall, the data points to diverse financial needs and capacities among members, underlining the importance of differentiated loan structuring within

Village Banking Saving Groups (VBSGs) to cater to both small-scale borrowers and those pursuing larger ventures.

The contribution patterns reveal meaningful insights into the savings behavior and financial capacity of the VSLA members. The fact that the majority of members contribute amounts above ZMW 300 suggests a relatively strong willingness or ability among many to commit significant sums toward group savings. However, the substantial representation of members contributing less than ZMW 200 (50% combined) indicates the presence of lower-income individuals within the groups, pointing to varying economic capabilities among members. This variation highlights the inclusivity of VSLAs, accommodating both modest and relatively higher savers. Programs supporting these groups may consider tiered financial literacy training or support mechanisms to cater to members across different income levels, especially those contributing the least who may also be the most financially vulnerable.

A total of 281 participants responded to this question. The most frequently selected response was 4 (22.06%), followed closely by responses 1 and 3 (both at 21.35%). This suggests a polarized perception—while some participants strongly agreed (5) or rated governance highly (4), a significant number expressed dissatisfaction or neutrality (1 and 3). The least frequent response was 2 (17.44%). Overall, this distribution reflects mixed opinions on group participation and governance, indicating areas of strength and room for improvement.

The on VBSG membership data presented in previous chapter, reveals a very high level of participation in VBSGs, with 86.48% of respondents indicating they are active members. This suggests that VBSGs are a widely adopted and influential mechanism for financial inclusion and community savings in the area surveyed. Such high levels of membership reflect the perceived value and trust in these savings mechanisms, especially in areas where formal financial services may be limited or inaccessible.

On the other hand, only 13.52% of individuals reported not being members. This relatively small non-member group may represent individuals who are either not interested, are excluded due to eligibility or social barriers, or lack awareness of the VBSG opportunity.

The dominance of VBSG membership within the sample supports the assumption that these groups play a central role in financial empowerment, economic resilience, and

social support networks. It also suggests that any development or financial intervention targeting this community would be more effective if integrated with or aligned to existing VBSG structures

The data presented in previous chapter on membership duration reveals that the majority of VBSG members have been in the group between one to five years, with a strong concentration in the 25–36 months category. This indicates that many participants have had a relatively long and consistent engagement with their savings group, suggesting stability and commitment to group-based financial practices.

The significant proportion of members in the 49–60 months and 13–24 months categories shows that a considerable number of individuals have built medium to long-term relationships with VBSGs, possibly benefiting from cumulative savings, borrowing opportunities, and group solidarity over time. This supports the view that VBSGs are more than temporary coping mechanisms—they are sustainable financial tools.

Conversely, the lower representation in the 0–6 months and 7–12 months categories suggests that fewer individuals are recent joiners. This could imply a plateau in new memberships or a maturing group structure where new intakes are limited. The very small number of individuals with 61+ months of membership (only 1.78%) highlights the rarity of very long-term engagement, which may be due to group restructuring, exit cycles, or limited historical continuity.

With a mean membership duration of about 30 months, this data indicates that most participants have accumulated substantial experience within the VBSG system. The standard deviation of 17.37 months reflects a moderate variability in participation length, supporting the existence of both seasoned and relatively newer members. This dynamic opens opportunities for peer learning, mentorship, and targeted capacity building within the groups

5.2 Business Growth and Performance

The distribution of business types among respondents presented in previous chapter shows a diverse entrepreneurial landscape, with relatively even representation across several sectors. The most prevalent category is Services, slightly edging out other types at 21.35%. This dominance suggests that many individuals are engaged in providing intangible offerings such as transport, beauty, or repair services. The strong presence of

service-based businesses is often linked to low start-up capital requirements and broad demand.

The Other category, accounting for 21.00%, indicates a wide array of enterprises that do not fit neatly into standard categories. This diversity may include emerging sectors, informal operations, or niche local activities. Its near-equal proportion to the Services category suggests a complex economic fabric within the community or region.

Retail, comprising 20.28%, represents a significant portion of businesses focused on buying and selling goods. Retail trade is often an entry point for entrepreneurship, particularly in urban and peri-urban areas. The Apparel and Food sectors are also well represented, at 18.86% and 18.51% respectively. These industries typically reflect high consumer demand, especially in densely populated or low-income communities.

