BUSITEMA UNIVERSITY
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AGENCY BANKING PRACTICES, FINANCIAL LITERACY, AND FINANCIAL INCLUSION IN PALLISA DISTRICT

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A RESEARCH DISSERTATION SUBMITTED TO THE DIRECTORATE OF GRADUATE STUDIES RESEARCH AND INNOVATION IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTER OF BUSINESS ADMINISTRATION OF BUSITEMA UNIVERSITY

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DECLARATION

DECLARATION

I, **Olupot Edgar Epiaka**, do hereby declare that this dissertation titled *Agency Banking Practices, Financial Literacy and Financial inclusion in Pallisa District* is my original work and has never been submitted in full or in part to any university or institution of higher learning for any academic award. Where other people's work has been used, proper acknowledgement has been made.

.... 28/10/2025

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APPROVAL

APPROVAL

This dissertation titled *Agency Banking Practices, Financial Literacy and Financial inclusion in Pallisa District* has been submitted with our approval as University supervisors

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Date: ....

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DEDICATION

This dissertation work is dedicated to my loving wife and children, whose unwavering support, patience, and encouragement have been the foundation of my academic journey.

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LIST OF ACRONYMS/ABBREVIATION

ADFI:	Africa Digital Financial Inclusion facility.
AFI:	Alliance of Financial Inclusion.
ATM:	Automated Teller Machines.
CVI:	Content Validity Index
ESBG:	European Savings and Retail Banking Group.
FIA:	Financial Institutions Act
FI:	Financial Inclusion
FSD:	Financial Sector Deepening
FSDU:	Deepening Financial Sector Uganda
ICT:	Information and Communication
MOLG:	Ministry of Local Government
NFIS:	National Financial Inclusion Strategy
NGOs:	Non-Governmental Organizational
OECD:	Organisation Economic Co-Operation and Development.
PDM:	Parish Development Model
SACCO:	Savings and Credit Co-operative Organization
SPSS:	Statistical Package of the Social Sciences

UBOS:	Uganda Bureau of Statistics.
ULCI:	Upper limit confidence interval
LLCI:	Lower Limit Confidence Interval
VLSA:	Village Savings and Loan Associations.

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ABSTRACT

This study investigated the mediating role of financial literacy in the relationship between agency banking practices and financial inclusion in Pallisa district. Anchored on public good theory and dissatisfaction theory of financial inclusion (Ozili, 2020), the study investigated the relationship between agency banking practices, financial literacy, and financial inclusion. From a population of 300, the study derived a sample of 169 which yielded a response rate of 90.5%. Data was collected using a structured questionnaire and analyzed using SPSS v 27. The researcher used descriptive statistics, correlation, regression, and mediation analysis to analyse data. The findings revealed that there is a positive and significant relationship between agency banking practices and financial inclusion ($r=0.631$, $p<0.01$). Additionally, financial literacy was significantly associated with financial inclusion ($r=0.681$, $p<0.01$) and was positively influenced by agency baking practices ($r=0.527$, $p<0.01$). Furthermore, financial literacy mediated the relationship between agency banking practices and financial inclusion. Based on the findings, the study concluded that financial literacy is a mechanism that explains the relationship between agency banking practices and financial inclusion in Pallisa district. Therefore, the study recommends the expansion of the agency banking networks alongside robust financial literacy programs to enhance financial inclusion.

CHAPTER ONE
INTRODUCTION

1.0 Introduction

The chapter shows the background of the study, Statement of the problem, study objectives, study hypothesis, scope of the study significance of the study, and Conceptual framework

1.1 Background to Study

Financial inclusion has become a major concern for policymakers in developing countries (Fanta & Mutsonziwa, 2021; Goenadi et al., 2022; Khan et al., 2022) due to inadequate access to services like savings, accounts, and bill payments, which hinders economic prosperity and poverty reduction for the poor and vulnerable (Xiaoyan, 2020). According to the Global Findex database (2021), access to financial services enables households and businesses to withstand shocks, boost income for low earners, sustain informal businesses, and create productive employment, improving living standards (World Bank, 2023). Uganda's government adopted financial inclusion as a pillar in its Parish Development Model (PDM), combating exclusion through literacy programs and services like agent banking and SACCOs (MOLG, 2021). However, challenges persist despite these benefits (Fanta & Mutsonziwa, 2021; Girón et al., 2022; Goenadi et al., 2022).

The World Bank (2023) defines financial inclusion as the ability of individuals and businesses to access useful, affordable financial products and services including transactions, payments, savings, credit, and insurance delivered responsibly and sustainably. Without this access, individuals are financially excluded (Okello et al., 2020). Financial inclusion empowers previously excluded groups, like youth and women, enabling their economic participation (Mushtaq et al., 2023).

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