

Impact of banking services on Small and Medium Enterprises in Rwanda Case of Bank of Kigali, Muhanga Branch

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Abstract- Target of this research were to examine the roles of Bank services on in Bank of Kigali, Muhanga branch, Rwanda. This study will be helpful to the researcher to gain more experience of conducting other research studies, to facilitate Rwandans to establish and adopt more approaches to develop SME's within the country which are also the source of money from taxpayers, to develop SME's and to increase the income of people running SME's. In this study the research design was explanatory using quantitative and qualitative approach where data was obtained by the use of questionnaires, interview and observation in order to obtain the required information. The target population of this research was 5189 and the sample size was 98 respondents.. Findings shown table 4.10 and table 4.11 revealed that the calculated X^2 at 0.05 is 39.096 of Table value is $X^2_{5\%}(15) = 24.996$, it means that the calculated X^2 is greater than table value; the results were significant on the level of 0.05 significance level and Table 4.13 and table 4.12 indicates the results of deposit mobilization and saving and the performance of SME's activities. From the results, the analysis revealed that the calculated X^2 at 0.05 is 51.436; table value is $X^2_{5\%}(24) = 36.436$, Table 4.15 indicates the results of the bank as means of payment and money remittance and the performance of SME's activities. From the results, the analysis revealed that the calculated X^2 at 0.05 is 31.627; Table value is $X^2_{5\%}(15) = 24.996$, it means that the calculated X^2 is greater than table value; the results were significant at 0.05 significance level recommendation were addresses to Ministry of trade and industry should set policies that facilitates the banks' clients, the businessmen in particular to find loans easily and with low rates of interests, government should intervene in sensitizing the people to use banks in saving their money. This would help banks to raise their capital, the Bank of Kigali should provide good banking services in terms of depositing withdrawing and providing loans to businessmen since they promote their business, the businessmen should learn to ask for loans to widen their business, They should use money remittance services to avoid theft case that can occur. as conclusion based on revealed results, Results indicates different services offered by banks like loans supplied, deposit mobilization, money remittance, savings and using bank as means of payment can help

the businessman in different activities like capital creation, Safety and custody savings of money, creation of innovation, facilitation of investment and job creation, Trading activities, higher standards of living and this study has shown that banking services contribute a lot to the development of SME's activities

Index Terms- Bank services, small and medium enterprises, bank of Kigali, SME's performance

I. INTRODUCTION

Bank have great importance in credits extensions to the clients through mobilization of money saving and to increase funding financial activities through social economics activities like manufacturing technology, trades, commerce, agriculture modernization. Bank often played the role of deposits from different groups of clients and spread credit to more organization /firms or persons in any economics (Rose *et al.*, 2013).

National economy is based on financial institutions and particularly, promote the small and medium enterprises means that bank services and many others businesses are the backbone of nation developments. Banks have main purpose of the financial services provisions in all regions for everyone in marketable and sustainable way of investments. Attention is made to the business based agriculture, private owned company, formers, mediums and micro enterprises (AMIN, 2005).

Rwanda is one of developing countries and it tried to be integrated in more regional, international groups based on socio economic developments where Rwanda accessed to one of the member of Easter African community (EAC) from June 2007, also Rwanda became one of the part of COMESA and member of Economic community of the Great lakes (CEPGL), This helps Rwanda to be part of competitors of regional markets and access more benefits from global trades liberalizations and Liberate Rwanda to access global market from Europe, America and Asia. (EDPRS, 2007). For any country, banks participate and promote national Gross Domestic Products through promotion of all financial services and commercial activities of the country economy, mostly economy based to internal, rural and urban

trades which describes the whole sales and retails trades whose averages economic growth decreased considerably due to international monetary calamity that impacted most of developing country countries(BNR,2010).

Rwanda target was to establish clear economic growth down and poverty reductions measures where global trades is one of the keys roles and tools to influence Globalization. Some measures and policies were adopted by Rwandan governments like developed international trade to make all goods and services available on the global and international markets, create, innovate, introduce professional trade and promote domestic market supplies improvements (Beattie, 2013). Consequently, to reach process of poverty reductions goal will requires larger participation of the poorer who over whelming resides in different country areas, financials services, this in turns needs the alleviations of the challenges that decrease their involvements in global and common markets . Small and medium enterprises is main channel for poverty reductions require banks investment so as to help people with goodwill to start and grow the business projects (Rwanda, 2005).

