ISSN 2348-3156 (Print)
International Journal of Social Science and Humanities Research ISSN 2348-3164 (online)
Vol. 7, Issue 2, pp: (271-281), Month: April - June 2019, Available at: www.researchpublish.com

FINANCIAL ACCESSESIBILITY AND POVERTY REDUCTION IN NORTHERN UGANDA, LANGO SUB-REGION

Dr. Marus Eton[1], Dr. Odubuker Picho Epiphany[2], Dr. Mary Ejang[3], Dr. Benard Patrick Ogwel[4], Fabian Mwosi[5]

[1] Kabale University- Uganda

[2]Muni University- Uganda

[3]Gulu University-Uganda

[4]Kampala International University-Kampala Uganda

[5]Bishop Barham University College-Kabale Uganda

Abstract: **Access to a well-functioning financial system can economically and socially empower individuals and in particular poor people, allowing them to better integrate into the economy of their countries and to actively contribute to their development and protect themselves against economic shocks. The paper examined the contributions of financial accessibility in supporting poverty reduction in northern Uganda. A cross sectional study design was adopted. The data was collected by use of structured and closed ended questionnaire. The findings revealed that financial institutions had not done much to reach the poor, which limits their productivity capacity and capacity to acquire productive assets. While there are isolated pockets of poverty reduction as expressed by participants' ability to own personal assets and easily manage their dependency burdens, a few individuals have access to better health facilities. The strides to promote financial accessibility are highly commendable, though poverty remains problematic even among those who have access to financial resources. The paper therefore recommends that financial institutions should endeavor to offer financial management training to clients before extending credit to them, especially clients with some noticeable levels of illiteracy. There is also need for a comprehensive analysis on the current poverty reduction models and their impact on the very poor, in terms of production capacity, owning productive assets and living meaningful lives.**

Keywords: **Financial Accessibility, Financial Sector, Poverty, Poverty Reduction, Northern Uganda.**

1. INTRODUCTION

Providing a better standard of living for citizens has been a serious concern for all countries over the world. Developing countries especially in sub-Saharan Africa are striving to achieve the sustainable development goals (SDGs) by developing programs that would lead to poverty reduction. Uganda's Vision 2040 is a policy plan that provides development paths and strategies to transform the country from one which is predominantly peasant and low income, to a one which is in a competitive upper middle income. The Vision points out on access to finance as the biggest challenge which is affecting the economy's competitiveness, the community needs to have access to financial services at an affordable cost and at the right time, to procure agricultural inputs, maintain infrastructure, and pay wages for labour involved in planting and harvesting. The community further needs to be financially included to have savings and money to pay fares when transporting goods to the markets (Kama & Adigun, 2013). Since poverty is a worldwide phenomenon which is not peculiar in Uganda, various international organizations, Governments and Non Governmental Organizations

ISSN 2348-3156 (Print)
International Journal of Social Science and Humanities Research ISSN 2348-3164 (online)
Vol. 7, Issue 2, pp: (271-281), Month: April - June 2019, Available at: www.researchpublish.com

have been trying out on how to combat the global surge of poverty. The United Nations in 2000, came up with eight millennium development goals in its millennium development summit and top on the list was eradicating extreme poverty and hunger from the world by 2015 (Awojobi, 2014).

More Ugandans are slipping into poverty with the number of poor people increasing from 6.6 million in 2012/13 to 10 million in 2016/17, according to the Uganda National Household Survey (UNHS) 2016/17 (UBOS, 2018). Although there was increase in the total number of poor people who live in Northern and Eastern Uganda between 2006-2013 from 68% to 84% (World Bank 2016), the proportion of the Ugandan population living below the national poverty line has declined from 31.1% in 2006 to 19.7% in 2013 (World Bank, 2016). This was as a result of peace in northern Uganda, which allowed farmers to take advantage of stable and favourable prices to double their crop income. Uganda National Household Survey (UNHS, 2018) observed that the proportion of the poor in Uganda increased to 21.4% in 2016/17 from 19.7% in 2012/13, while poverty incidence remained higher in rural areas at 31%, compared to urban areas which were at 15%. Poverty estimates in Uganda have further been disaggregated by region. The geographical dimension of poverty shows that the level of poverty differs across the region. .

UBOS, (2018) observed that northern Uganda and particularly the Lango sub-region experienced the highest decline of poverty levels in the north, with a reduction from 43.7% in 2012/13 to 32.5% in 2016/17. Whereas the progress is commendable much remains to be done to improve delivery of quality basic services to the people of northern Uganda as well as improve the income and secure the livelihood of the poor that is at risk of falling back into poverty in the event of a shock.

