International Journal of Academic Accounting, Finance & Management Research (IJAAFMR)
ISSN: 2000-008X
Vol. 3 Issue 4, April – 2019, Pages: 10-20

Assessment of Contribution of the Financial Inclusion on Rural Households Livelihood in Tanzania: A Case of Iringa District.

Jailos Mtindya.k

Department of Accounts and Finance, Ruaha Catholic University (RUCU), Iringa, Tanzania
jmtindya@gmail.com

***Abstract**: The study sought to establish Tanzanian`s financial inclusion level, its determinant and whether the country`s financial inclusion levels have influence on the access to basic income, food, heath, employment and education service.*
Among the major determinants of financial inclusion are income, financial literacy and the geographical presence of financial institutions. With regard to the link between financial inclusion and livelihood indicators, it is found that greater financial inclusion promotes access to basic income, food, health and education for households for the country, with differential effect of inclusion becoming wider when banking instead of total inclusion considered.
The purpose of this paper is to assess the contribution of financial inclusion to the rural livelihood households. This has been analyzed with the theoretical background on financial access and livelihood, and by analyzing the primary data collected from five wards, Named; Pawaga, Kalenga, Ismani, Nduli and Kibebe in Iringa district. The results show that, there is a significant positive relationship between Financial Inclusion and the Rural Livelihood households in Tanzania. Access to, availing of formal banking services pave the way to positive changes in the rural livelihood status of households. With regard to rural households in Tanzania the country needs aggressive financial inclusion strategies to reduce access vulnerabilities and poverty.

Keywords: Financial Inclusion, Livelihood, Households, Poverty, Income

1. INTRODUCTION

In economic poetry 'inclusive growth' is defined as an equitable allocation of resources, where benefits accrue to all the sections of the society. It is the participation of all sections and regions of society in the growth of the economy and getting the benefits of growth, which achieves the equity objective in growth. The concept of inclusive growth is raised as 'economic growth with equal opportunities to all'. It is nothing but creating growth opportunities and making them accessible to all particularly to the poor(Ali and Zhuang 2007).

Financial inclusion is provision of financial services at an affordable cost to the vast sections of the disadvantaged and low-income groups. Globally, there is no common definition of Financial Inclusion. Several countries comparable to Tanzania are working to define Financial Inclusion in the context of the respective markets. Given the vision the country would want to achieve, Financial Inclusion is thus defined as: "Regular use of financial services, through payment infrastructures to manage cash flows and mitigate shocks, which are delivered by formal providers through a range of appropriate services with dignity and fairness**"(**Ndiege, Mataba et al. 2016)

Financial development is not simply an outcome of economic growth; it is also the driver of economic growth. Financial inclusion (FI), a feature of financial development, is a process that marks enhancement in quantity, quality, and efficiency of financial intermediary services. It generates local savings, which increase productive investments in local businesses(Babajide, Adegboye et al. 2015)

Since 1983 when the Grameen Bank in Bangladesh began making tiny loans to village savings groups, microfinance has emerged as a key tool of development policy based on the assumption that improved access to finance will trigger entrepreneurship and smooth shocks. Microfinance is now a major supplier of financial services to millions of people in the developing world. Yet concerns have emerged about its reach, regulation and oversight, application in rural areas, and contribution on growth, poverty reduction and indebtedness.

Research on the contribution of micro-credit and microfinance on poverty reduction is inconclusive, and there is an imperative need to examine further the conditions in which savings and micro-credit help or harm low-income households. According to(Stewart, Van Rooyen et al. 2012) concluded that microfinance may make some people poorer, not richer, and the focus on reaching the poorest of-the-poor may be flawed.

Tanzania is among the poorest countries in the world, with most of its population living in rural areas. Like most other developing countries, rural households' access to financial services is very limited. The government has adopted series of economic reform measures since mid-1980s that include financial liberalization. Liberalization of the financial sector facilitated participation of private financial institutions, restructuring of public financial institutions and privatization, elimination of interest rate controls, credit allocation and targeting. In addition, the role of the Bank of Tanzania in supervision and regulation of financial institutions was strengthened. Following the privatization of the financial sector, the number of financial service providers increased and diversified, which include commercial banks, development banks, insurance and social security funds, and capital markets. The role of the central bank was re-defined and strengthened in terms of price stability, supervision and regulation. Although there is an increase in financial sector service providers and products, rural households' access to financial services did not improve. To the contrary access to formal financial services is diminishing significantly, hence making poverty reduction initiatives more difficult.(Bee 2009)

A livelihoods approach to rural households should provide insights of particular relevance to issues such as vulnerability, sustainability and impact; especially in relation to those households that touch upon the lives of the poor. Although the livelihoods approach is, in its simplest form, gender-neutral, households perspectives have been incorporated into the livelihoods approach, as discussed below(Arun, Heeks et al. 2004)

While rural communities need financial services the most, they remain the largest unserved market for financial services. Ensuring their financial inclusion can unlock the considerable economic potential of rural areas, and benefit the rural poor by increasing household income and decent work. This study focus on the assessment of contribution of financial inclusion of the livelihood of the rural household.