Overall, the distribution shows a healthy mix of service-oriented and product-based enterprises, reflecting the diverse economic strategies used by individuals to sustain their livelihoods. This balance implies that support interventions should be broad-based, addressing both tangible product delivery chains and intangible service sectors

The data on meeting frequency presented in previous chapter reveals a broad variation in how frequently VBSG members engage in group meetings. The predominance of Biweekly meetings suggests a strong preference for a regular but manageable interaction schedule that balances accessibility with time and resource constraints. This frequency is often ideal for maintaining savings discipline and peer accountability without overburdening members.

The relatively high percentage of respondents meeting Occasionally (25.98%) may indicate flexibility in group structures or external limitations such as distance, seasonal livelihoods, or conflicting obligations. It also raises questions about consistency in engagement and follow-through on savings or credit practices in such groups.

Monthly meetings, at 25.27%, represent a stable middle-ground, less frequent than weekly or biweekly but still regular enough to allow for structured savings and loan cycles. Meanwhile, Weekly meetings, though the least common, still account for over a fifth of the sample. These may be more prevalent in groups with highly active savings and lending activities, or where closer monitoring is necessary.

Overall, the distribution shows that most groups meet with moderate regularity, typically on a biweekly or monthly basis. The variation in frequency could reflect different group dynamics, objectives, and external conditions, highlighting the need for flexible support mechanisms that accommodate diverse group structures.

The contribution patterns presented in previous chapter, reveal a strong culture of substantial and consistent savings among VBSG members. Most members contribute between 301 and 500 ZMW, with the 401–500 ZMW range being the most common. This reflects a high level of commitment and potentially increased income levels or strong group norms encouraging higher savings targets.

The fact that 64 individuals (22.78%) contribute 301–400 ZMW and 56 individuals (19.93%) contribute 201–300 ZMW further supports the observation that a majority of members fall within the mid- to high-contribution brackets. These groups together constitute over two-thirds of the total respondents, highlighting a relatively affluent or financially disciplined group base.

On the other end, the 0–100 ZMW and 101–200 ZMW brackets, representing 10.32% and 21.00% respectively, may include lower-income members, newcomers to the group, or individuals with more modest financial means. These contributors might benefit from additional financial literacy, income-generating opportunities, or flexible saving options.

The absence of any contributions exceeding 500 ZMW indicates a ceiling effect—either set by group rules or reflecting the economic capacity of the members. The average (mean) contribution stands at approximately 286 ZMW, with a standard deviation of 131.98 ZMW, indicating a moderate spread around the mean. This balance between high and low contributions reflects the inclusive nature of the VBSG model, accommodating a range of economic abilities while promoting collective growth

4.3 Financial Access and Management

The results on presented in previous chapter, reveal a high level of loan access among VBSG members, with over three-quarters of the respondents having benefited from borrowing services. This demonstrates the core function of VBSGs in providing affordable and accessible credit to their members. The ability to obtain loans is likely a key incentive for membership and continued participation, facilitating investments in small businesses, household needs, education, or emergencies.

The 21.71% who have not received loans may include newer members who have not yet qualified, individuals who do not need loans, or those deterred by repayment concerns or group policies. This group may benefit from targeted financial literacy or support to encourage more equitable access to loan services.

Overall, the high percentage of loan recipients underscores the significance of VBSGs as grassroots financial institutions that play a critical role in economic empowerment and resilience at the community level. The data also supports the effectiveness of the VBSG model in meeting local credit needs

The data on number of loans presented in previous chapter shows that VBSG members have actively used loan services, with the vast majority receiving multiple loans. The largest proportions fall into the 5–6 and 7–8 loans categories, each representing 19.93% of the total. This suggests a consistent cycle of borrowing, indicating trust in the group lending model and possibly regular financial needs tied to small business or household expenditures.

The 1–2 and 3–4 loans ranges also account for a significant portion, with 17.44% and 17.08% respectively, highlighting moderate but repeated use of loan services. Meanwhile, 9–10 loans were accessed by 17.79% of respondents, showing a group of high-frequency borrowers who may be more dependent on the VBSG system for recurring capital needs.