The role of financial intermediation on economic growth has been the subject of much concern in developing economies over the decades; this is so because little attention has been given on the impact of financial development on poverty reduction. Furthermore, prevailing poverty in the low-income countries especially Uganda and in Lango sub-region in particular is considered the root of all socio-economic problems and this is due to limited access to formal credit and financial services for the poor that is the cardinal factor behind this poverty.

Problem statement

Poverty level in the world has become a global issue and most humanitarian agencies and government's world over have embarked on handling this global crisis. Several strategies have been put in place to try to reduce poverty to a manageable level and amongst the strategies adopted by many included access to finance to all through financial institutions, which clients can access at affordable rates. In northern Uganda and Lango sub-region in particular, there are very many financial institutions operating in the region where clients can borrow money from to invest in the businesses of their choice. Despite the presence of these financial sectors such as Microfinance institutions, Cooperative societies and Commercial Banks and having a wide network of branches, their performance in terms of reaching out to the poorest and serving their needs remain very low (Imai, Arun and Annim, 2010). Accordingly, (UBOS, 2018) noted that poverty level in Lango sub-region stands at 32.5%. Finance deprivation is considered as one of the cardinal factors behind persisting poverty. Similarly Acha, (2012) noted that transaction costs were generally higher in most financial institutions and these financial institutions are dealing with many clients with small loans, and therefore the high cost is born by the clients who are already poor thereby increasing poverty level of the people. It is on this basis that this paper investigated the contributions of financial accessibility in supporting poverty reduction in Lango sub- region and come up with strategies to be adopted by stake holders to reduce poverty in the region

Objective of the study

To examine the contributions of financial accessibility in supporting poverty reduction in northern Uganda, Lango sub-region

2. LITERATURE REVIEW

Financial Accessibility

According to the Consulting Group to Assist the Poor of the World Bank, an estimated 2.7 billion people in the world have no access to formal financial services (CGAP, 2009). Similarly, Voica (2017) noted that when the poor and vulnerable people have access to affordable financial service, the seeds for sustainable growth are in place. Besides, ensuring the same opportunities to access a functional financial system to all, allows a quicker integration of socially excluded people to reach economic integration. United Nations, (2006) explained that access to a well-functioning financial system can economically and socially empower individuals, in particular poor people allowing them to better integrate into the economy of their countries, actively contribute to their development and protect themselves against economic shocks. Financial intermediaries help to build capital by accumulating scattered savings and enables the poor to borrow money from these accumulated savings to start micro and small sized enterprises (SMEs) a long with interest earning, which eventually reduces poverty by generating more employment and higher incomes (DFID, 2004). With the availability of financial services such as credit, saving and insurance, the poor can engage in riskier high-yielding activities, start micro enterprises and reduce their vulnerability to shock (Ellis, Lemma & Rud, 2010). Provision of financial accessibility to the excluded non poor entrepreneurs can have a strongly favorable indirect effect on the poor by generating more employment and higher incomes thereby reducing poverty (Beck, Demirguc-Kunt & Honohan, 2009). In most cases financial services depend on the geography, language, education, land titles as well as on the economic environment for investment and type of production (Richter, 2011).

A number of studies across countries and country level have also pointed out that financial sector development positively affects the poor by bringing structural changes in the economy, which increases employment opportunities (affects labour market) and reduces poverty and inequality (Gine & Townsend, 2004; Bect et al, 2010; Pagano & Pica, 2012 and Ayyagari, Beck and Hoseini2013). The poor benefit from access to finance by investing the borrowed funds into profitable small business opportunities and human capital formation such as education for children (Levine, 2008). Despite the presence of Microfinance institutions, Cooperative societies and Commercial Banks having a wide network of branches, their performance in terms of reaching out to the poorest and serving their needs remain very low (Imai, Arun and Annim 2010). Accordingly, Akhter & Daly (2009) showed that financial instability is an unintended negative consequence that arises with greater financial development (deepening of the financial sector). These authors showed that financial development is conducive in reducing headcount poverty; however, financial instability which accompanies financial deepening is harmful to the poor. Guillaumont, Jeanneney and Kpodar (2011) confirmed these findings, showing that although financial instability arising from financial development hurts the poor (measured by the income share of the lowest quintile) the benefits of financial development outweigh the overall cost. Bhattacharya & Hodler (2014) noted that countries with high extraction rates tend to be financially underdeveloped. Yunus (2003) stated that "Micro-credit is not a miracle cure that can eliminate poverty in one fell swoop, but it can end poverty for many and reduce its severity for others. Combined with other innovative programs that unleash people's potential, micro-credit is an essential tool in our search for a poverty free world.