Rwanda is one of developing countries and it tried to be integrated in more regional, international groups based on socio economic developments where Rwanda accessed to one of the member of Easter African community (EAC) from June 2007, also Rwanda became the part of COMESA and member of Economic community of the Great lakes(CEPGL and the member of Economic community of the Great lakes (CEPGL) ,This helps Rwanda to be part of competitors of regional markets and access more benefits from global trades liberalizations and Liberate Rwanda to access global market from Europe, America and Asia.(EDPRS,2007).For any country , banks participate and promote national Gross Domestic Products through promotion of all financial services and commercials activities of the country economy , mostly economy based to internal , rural and urban trades which describes the whole sales and retails trades whose averages economic growth decreased considerably due to international monetary calamity that impacted most of developing Countries (BNR,2010).Bank facilitates its clients and other potential customers in many ways. They should be able to secure loans, and other services in other to improve the performance of their businesses. (Boyne& Walker, 2010). However, the status of many clients has not improved and the creation of new businesses and jobs has not been very common with clients of most Banks. Securities given for loans have been auctioned and many people who get banking services never improve (Carrol,2007)

Reason of the research is to examine how bank of Kigali (BK)/ Muhanga branch support various stakeholders and how it can improve this role as well as understand why some bank clients fail to succeed in their goals. The study discovers areas, where SME's activities need special assistance of bank services. Purpose of this research were to analyze banks services on SMEs in Rwanda. Case of Bank of Kigali, Muhanga Branch
The specific objectives were the following:

- i. To Examine types of loans supplied by bank of Kigali to the SMEs in Rwanda
- ii. To establish the level of deposit mobilization & savings in Bank of Kigali

- iii. To analyze the relationship between role of banks as a means of payment and remittance-transfer of funds from bank of Kigali to the SME's.

2. LITERATURE REVIEW

2.1 Theoretical literature

Literature related to banks activities focus and address the input from the surroundings are managed by the bank, which then results into outcomes. As indicated in this study , banks are the created organization with many services they offer to their clients; their output is seen to be SME's activities through which it facilitates the businessmen to perform their activities (Choo,2018)

2.1.1 Significance of Banks on the financial markets

The significance of banks in the financial markets is described as financial transitional, which manage the utilization of loans and deposits service to effective way of providing funds to the general public into manageable productions and use of other projects as kind of investment with the purpose of promoting people welfare and helping them to reach their goals and bright future.

It facilitates people to mind carefully their future development and create more profitable businesses opportunity and defend themselves against different failure(Christian & Alemante,2012).

Advanced banks technologies have changed banks from the traditional bricks and mortar infrastructures to the technological systems like automated teller machine (ATM), cards for credits and debits, internet banks services, online money transfer. The use of banks technology is still limited only to some segments of general publics or society (Claudia & Deodat, 2011).

In Rwanda, banks service have been grown rapidly with many clients profiting from very understandable increases in the outreach over hundred new physical services within 5 years as well as ATM cards and cards product, agency banking model based on the type of banks (MINECOFIN, 2012).

2.1.2 Commercial Banks in Rwanda

In Rwanda there are a lot of commercial banks like banque Populaire du Rwanda, bank Commerciale du Rwanda, Kenya commercial bank, GT bank, Ecobank, Cogebank, ABbank, BK, Urwego bank opportunity and Umurenge SACCO. All those banks provide limited people who leave in cities and urbans, most of them are in Kigali excluding banque Populaire du Rwanda Umurenge SACCO and Bank of Kigali which have more branch and sub branch in rural areas with the purpose to provide financial services to many people including rural and urban in markets targeted and to guarantee financial sustainability, with the focus of cooperatives characteristics (HABARUREMA, 2011).

Banks focused mainly to the business based on agriculture activities, farming activities, privates partnership and other business including SME's. Main goal of financial sectors developments and increase of financial inclusions in Rwanda to enhance the Rwandans lives.

