AN ASSESSEMENT OF SAVING AND CREDIT CULTURE OF THE PEOPLE

(IN CASE OF SEYYO TOWN)

BY: CHALA BUSHURA

ADVISOR: - Dr. WADAJO W/ GIORGIS

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Abstract

Contribution of saving and the livelihood of urban poor were selected for the study. The main objective of the study is to investigate the saving and credit culture of the people and how it is improved .The researcher used primary source of data and number of people in seyyo town were taken 150 people as sample through simple random sampling and judgment sampling techniques.

To analysis qualitative and quantitative data collected the researcher was employed descriptive method of analysis.

Finally the researcher was able to find out that low income of the people, low interstates ,lack of motivations, collateral, group forming ,shortage of payment period ,lack of credit and high interest rates for credit as major factors for the ineffective performance of credit and saving seyyo town and suggested feasible recommendation to save them. These are; to improve income level of the people, to motivate people to use saving and credit facilities, to reduce problem of collateral and, to reduce problem of group forming and shortage of payment period

Acronyms

CSA: Credit and Saving Association.

MFI: Micro Finance Institutions:

MSE: Micro and Small Scale Enterprises

MSSI: Micro and Small Scale Industry

CHAPTER ONE
1. INTRODUCTION

Saving is important to found investment and among other thing economic growth require mobilizing higher level of saving both from domestic, foreign and direct resource to the efficient investment.

Economic growth and long term sustainable development cannot proceed without resources to finance investment (their wall, 2006) saving is one means of growth and development of society that they reduce expenses to make profit and reserve some profit for future investment.

It also mean that or represents an inter- term portal choice between consumption or represents an d consumption tomorrow. It might be expected .Therefore, that the price of present consumption namely the real rate of interest will affect positively the higher read of interest the greater the amount of saving. (IBID).

People can be persuaded to saving their own interest or in the ill rest of the family for imparting education to their children, for marriage them for building a house or as a safeguard against old age sickness or emergency Jhingan (2002)

The saving and credit association movement started in Ethiopia in 1964, the Ethiopian air line workers was the first to be registered followed by those established by the employee of Ethiopian roads authority and telecommunication agency. (Befekdu. D and (Berhanu N1999/2000)

1.1 Back ground of the study

Economic growth is largely related with the rate of investments which in turn is related to saving policy makers in imperial regime believed that the traditional pattern of consumption of the society has an important impact on saving.

In the first and second five years development plan, it is pointed out some of the problems of achieving higher level of saving resulted from the fact that larger portion of the national income was produced and consumed in the subsistence sector with traditional consumption pattern.

Even though then despite the traditional extravagance of the society there are mechanisms by which people (both urban and rural) people secure future consumption and other future goals. In this case in the informal financial sector the "Iqub", Idir and "ArataBedari" are the common mechanisms of mobilizing and using saving even today,. (Befekadu.D and Berhanu N.1999/2000).

The provision of financial service believed to enable the rural and urban poor increase their output and productivity induce them to adopt new technologies, improve in puts supply, increase

their income reduce poverty and attain food security for development of any country financial resources play crucial role.

As different researcher point out that the availability of saving is pre condition for accelerating growth. According to well-known economist like "Harrod-Domar growth model "and" Rostew take-off "theory of economic growth shows mobilization of financial resources is crucial in achieving rapid economic growth and domestic financial institutions should be organized to generate and mobilize these resources, it should increase domestic saving by creating suitable conditions to encourage people to save.

1.2 Statement of the problem

In less developing countries government capacity to save is limited due to low level of income and large administrative expenditure and the rate of voluntary private saving is extremely low in least developing countries because of low level of income and high propensity to consume even though the working families also have no saving culture in this countries.

As the level of saving leads culture in this to low investment and deficiency of capital, that is the rate of investment cannot be increases without increasing the rate of saving so saving are an important source of economic development of least developing countries, the market for credit naturally, fail for the poor, the poor are unable to obtain loans that can be used to better their lives by allowing them to invest productive activities (Ray, 1997)

Ethiopia is one of the less developing country shares the same problems to that. Income generating activities are basic for community's sustainable development it is expansions and community wise utilization can provide great input and valve in the livelihood improvement of society. However these activities had not been practiced effectively of our country citizens. lack of saving culture of opportunity to establish and benefit from microfinance like saving and credit to-operatives and exploitations of village money lenders (users) that had degraded the financial capacity of community are same cases (Amaha, 2001)

Accordingly the researcher addressed the following question

- What is the major problem that affects the saving culture and credit implementation?

- How the culture of saving and credit increase?

- How could be society's attitude change towards saving and credit?

1.3 Objectives of the study

1.3.1General objective

The main objective of the study is to investigate the saving and credit culture of the people and how it is improved.