David & Uzma, (2006) noted that $ 250 one year loan would raise a borrower's income by $12.50 per year or about 0.3 $ per day. For someone living on $ 2 per day, that is a 1.5 percent increase. Financial development therefore, boosts overall economic growth and development (Ajisafe & Ajide, 2014). Similarly Finance deprivation is considered as one of the cardinal factors behind persisting poverty (2008).The study conducted by, (World bank, 2001; Jalilian and Kirkpatrick, 2002) pointed out that a developed and well functioning financial system can strengthen the productivity of the poor by providing them with access to financial services, especially to the formal credit thereby, enhancing productive assets of the poor and increases their potentiality for earning sustainable livelihoods. Joynal, (2016) noted that financial development reduces poverty directly by providing greater credit access along with savings opportunity for the poor and indirectly via promoting economic growth. Most micro finance clients fall around or just below poverty line (Helmes, 2006). In his study, Odhiambo, (2010) noted that the development in financial intermediaries helps to increase domestic savings, which cause poverty reduction. Acha, (2012) noted that transaction costs were generally higher to most financial institutions since they deal with many clients with small loans. The poor infrastructure in the rural areas creates an additional costs due to bank's necessity to provide their buildings with water , electricity, internet and this complicates the outreach of the financial institution and when adding everything up, the high operational costs put them at a big competitive disadvantage. Gauging the effect of financial sector development on poverty it is important not only for academics, but also for policy makers in developing countries who have to prioritize among multiple policy reforms to help their societies out of poverty and grow faster. While increasing access to credit services through microfinance, there has also been a question of other financial institutions charging excessive interest rates that hold the poor back into poverty (Bruhn & Love, 2013).

Poverty reduction

Tackling poverty through access to finance has always been a major concern to all countries. Notwithstanding its critical role in alleviating poverty, improving access to credit, promoting savings to enhance livelihood should be the major focus of poverty stricken countries. David & Timothy, (2002) defined poverty as absence of resources comparative to needs. Poverty is a condition in which low income people cannot meet basic needs. This situation may lead to many difficulties like decreased health facilities, high illiteracy rate and quality of life (Okibo & Makanga, 2014). Poverty, according to the World Bank and Department for International Development (DFID) refers to individuals not having the opportunity to resources, which put them in a condition of despair, hopelessness, precautious situation, exposing them to economic shocks vis a vis political, economical and cultural marginalization. We have to operationalize poverty in the context of this paper. (Acha, 2012) noted that individual behavioral practices such as extravagancy, laziness, alcoholism and lack of cooperation cause poverty (UPPAP, 2000). Excessive alcohol drinking leads to poor health and failure to provide for the household, leading to poverty. Similarly, (Appleton, 2001) noted that population pressure on natural resources such as land and forest exacerbate poverty. Africa is said to be the subsequent fastest rising economy in the world after Asia, with an average yearly Gross Domestic Product (GDP) in excess of 5% over the last decade (African development Bank-AFDB, 2013). Despite this growth, the continent has reflected in the last decade, the benefit of such emphatic macroeconomics results is not widely spread among the countries in the continent. Majority of the African population still lives in abject poverty. International Standard Poverty measures such as that of the World Bank (2001) is useful in identifying the poor and the very poor.

World Bank (2013) noted that 48.5% of sub-Saharan Africans still live on less than $ 1.25 a day. With this criterion, people living on less than $1 a day are considered the poorest and those that consume less than $ 2 a day are classified to be poor- that is, are living below poverty line. IMF, (2014) noted that government of Uganda needs to harness poverty by reducing the potential of structural transformation or shifts in the sectoral share of employment and GDP in favour of more productive and dynamic activities. Daniel & Minor (2015) found out that poverty in Uganda between 1995 and 2010 has fallen much more slowly than suggested by official poverty statistics As the number of people living in poverty reduced, the number of people living just above the poverty line and vulnerable to falling back into poverty in the event of shocks and stress has increased (World Bank, 2015). Besides income and consumption, other dimensions such as access to education, health, housing, vulnerability, social exclusion and access to social capital are very important in targeting the poor and the poorest (Aguilar, 2006) Accordingly, Byekwaso (2010) noted that “reduction in poverty is a fiction” He critiques the consumption expenditure method to determine income and suggest that ownership of assets should be included in order to assess the true standard of living.

Kakande (2010), after reporting the rapid decline in poverty rates, acknowledged qualitative findings on poverty trends, which suggest that there was a decrease in well-being overall despite the drop in poverty. Poverty has also a gender dimension as men and women are often poor for different reasons, experience poverty differently and have differing capacity to withstand and or escape poverty (World Bank, 2015). Similarly Nyakambi, (2014) stated that poverty is often embedded in social structures that exclude the poor. World Bank, (2001) noted that 70% of the world’s poor are female on average and that women’s share of GDP in developing countries is less than 50% of men’s. Poverty is more common in young families, for example when asset ownership is lower and dependency ratios are higher. This means poverty is experienced for most of one’s life and often passed onto ones children (CPRC, 2004). Exclusion from political, social and economic institutions is part of a vicious cycle that leads to low capability levels, which in turn reduces the ability of the people to escape poverty and horizontal inequalities between groups, gender and religion thus making up a significant proportion of overall inequality(World Bank, 2005; Inter Regional Inequality Facility, 2006)