2. BACKGROUND AND LITERATURE SURVEY

The importance of financial inclusion with regard to incomes, poverty, income inequality and standards of living in general has been a Centre of interest for long, with (Nyasha and Odhiambo 2018) suggesting a number of channels linking financial development to wealth creation. A number of other studies have also echored positive sentiments with regard to the important role played by greater financial development and inclusion (Park and Mercado 2015) In his supply-leading model, suggests that the provision of financial services and systems to the financially excluded enables them to shift their wealth portfolio composition from unproductive and low return forms such as traditional consumer durables, grain and livestock to more liquid, more productive and higher return financial assets.

Access to financial services according to(Masiyandima, Mlambo et al. 2017) stimulates entrepreneurship, induces capital accumulation and enhances the wealth of those who are currently financially excluded. These views suggest that individuals in semi-urban and rural areas, agriculture and the informal sector with limited access to formal sector financial services are forced to keep their wealth mostly in physical products, commodities and livestock. To the extent that such wealth forms are illiquid, have low returns and are not easily transferable through financial intermediation, they deprive their holders of potential incomes and incremental wealth creation capabilities. Individuals with entrepreneurship capabilities cannot access credit for investment while holders of physical wealth cannot get meaningful returns on their savings. Provision of access to affordable financial services to the excluded individuals, therefore, avails more efficient forms of savings, allows the unbanked to borrow and venture into entrepreneurship and enhances their livelihoods.

Once the pace of financial inclusion has been set, there is usually a feedback mechanism which leads to further financial development and inclusion through demand following responses as the newly created enterprises require more financial services. The process of initiating greater financial inclusion can, therefore, self-perpetuating in creating more incomes, wealth and better living standards for the excluded in the underdeveloped areas, sectors and the whole economy at large. Plausible as this sounds, there remains significant proportions of populations in most developing countries going without basic financial services (Chaia, Dalal et al. 2017)

A number of reasons have been suggested to explain the high rates of financial exclusion in most developing countries(Allen, Carletti et al. 2013). First, usually the most excluded are the low income individuals and or households in marginal areas and activities such as the rural areas, those in agriculture, microenterprises and the informal sector at large. Allen et al. (2014), suggests that most banks in Kenya and other countries in Africa tend to be concentrated in urban areas where incomes and population densities are high for greater business opportunities and low operational costs. This implies greater financial exclusion for the low income individuals in the low density rural and marginal areas. (Demirgüç-Kunt, Beck et al. 2008) notes that requirements such as minimum account deposits, permanent addresses and bank charges and penalties lead to high financial exclusion for the poor, while (Brune, Giné et al. 2011)) adds that high transactions costs in the form of substantial distances to banks, costly and unreliable transport, mistrust towards formal financial institutions, low literacy and complex paperwork in banks are among the factors that hinder inclusion

In addition, by their low income and wealth status levels and geographical dispersion, banks often find it more costly to access the majority of the unbanked populace. More so, the greater part of the unbanked and their enterprises have unknown financial and business history, which increase their risk rating when they attempt to borrow. These features amount to either availing financial access to them at higher costs than the established and financially included individuals and businesses. This implies that the financial excluded poor do not only suffer adverse shocks on living standards through lack of financial access, but may even face higher costs of access for those that attempt to access the services of the financial sector.

There is wide evidence suggesting that financial inclusion improves the quality of livelihoods. The causal mechanism is mostly through improved savings, access to credit and higher entrepreneurship. Using data on 72 developing and developed countries, (Beck, Chen et al. 2016) suggests that financial development disproportionately increases incomes of the poor and reduces inequality for the poorest and attributes the growth in income to inequality reduction caused by greater financial development. The study, however, considers the impact of financial development on poverty and inequality at macro-level. The link between financial inclusion and the quality of livelihoods at the micro level as directed in this study is, therefore, not straight forward from the study.