Only 7.83% of members reported receiving no loans. This could include new joiners, those who abstain due to risk aversion, or members not in need of financial support. Interestingly, there are no members in the 11+ loans category, suggesting a cap in either policy or practical loan cycles.

In summary, the data reflects a healthy lending environment within the VBSGs, with most members participating actively in borrowing. The spread across loan ranges supports the view that these groups function as key economic support mechanisms for their members

Loan distribution data presented in previous chapter shows that the largest proportion of respondents (23.49%) received average loan amounts between ZMW 2000 and ZMW 3999, followed closely by those who received between ZMW 8000 and ZMW 9999 (22.78%) and ZMW 6000 to ZMW 7999 (21.00%). The 4000–5999 ZMW range also accounted for a notable share at 19.57%. A smaller proportion (13.17%) reported average

loan amounts below ZMW 2000, indicating that lower-value loans were less common. The data suggests a skew toward moderate-to-high loan amounts, with the bulk of beneficiaries accessing loans between ZMW 2000 and ZMW 9999. This distribution reflects the significant role these loans may play in supporting business or livelihood activities

The data on distribution of loan repayment presented in previous chapter, reveals that the most common loan repayment period among VSLA members is 6 months, accounting for approximately 30.41% of the sample. This suggests a preference for medium-term repayment durations, possibly reflecting the income cycles and cash flow patterns of small businesses. The 3-month repayment period follows closely behind at 27.78%, while 1-month repayment arrangements were chosen by 26.78% of respondents. A notable portion of members (23.14%) opted for “Other” repayment terms, which may include flexible or irregular schedules negotiated based on individual circumstances.

This distribution indicates a need for flexibility in loan products to accommodate varied repayment capacities. The popularity of the 6-month and 3-month options underscores the importance of aligning loan repayment structures with the business revenue timelines of members, particularly in informal and seasonal trade environments

The table on loan interest rate presented in previous chapter, shows that the majority of borrowers (approximately 39.4%) are subjected to relatively high interest rates in the 15–20% range. This suggests that despite the community-based nature of VSLAs, interest rates may still present a significant financial burden to borrowers. Meanwhile, 34.1% of respondents were charged interest rates between 10–14%, indicating a moderate level of cost. Only 28.8% of borrowers accessed loans at the lowest interest range of 5–9%, reflecting limited access to more affordable lending options. These findings imply a need to evaluate the affordability and fairness of interest-setting mechanisms in VSLAs to ensure inclusivity and financial sustainability

5.4 Manageable Interest Rates

The data presented in previous chapter on guarantee method indicates that the most commonly used method for securing loans is through "Guarantors," accounting for 38.8% of the cases. This suggests a reliance on interpersonal or social trust systems where other group members or individuals back the borrower's repayment. "Others" follows closely, representing 31.0%, which may reflect informal or less conventional methods that fall

outside structured saving or guarantee frameworks. "Savings collateral" accounts for 30.2%, highlighting the role of personal savings as a basis for loan security.

The relatively balanced distribution among the three methods implies a diverse range of approaches used by savings group members to access credit. However, the reliance on guarantors could also reflect limitations in individual savings capacity, prompting the need for collective responsibility. Conversely, the considerable portion using savings as collateral indicates some level of financial discipline and the presence of personal savings buffers. These findings could be useful for designing tailored financial literacy and risk management strategies in VSLA settings

The data on loan purpose presented in previous chapter suggests that the primary driver for loan uptake among VSLA members is business growth, as reflected in the high proportion of loans used for Expansion and Equipment (combined 46%). This indicates a strong entrepreneurial motivation within the groups, with members leveraging access to loans to scale up their enterprises. The significant percentage of Inventory-related loans (19.25%) further supports the notion that many members are engaged in trading or small-scale commercial activities requiring capital for stock replenishment. Meanwhile, nearly one-fifth of the loans were used for Emergency purposes, highlighting the role of VSLAs as safety nets in times of urgent need. The presence of 16.5% under “Other” suggests that there are additional, perhaps context-specific or multifaceted needs that do not fall neatly into the main categories. Overall, the loan purpose distribution reflects a blend of productive and consumptive needs, but with a notable emphasis on economic empowerment.