There is always a large regional difference in the impact of growth on poverty across countries (Aryeetey & McKay, 2007). Evidence also suggests that rates of poverty reduction depend on the sectoral composition of economic growth (Loayza & Raddatz, 2006; Christiaensen & Demery, 2007). Attempts have been made to reduce poverty by World Bank, Non-Governmental Organizations and International Monetary Fund to influence it by developing poverty reduction strategies (Chakravarty & D’Ambrosio, 2013). Accordingly, Donou-Adonsou & Sylwester (2016) noted that financial sector development may reduce poverty, using a plethora of poverty measures as their dependent variables. Shylendra, (2011) reveals that cooperative associations formed by informal workers have been helpful in allowing the poor to have access to credit from microfinance institutions by overcoming the basic problem of collateral faced by the poor.

ISSN 2348-3156 (Print)
International Journal of Social Science and Humanities Research ISSN 2348-3164 (online)
Vol. 7, Issue 2, pp: (271-281), Month: April - June 2019, Available at: www.researchpublish.com

Nyakambi, (2014) found that access to credit positively contributes to alleviation of poverty at household level by providing access to finance to low income earners, less educated and those in the informal sector, which helps in expansion of business, acquisition of better residence, education, health and improved welfare. Muhumuza, (2007) noted that once the insufficiency of income is simplified, it's easier to argue that the national growth of material wealth is all that is required to overcome the phenomenon of poverty. When individuals cannot access goods and services enjoyed by fellow citizens, it's unacceptable but is deemed to be a life threatening condition as absolute poverty (Mwanga, 2001)

3. METHODOLOGY

The study was conducted in the districts of Lira, Apac, Amolatar, Oyam and Otuke. These districts were chosen because they were unique and a lot of government programs had been running in support to poverty reduction. A cross sectional study design was used because data was collected once from the respondents. A sample of 320 respondents selected from the five districts of Lango. The structured and close-ended questionnaire were developed using a five likert scale ranging from 1-5, which indicated (strongly disagree, disagree, neutral, agree and strongly disagree). Using questionnaire would be less biased and increased the quality of data being collected (Sekaran2006).

4. DATA ANALYSIS

Factor analysis was used in determining the accuracy and measuring the instrument. Cooper & Schinder (2011) noted that factor analysis looks for patterns among variables to discover if underlying combinations of original variables summarized the original set and reduce variables to a manageable size. A correlation was used to establish the strength of the relationship between financial accessibility and regression analysis was also used to provide a linear prediction in poverty reduction as a result of changes in financial accessibility.

5. FINDINGS

Demographic characteristics

The study sought to understand the different demographic characteristics of respondents. In particular, gender, age, marital status, highest level of education, nature of employment, income per day and household size were examined.

Table 1: Demographic characteristics of respondents

Variable	Category	Frequency	Valid Percent
Gender	Male	300	67.3
	Female	146	32.7
	Total	446	100
Age	20 – 29	115	25.8
	30 – 39	179	40.1
	40 – 49	65	14.6
	50 and above	87	19.5
	Total	446	100
Marital status	Single	240	53.8
	Married	182	40.8
	Others	24	5.4
	Total	446	100
Highest level of education	Primary and below	85	19.1
	Secondary	138	30.9
	Above secondary	223	50
	Total	446	100
Source of income	Formal employment	228	51.1
	Informal employment	138	30.9
	Casual labor	80	17.9
	Total	446	100
Daily income	Below 10,000	206	46.2
	10,000 to less than 30,000	134	30

	30,000 to less than 50,000	68	15.2
	50,000 and above	38	8.5
	Total	446	100
Household size	1 -3	211	47.3
	4 – 6	166	37.2
	over 6	69	15.5
	Total	446	100