In Tanzania, the national financial inclusion framework was established in year 2013. This Framework aims to address the fundamental broad barriers that limit Financial Inclusion by establishing a broad and robust infrastructure to support growth of appropriate financial services and use of technologically driven delivery channels. In particular, the Framework targets to enable 50 percent of adults to access formal financial services by 2016. This is an important basis for achieving other important dimensions of Financial Inclusion such as: regular usage quality services and improved welfare of users. The 50 percent target is in line with the international commitment that the Bank of Tanzania, on behalf of financial sector stakeholders, made in Riviera Maya, Mexico in 2011 under Alliance for Financial Inclusion Global Initiative known as "the Maya Declarations" (Msulwa 2015)

With this Framework and Action Plan, Tanzania takes a big step forward in meeting its international commitments. Tanzania was one of 17 forward-looking countries that pledged to create a national strategy to achieve financial inclusion at the G20 Leaders' Summit in 2012. Altogether, nearly 50 countries have made some kind of commitment or goal for financial inclusion (Passas 2015).

3. METHODOLOGY

Iringa district located in Iringa Region has significant number of rural residents and prospering economy sector which is categorized by the commercial farming activities of sunflower, maize, beans, as well as mineral activities of which facilitated the availability of reliable and valid information for the study. The study engaged both primary and secondary data, Primary data was collected from the knowledgeable and potential respondents of four wards named, Kalenga, Ismani, Pawaga, Kibebe and Nduli. Secondary information sources used for the present research include the internet, database, official office files, progress monthly reports, etc. The researcher obtained various secondary data from Iringa district council. A well-structured questionnaire was prepared and distributed to the different households in the four wards selected at Iringa district. A total of two hundreds (200) questionnaires were administered by the researcher to households in the rural and all of them (200) were fully filled and successfully returned to the researcher in time thus included in the analysis. The successfully filled questionnaires were equal to two hundreds (100) percent of the total number of administered questionnaires. The data collected were analyzed through percentages, frequencies, regression analysis model and analysis variance (ANOVA) in which the data were presented in table formats which were obtained using Excel and some using SPSS (Statistical Package for Social Science). The study was conducted during October 2018 through December 2018.

4. RESULTS AND DISCUSSIONS OF THE FINDINGS

The following are the results obtained from primary data which were collected through questionnaires and interviews.

To start with, the researcher was interested to find out the proportion of respondents who qualified to be inclusive in the sample of the study. To fulfill that intention, the following table was formulated.

Table 1: showing the total number of respondents

No.	Ward	Households	Sample Size
1	Pawaga	1,569	40
2	Ismani	2,765	40
3	Kalenga	2,317	40
4	Nduli	1,492	40
5	Kibebe	2,850	40
		10,993	**200**

The table depicts that a total of two hundreds (200) questionnaires were administered by the researcher to households at Iringa district (selected five wards) and all of them (200) were fully filled and successfully returned to the researcher in time thus included in the analysis. The successfully filled questionnaires were equal to hundred (100) percent of the total number of administered questionnaires.

Some of the questions in the questionnaire were general questions apart from the objective questions and their results are as follows:

4.2.1 GENDER OF THE RESPONDENTS

The researcher aimed to assess gender group during the study so that to get various opinions from male and female groups. The number of respondents by gender is shown in table 2

Table 2: Gender of Respondents

	Frequency	Percent
Male	115	57.5
Female	85	42.5
Total	200	100.0

Table 2 indicates that 57% male and 43% female respondents were taken during the study. The implications of these profiles are that the study considered gender balance.

Age of the Respondents

The study received different responses from respondents of different age groups as shown in the table 3

Table 3: Ages of the Respondents

	Frequency	Percent
18-40	94	47
41-60	82	41
>60	24	12
Total	200	100.0

Table 3, indicates that the data were obtained from respondents of different age groups whereby those aged between 18-40 years were 46%, 41-60 years 41% and above 60 years were 13%. This implies majority of the respondents about 87% were in age group of 18 to 60 which is the active age.

5. Education Level of Respondents

The study received responses from respondents with mixed level of education as shown in the table 4

Table 4: Education Level of Respondents

	Frequency	Percent
Primary Education	118	59
Secondary Education	46	23
Higher Education	36	18
Total	**200**	**100.0**

Findings from above table 4, indicate the responses from different groups of level of education, of the respondents, 59% were primary school level, 23% secondary education level, and 18% higher education level. The results show that majority of rural residents are of primary school level of education. This observation is important as it has impact in the financial inclusion in the livelihoods of the households.