1.3.2 Specific objectives

- To examine the culture of saving and credit

- To assess the saving and credit facilities of the people

- To assess the societies awareness regarding saving and credit

1.4 Significance of the study

The finding of this study besides encouragingpeople to save some portion of their incomes and provide base line information and concerning the importance of saving. In addition it can help in telling the research gap on these issues especially of seyyotwon.

1.5 Scope of the study

The scope of the study is to investigate the saving and credit culture of the people and finding the way to improve it with in geographic boundary ofseyyo town. The paper would examine the response of sample number of households who lived in seyyo town and their attitudes toward saving and credit.

1.6 limitation of the study

The conduction this work the researcher faced both time and financial constraints and also lack of sufficient written documents, research papered on related topic in the town made the researcher not to get sufficient information from secondary data. As a solution for this researcher laid emphasis primary data.

CHAPTER TWO

Review of literature

2.1. What micro finance is all about?

Different writers define micro finance in different ways some source of these writers define it as follows.

According to Robinson, microfinance refers to small scale financial services-primarily credit and saving provided to people who farm or fish or herd, who operates small enterprises or micro finance enterprises where goods are produced, recycled, repaired; or sold who provide service, who work for wages or commissions, who gain income from renting out small amounts of land, vehicles, draft animals or machinery and tools, and to other individually and groups at the local levels of developing countries both rural and urban.

According to edger wood the term microfinance refers to the provision of financial services to low-income clients including the self-employed. Assign development Bank (ADB) define MF as the provision of broad range of financial services such as deposits, loans, payment services, money transfers, and insurance to poor and low income hones holds their micro enterprises (Lidgerwood, 1999)

2.1.1 What micro finance institution is?

MFI is an organization that provides financial services to the poor this very broad definition includes wide ranges that vary in the legal structure, mission, methodology and substantially. However, all share the common characteristics of providing financial services to poor clients and more vulnerable than traditional bank client (Ibid).

2.1.2 Approaches of MFIS

2.1.3 Minimalist VS. Integrated

MFI by definition provide financial services / Ledger wood, 1999, p65) However, an MFI may also offer other services as means of improving the ability of its clients to utilize financial serves.

There is much debate in the field of micro finance as to whether MIFS in the field of minimalist that is offering only financial intermediation and integrated offering both financial intermediation and other services. Most of MFIS offers social intermediation of sum extent integrates offering both financial intermediations of some extents. The decision of offer non-financial services determines whether MFI is mini list or integrated.

MFIs, using the minimalist approach normally offer only financial intermediation, but may occasionally offer limited social intermediation services. Minimalist base their approach on the premise that there is a single " Missing piece" for enterprise growth usually considered to be lack of offer double, accessible short-term credit which the MFI can recognizes its comparative advantage in providing only financial intermediation other organization are assumed to provide other services demanded by the target clients. This approaches offers most advantaged for the MFIS and allows it to maintain a clear focus since it develops and provides only one service to clients. The intergraded approaches take major holistic view of the client It provides a combination of financial and social intermediation, enterprise development and social service (ledger wood, 1999), while it may not provide all four, the MFI takes advantages of its proximity to clients and based on its objectives, provides those services that it feels are most need or that has beer comparative advantage.

In providing, An MFT chooses minimalist integrated approach depending on its objectives and the circumstances which it is operating.

MFI choose to take on integrated approach it should be aware of the following potential issues (ledger wood 1999, p66)

- Providing financial and non-financial services are two distinct activities, which may at times lead an institution to pursue conflicting objectives

- It is often difficult for clients to differentiate social services which are usually free from financial services which must be paid for when they are receiving both from the same organization.

- MFI offering many services may have difficulty identifying and controlling the cost per services

- Non-financial services are rarely financially sustainable.

2.1.4 The poverty Reducing approach

The poverty reducing approach concentrated on reducing poverty through credit often though provided to gather with complementary services such as skill training and the teaching of literacy and in numeracy health nutrition, family planning and like under this approach donor or government and government funded credit it provided to poor borrowers typically at below market interest rates. The goal is to reach the poor a especially the extremely poor the poorest of the poor with credit to help overcome poverty and gain employment.

2.1.5 Financial system Approach

The financial system approach emphasis large-scale outreach to the economically active poor- both to borrowers who can repay microloans from house hold and enterprises income streams and to savers. The financial system approach focuses on institutional self-sufficiency because given the scale of the demand for micro finance worldwide. This is the only possible mean to meet widespread client demand and for convenient appropriate financial services. (Ledger wood 1999)

The financial system approach uses subsides primarily to disseminate use ones from the best practices of fully sustainable micro finances system and to finance the development of financially self-sufficient microfinance institutions. The institutions then finance their micro loan port follies commercially enabling them to multiply outreach by leveraging additional capital.