Out of the study participants, 63.7% were male while 32.7% were female, which indicates male dominance in the study. The male dominance was due to the accessibility to men than women at the time of data collection. Majority of the participants were below 40 years of age, of which 40.1% belonged to the 30 – 39 age bracket while 25.8% belonged to the 20 – 29 age bracket. In addition, 19.5% were above 50 years old while 14.6% belonged to 40 – 49 age brackets. The age distribution indicates that few older men and women were accessible for investigation. In respect to marital status, 53.8% confirmed to be single while 40.8% were married. A very small percentage (5.4%) indicated the 'others' option, pointing to widowhood and separation. This implies that majority of our participants were not involved in familial roles and responsibility. The findings further revealed that 30.9% of the participants had attained secondary education and were the majority followed by 50.0% whose education was above secondary. Only 19.1% of the participants had attained at most primary education. In line with education, 51.1% had formal employment, 30.9% had informal employment while 17.9% were casual laborers. In view of their daily income, 46.2% barely earned Uganda Shillings- UGX 10, 000 a day and were the majority followed by 30.0% who earned above UGX 10,000 but not exceeding 30,000, followed by 15.2% who earned above UGX 30,000 but not exceeding 50,000. The smaller percentage of participants who earned over UGX 50,000 suggests that majority of the participants might not be having access to financial services. A very small percentage (8.5%) was earning at least UGX 50,000. Majority of the participants were earning low incomes, which might take them longer to reduce their poverty levels. The variations in employment and income indicates why 47.3% could only carry a family size of between 1 – 3 children, followed by 37.2% who had a family size of 4 -6 while only 15.5% had a family size of over 6 children. Majority of the participants had manageable families, which would not hamper their efforts in poverty reduction.

Financial access

The study sought to understand the extent to which participants viewed financial access in their households. To address this objective, frequencies and percentages formed the basis of analysis.

Table 2: Financial Accessibility

Variable list		Disagreement	Not Sure	Agreement	Ranking
1.	Formal financial services	11.2	9.6	79.1	1
2.	Starting a personal business	12.6	8.3	79.1	2
3.	Domestic savings	12.6	9.4	78.0	3
4.	Affordable financial services	15.0	9.0	76.0	4
5.	Investing in profitable business	16.4	9.0	74.7	5
6.	Financial shocks	17.0	9.2	73.8	6
7.	High yielding activities	12.8	13.7	73.5	7
8.	Banks meet the needs of the poor	21.3	9.4	69.3	8
9.	Sustainable livelihood	20.4	11.0	68.6	9
10.	Equal opportunity to financial access	17.0	15.2	67.7	10
11.	I have all it takes to access finances	25.1	9.0	65.9	11
12.	Children education	24.9	10.1	65.0	12
13.	Raising income	22.9	12.3	64.8	13
14.	Productive assets	27.8	10.8	61.4	14
15.	Banks reach the poor	26.5	15.0	58.5	15
16.	Productivity capacity	33.0	12.1	54.9	16
Total		**19.78**	**10.82**	**69.39**	

The findings indicate that 79.1% had access to formal financial services, which has enabled them to start personal businesses. The paper further noted that 78.0% of the participants linked their increase in domestic savings to access to finance while 76.0% found financial services affordable. 73.8% of the participants had been able to make some investments in profitable ventures. Notwithstanding, 33.0% of the participants denied improving their production capacity, perhaps because banks had not done enough to reach the poorest as reported by 26.5%, which limited them from acquiring productive assets (27.8%) and raising their income (22.9%).

The study also sought to establish the extent to which access to finance had impacted on poverty reduction. Table 3 shows participants' views.

Table 3: Poverty reduction

Variable		**Disagreement**	**Not Sure**	**Agreement**	**Ranking**
1.	Owning personal assets	15.7	9.4	74.9	1
2.	Less dependency burden	15.9	9.2	74.9	2
3.	Household provision	17.9	7.8	74.2	3
4.	Non-alcoholic	15.5	10.5	74.0	4
5.	Housing facility	17.5	9.2	73.3	5
6.	Economically positioned	19.3	7.8	72.9	6
7.	Active behavioral practices	18.2	13.7	68.2	7
8.	Credit from lending institutions	22.4	9.9	67.7	8
9.	Quality life	23.3	10.3	66.4	10
10.	Choice of schools	26.0	8.5	65.5	11
11.	Social capital	18.4	16.4	65.2	12
12.	Living meaningful life	26.0	10.1	63.9	13
13.	Solving illiteracy problems	26.5	9.9	63.7	14
14.	Adequate resources than my needs	26.5	12.1	61.4	15
15.	Cooperation with people	24.2	16.1	59.6	16
16.	Better health facilities	33.4	13.2	53.4	17
Total		**21.7**	**10.9**	**67.4**	

The study revealed that 74.9% of the participants owned some personal assets and were easily managing their dependency burdens. Similarly, 74.2% found it easy to provide for their households perhaps because they were not consuming alcohol (74.0%). Although, 33.4% expressed inability to access better health services 26.5% expressed inadequacy of resources beyond their basic needs especially the illiterates. Meanwhile 26.0% did not live meaningful lives as expressed by their inability to take their children to schools of their choices.