Findings from Descriptive Statistics and Hypothesis Testing.

Research question one required identification of financial services that are available and used by rural household for improving their livelihood. Respondents were asked whether they use the services of financial services providers like microfinance institutions, mobile money agents, SACCOS, insurance and VICOBA and savings clubs. Data collected from respondents of rural households have been analyzed descriptively using SPSS version 20 and findings are presented in table in the following section

Findings on Available and Uses of Financial Services in Iringa District

(i) The Usage of Financial Services of Microfinance Institutions

The respondents from rural households of five wards in Iringa district were asked whether they use the financial services of microfinance institutions and whether it helps them to improve their livelihood. Table 5 represents the findings.

Table 5: Usage of financial Services of Microfinance Institutions

	Frequency	**Percentage**
Strongly Disagree	80	40
Disagree	50	25
Undecided	20	10
Agree	10	5
Strongly Agree	40	20
Total	**200**	**100**

Field findings showed that 25% of respondents use the financial services of the microfinance institutions which help them to improve their livelihood. However, the majority of respondents, 65% did not agree on the use of the services and improvement of their household livelihood using microfinance institutions.

(ii) **The Usage of Financial Services of Mobile Money Agents**

The respondents from rural households of five wards in Iringa district were asked whether they use the financial services of mobile money agents and if it helps them to improve their livelihood. Table 6 represents the findings.

Table 6: Usage of Financial Services of Mobile Money Agents

	Frequency	**Percentage**
Strongly Disagree	10	5
Disagree	24	12
Undecided	0	0
Agree	90	45
Strongly Agree	76	38
Total	**200**	**100**

Field findings showed that 83% of respondents use the financial services of the mobile money agents which help them to improve their livelihood. However, 17% of respondents did not agree on the use of the services and improvement of their household livelihood using mobile money agents.

(iii) **The Usage of Financial Services of SACCOS**

The respondents from rural households of five wards in Iringa district were asked whether they use the financial services of SACCOS and whether it helps them to improve their livelihood. Table 7 represents the findings.

International Journal of Academic Accounting, Finance & Management Research (IJAAFMR)
ISSN: 2000-008X
Vol. 3 Issue 4, April – 2019, Pages: 10-20

Table 7: Usage of Financial Services of SACCOS

	Frequency	**Percentage**
Strongly Disagree	90	45
Disagree	80	40
Undecided	0	0
Agree	10	5
Strongly Agree	20	10
Total	**200**	**100**

Field findings showed that 15% of respondents agreed to use that they financial services of the SACCOS which help them to improve their livelihood. However, the majority, 85% of respondents did not agree on the use of the SACCOS services and that it did not improve their household livelihood.

(iv)The Usage of Financial Services of VICOBA and Savings Clubs

The respondents from rural households of five wards in Iringa district were asked whether they use the financial services of VICOBA and Savings Clubs and whether it helps them to improve their livelihood. Table 8 represents the findings.

Table 8: Usage of Financial Services of VICOBA and Savings Clubs

	Frequency	**Percentage**
Strongly Disagree	10	5
Disagree	20	10
Undecided	10	5
Agree	40	20
Strongly Agree	120	60
Total	**200**	**100**

Field findings showed that 80% of respondents agreed that they use financial services of the VICOBA and Savings Clubs which help them to improve their livelihood. But 15% of respondents did not agree on the use of the VICOBA and Savings Clubs services and that it did not improve their household livelihood.

(v) The Usage of Financial Services of Insurance Agents

The respondents from rural households of five wards in Iringa district were asked whether they use the financial services of Insurance agents and whether it helps them to improve their livelihood. Table 9 represents the findings.

Table 9: Usage of Financial Services of Insurance Agents

	Frequency	**Percentage**
Strongly Disagree	160	80
Disagree	26	13
Undecided	0	0
Agree	0	0
Strongly Agree	14	7
Total	**200**	**100**

Field findings as presented by Table 9 showed that only 7% of respondents agreed that they use financial services of the Insurance agents which help them to improve their livelihood. However, the majority 93% of respondents did not agree on the use of the Insurance agents' services and that it did not improve their household livelihood.

The observation above depicted that in general very few rural households used the services of microfinance institutions, SACCOS and insurance agents. Data showed that on average only 16% of respondents agreed to use the services of these three financial services providers. This result depicts the real situation in areas where the research was conducted where there is very limited presence of these financial services. To the view of the researcher, it can be assumed that those who responded to use those services might had to access them from different areas apart from where they live. Of the services, insurance is seen to be least preferred thus to suggest that rural households are not aware of the services or they just ignore it because they do not know its importance.