2.1.6. Product and service provided by MFI

Micro finance institutions proved a variety services to low income poor people, while virtually all MFIS provide credit services, same also provide other financial products including savings, insurance and payment services /ledger wood 1999) the following section provides a description of the MFIS product offered their clients.

2.1.7 Definition of savings

saving is apportion of disposable income not spent to consumption of consumer goods that accumulated or invested directly in capital equipment or in paying of a home mortgage or directly through purchases of securities. (www.Businnes dictionary com.) the economic and

commerce dictionary defines saving as curtailment of consumption and its economic importance lies on its relationship to investment, that is the production of real capital, saving is the necessarily prerequisite of investment. (Ibid)

2.1.8 The importance of saving

Saving is fundamental to sustainable economic development. saving deposits enable people:

- Saving enable to better their condition in the future like for imparting education and building houses

- To deal with for unforeseen problems in the future like to save guard against old age, sickness or emergency.

- To start a business venture

- To meet social obligation like wedding (jhingang,2007)

2.1.9 Developing saving culture

- For society in order to develop their saving culture they mostly need safety, convenience and returns once institution established itself as a place for deposit it moves on to address the issue of convenience and returns ((jhingang,2007)

The poor can and do save although these saving are rarely liquid financial form. But, the large majority of poor savers lack access to safe and sound institution for depositing there saving their saving the low income people substantially increase their voluntary saving deposit. (Ibid)

As saving institution asks savers to place their fund with in its care taking this relationships reverse the traditional power relationship better bank credit union and other MFI to ask for lean the saving institution must take market and sell it to clients it must convenience is a key factor in saving it is the transaction cost of making deposited or withdrawal in an institutions are high, them savers will be less nearly to maintain their saving in that institution since the physical proximity of the saving institutions determine the major cost and time require for save to make depositor with drawly. (Ibid)

2.2 Nature of saving

As far as the nature of saving is concerned three types of saving may be distinguished.

I, voluntary:- this type of arise through voluntary reduction in consumption all forms of taxation and schemes for compulsory lending to government are traditional measures involving an involuntary reduction in consumption (Thirwall,2006)The business sector may be source of saving.(Thiswall,2006).

II, Involuntary:-are saving brought about through involuntary reduction consumption. All forms of taxation and disposable income both household and business sector source of savings.(Thirwall 2006).

iii, forced saving:- consumption be reduce because of pissing prices this referred to as forced saving to as forced saving and may happen for an number of reasons people may spend the simple amount in money for my but, because price have risen, this means they spend less terms (Money illusions) (Ibid

2.2.1 Determinants of saving

Saving depends on three things when are the will to save the power to save, and facility to save.

- ❖ Will to save:-apportion of income can be saved only if the person has the will to save nothing can be saved a person if he does not want to save.

- ❖ Power to save: - refers to save must be having capacity. It means after meeting the consumption expenditure out of the present income. It more money remains with him. His power to save will be more.

- ❖ Facilities to save: - It is about favorable environment for saving like peace and security, banking facilities. (Jhingan, 2001).

2.2.2 Factors affecting the level of saving

The level of saving is determined by many factors these are current.

- ❖ income level:- when the individual income increase the saving of income for future use also increase at national level when increasing total output in the economy, the national saving would increase.

- ❖ Expected future income:- when there is an expectation of increasing future income, the correct saving level would be decrease on the other hand if you expect that your future income will be decrease you tend to save more new and the same is true for the national level.

- ❖ Expected interest rates:- if interest rates increase people current saving will increase in the future. The reverse is true when real interest declines (Ibid).

2.2.3 Definition of credit

The word credit is derived from the Latin word credium which means to believe or trust. In economic they turn credit refers to a promise by one party to pay to another for money borrowed for good/ services received (Ibid), R.P Rent defines credit as the right to receive payment or the other on account of the immediate transfer of goods (Jhingan,2000)

2.2.4 The essential features of credit
- Trust and confidence: trust is fundamental element of credit the lender will lend his money or goods on the trust and confidence that the borrower or buyers will pay back the money or price in time.

- Time element: all credit transactions evolve time element money is borrowed or goods are bought with a promise to repay the price on some future data.

- Purpose of credit: Banks and financial institution gave large amount of credit for productive purpose rather than transfer consumption purpose.

2.2.5 Factors affecting the level of credit
The level of credit is influenced by many factors they are:

- Business cycle:- under room condition demand for credit increase and the reverse land more because interest rate increasing. The reveres when there is recession.

- Political condition:- when there is political stability it is incentive investment and increase the demand for credit there verse is true when there is political instability.