Table 4: Regression coefficients

	Unstandardized Coefficients		**Standardized Coefficients**		
	B	**Std. Error**	**Beta**	**T**	**Sig.**
(Constant)	39.9185	2.4959		15.9937	0.000
Financial Access	0.2909	0.0430	0.3055	6.7604	0.000
R	0.3055				
R Square	0.0933				
Adjusted R Square	0.0913				
Std. Error of the Estimate	8.1320				

a Predictors: (Constant), Financial Access

b Dependent Variable: Poverty Reduction

ISSN 2348-3156 (Print)
International Journal of Social Science and Humanities Research ISSN 2348-3164 (online)
Vol. 7, Issue 2, pp: (271-281), Month: April - June 2019, Available at: www.researchpublish.com

The findings revealed a weak positive significant relationship between financial access and poverty reduction (r =.3055; sig. <.05). The statistics imply that promoting financial access has a weak association with poverty reduction. Using (Adjusted R Square = .0933) it can be observed that financial access accounts for 0.09%, which is indeed very negligible. The statistics imply that the current level of poverty among the participants cannot be explained by financial access. However, t-statistics are such that -2.0 $\geq$ t-statistic $\geq$ 2.0 which suggests that financial access, if considered and analyzed can provide a practical impact on poverty reduction.

6. DISCUSSION

The study sought to establish the role of financial access in supporting poverty reduction in the districts of Lira, Apac, Amolatar, Oyam and Otuke, Lango sub-region northern Uganda. The findings indicated that a reasonable population had access to formal financial services, which enabled many respondents to realize increasing domestic savings. The finds seem to disagree with (CGAP, 2009) which reported that 2.7 billion people in the world have no access to formal financial services. The contradictions in the findings can be explained on the time-factor basis. CGAP conducted their study 10 years ago, which suggests a possibility that financial accessibility in the districts investigated could have taken astride. The paper further indicates that financial accessibility had a bearing on participants' domestic savings. The findings agree with (Odhiambo, 2010) who opined that the development of financial intermediaries helps in increasing domestic savings, which savings contribute to poverty reduction. Financial institutions are established with the goal of mobilizing savings on behalf of clients for investment purposes. The more people save the higher their potential to invest, which consequently has a bearing on poverty reduction. Lango sub-region is steadily developing and has attracted a lot of commercial banking business, (DFCU bank, Stanbic bank, Centenary bank, Housing Finance bank and Post bank) in addition to microfinance and mobile money agents. Considering the incomes of the participants however, there is a possibility that access to formal financial services was viewed in respect to mobile money and SACCOs, which view is in line with (Shylendra, 2011) who once advanced that cooperative associations formed by informal workers were helpful in allowing the poor access credit from microfinance institutions. The aspect of affordability of financial services came to light in the current study. This view suggests affordability of SACCO loans which, rural agriculturalists run for during the peak seasons (planting and harvesting season) to pay for both agricultural inputs and wages to labor force involved in the production.In light of access to formal financial services, the paper noted low increase in the production capacity of the poor. Formal banks had not done enough to reach the poor to enable them acquire productive assets and freely access financial services, which disagrees with (Joynal, 2016) who posited that financial developments reduce poverty and directly promotes growth. We note that some participants owned some personal assets and were easily managing their dependency burdens. This supports (World Bank, 2001; Jalilian & Kirkpatrick, 2002) who observed that a developed and well-functioning financial system enhances the productive assets of the poor and increases their potential for earning sustainable livelihood. The study indicated that participants found it easy to provide for their households as they were not so much into alcohol consumption. The study agrees with (UPPAP, 2000) that behavioral practices such as extravagancy, laziness, alcoholism and lack of cooperation cause poverty. Excessive drinking was found to lead to poor health and failure to provide for the household and poverty. This paper confirmed a positive weak significant relationship between financial accessibility and poverty reduction. The statistics thus disagrees with (Donou-Adonsou &Sylwester, 2016) who noted that financial sector development may reduce poverty. Similarly, the paper disagree with (Shylendra, 2011) who revealed that cooperative associations formed by informal workers had been helpful in allowing the poor accessed credit from microfinance institutions. Poverty is likely to increase with financial accessibility when the interest charged on the loan is high and that borrowers fail to repay the loans. This results into seizing of the collateral mortgaged, which in most cases are household productive assets like land. Secondly, financial accessibility may have a low impact on poverty reduction if borrowers are not trained on proper financial management. Consequently, money borrowed for startup capital may be turned into improving well-being.

7. CONCLUSION

This study focused on the role of financial accessibility in supporting poverty reduction inLango sub-region, northern Uganda. It established that financial accessibility had a weak effect on poverty reduction. In communities where financial accessibility has been made affordable, the masses have been able to realize increased domestic saving that enabled them to start personal businesses and invest in profitable businesses. Lango sub-region had many commercial banks, microfinance institutions and mobile money services. However, these financial institutions had not done much to reach the poor, which limited their productivity capacity and capacity to acquire productive assets. While there are isolated pockets of poverty reduction as expressed by participants' ability to own personal assets and easy management of dependency burdens, a few individuals had access to better health facilities. Nonetheless majority of the participants reported to be non-alcoholic, had inadequate resources than their needs and illiteracy is on the increase. Perhaps this could have been one of the factors that hampered their ability to live meaningful lives and to take their children to schools of their choices. In conclusion, strides to promote financial accessibility are highly commendable, though poverty remained problematic even among those who have access to financial resources.