In other hand, it had been observed that most of rural households use mobile money services and informal sector (VICOBA, Savings Clubs) services. The usage is 83% and 80% respectively. This counts the average of 82% of respondents who use the services of mobile money and that of informal financial services providers.

These results show that rural areas mostly use the services of informal financial services providers. The usage of these informal financial sector has its roots in history of Tanzania finances where government policies to ensure inclusion of the poor proved to be opposite. A number of studies/literatures on financial inclusion explain the trend of rural people to depend on informal sector services. For example, the study by (Urassa 2010) revealed that 1990s financial sector liberalization had private banks not fulfilling rural financial needs. Despite the significant increase in number and type of financial institutions, access to formal financial services in Tanzania still remained very low; and that the distribution with respect to the concentration of microfinance activities in Tanzania is skewed in favor of the urban areas leaving rural areas grossly under served. Most of microfinance institutions are reluctant to extend their services to the rural areas due to poor infrastructure, high risk and high cost of operation.

In this study, the findings showed also the extreme use of mobile money services by rural households in Iringa district. The mobile money service has recently become of great importance due to its easiness of access despite some of its challenges. On issue of mobile technology in financial service, we observed that, in Tanzania the use of mobile financial services is growing year after year despite having some challenges for rural people.

In my prediction, I anticipated that there was no positive relationship between financial inclusion and rural household livelihood. And I thought that these respondents would be using all five components of financial inclusion (MFIs, Mobile money, SACCOS, VICOBA and Insurance) to operate their daily economical activities. To my surprise, the field results showed that the Mbinga rural households depended much on the services of VICOBA and mobile money financial services. Being rural area I thought that microfinance institutions and SACCOS would be of great usage and main contributor of livelihood in selected wards of Mbinga district, but to my surprise I found that these people used mobile money service and VICOBA and Savings Clubs to transact. Insurance had been rated the lowest of all. It also came against my expectation because initially I thought the rural households in Mbinga district would be using this product in terms of the services of health insurance. But according to field results, it showed that the healthy insurance services were not popular in these areas.

But all in all the field results corresponded to the facts as presented by literatures which showed that most of rural people depended much on the services of the informal financial sector. Also the expansion of the mobile money services in the vast areas of the rural had enabled the rural to benefit in economic and social life.

Findings on Contribution of Financial Inclusion on Rural Households' Livelihood.

(i)The main objective of the study was to assess the contribution of financial inclusion on the livelihood of rural households in Tanzania. The objective is achieved by answering research question two (2); what is the contribution of financial inclusion to rural household's livelihood in Tanzania**?**

Using findings from testing the hypothesis with regression analysis model and by analyzing respondents of households in the sample. Both results, from testing hypothesis and those from descriptive statistics, are presented and discussed in the following sections

Findings from Hypothesis Testing: Financial Inclusion is Positively Contributing on Rural Households Livelihood in Tanzania.

Considering the hypothesis reading, H_0: Financial inclusion is positively contributing to rural households' livelihood. Data collected were used to test this hypothesis to confirm or not to confirm that financial inclusion contribute to livelihood of the rural household. The Regression Analysis Model (RAM) was applied, it had been run from the SPSS version 20.

For the purpose of determining the relationship between financial inclusion (independent variable) and rural households' livelihood (dependent variable), the later is operationalized in to self-employment, household assets, household income, household education and quality health. After running the regression analysis model in the SPSS version 20, the results are presented in tables 10 and 11.

(i). Results from the Model Summary Table

The Model summary table is very useful table in regression analysis as it is used to measure the relationship between variables. Capital R is the multiple correlation coefficient that tells how strongly the independent variables are related to the dependent variable. R^2 gives us the coefficient of determination. In other words, it measures the proportion of variation in the dependent variable that was explained by variations in the independent variables.

In this study analysis, the assumption used is, if R value≥0.5 then the variables in the hypothesis have strong relationship.

Table 10 shows R value is 0.727 and R^2 is 0.528 which means R value is greater or equal to 0.5 and thus to explain that there is strong relationship between financial inclusion and rural households livelihood, that is financial inclusion positively contribute to livelihood of the rural households.