- Banking system:- banking institution expands credit facility for all economic activities on contrary, less developed banking system keeps the quality of credit at low level. (jhingan,2001). Credit is borrowed funds always practicable. It gives sense only when there is no sufficient fund to finance the business and it profitable to borrowers. I've when benefit or return on borrowing is higher than the cost of borrowing loans are generally made for productive purposes to generate revenue with in a business some MFIS also make loans for consumptions, housing or special accession. (Ledger wood, 1999).

Empirical Review

Befekadu.D and Berhanu.N (1999/2000) have conducted study on the performance of semi formal and formal micro finance in Ethiopia and one of their major objective is to analysis the performance of saving and credit associations and in order to evaluate the major performance of co-operative and members. Saving size, reserve and total assets also. They provided the performance period in to two period which is before from (1985-1991) and after reform(1992-1998).Accordingly they derive the following findings that the saving and credit association have been increasing in number, membership mobilized resources, loans, loans reserve, total asset and saving per persons are increased though out the periods. However, they came across that interim of growth rate most of indicators of performance of saving and credit association way more dynamic during the reform period compared to their past activities. Based on their study they forward reason for batter perform of saving and credit association be for the reform .It was mandatory to agenize or join cooperation, the need to finance investment including housing may be have encouraged people to join cooperative and save to get access to bank credit.

In other hand reasons for lower growth rate often reformism like saving for lower growth rate often saving for building house has drastically reduced due to the difficult of acquiring land and increase in the last of living also as effect for the diminution of individual saving.

Befekadu.D and berhanu N.1999/2000

CHAPTER THREE

Methodology

3.1 Data type and techniques of data collection.

The researcher would use primary data collecting methods. The primary data would be gathered through interviews and questionnaires of the dwellers of seyyo town.

3.2 Sampling size and techniques.

The sampling method is based on simple random sampling.

The required sample size is obtained based on the following formula.

$$n=\frac{z^2 pqN}{e^2(N-1)+z^2 pq}$$

Where; p ; population proportion in which case the sample size is

Case the sample size is maximum.

z= confidence level.

N= number of total population.

n= required sample size.

e= error (precise).

From the total population (19830) the sample would be based on the above formula. But out of total population.30% of the population are youth below 15 years so, they are not economic saver as are malt

30% of 19830 is

0.3x19830 = 5949

Economic saver=19830-<u>5949</u>

=13881

$$n=\frac{z^2 pqN}{e^2(N-1)+z^2 pq}$$

Z=95% and e=5%

n= <u>(1.96)$^{2.}$ (0.5)(0.5)(13881)</u>

(0.05)2(13881-1) + (1.96)^2. (0.5)(0.5)

=<u>3.84.0.25(13881)</u>

0.00025(13880) +3.84x0.25

n=373.68

Since it is difficult to conduct an all (no's), the researcher would take 150 peoples from total populations.

3.3. Data Analysis;

For the analysis of the data which would collect from primary source are first edited, classified, and organized in to homogeneous classes based on their common characteristics.

After data pass through this processing of mechanism then it would be pass descriptive analysis by tabulation, percentage, qualitative and quantitative analysis.

CHAPTER FOUR

4. Results and Discussions.

The researcher would produce a meaning full table to test the hypothesis after examining the responses of the sample of 150 persons through of question arise and structured interview.

The hypothesis is attitude of people towards saving and credit and their knowledge about the services can be influenced by different variables like age, sex, marital status, education ,occupation and in came.

The following are organized and interpreted in the following manner. The tables were constructed based on.

A, Education and age.

B, Sex and occupations.

C, Sex and marital status.

D, Sex and income.

The table was grouped in to

1 Attitude of people towards saving

2, Reason for preference of saving money.

3, Reason of people who are not saving money.

4, Attitudes of people towards credit.

5, Problem to get /obtain credit.

The intentions is that the above five groups can reveal more facts to test the hypothesis.

4.1 Attitudes of people towards saving

When we need to look at people's attitude towards saving, activity and plans we can consider the following: which group of people and when they save their money or not.

 Accordingly this study, one can see and understand different facts from the following tables.