The bank led theory is the second one used to relate this research as it focused on how financial organization such as banks serve the financial services through different agents, where the banks promote financials products and service but issue them through retail agents. This is the way that banks use to mobilize

people use of banks services specifically money deposits has new system to increase the access of financial inclusions and motivate banks transactions in the areas where the banks services and infrastructures are not presented. This system helps banks to enhance its deposits and leads to financial increase and performances. Bank-led model offers a distinct alternative to conventional branch-based banking in that customer conducts financial transactions at a whole range of retail agents instead of at bank branches or through bank employees (Jost *et al.*, 2000).

2.1.3 The role of loans supplied by bank to the performance of SME's activities

Financial markets are capital transferred from many investments to companies and businesspersons with benefitable investing chances and in turn risks, distributions and efficiently across all investors. Financial structures, absence of market frictions does not modify the bank services. The significance of the financial market and organization happens when they facilitate to solve some financial problems that researcher revealed in real financial market (Diamond *et al.*, 2018).

Loan help clients to change their standards of livings by the using currency to get houses, cars other others expensive goods that they should not have enough money (Habarurema, 2011). Loans facilitate business and create opportunities new goods and therefore raise employments rate and economics growths. Finally, commercial banks target loans repayments, they select debtors carefully and evaluate financial performance of the organization managers very closely. This facilitate to ensure that financial projects and that organization companies are run efficiently and this facilitate good health, good use of resources, effective economy. In advance, more stakeholders from different companies get loans to be benefitable and manage effectively, banks participate as monitor for stakeholders who could not be presented on the regular basis to follow company managing (Maroa & Muturi, 2015).

According to (Katang, 2008) in the most basic terms, commercial banks take deposits from individual and institutional customers, which they then use to extend credit to other customers. They make money by earning more in interest from borrowers than they pay in interest to those whose deposits they accept. They are different from investment banks and brokerages in that those kinds of institutions focus on underwriting, selling, and trading corporate and municipal (Meyer, 2017). Therefore, one of the most important ways leading to financial performance is the effective use.

2.1.4. The role of bank as means of payment and remittance to the performance of SME's activities.

Remittance is described as process by which money are use from one area to another and banks give opportunities of transactions to the clients and benefits more services banks charges. Banks transfers services helps and facilitate short term money management, payments of goods and safe keeping, trading, housing, cross trading corporation and bank customers. Loan help clients to change their standards of livings by the using cash to get houses, more goods that they that they should not have enough money (Habarurema, 2011). Loans facilitate business and create opportunities new goods and therefore raise employments rate and economics growths. Finally, commercial banks target loans

repaid, they select borrowers carefully and evaluate financial enhancements, the organization administrators. This facilitate to guarantee that financial schemes and that organization businesses are track professionally and This facilitate good health, good use of resources, effective economy. In advance, more stakeholders from different companies get loans to be benefitable and manage effectively, banks participate as monitor for stakeholders who could not be presented on the regular basis to follow company managing (Maroa & Muturi, 2015).

2.2 Theoretical Framework

The theories that will be used to inform the study on the impact of analyze banks services on SME's. Case of Bank of Kigali, Muhanga Branch. The study will be guided by theories theory Legitimacy Policy Model and scientific management theory.

2.2.1 Theory of Legitimacy

Financial organizations have to express their service and their operations as keys operating actors specifically if it is private organization could describe its profits to the community (Wilmshurst & Frost, 2000). Suchman 2007 describes the legitimacy theory as theory tend to raise financial services workable, appropriates and viable in the process which target to raise the social believes, norms, values

Based on the terms of organization managements and their performance like the bank of Kigali as local Government there is relationship between performance of small and medium enterprises cronyism, misconduct, no clear directive measures, strategic controls and less team work of employees which can affect the bank performance. the research therefore employs this theory to indicate its role and its utilization to the bank staff, stakeholders make analyzes banks services on Small and Medium Enterprises in Rwanda.