8. RECOMMENDATIONS

While there are many banking institutions (formal and informal) in Lango sub-region, these institutions have not done much to reach the very poor in the region. These banks should develop financial products tailored to the needs of the very poor. Whereas the informal financial institutions are reachable to the very poor, they are highly self-doubting and majority of the poor have on several occasions lost their paltry savings with them. Thus as efforts to promote financial accessibility in Lango sub-region and Uganda as a whole are pronounced, majority of Ugandans are deficient in financial prudence and financial management. Financial institutions should therefore endeavor to offer financial management training to their clients before extending credit to them, especially clients with some noticeable levels of illiteracy. This paper indicated some level of poverty even among those who had financial accessibility, which suggests its limitation in contributing to poverty reduction. This paper brings to light the limitation of financial accessibility as a poverty reduction strategy. Therefore, there is need for a comprehensive analysis on the current poverty reduction models and their impact on the very poor, in terms of production capacity, owning productive assets and living meaningful lives.

REFERENCES

[1] Acha, C.A (2012) Microfinance Banking in Nigeria: Problems and Prospects. *International Journal of Finance and Accounting 2012, 1(5): 106-111* DOI: 10.5923/j.ijfa.20120105.04

[2] Aguilar,G (2006) Is Micro Finance reaching the poor? An over view of Poverty Targeting Methods. Available at: http://www.globenet.org/archievs/web/2006/www/globenet.org/horizon-local/ada/c18.html.Accessed on 26/6/ 2008

[3] Ajisafe, R.A & Ajide, F.M (2014) Bank competition and economic growth: Evidence from Nigeria(1986-2012). *Journal of Emerging Trends in economics and Management Sciences, 5(5), 419-425*

[4] Akhter, S., & Daly, k (2009). Finance and Poverty: evidence from fixed effect vector decomposition. Emerg.Mark.Rev.10,191-206

[5] Appleton,S ., (2001)"Changes in poverty and Inequality" In Ritua Reinikka and Parl Collier (eds)Uganda's Recovery" The role of Farms and Government, Kampala Fountain Publishers

[6] Aryeetey, E., & McKay, A., (2007)"Ghana: The challenges of translating sustained growth into poverty reduction" Ch.6 in Timothy Besley and Louise Cord (eds). Delivering on the promise of pro-poor Growth. Washington DC; Palgrave Macmillan and the World Bank.

[7] Awojobi, O.N., (2014) Microfinance as a strategy for poverty reduction in Nigeria: Empirical Investigations. *International Journal of Current research Vol.6, issue, 09,pp 8944-8951- September 2014*

[8] Ayyagari,M., Beck, T.H.L and Hoseini, M., (2013) Finance and Poverty: *Evidence from India. Discussion Paper No. 9497, CEPR*

[9] Beck,T., Demirguc-Kunt, A., & Honohan,P., (2009). Access to financial services: Measurement, Impactand Policies. *World Bank Res Obs 24, 119-145. doi: 10.1093/wbro/ikn008*

[10] Beck,T., Levine,R and Levkov, A (2010). Big bad banks? The winners and losers from bank deregulationinthe United States. *The Journal of Finance, 65(5), pp, 1637-67*

[11] Bhattacharyya, S., & Hodler,R., (2014) Do natural resource revenues hinder financial development? The role of political institutions. World Dev. 57,101-113.

[12] Bruhn,M., and Love, I., (2013). "The Economic Impact of Banking the UN Banked": Evidence from Mexico. *Journal of finance forth aiming*

[13] Byekwaso, N., (2010) "Poverty in Uganda" *Review of African Political Economy 37(126): 517-525*

[14] Chakravarty, S.R., & D'Ambrosio,C (2013). An Axiomatic approach to the measurement of povertyreduction failure. Economic Modeling 35,874-880

[15] Christiaensen, L & Demery, L (2007).Down to Earth: Agriculture and Poverty Reduction in Africa. World Bank, Washington DC

[16] Consulting Group to Assist the Poor/The World Bank.(2009) Financial access 2009: Measuring accessto financial services around the world. Washington DC: The World Bank Group

[17] CPRC (2004). The Chronic Poverty Report 2004-05. Manchester: *Chronic Poverty Research Center. http://www.chronic poverty.org/resources/cprc_report*_2004-05 contents.html

[18] Daniel, L and Minot ,N., (2015). Is poverty Reduction Over-Stated in Uganda? Evidence from alternative poverty measures. *Social indicators research 121:115-133*

[19] David. J & Timothy, S (2002) Poverty levels in Developed World. Luxembourg Income study working paper series. Working paper No. 321

[20] David. R., & Uzma .Q., (2006) Microfinance as Business: Center for Global Development, Washington, DC

[21] Donou-Adonsou, F., Sylwester.,, K., (2016) Financial development and Poverty reduction in developingcountries: New evidence from banks and microfinance institution. Rev. Dev. Financ.6, 82-90.