Table 4.2 .1 attitude of people on saving by age and education

Attitude	Education	18-25	26-35	36-45	46-55	56+	Total
Positive attitude (who are saving) money	Ill	4	5	3	3	2	17
	R& w	10	13	3	-	1	26
	1-6	3	-	3	-	1	7
	7-10	2	-	1	1	-	4
	10+	5	11	6	3	3	28
	Total	(16 %)24	(19.33 %)29	(10 .66 %)16	7 (4.66 %)	7 (4.66 %)	83(55.33)
Negative attitude (who are not saving money)	I 11	10	3	2	1	2	18
	R &w	6	3	2	2	-	13
	1-6	6	5	2	4	1	18
	7-10	-	1	1	-	-	2
	10+	3	7	4	1	1	16
	Total	(16.66 %)25	(12.66 %)19	11(7.33 %)	8 (5.33 %)	4 (2.66)	67(44.66 %
Total	I 11	14	8	5	4	4	35
	R &w	16	16	5	2	1	40
	1-6	9	5	5	4	2	25
	7-10	2	1	2	1	-	6
	10+	8	18	10	4	4	44
	Total	(32.66 %)49	48(32%)	27(18 %)	15(10 %)	11(7.33 %)	150

 Source: own survey, 2017

Key; ill; illiterates

R and W ; able to read and write.

10+ ;-level of education above grade 10.

- Other –collection of different components rather than listed in the table. from table 4.2.1 the age (18-25)16 %and (26-35)19.33 % have positive attitude towards saving relative to other ages because they are more education that make them to save. in addition intermediation create awareness regarding to saving through teaching their members most of their members are adults found in this age ranges.

On the other hand from age (18-25) 16 %,(26-35) 12.66 % and (36-45) 7.33 % have not saving their money and have not get a better chance to get information about saving and duty to low income ,and motivations.

Table 4.22.attitude of people towered saving by sex and occupation

Attitude	sex	House wife	Office worker	merchant	Labor	other	Total
Who are saving money	M	2	10	7	1	38	55
	F	3	10	1	2	6	22
	Total	5(3.33 %)	20(13.3 %)	8(5.33 %)	3(2 %)	44(29.3)	77(51.33 %)
Who are not saving money	M	3	15	5	7	7	37
	F	14	4	2	5	8	33
	Total	17(11.33 %)	19(12.66%)	7(4.44 %)	12(8 %)	15 (10 %)	70 (46.66%
Total	M	5	25	12	8	45	95
	F	17	14	3	7	14	55
	Total	22(14.66 %)	39(26 %)	15 (10 %)	15 (10%)	59 (39.3)	150

Source: own survey, 2017

From table 4.2.2 shows 29.3 % of the other worker (i.e. artist, entrepreneurships and musicians, have positive attitudes followed by office workers 13.3%. On the other hand, office workes12.66% and house wife have negative attitude. i e not able to save. This indicates the

occupation and sex have influence on saving and dissaving depending on their respective income and their awareness toward savings.

Table 4.2.3 attitude of people towards saving by sex and marital status?

Attitude	Sex	Single	Married	Divorced	widow	Total
Positive attitude (who are saving	M	40	15	2	2	59
	F	7	10	2	3	22
	Total	47(31.3 %)	25 (16.66 %	4 (2.22 %	5(3.33 %	81(54 %
Negative attitude(what are not saving	M	10	20	3	3	36
	F	9	17	4	3	33
	Total	19((1266 %	37(24.66 %	7 (4.66%	6(4 %)	69(46 %
Total	M	50	35	5	5	95
	F	16	27	6	6	55
	Total	56(37.33%	52(34.66%	11(7.33 %	11(7.33 %	150

. Source: own survey, 2017

In table 4.2/3 peoples marital status can influence their attitude. As it is related by this table16.66% of married and 3.33% of widow have a chance to save their money. This shows that single have dominant role in saving.

. Because most youths are grouped to from IMX and some investment urban youth allowed them to save.

➢ In this context same words are used by researcher in special meaning, negative attitude: not hating or feels something negatively but rather, attitude hinders to do some things.

- Positive attitudes:- no limitations (constraints)or something that meet the normal positions,.

Table 4.2.4 Attitude of people saving by sex and in came.

Estimated annual income inbred	Sex	Who do have saving culture	Who do not have saving culture	% who save money	% who do not save money	Total
10000-30000	M	9	6	6%	4 %	15
	F	5	14	3.33 %	9.33 %	19
	T	14	20	9.33 %	13.33 %	
30001-50,000	M	19	7	12.66 %	4.66 %	26
	F	4	7	2.66 %	4.66 %	11
	T	23	14		9.33 %	37
50001-	M	7	14	4.66 %	9.33 %	21

70000	F	8	4	5.33 %	2.66 %	12
	T	15	18	10 %	12 %	33
70001-90000	M	6	7	4 %	4.66 %	13
	F	2	3	1.33 %	2 %	5
	T	8	10	5.33 %	2.66 %	18
90000+	M	19	1	123.66 %	0.66 %	20
	F	4	4	2.66 %	2.66 %	8
	T	23	5		3.33 %	28

Source: own survey, 2017

From sample whose annual income b/n(50001-70000),15.33 %and above (90000+),15.33 % have saving culture followed by (50001-70000) 10 %.