2.2.2 Scientific management theory

As improving performance is the main goal of all institutions, be it private or private, management theorists have made much effort to pursue this goal. Scientific management (also called Taylorism) is a management theory that rationalizes and standardizes production techniques, with the objective of improving efficiency and productivity (Sheldrake 1996). This theory was developed by Frederick Winslow Taylor and published in *The Principles of Scientific Management*. He formalized the relationships between workers and their jobs, and redesigned the work process. Taylorism theory is widely adopted and forms the core of banks services and Small and Medium Enterprises in Rwanda. This assists managers to implement appropriate strategic controls systems. To conclude, Taylorism is still one of the classic theories that can be applied to management of local government. It proposes scientific analysis of tasks, the separation of conception from execution, the scientific selection and training of workers and the provision of an incentive-pay scheme. These ideas have been widely adopted; from the business sector to the private service sector as they boost efficiency and performance in both sectors. However, it is now modified, updated and usually combined with other management methods, such as Human Relations Movement, to offset its shortcomings therefore this study will be used for this study to assess how, what banks services

affect the small and medium enterprises specifically private organization like bank of Kigali.

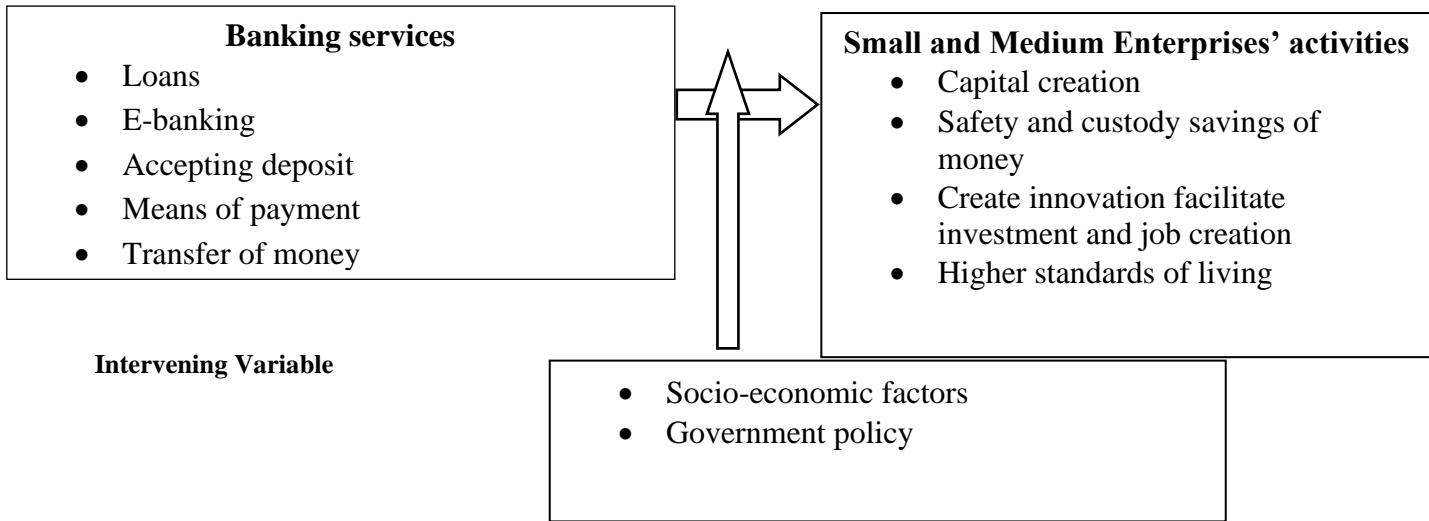
2.3. Conceptual Framework

Conceptual frameworks are set of variables that indicates independent variables and depends variables .Based on the main purpose of the study, independent variable is bank services and dependent variable is small and medium enterprises’ activities. Figure 2.1 indicate the relationships of all variables related to the study topics.

Figure 2.1 shows the relationship between banking service and commercial activities. It shows different services offered by bank as independents variables to its client. According to this figure various services in bank are offered like loans, e-banking, accepting depositing, means of payment, transfer of money (remittance).When the bank offers service to its clients, many commercial activities indicated as dependents variable also are started. These are like: capital, safety of money, create innovation, trading activities and higher standards of living. These services have great influence on commercial activities

Independent variable

Dependent variable



**Figure 2. 1Conceptual Framework
Researcher (2023)**

3. RESEARCH METHODOLOGY

3.1. Research design

Kambo and Tromp (2006), Describes study structure as the map utilized to get all information of the problem under investigation. It is a plan to get answers to questions under study and to deal with some of difficulties faced in the process of study (Polit & Beck 2004:4). In this research correlative research design were utilized. It is an approach of gathering data through giving interview or questionnaires to sampled individuals. This approach is used to gather data about attitudes of people, their opinions, their habits and social issues like education.