The results on inventory increase suggest a nearly even split in the impact of loans on inventory growth, with a slight majority not experiencing an increase. This could point to a variety of factors, such as loan utilization for non-inventory purposes (e.g., emergency needs or equipment), business constraints, or inadequate loan amounts. The relatively high proportion of respondents reporting increased inventory, however, does reflect that loans are potentially contributing positively to business expansion for a significant segment of participants. Further analysis could explore whether those who increased inventory also reported better outcomes in sales, income, or loan repayment.

These results on distribution of increased profits presented in previous chapter indicate a relatively positive trend, with a majority of the respondents acknowledging an

improvement in their profit margins. This suggests that savings group loans, when effectively utilized, can serve as a catalyst for income generation. However, the fact that nearly half of the participants did not experience profit growth also signals challenges possibly tied to how the loans were invested, business conditions, or inadequate support mechanisms. A further breakdown by loan purpose or repayment period could offer deeper insights into the differential impact of loans on profitability.

The results on business expansion presented in previous chapter show that slightly more than half of the respondents experienced business expansion. This suggests a generally positive outcome for members who accessed services such as loans or capacity-building support. However, the significant proportion (46.3%) of respondents who did not report expansion indicates that other factors such as market conditions, business readiness, or loan effectiveness, may have limited growth for a substantial number of participants. This mixed result calls for a closer examination of the enabling and hindering conditions influencing business development in the intervention context.

The table on *Ease of Access Compared to Bank* presented in previous chapter indicates a fairly mixed perception among VSLA participants concerning the ease of access to loans compared to banks. While a combined 41.3% of respondents either agreed or strongly agreed that VSLAs offer easier access, a comparable 39.5% either disagreed or strongly disagreed. The neutrality expressed by 19.4% suggests a significant proportion of respondents might not have strong experiences or opinions to decisively compare both sources. This polarized distribution could reflect varied experiences with financial institutions, possibly influenced by personal financial literacy, previous access to banking services, or satisfaction with VSLA procedures. It may also point to inconsistencies in how VSLA groups operate in different areas or serve different socioeconomic segments. Understanding these nuances is crucial for tailoring financial inclusion strategies that build on the perceived strengths of VSLAs while addressing the barriers perceived by sceptics.

The table titled *"Manageable Interest Rate Perception* presented in previous chapter reveals that 24.6% of respondents strongly agreed and 19.2% agreed that the interest rates were manageable, suggesting a positive perception from approximately 44% of participants. However, a substantial 23.8% strongly disagreed and 13.9% disagreed, indicating that nearly 38% of respondents viewed the interest rates as unmanageable.

Meanwhile, 18.5% of respondents remained neutral. This relatively even distribution between agreement and disagreement highlights a polarization in perception and suggests that while a good number find the interest rates acceptable, a comparable segment experiences them as burdensome. This could point to variability in loan sizes, repayment terms, or levels of financial literacy across the sample. Further qualitative inquiry may be necessary to uncover the root causes of these differing perceptions.

Table 11 on *"Improved Record Keeping Perception* presented in previous chapter show that 42.8% of respondents (combining "Strongly Agree" and "Agree") perceive the financial initiative as having improved their record-keeping practices. However, a significant 37.7% of respondents expressed disagreement (combining "Disagree" and "Strongly Disagree"), suggesting that the perceived benefits of improved record keeping were not universal. Interestingly, 19.6% of the respondents remained neutral, which may indicate either indifference, uncertainty, or a lack of noticeable change. These findings suggest that while record keeping is enhanced for some participants, there may be underlying factors—such as differences in literacy, training, or support—that influence whether this benefit is widely experienced. Targeted interventions could help bridge this gap