[22] Ellis, K., Lemma, A., Rud, J-P., (2010) Investigating the impact of access to financial services on household investment, Department of international Development (DFID) London, UK

[23] Gine, X and Townsend, R. M., (2004). Evaluation of financial liberalization: a general equilibrium model with constrained occupation choice. *Journal of development Economics, 72(2) pp, 269-307*

[24] Guillaumont Jeanneney, S., Kpodar, K (2011) Financial development and poverty reduction: Can therebea benefit without cost? J.Dev.Stud.47, 143-163

[25] Helmes, B. (2006) Access for all: Building inclusive Financial System. Washington: The International Bank for Reconstruction and Development

[26] Imai, K.S., Arun,T. and Annim, S.K (2010). Microfinance and household poverty reduction: Newevidence from India. World Development, 38(12), pp. 1760-74

[27] Inter- Regional Inequality Facility (2006) "Overview,February.http://www.odi.org.uk/interregional_inequality/ papers/ interregional/inequalityFacility_overviewpaper_ODISecretariate.pdf

[28] International Monetary Fund (2014). Uganda Poverty Reduction Strategy paper progress report. IMF country report No. 14/354. *International Monetary Fund Washington DC*

[29] Jalilian, H., & Kirkpatrick , C., (2002) Financial Development and Poverty Reduction in developing Countries. *International Journal of Finance & Economics,* 7, 97-108

[30] Joynal , A. (2016) Financial Development and Poverty Reduction: Exploring the Links between theIssues Using Evidence from Bangladesh, *International Journal of Financial Research Vol. 7, No.4,2016*

[31] Kakande, M., (2010) Poverty Monitoring .In F. Kuteesa, E.Tumusiime- Mutebile,T. Trends. Uganda'sEconomic Reforms. Insider Accounts. Oxford: Oxford

[32] Kama, U. & Adigun, M (2013) Financial Inclusion in Nigeria: Issues and Challenges. CBN Occasional Paper, No 45, 6-39. Retrieved on 12th January , 2014 from www.cenbank.org.

[33] Levine, R (2008) Finance and the Poor. *The Manchester school, 76,1-13*

[34] Loayza, N & Raddatz, C. (2006): "The composition of growth matters to poverty reduction, "mimeo, Development Research Group, World Bank.

[35] Muhumuza, W (2007) Credit and Reduction of Poverty in Uganda: Structural Adjustment Reformsincontext. Fountain Publishers, Kampala

[36] Nyakambi, A.G. (2014). Effect of microfinance credit on poverty alleviation at household level in Nakuru County. Unpublished MBA project, university of Nairobi.

[37] Odhiambo, N.M. (2010) Is financial development a spur to poverty reduction? Kenya's experience. *Journal of Economic studies, 37,343-353*

[38] Okibo, B.W & Makanga, N (2014) Effects of Micro Finance institutions on poverty reduction in Kenya. *International Journal of Current Research and Academic review 2(2) 76-95*

[39] Pagano, M and Pica, G . (2012) Finance and Employment. Economic Policy, 27(69), pp. 5-55

[40] Republic of Uganda (2000) *Uganda Participatory Poverty Assessment process (UPPAP)pp13-20*

[41] Richter, P. (2011). Rural policy brief. *International Labour Office Publication.* Retrieved on June,23,2015,from www.ilo.org.

[42] Shylendra H. S (2011) Microfinance and cooperatives: Can the poor Gain from their coming together?Retrieved from https://www.irma.ac.in/user/facultypdf/23.pdf

[43] United Nations. (2006). Building Inclusive Financial Sectors for Development, New York.

[44] Voica, MC. (2017) Financial Inclusion as a Tool for Sustainable Development. http://www.researchgate.net/publication/320710010

[45] World Bank (2001) World Development report 2000/2001: Attacking poverty. *World developmentreport 2000/2001 attacking Poverty*

[46] World Bank (2013) End extreme poverty 2030 Promote shared prosperity. Annual report. WashingtonDC. World Bank

[47] World Bank (2015) Uganda Systematic country diagnostic: *Boosting Growth and Accelerating poverty reduction. December 4th 2015*

[48] World Bank, (2005b) Summary of performance Based allocation system for IDA14.http://siteresources.worldbank.org/IDA/Resources/ANNEX1COIA.pdf

[49] Yunus, M (2003) Banker to the Poor. Micro-lending and the battle against world poverty. *Public Affairs, New York*