Correlation research describe the degree to which the variables are related, it is considered the degree to which a relation exists between two or more quantifiable variables. Correlation design is analytically that is adopted and attempt to explain conditions through a comparison regarding perceptions, ideas and experience related to the research areas and study conceptualization (Omari, 2011). Descriptive research helped researcher assess different and more population and it may give responses on the problems (what, when, how and where). In this research, the descriptive design was employed on the objective one and objective two, thus, this study used a correlation method to collect information for the purpose of assessing whether and to what degree a correlation exists between banks services, SMEs in Rwanda. Case of Bank of Kigali, Muhanga Branch.

3.2. Target population

The term target group or population has been defined by a number of scholars. (Grinnell and Williams,1990) explain that targeted group or items to be included in the study called target population. However, participants of the research were 5189. This includes 18 staff of bank of Kigali, Muhanga Branch and 5171 clients. But only few selected respondents were given questionnaires.

Table 3. 1 Targeted Population

S/N	Group of respondents	Respondents number
1	Bank staff	18
2	Clients	5171
	TOTAL	5189

Researcher, 2023

3.3 Sample design

(Amin, 2005) state that the sample design used for this research was following slovin’s formula. Research used that formula to calculate the target population in order to obtain design.

3.3.1 Sample size

The researcher provided the details of the sample in terms of numbers and other characteristics. For the sample size, the researcher used Slovin’s formula to calculate the sample size that represents the total population.

$$n = \frac{N}{1+N(e^2)}$$

$$n = \frac{5189}{1+5189(0.1^2)} = 98.2393 = 98$$

Therefore, sampled size was used in this research was 98 respondents.

3.3.2 Sampling techniques

Sampling techniques refers to a sample to a small group of people, individual’s representatives of a larger group “(Mugenda,2003). While designing sample for this research the researcher used different techniques. The purposive sampling technique was used to select staff respondents. Random sampling was used for selecting clients of bank of Kigali, Muhanga Branch. These techniques enabled the researcher to gain different information from different respondents.

3.4 Data collection methods

(Amin,2005) defines data as anything given or admitted as a fact

Gender	Frequency	Percentages
Female	8	44.45
Male	10	55.55
Total	18	100

and on which a research influence was based. It is something actual.

Researchers used different materials for data collections and most of the instruments used in data collections were questionnaires, interviews schemes and the observation materials. Questionnaires is set of questions items written for having them to

Gender	freq	Percentages
Female	30	37.5
Male	50	62.5
Total	80	100

the respondents for the information provisions (Rechard,1900). Therefore, researcher designed questionnaire to bank beneficiaries and interview was addressed to the bank of Kigali staff

This technique was useful since it is flexible to use, and an appropriate technique in studying attitude values, beliefs and motives of respondents.in this study, questionnaire and interviews was not only instruments for data collections but also observation of commercial activities of different entrepreneurs and how it can be developed by banking services.The Researchers used two instruments as a way of administering them in the following order. The researcher prepared closed ended questionnaires to solicit

information from respondents. These questionnaires were divided into different parts. These questionnaires had section A, which was composed of personal informational like gender, age, and qualification, income level and number of years served in the organization. Section B, C and D were sat depending research objectives. All these also facilitated researcher to get required data from respondents, therefore hence collecting the data for the study as per independent and dependent variables.

According to (Sounders, 2003) the role of interviews were to have qualitative data from employee and clients regarding the role of banking service on commercial activities. The researcher prepared and sat questions to create discussion between the researcher and respondents. The interview enabled the research to solicit information as per variable in the study.

3.5 Data analysis procedures

All information collected assessed and interpreted in terms of means, standard deviation and presented in forms of charts, graphics (Gilbert, 2000). Researcher analyzed and interpreted all the results were found in respondents. It helped researcher to compare the result with the current problem. Qualitative data and quantitative data from data collection instruments was summarized in the frequencies, means and percentages.