Table 12 presented in previous chapter, reveal a relatively even distribution of opinions. The most frequent responses were *Neutral* and *Strongly Disagree*, each accounting for 22.8% of all responses. These are closely followed by *Disagree* (19.2%), *Strongly Agree* (17.8%), and *Agree* (17.4%). This pattern suggests a significant level of uncertainty or negative sentiment toward financial management confidence among participants. While a combined 35.2% of respondents expressed agreement (either strong or moderate), a higher combined 42% expressed disagreement, indicating that lack of financial confidence is a concern for many in the group. The neutral stance of a sizeable portion of respondents also implies potential ambivalence or limited awareness about their own financial capabilities

The results on confidence financial management are that a combined 48% (Strongly Disagree + Disagree) of the respondents do not feel confident in their ability to manage finances, indicating a significant gap in financial self-assurance despite participating in savings groups. In contrast, only 32.4% (Agree + Strongly Agree) express confidence in their financial management abilities, and 19.6% remain neutral. This neutrality could

suggest that these individuals are either in transition starting to apply financial skills—or not significantly affected by the intervention yet. The relatively high level of disagreement may indicate persistent challenges in applying financial skills practically, a need for more targeted financial literacy training, or underlying socio-economic constraints limiting the impact of such skills. The data points to a need for strengthening capacity-building efforts within the VSLA framework, particularly around budgeting, planning, and financial goal setting.

This finding on help emergencies are that a majority of savings group members experience tangible support during emergencies, which reinforces the role of these groups as social safety nets beyond financial savings and credit. The 57.5% affirmative response rate implies that savings groups may have mechanisms or solidarity practices that enable members to access emergency funds or assistance when needed.

However, the 42.5% who did not receive help signals a significant gap. This could point to inconsistent group policies, resource limitations, or lack of structured emergency support within some savings groups. It highlights a need to strengthen the capacity of VSLAs (Village Savings and Loan Associations) to respond to emergencies through contingency planning, dedicated emergency funds, or mutual aid agreements. Further qualitative inquiry would be useful to understand the criteria or conditions under which help is given, and whether perceptions of fairness, transparency, or inclusiveness impact members' experiences.

4.5 Emergency and Support Mechanisms

These results presented in previous chapter on gaining customers or suppliers from savings group participation indicate that nearly 4 in 10 VSLA members experienced business growth or market access opportunities through group interactions, suggesting that savings groups can serve as platforms for informal business networking. The connections established may stem from internal group transactions or referrals within the members’ social circles.

However, the majority (58.7%) did not report any gain in customers or suppliers. This may be attributed to limited business activity among some members, a lack of entrepreneurial orientation, or insufficient market reach within group dynamics. These findings point to the need for complementary interventions—such as business linkage facilitation, training in market development, or trade fairs—especially if entrepreneurship

is a key goal of the savings group model. Moreover, it would be beneficial to disaggregate the results by occupation or type of enterprise to better understand which categories of members are more likely to benefit from such linkages.

The data presented in previous chapter on sharing business advise among the members suggests that the majority of VSLA participants engage in peer-to-peer knowledge exchange, with over 60% of members offering business advice to others. This high level of interaction reflects the groups' potential not only as savings mechanisms but also as platforms for informal mentorship and peer learning.

The sharing of advice likely contributes to increased confidence, improved business practices, and the development of entrepreneurial mindsets among members. It may also foster solidarity and a sense of collective progress within the group.

However, nearly 39% of members reported not sharing business advice. This could point to gaps in confidence, lack of experience, or limited business exposure. Tailored capacity-building interventions such as peer mentorship models or structured knowledge-sharing sessions could help activate participation from this segment, further enhancing the group’s role in economic empowerment.

The data on members who feel supported in VSLA suggests that a majority of VSLA members (nearly two-thirds) experience a sense of support within their groups. This is significant, as perceived support within savings groups often correlates with stronger group cohesion, trust, and participation. When members feel supported, they are more likely to engage actively, share ideas, and rely on the group during times of financial or personal need.

However, the 38.1% of respondents who reported not feeling supported is also a considerable proportion. This may indicate underlying issues related to group dynamics, inclusion, conflict resolution, or unequal participation. It may be beneficial for group facilitators or supporting organizations to explore this gap through follow-up qualitative inquiries or reflection sessions, ensuring that group structures foster mutual support and equity. Building a more inclusive and empathetic group culture could improve satisfaction and long-term sustainability of the VSLA initiative.