Table 10: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.727[a]	.528	.513	.681	.528	36.001	6	193	.000

a. Predictors: (Constant), Financial inclusion

(ii). Results from the Analysis of Variance (ANOVA) Table

The ANOVA table shows the p-value ("sig" for "significance") of the predictor's effect on the criterion variable. P-values less than .05 are generally considered "statistically significant".

Assumption: In ANOVA table, if the P value<0.05 implies there is significance relationship between variables.

Table 11 shows the Sig value as 0.000 implying that there is statistical significant relationship between financial inclusion and rural households' livelihood.

Table 11: ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	100.079	6	16.680	36.001	.000[b]

	Residual	89.421	193	.463		
	Total	189.500	199			

a. Predictors: (Constant), Financial inclusion
b. Dependent Variable: Rural households' livelihood

In summary, the results of Table 10 and Table 11 show us that the R value is 0.727 (in model summary) which means R value≥0.5 and thus there is strong relationship between financial inclusion and rural households' income. From the ANOVA table 11, the significance value is 0.000 which is less than 0.05 implying there is significance relationship between the two variables. This implies that the null hypothesis is accepted (at 95% confidence level) and hence to large extent financial inclusion contributes to rural households' income in Tanzania.

(iii). Results from the Coefficients Table

The coefficient table provides information on the confidence with which we can support the estimate for each such estimate (see the columns "T" and "Sig"). If the value in Sig is less than 0.05, then we can assume that the estimate in column B can be asserted as true with a 95% level of confidence.

From Table 12, the Sig value is 0.000 then we can assume that the estimate in column B can be asserted as true with a 95% level of confidence.

The coefficients part of the output also gives us the values that we need in order to write the regression equation. The regression equation takes the form:

Predicted variable (dependent variable) = slope x independent variable + intercept.

In coefficients table, Model shows the predictors used in equation. In this study the predictors are constant and financial inclusion.

B: These are the values for the regression equation for predicting the dependent variable from the independent variable. These are called unstandardized coefficients because they are measured in their natural units. In this study the B values are 1.205 and 0.622.

Std. Error: These are the standard errors associated with the coefficients. The standard error is used to test whether the parameter is significantly different from 0 by dividing the parameter estimate by the standard error.

Beta: The are the standardized coefficients that you obtain if you standardize all of the variables in the regression, including the dependent variable and all of the independent variables and ran the regression.

According to Table 12, the predicted variable is rural households' livelihood. The slope is 0.622 and the intercept is 1.205. Putting them together, the regression equation is:

Y (Rural households livelihood) = 1.205 + 0.622 X (value of financial inclusion).

Table 12: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients			95.0% Confidence Interval for B	
		B	Std. Error	Beta	T	Sig.	Lower Bound	Upper Bound
1	(Constant)	1.205	.314		3.833	.000	.585	1.825
	Financial Inclusion	.622	.073	.654	8.538	.000	.478	.766

6. Descriptive Statistical Findings on Contribution of Financial Inclusion on Rural Households' Livelihood.

Rural household people were asked to confirm or not to confirm whether financial inclusion positively contributes to their livelihood. Respondents were responding regarding direct contribution of financial service (inclusion) to self-employment, household assets, household income, household education, and quality health. The relevant findings follow:

(i). Descriptive Statistical Findings on Contribution of Financial Inclusion on Rural Households' Self Employment

Respondents were asked whether financial inclusion has contributed to self-employment. Data were analyzed with SPSS version 20 and the results are presented in table 13.

Table 13: Contribution of financial inclusion to Self-Employment

	Frequency	**Percentage**
Strongly Disagree	10	5
Disagree	10	5
Undecided	20	10
Agree	100	50
Strongly Agree	60	30
Total	**200**	**100**

International Journal of Academic Accounting, Finance & Management Research (IJAAFMR)
ISSN: 2000-008X
Vol. 3 Issue 4, April – 2019, Pages: 10-20

According to table13, it is presented that, 80% of respondents agreed, while 10% disagreed. An implication of above findings is that 80% of rural households agreed that financial inclusion in rural areas play a significance role in providing self-employment to household. This result shows that microfinance is a key strategy in delivering social benefit and employment.

(ii). Descriptive Statistical Findings on Contribution of Financial Inclusion to Rural Households' Assets

Respondents were asked whether financial inclusion has contributed to rural households' assets. Data were analyzed with SPSS version 20 and the results are presented in table 14.