Quantitative methods was employed to analyze data collected and SPSS 22.0 was used for data analysis procedures, This software was used to organize and summarize the numbers by means of statistical materials such as means, percentage, standard deviation and correlation coefficients, ANOVAs, Model summary, coefficients as regression model to ensure the for impact and relationship between two variables

4. RESEARCH FINDINGS AND DISCUSSION

4.1Introduction

This part describes the presentation of results and of found data. It is composed by all related information of respondents and presentation of findings. This chapter describes how the results were used for interpretations and analysis from questionnaires, interviews guides and observation from the researchers

4.2 Respondents characteristics

Table 4. 1Responses on gender of employees. Researcher, 2023

Result given in the table 4.1 describes that participants (employees) 10 (55.55%) were men. While the women were 8 (44.45%). This means that the women are not interested in working on commercial bank as men.

Table 4. 2Responses on gender of clients Researcher, 2023

The results presented in the table 4.2 revealed that 50 participants (62.5%) were men and the women respondents were30 (37.5%). The performance of SMEs in Rwanda is depending on the great number of men who engaged in SME’s because the women are overcharged with the home’s activities which cannot permit them to perform well in SME’s activities.

Table 4. 3 Responses on number of years served of employee

Number of years of experience	Frequency	Percentage
0-1 year	2	2.4
2-4 years	8	48.8
5 years and above	8	48.8
Total	18	100

Researcher, 2023

Findings highlighted in table 4.3 majority of employees participants seven (38.88%) were experienced from two up to above five years while the minority of employee’s respondents have only one (1) of experiences. This means that Bank of Kigali (BK) has experienced employees. The experience of the employees can allow them to help business men to perform well their SME’s activities by giving them good services they need in their dairy activities.

Table 4. 4 Responses on educational level of employees

Education level	Frequency	Percentages
Primary level education	0	0
Secondary level education	0	0
Diploma (A1)	0	0
Bachelors (A0)	18	100
Masters level	0	0
Illiterate	0	0
Total	18	100

Researcher, 2023

The above table shows that educational level of all employees 18 (100%) is Bachelor’s degree.

This means that the employees have sufficient knowledge to perform their activities. This provides all businessmen to perform well their activities.

Table 4. 5 Responses on educational level of clients

Education level	Frequency	Percentages
Primary education	25	31.5
Secondary education	35	43.75
Diploma(A1)	12	15
Bachelor’s degree(A0)	7	8.75
Master’s degree	1	1.25
Illiterate	0	0
Total	80	100

Researcher, 2023

The result shown in table 4.5 the majority of clients participants 35(43.75%) were educated up to secondary level, 25(31.25%) respondents have primary education; 12(15%) respondents have Diploma(A1); 7(8.75%) respondents have Bachelor’s degree (A0); 1 (1.25%) respondent has Master’s degree. But no one who is Illiterate? The clients have knowledge which can help them to perform their daily activities.

Table 4. 6 Age of employees

Age in years	Frequency	%
20-25	0	0
26-30	5	27.78
31-40	11	61.11
Above 41 years old	2	11.11
Total	18	100

Researcher, 2023

The majority of employees 11 (61.11) are aged between 31-40 years old. 5 (27.78%) employees were aged between 26-30 Old, 2(11.11%) respondents were aged above 41years old and no respondent who is aged between 20-25years Means that all employees are mature enough and they are able to perform their task as it is. This can help the clients to gain good services which can allow them to perform their work.