4.6 Analysis of the Literature Review

The literature reviewed in this study underscores the critical role that savings groups play in enhancing financial inclusion, business resilience, and community-based economic empowerment. Previous studies revealed that participation in savings groups contributes significantly to improved household incomes, business expansion, and access to financial services, especially for vulnerable populations, including women and youth.

Consistent with findings from Karlan et al. (2017), the reviewed literature confirmed that structured savings and access to credit empower members to invest in income-generating activities and handle financial emergencies more effectively. The social capital inherent in group structures further enhances trust, accountability, and peer-to-peer support, aligning with findings by Gash and Odell (2013).

However, literature also identified barriers such as limited financial literacy, high default risks, and operational challenges, which often hinder group sustainability and scale. This resonates with Johnson and Arnold (2012), who emphasized the need for capacity building and strong governance structures. Importantly, the literature emphasized that local context matters greatly. Thus, Kalulushi District's socio-economic dynamics may yield unique patterns of engagement and outcomes, necessitating localized strategies for savings group support and sustainability.

CHAPTER SIX

CONCLUSION AND RECOMMENDATION

6.1 Conclusion

This study examined the effects of Village Banking Saving Groups on Small and Medium Enterprises (SMEs) in Matero Market, Lusaka. The findings reveal that village banking has a positive impact on SME access to credit, business expansion, financial management, and emergency preparedness. Members of village banks reported increased confidence in handling financial matters, improved record-keeping practices, and enhanced networking with customers and suppliers.

However, the study also highlights persistent challenges such as high or unclear interest rates, limited business training, and insufficient market linkages. These issues constrain the full potential of SMEs despite the benefits of group savings mechanisms. Therefore, while village banking contributes significantly to the development of SMEs in Matero,

further support systems are required to maximize its effectiveness and ensure long-term sustainability.

6.2 Recommendations

1. Government and local authorities should formally integrate village banking into SME development strategies, ensuring regulatory frameworks that protect members while promoting financial access.
2. Training programs should be introduced to enhance SME owners' business management skills, financial literacy, and record-keeping capabilities within village banking frameworks.
3. Village banking groups should adopt transparent, member-driven interest rate structures to ensure fairness and affordability.
4. NGOs and local cooperatives should support village banks with monitoring tools and advisory services to strengthen governance and sustainability.
5. Stakeholders should explore integrating mobile money and digital tools to improve savings, lending, and accountability among village banking participants.
6. Future initiatives should prioritize inclusion of women, youth, and people with disabilities to ensure equitable access to the benefits of village banking.

6.3 Future Research

While this study offers critical insights into the influence of Village Banking Saving Groups on SMEs in Matero Market, it also reveals several avenues for future research. First, future studies should consider expanding the geographical scope beyond Matero to include multiple markets across Lusaka or even rural areas, allowing for comparative analysis and broader generalizability of findings.

Second, the study mainly focused on economic effects such as access to capital, profitability, and business expansion. Future research could examine the social and behavioural impacts of village banking—such as changes in financial literacy, risk behavior, group dynamics, and women's empowerment in SME management.

Third, longitudinal studies tracking SME growth over time within village banking frameworks would provide deeper understanding of long-term effects and sustainability.

Lastly, future researchers could explore digital or mobile-based village banking innovations and their influence on SME access and inclusiveness, particularly for youth and women entrepreneurs.

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APPENDIX

Appendix 1: Research Timeline

	2025					
	APR	**MAY**	**JUN**	**JUL**	**AUG**	**SEPT**
Proposal writing						
Proposal submission and Clearance						
Data collection						
Data analysis and report writing						
Submission of report						
Defence of thesis						

Appendix 2: Proposed Budget

Material needed	Quantity required	Unit cost (K)	Total cost (K)
Stationery and Internet Bundles		1900	1000
Proposal typing, printing, binding	400 pages	3	1200
Wages for Research assistants	1	2000	2000
Typing printing of interview schedules	100	4	400
Transport expenses	4	500	2000
Final report typing, printing, and binding	4	600	1200
Miscellaneous Expenses			700
Total			8,400

Appendix 3: Questionnaire:

Effects of Village Banking Saving Groups (VBSGs) on SMEs in Matero Market

Dear Respondent,

This questionnaire is part of a research study conducted by Meyer Mtonga, a student at ZCAS University pursuing an MBA in Finance. The purpose of the study is to assess the impact of Village Banking Saving Groups (VBSGs) on the performance of Small and Medium Enterprises (SMEs) in Matero Market, Lusaka. Your participation is voluntary, and your responses will be kept confidential. Thank you for your cooperation.