Table 14: Contribution of Financial Inclusion to Household Assets

	Frequency	Percent
Strongly Disagree	10	5
Disagree	20	10
Undecided	10	5
Agree	120	60
Strongly Agree	40	20
Total	**200**	**100**

According to table 14, the results indicate that, 80% agree, while 15% disagreed. The implication of the above results is that 80% of the respondents agreed that financial inclusions increased investment in assets in rural households.

This result implies that financial inclusion helps people to invest in assets and use them to better their lives. Also financial inclusion facilitate economic opportunity for poor to build savings and make investments.

(iii). Descriptive Statistical Findings on Contribution of Financial Inclusion to Rural Households' Income

Respondents were asked whether financial inclusion has contributed to rural households' income. Data were analyzed with SPSS version 20 and the results are presented in table 15.

Table 15: Contribution of Financial Inclusion to Rural Household Income

	Frequency	Percent
Strongly Disagree	10	5
Disagree	10	5
Undecided	20	10
Agree	100	50
Strongly Agree	60	30
Total	**200**	**100**

According to Table 15, the results indicate that, 80% of respondents agree, while 10% disagree. The implication of the above results is that 80% of the respondents agreed that financial inclusions in rural households improve income level of the households' members while 10% disagreed that financial inclusion contribute to rural household livelihood (income)

This result shows that the poor people are capable of coming out from poverty with dignity and aim to improve their living standard when the right environment and opportunities exist. Also result shows that an inclusive financial sector ensure availability of affordable financial services to wider group of households increases investment, creat jobs, and reduce poverty.

(iv) . Descriptive Statistical Findings on Contribution of Financial inclusion to Rural Households' Education

Respondents were asked whether financial inclusion has contributed to rural households' education. Data were analyzed with SPSS version 20 and the results are presented in table 16.

Table 16: Contribution of Financial Inclusion to Rural Households Education

	Frequency	**Percent**
Strongly Disagree	10	5.0
Disagree	10	5.0
Agree	110	55.0
Strongly Agree	70	35.0
Total	**200**	**100.0**

According to Table 16, the results indicate that, 90% agree, while 10% disagree. The implication of the above results is that 90% of the respondents agreed that financial inclusions in rural households improve education standard of the households' members while 10% disagreed.

The result implies that for the poor, access to basic financial services such as payments, savings and insurance holds out the potential to generate huge benefits including education. Financial inclusion also has many direct benefits to poor households like catering for school fees.

(v). Descriptive Statistical Findings on Contribution of Financial Inclusion to Rural Households' Quality Health

Respondents were asked whether financial inclusion has contributed to rural households' quality health. Data were analyzed with SPSS version 20 and the results are presented in table17.

Table 17: Contribution of Financial Inclusion to Rural Household Quality Health

	Frequency	Percent

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Strongly Disagree	10	5
Undecided	20	10
Agree	90	45
Strongly Agree	80	40
Total	**200**	**100.0**

According to Table 17, the results indicate that, 85% of respondents agreed, and 5% disagreed. The implication of the above results is that 85% of the respondents agreed that financial inclusions in rural households lead to quality health because of the improved income of the households.

This finding reveal that financial inclusion has many direct benefits to poor households like absorb shocks such as health issues. Also mentioned the effect of financial inclusion is about better health services. Furthermore improved financial access families improve health status.

The Challenges/Barriers Facing Rural Households in Accessing Financial Services in Tanzania.

The study under this aspect received different opinions from the respondents and the results are shown below.

Financial Literacy Barrier

It was the objective of the study to assess whether rural households people think that there were challenges in financial literacy that affects financial inclusion in rural areas.

Table 18: Financial Literacy barrier

	Frequency	Percent
Strongly Disagree	10	5
Disagree	10	5
Undecided	20	10
Agree	90	45
Strongly Agree	70	35
Total	200	100

Table 18 indicates that, 45% agree, 35% strongly agree, 10% were neutral, 5% disagree and 5% strongly disagree. The implication of the above results is that 80% of the respondents agreed that financial inclusions in rural households face the problem of the financial literacy. This is supported by the remarks by Tigo Tanzania General Manager who said that rural market was still potential but people lack awareness on mobile products thus his company was planning to provide more education to people living in rural areas. Fins cope Tanzania (2013) also found that low level of financial literacy is a barrier to rural people to access financial services.

LACK OF CREDIT AVENUES

It was the objective of the study to assess whether rural households people think that there were challenges in credit facilities that affects contribution of financial inclusion in rural household's livelihood.