Table 4. 7 Age of clients

Age in terms in years	Frequency	Percentages
10-20	0	0
21-30	15	18.75
31-40	30	37.5
Above 41 years old	35	43.75
Total	80	100

Researcher, 2023

The table 4.7 indicate that majority clients 35(43.75%) were above 41 years old; 30(37.5%) respondents were aged between 31-40 years old; 15(18.75%) respondents were aged between 21-30 years old; and there aren’t respondents’ clients who is aged

between 10-20 years old. This means that the majority of respondents are mature to perform their SME's activities

Table 4. 8 Responses on income level of employee

Income level	Frequency	Percentages
Low	0	0
Medium	15	83.33
High	3	16.67
Total	18	100

Researcher, 2023

Table 4.8 indicated majority of participants (employees) 15(83,33%) their income level is medium, three (16,67%) respondents their income level is high while there isn't employee whom his/her income level is low. This means that all employees are able to perform well their activities because they are able to satisfy their needs. With better performance of the employees, the clients can perform their SME's activities

Table 4. 9 Responses on income level of clients

Income level	Frequency	Percentages
Low	50	62.5
Medium	28	35
High	2	2.5
Total	80	100

Researcher, 2023

Results indicated in table 4.9 revealed that majorities of participants (clients) 50(62.5%) their income level is low, 28(35%) client's respondents their income level is medium while 2(2.5%) client's respondents their income level is high. This means that banking services is the only way of clients to achieve to sustainable developments which can increase their income level.

4.3 Presentation of Findings

Table 4. 10 The relationship between the loans supplied by bank and the performance of SME's activities

Role of loans supplied by bank	Strongly disagree	Disagree
They are loans provided to the clients	2	1
Bank have working capital	1	2
Loans are not given to the clients accordingly	6	7
There is improvement for the clients who usually applying	2	1
Clients are not interested in applying for loans in your banks	8	6
Activity which facilitates transfer wealthy away from debts holders should be prohibited	2	1
Total	21	18

Researcher, 2023

Table 4. 11 Chi- Square Tests

	X ² - Values	Df	P, Values
Parsons chi-squares	39.096	15	0.01

Researcher, 2023

$X^2 = 39.096 > 24.996$ $df = 15$ at $p = 0.05 > 0.01$

Table value $X^2_{5\%}(15) = 24.996$

Table 4.11 and table 4.10 indicates the results of the loans supplied by bank and the performance of SME's activities. From the results, the analysis revealed that the calculated **X² at 0.05 is 39.096** of Table value is **X² 5% (15) = 24.996**, it means that the calculated **X²** is greater than table value; the results were significant at **0.05** significance level and **15** degrees of freedom (*df*). Also, Since the **P-value(P=0.01)** is less than to significant level **0.05**, we conclude that the loans supplied by bank influence the performance of SME's activities.

Table 4. 12 Relationship between deposit mobilization and saving; and the performance of SME's activities.

Deposit mobilization and saving on the performance of SME's activities	Performance grade of SME's activities				
	Strongly Disagree	Disagree	Agree	Strongly agree	Total
There are no enough clients on our bank.	4	5	0	1	10
The clients recognize the importance of depositing mobilization.	2	1	6	4	13
Many clients improve their business.	1	2	6	5	14
Trough saving and depositing on the banks.	0	0	0	0	0

I feel satisfied with service I got from Bank of Kigali.	1	0	5	5	11
11We understand the importance of saving our money on the bank.	0	0	4	5	9
Our saving account help us to get interest, deposits and withdraw money.	1	0	8	4	13
Using of saving accounts to deposit money for emergency issues	0	0	7	4	11
my saving accounts earns interest	0	0	4	3	7
To withdraw our money is limited in the banks	0	0	6	4	10
Total	9	8	46	35	98

Researcher, 2023

Table 4. 13Chi-Square Tests

	X2-Value	Df	p- value(p)
Pearson Chi-Square	51.436	24	0.01

Researcher, 2023

$X^2=51.436 > 36.415$, $df=24$ at $p=0.05 > 0.01$

Table value $X^2_{5\%}(24) = 36.415$

Table 4.13 and table4.12 indicates the results of deposit mobilization and saving and the performance of SME’s activities. From the results, the analysis revealed that the calculated X^2 at **0.05 is 51.436**; table value is $X^2_{5\%}(24) = 36.436$, it means that the calculated X^2 is greater than table value; the results were significant at **0.05** significant level and **24** degrees of freedom (df). Also, since **the P-value(P=0.01)** is less than the significant level **0.05** we conclude that deposit mobilization and saving influence the performance of SME’s activities.

