

SHAPING THE SAVING BEHAVIOUR OF THE RURAL POOR: EXPERIENCES OF RURAL FINANCE PROGRAMMES IN TANZANIA

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ABSTRACT

This paper presents results on the investigation on the extent to which rural finance programmes influence the saving behaviour of rural poor households in Tanzania context. The study also aimed at understanding the determinants of savings/investments in financial assets offered by microfinance. The study was survey conducted in Iringa Region of Tanzania, and involved 210 small holder farmers. Several microfinance institutions operating in rural areas of Tanzania were involves; namely Mufindi Community Bank, National Microfinance Bank, SIDO, and SACCOS. Results show that rural finance programs have significantly managed to mobilize savings of rural farm households. Results further show that saving of rural poor are significantly influenced by MFIs specific characteristics. SACCOS members have more propensity to save than the rest of households with membership elsewhere. Location (geographical) specific characteristics also determines the savings of rural farm households. Policy perspective should focus on improvements of rural physical infrastructure and innovations in the savings products among MFIs.

KEYWORDS: Microfinance Institutions, Savings, and Rural Households