Table 19: Lack of Credit Avenues

	Frequency	**Percent**
Strongly Disagree	10	5
Disagree	10	5
Undecided	20	10
Agree	80	40
Strongly Agree	80	40
Total	**200**	**100**

Table 19, indicates that 40% strongly agree, 40% agree, 10% remained undecided, 5% disagree and 5% strongly disagree. This implies that 80% of the rural households are affected by inaccessibility of the credit facilities**.**

These findings shows that the majority of the rural population have not benefited from formal financial services industry. Also Microfinance institutions which were expected to fill the rural financing turned their operations to urban areas thus leaving the rural people with financial access gap.

REMOTENESS OF THE FINANCIAL SERVICES

The study aimed at examining to what extent the remoteness of the financial services affects rural households as shown in table20.

Table 20: Remoteness of the Financial Services

	Frequency	Percent
Strongly Disagree	20	10
Disagree	10	5
Undecided	20	10
Agree	90	45
Strongly Agree	60	30
Total	**200**	**100**

Data as presented in the Table 20 show that about 75% of the respondents agreed that remoteness of the financial services outlets is the challenge for them to observe the contribution of financial inclusion to rural households' livelihood. While 15% of the respondents did not agree that remoteness is the challenge.

7. CONCLUSION

As discussed above, more than 80% of respondents responded that they used the financial services of the VICOBA and Savings clubs and mobile money services. The study also showed that 16% of respondents used the financial services of Microfinance institutions and SACCOS, while only 7% used insurance services. As we had seen earlier, this finding corresponded with most of study literatures where most of them explained that rural people use informal financial services. And we have seen that both local and international literatures explained about rural households. So in this study, the field results agreed that there was a positive relation between usage of financial services and rural households' livelihood in Tanzania. The results/findings were in agreement with the researcher's prediction of the study hypothesis that there is positive relationship between financial services available in rural areas and the rural households' livelihood.
In this study, field results revealed that financial inclusion is of importance in the economic life of the majority rural households in Tanzania as represented by Iringa district where the study was conducted. It is observed that almost 80% of the respondents confirmed to benefit from financial inclusion in terms of the self-employment, investment in assets, improved income, improved education and quality health of households. These findings also agreed to most of literatures as seen in literatures review section. Most of the studies showed that the use of financial services contributed to the self-employment, food smoothing, improved income, assets growth, improvement of education and quality healthy. The results/findings were in agreement with the researcher's prediction of the study hypothesis that financial inclusion is positively related to self-employment, investment in assets, income, education and quality health of the rural households.

The study also tried to identify the challenges which face rural households in accessing financial services in Tanzania. Most of respondents agreed that there were some issues which were considered as bringing some obstacles to their access to financial services and thus in one way or another bar them from exploring fully contributions of the financial inclusion. The respondents agreed to the following challenges as the main obstacle: Lack of financial literacy, remoteness of the financial services and lack of credit avenues. So the rural households believe that if they get enough education/awareness on financial services and if financial services are brought closer to rural areas and that there present a number of credit avenues, then the contribution of financial inclusion could be enjoyed fully by all households.
The field results came from the 200 sampled rural households Iringa district wards of Kibebe, Kalenga, Nduli, Pawaga and Ismani. Of these 200 members of households, 57% were male and 43% female. About 87% of respondents were in age group of between 18 and 60 years old and 82% were of primary and secondary school level.

8. RECOMMENDATIONS AND FUTURE WORK

Owing to the analysis, interpretation and results found in the whole study, the researcher put forward the following recommendations which, if considered could improve or facilitate the access to financial services to the livelihood of the households.

- The policy indications for enhancing financial inclusion that have arisen from the study include promotion of use of financial services through improving schooling and reforming the education system, improving financial literacy and capabilities and supply leading strategies to create jobs and incomes.
- We have also suggested the need for expanding the spatial presence of banks through infrastructure sharing in the unbanked areas.
- The study provides critical insights. Utilizing individual and household level data as opposed to using macro time series data allowed us to link financial inclusion aspects at the individual level and individual level welfare indicators.
- However, the researcher acknowledge the weakness of using 2014 data and in its cross sectional form, both of which have been dictated by data availability. With availability of newer data set, we recommend further studies on the topic covered.

9. ACKNOWLEDGMENT

I would like to extend my appreciations to Dr. Alex Ochumbo from Ruaha Catholic University (RUCU) for his support during the preparation of this paper and Ruaha Catholic University management and staff for encouragement they gave me during data collection, analysis and interpretation. Also I would like to thanks our friends, Raphael Kibona, Brown, Lupyana and Joseph Ndawi for being there all the time when I needed them.

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