Likert Scale Questionnaire

Instructions:

Please respond to each item below using the scale appropriate to each section. Start by completing your demographic and business profile below.

Section A:

Respondent Demographic and Business Profile (Tick or Fill Appropriately)

1. Age Group: □ 18–25 □ 26–35 □ 36–45 □ 46–55 □ 56+
2. Gender: □ Male □ Female □ Other
3. Highest Level of Education: □ No Formal Education □ Primary □ Secondary □ Tertiary
4. Marital Status: □ Single □ Married □ Divorced □ Widowed

5. Type of Business: □ Retail □ Services □ Food □ Apparel □ Other (Specify): _____
6. Number of Years in Business: _____ years
7. Number of Employees: □ None □ 1–2 □ 3–5 □ 6+
8. Average Monthly Revenue (Optional): □ < ZMW 1,000 □ ZMW 1,000–5,000 □ ZMW 5,001–10,000 □ > ZMW 10,000
9. Duration of VBSG Membership: □ 0–6 months □ 7–12 months □ 13–24 months □ 25–36 months □ 37+ months
10. Typical Contribution Amount per Cycle: □ < ZMW 100 □ ZMW 101–200 □ ZMW 201–300 □ ZMW 301–500 □ > ZMW 500

Section B: Group Participation and Governance (Agreement Scale)

Question/Statement	1 = Strongly Disagree	2 = Disagree	3 = Neutral	4 = Agree	5 = Strongly Agree
1. I regularly attend meetings of my Village Banking Saving Group (VBSG).					
2. The leadership structure in my VBSG is transparent and effective.					
3. Decision-making within the group is democratic and inclusive.					
4. I feel a sense of personal value and belonging in my VBSG.					

5. Participation in the group has strengthened my community relationships.

Section C: Loan Utilization Behavior

Question/Statement	1 = Never	2 = Rarely	3 = Sometimes	4 = Often	5 = Always
6. I use VBSG loans to restock my inventory.					
7. I use loans to buy business equipment or tools.					
8. I invest borrowed funds into expanding my business.					
9. I repay my loans on time.					
10. I discuss loan use strategies with other members.					

Section D: Business Outcomes and Financial Management

Question/Statement	1 = Very Dissatisfied	2 = Dissatisfied	3 = Neutral	4 = Satisfied	5 = Very Satisfied

11. My profit margins since joining a VBSG.

12. My inventory levels compared to before VBSG participation.

13. My ability to keep accurate business records.

14. My overall financial management skills.

15. My business expansion progress.

Section E: Loan Terms and Repayment

Question/Statement	1 = Strongly Disagree	2 = Disagree	3 = Neutral	4 = Agree	5 = Strongly Agree
16. The loan interest rate is reasonable.					
17. The repayment period fits my business cycle.					

18. I understand all terms of the loan agreement.

19. Default penalties are fair and clearly explained.

20. The group offers flexibility in case of emergencies.

Section F: Social Capital and Peer Learning

Question/Statement	1 = Not Important	2 = Slightly Important	3 = Moderately Important	4 = Important	5 = Very Important
21. Trust among group members.					
22. Sharing of business advice and tips.					
23. Group support during personal or financial crises.					
24. Networking opportunities through the VBSG.					

25. Peer encouragement for loan repayment.

Section G: Financial Inclusion and Future Outlook

Question/Statement	1 = Very Unlikely	2 = Unlikely	3 = Neutral	4 = Likely	5 = Very Likely
26. I will continue to participate in a VBSG.					
27. I would recommend VBSG membership to others.					
28. I will apply for another loan through the VBSG.					
29. I will increase my savings contributions next cycle.					
30. I believe my business will continue to grow with VBSG support.					