➢ On the other hand the annual income b/n (1000-30000)13 % stands first who have not saving culture followed by (50001-70000) 12 %. On this paper studies some people are living on less than one dollar percapita per a day, among these most of them are female.

This data shows income is not only necessary important for personal saving and there is other factors that influence saving.

4.2 Reason preference of saving money.

Table 4.3.1 reason for preference money saving by education and age.

Reason	Education	18-25	26-35	36-45	45-55	56+	Total
For economic activities.	I 11	1	2	1	2	2	8
	R &w (1-4)	11	13	3	1	1	29(19.33 %)
	1-6	2	1	3	1	1	7
	7-10	1	-	1	1	-	3
	Total	19(12.6%	29(19.33 %	13(8.66 %	7(4.66 %	4(2.66 %	72 (48 %
For safety.	I11	16	3	1	1	1	22
	R &w	2	3	-	-	-	5
	1-6	3	1	1	-	-	9
	7-10	2	1	-	-	-	3
	10+	2	1	2	1	4	10
	Total	25(16.6 %	9 (6 %	4 (2.66 %	4(2.66 %	5(3.33 %	47(35.33 %
Life	I11	-	3	1	1	1	6

cycle needs	R &w	-	-	2	-	-	2
	1-6	4	3	1	-	1	9
	7-10	-	-	-	-	-	-
	10+	3	4	4	2	-	13
	Total	7(4.6 %	10(6.66 %	8(5.33 %	3(2 %	2(1.3 %	30(20 %
Total	I11	16	8	3	4	4	35
	R& w	13	16	5	1	1	38
	1-6	9	4	5	3	2	23
	7-10	3	1	1	2	-	6
	10+	9	18	11	5	4	47
	Total	50(33.33 %	47(31.33 %	25(16.66 %	15(10 %	11(7.33 %	150

Source; own survey, 2017

From total sample have positive attitude to save money.

19.33 %are those able to read and write followed by above grade 10+(16 %) and the left 64.67 % are saved for economic activities .

In general 48 % are saved for economic activities,31.33 % for safety (uniform seen problem) and 20 %are for life cycle needs (inter-temporal consumption). This indicates high saving is for economies activities that make them invest in productive resource.

Table 4.3.2 reason for preference of saving money by sex and occupation.

Reason	sex	House wife	Office worker	Merchant	Laborer	other	Total
For economic activities	M	-	20	7	2	21	50
	F	5	7	2	2	7	23
	Total	5(3.33 %)	27(18 %)	9(6 %)	4(2.66 %	28(18.6 %	83(55.33%
For safety	M	1	4	2	4	20	31
	F	5	6	-	1	6	18
	T	6(4 %)	10(6.66 %)	2(1.33	5(3.33	26 (17.3	49(32.66 %

				%)	%		
For life cycle needs	M	2	1	4	2	5	14
	F	6	1	1	4	2	14
	t	8(5.33 %	2(1.33%)	5(3.33 %	6(4 %	7(4.66%	28(18.66%)
Total	M	3	25	13	8	46	95
	F	16	14	3	7	15	55
	T	1912.66	39(26%	16(10.66%	15(10%	61(40.66	150

. Source: own survey, 2017

About 55.33% of the savers give their reasons why they are saved. From this 33.33% of males and 15.33 % females of different occupation gave reason to save for economies activities.

The other one is 32.66 % of females and saves their income because of their unfired seen problem (for safety) and rest18.66 % of females and males saves for life cycle needs respectively.

Generally from the occupation sides other jobs takes the lions share (40.66 %) followed by office worker (26 %) and house wife (12.6 %.

3.33 % of house wife ,18 % of office worker 6 %merchant ,2,66 % of laborers and 18. 6% other jobs want to save for their business (economic activities, besides 4 % of house wife 6.6 % office worker1.33 %merchant, 3.33 % of labor and 17 % 0 their worker put saving rate for wellbeing of their households and finally 5.33 % house wife, 1.33 % of office worker, 3.33 % merchant, 4 % of laborer 4 66 % of other works for their future families wellbeing (life cycle needs.) In conclusions most of the saving rates go to for economic activities.

Table 4.3.3 Reason for preference of saving money by sex and marital status.

Reasoned	sex	single	Married	device	Widow	Total
For economic activate	M	26	19	3	-	48
	F	5	14	2	2	23

S						
	Total	31(20.66 %	33 (22 %	5(3.33 %	2(1.33)	71 (47.33 %
For safety	M	20	9	-	2	31
	F	6	8	-	40	18
	Total	26 (17.33%	17 (11.33%	-	6(4 %)	49(32.66 %
Life cycle needs	M	5	8	1	2	16
	F	5	5	4	-	14
	Total	10(6.66 %	13(8.66 %	5(3.33%	2(1.33%	30(20 %
Total	M	51	36	4	4	95
	F	16	27	6	6	55
	Total	67(44.66 %	63(42 %	10(6.66 %	10(6.66%	150

Source: own survey, 2017

Table 4.3.3 reveals about 20.66 %of single 22 %of married and 4.66 % of diver and widow collectively wants to save money for economic activities. The married people save more because. They have great responsibilities for their family lies still the married male are dominant this is especially because of economic and social effects of the people.