Table 4. 14 The role of the bank as means of payment and remittance

The role of the bank as means of payment remittance	Strongly disagree	Disagree	Agree	Strongly agree	Total
They employees from different institutions have account on your bank.	3				3
They remittance is a tool of many businessmen perform their business	3				3
There is good collaboration between our bank and her bank concerned of money remittance	3				3
It pays their workers throughout our bank	2				2
It provides money remittance service to its profits	2				2
It pays their tax through money remittance	10				10
Total	23				23

Researcher, 2023

Table 4. 15 Chi -Square test

	χ^2 Value	Df	P-value
Pearson Chi-Square	31.627	15	0.04

Researcher, 2023

$X^2= 31.627 > 24.996$, $df = 15$ at $p = 0.05 > 0.04$

Table value $X^2_{5\%}(15) = 24.996$

Table 4.15 indicates the results of the bank as means of payment and money remittance and the performance of SME’s activities. From the results, the analysis revealed that the calculated X^2 at **0.05 is 31.627**; table value is $X^2_{5\%}(15) = 24.996$, it means that the calculated X^2 is greater than table value; the results were significant at **0.05** significance level and **15** degrees of freedom (Df). Also, since **the P-value(P=0.01)** is less than to significantly level **0.05**, we conclude that bank as means of payment and money remittance influence the performance of SME’s activities.

5.3 CONCLUSION AND RECOMMENDATIONS

5.1. Conclusion

The study on banking services to the performance of SME’s activities in Rwanda is having five chapters. Chapter one describes the problem Statement, the objectives of study, the significance, the limitations, scopes of the study, and the organization of the study. The second chapter provides a literature of significant works done in the field of banking services to improve business activities in Rwanda. This chapter has shown what other researchers have reviewed and published in accordance with

banking services and the performance of SME's activities whereas some services offered by bank to improve business activities like loans, E-banking deposit, means of payment, transfer of money, and money remittance are shown and their role on business activities.

The third chapter deals with the research methodology. It clarifies the different techniques used in the data collection, determining the sample size of population. In other words, it explains the methodological aspects used to complete this study.

The fourth chapter deals with the presentation and the analysis of data collected from the respondents with the uses of questionnaires and interview as data collections instruments used in this research. The last chapter deals with the summary of findings, the recommendation to different institutions and the suggestion for further research. different services offered by banks like loans supplied, deposit mobilization, money remittance, savings and using bank as means of payment can help the businessman in different activities like capital creation, Safety and custody savings of money, creation of innovation, facilitation of investment and job creation, Trading activities, higher standards of living.

As conclusion, this study has shown that banking services contribute a lot to the development of SME's activities.

5.2. Recommendation

In this study, the researcher argued that banking services can play an important role on SME's activities, this study enables us to know the relationship between services offered by bank and the performance of SME's activities. After understanding the findings, some recommendations are made, these are for:

- i. Ministry of trade and industry should set policies that facilitates the banks 'clients, the businessmen in particular to find loans easily and with low rates of interests.
- ii. Government of Rwanda should intervene in sensitizing the people to use banks in saving their money. This would help banks to raise their capital
- iii. The Bank of Kigali should provide good banking services in terms of depositing withdrawing and providing loans to businessmen since they promote their business;
- iv. BK should have a mobilizing team in charge of marketing to interest people to join the bank;
- v. The BK employees should offer better services and care for their clients so as to attract more clients;
- vi. The BK should facilitate money remittance service to avoid money circulation that can result in theft;
- vii. Periodically evaluate the increase and decrease in number of their SME's customers so as to investigate the causes and effects;
- viii. The BK should decrease their interest rate on loans in order to attire customers who need to engage in SME's activities.
- ix. The businessmen should learn to ask for loans to widen their business;
- x. The businessmen should open saving accounts to have their money for emergency issues
- xi. They should open saving accounts to earn interests they offer;

- xii. They should use money remittance services to avoid theft case that can occur;

5.3. Suggestion for further study

The researcher strongly felt that there is a need for other researchers to extend on the following possible areas:

- i. The role of loans supplied by bank on SME's activities in Rwanda.
- ii. Role of commercial banks in promoting women's welfare in Rwanda
- iii. Role of commercial banks on poverty reduction in Rwanda.
- iv. The role of bank's good services in attracting more clients.

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