17.33 % of single 11.33 % of female married and 4 %of widow are save for safety from which single are dominant still males are dominant. Finally 6.66 %of single 8.66 %marred and 4.66 % of both divorce and widows from 150 of sample who save money are around 47. 33 % are saves for under taking different actives from this we can conclude most savers are save for in different investment activists.

Table 4.4.1 reason of people who do not save money. By education and age.

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Reason	Education	18-25	26-35	36-45	46-55	56+	Total
Lack of awareness	I 11	3	1	1	2	1	8
	R &W	4	5	-	3	-	12
	1-6	4	1	1	-	-	6
	7-10	-	-	-	-	-	-
	10+	1	15	1	-	2	17
	Total	12(8 %	22(14.6%	3(2 %)	5(3.33 %	3(2 %)	43(28.66 %
Lack of motivations	I11	1	3	2	-	-	6
	R&W	3	5	3	-	-	11
	1-6	2	3	2	-	-	7
	7-10	1	1	2	-	-	4
	10+	1	-	5	4	-	10
	Total	8(5.3%	12(8%	14(9.33	4(2.66	-	38(25.33%
Low income	I11	7	6	-	2	1	16
	R&W	82	4	2	-	3	17
	1-6	-	1	1	3	1	8
	7-10	-	1	-	1	-	2
	10+	8	1	4	2	-	15
	Total	25(16.6 %	13(8.6 %	7(4.6 %-	8(5.3 %	5(3.33 %	58(38.66 %
Low interest rates	I11	1	1	-	1	-	3
	R& W	4	-	-	-	-	4
	1-6	-	-	-	-	2	2
	7-10	1	-	-	-	-	1
	10+	-	-	-	-	1	1
	Total	6(4 %	1(0.66 %	-	1(0.66 %	3(2 %	11(7.33 %
Total	I11	12	11	3	5	2	33
	R&W	19	14	5	4	3	45
	1-6	8	5	4	3	3	23
	7-10	2	2	2	1	-	7
	10+	2	16	5	6	3	32
	Total	42	49	19	20	14	150

. Source: own survey, 2017

From above table 4.4.1 28.66 %, 25.66 %, 38.66 % and 7.33 % of the male notable save because of lack of awareness, lack of motivation, low income and low interest rates. here most of this people highly dominated by low income problems to saving and 18-25 ages are not savers this shows most young generation whose school level less than grade 10 have not enough income to save money and there is also an indication for the influence of age and education on saving money.

Generally if we analysis the variables that affect savings like reasons, education ,and age the most serious is low income followed by lack of awareness but low interest rates has no significant effects . Education and age are mode rate effects.

Table 4.4.2 Reason of people who do not saving money by sex and occupations

Reason	Sex	House wife	Office worker	Merchants	Labor	Other	Total
Lack of awareness	M	2	4	3	-	10	14
	F	6	2	1	1	3	13
	Total	8(5.33%	6(4 %)	4(2.66%	1(0.66%	13(8.6%	27(18%
Lack of motivation	M	2	6	4	12	11	25
	F	3	3	-	2	4	12
	Total	5(3.33%	9(6%	4 (2.66%	14(9.3%	15(10%	27(18 %
Low in come	M	2	14	7	4	17	14
	F	7	8	1	4	6	26
	Total	9(6%	22(14.66%	8(5.33 %	8(5.33	23(15.3	70(46.6%
Low interest rates	M	-	-	-	-	7	7
	F	-	1	1	-	2	4
	Total	-	1(1.33%	1(1.33%	-	9(6%	11(7.33%
Total	M	6	24	14	6	45	95
	F	16	14	3	7	15	55
	Total	22(14.66%	38(25.33%	17(11.33%	13(8.66%	600(40%	150

 Source: own survey, 2017

9.33% of male and 8.66% of females gave their reasons lack of awareness and 16.66 %of male and 8 % of females do not want to save becomes of lack of motivations. The greatest problem is lack of income that accounts 46.6 % from which 29.33 % is male and 17.3% are females. The rest low interest rates have no much effect on savings.8.3% of house wife, 6 % office worker, 2.66 of merchant 0.66 % laborer and 8.6 % of other workers give reasons not to want save due to lack of awareness. Here lack of awareness and lack of motivations problems share equal (18%).

The greater problem is due to lack of income about 46.6 % from which other workers takes 15.3 %of lack of income. So low income is the serious problem of saving rate specially for the low income countries and females are poorer in this study area.

Table 4.4.3 Reason of people who don't save money by sex and   marital status.

Reason	Sex	Single	married	Divorce	widow	Total
Lack of awareness	M	3	12	-	1	16
	F	4	8	-	2	14
	Total	7(4.66%	20(13.33%	-	3(2%)	30(20%)
Lack of motivations	M	10	14	2	-	26
	F	1	7	2	1	11
	Total	11(7.33%	21(14%	4(2.6%	1(0.66%	37(24.66%
Low income	M	18	24	3	3	48
	F	8	11	4	2	25
	Total	26(17.33%	35(23.33%	7(4.66%	5(3.33%	73(48.66%
Low interest	M	2	2	-	-	4
	F	3	1	-	1	5
	Total	5(3.33%	3(2%	-	1(0.66%	9(6%
Total	M	33	52	5	5	95
	F	16	27	6	6	55
	Total	49(32.6%	79(52.66%	11(7.33%	11(7.33%	150

Source: own survey, 2017

From the table 4.66 %do not save for lack of awareness 7.33% and 17.33% of single do not save due to lack of motivation and income respectively. for total marred people about 52.66% do not save and 13.33%,14 % and 23%of the marred are not able to save due to lack of awareness, Lack of motivation and low income respectively.

Generally the above table shows the influence of marital status a saving married people not save because they have exposed by different expense for their houses holed consumption

4.3 Attitude of people towards credit.

Table 4.5.1 attitude of people towards credit by education and age .

attitude	education	18-25	26-35	36-45	46-55	56+	Total
Positive attitude	I11	7	10	2		2	21
	R&W	7	4	3		2	16
	1-6	7	5	2	6		20
	7-10	1	1	1	1		4
	10+	5	8	6	6	3	28
	Total	27(18%	28(18.6%	15(10%	13(8.6%	7(4.6%	89(59.33%
Negative attitude	I11	3	1	1	4	2	11
	R&W	10	8	2			20
	1-6	1	2	2		2	7
	7-10	1	1	1			3
	10+	6	8	5		2	20
	Total	21(14%	20(13.3%	11(7.33%	5(3.33%	6(4%	61(40.66%
Total	I11	10	11	3	4	2	30
	R&W	17	12	5	-	2	36
	1-6	8	7	4	6	-	25
	7-10	2	2	2	1	4	7
	10+	10	16	11	6	4	48
	Total	48(32%	48(32%	26(17.3%	16(10.6%	12(8%	150

Source: own survey, 2017

Table 4.5.1 shows from age group (18-25)18% (26-35)18.6 %(36-35)10 %,(46-55) 8.6 % and 56+ (4.6) have positive attitudes toward credit. on the other hand age range (18-25)14 %(26-35) 13.3 %,(36-45)7.33 %(46-55)3.33 % and (56+) 4 %.

Have negative attitude towards credit .this shows that greater parent of population sample have positive attitude of credit.

Table 4.5.2 attitudes of people towered credit by sex and occupation.

Attitudes	sex	House wife	Office worker	Merchant	laborer	Other	Total
Positive attitude	M	3	12	8	4	27	54
	F	9	10	2	5	12	54
	T	12(8 %	22(14.66%	10(6%	9(6%	39(26%	92(61.33%
Negative attitude	M	2	12	5	3	18	40
	F	7	3	1	2	4	17
	T	9(6%	15(10%	6(4%	5(3.33%	22(14.66%	57(38%
Total	M	6	24	13	7	45	95
	F	16	13	3	7	16	55
	Total	22(14.66%	37(24.66%	16(10.66%	14(9.33%	61(40.66)%	150

Source: own survey, 2017

From table 4.52 they respondents 36% of males and 25.3 % of females have positive that make male have access to income and chance to get credit more over most female have fear of bankruptcy or losing of collateral. Because they are much more expose to social shame and norms than males.

This also has negative in potion their ability to have interest on economic activities at the same time. People work situation and income security have also influence the availability of credits that is why we can see that all labors 6% and other worker 26% have positive attitudes towards credit it.

Table 4.5.3 attitude of people toward credit it by sex and marital status.

Attitude	Sex	Single	married	Divorce	Widow	Total
Positive attitude	M	26	21	3	3	53(35.33%
	F	12	18	4	3	37(24.66)
	Total	38(25.3%)	39(26%)	7(4.66%)	6(4%)	90(60%)
Negative attitude	M	22	14	3	3	42
	F	2	11	2	3	18
	Total	24(16%)	25(16.66%	5(3.33%	6(4%	60(40%
Total	M	48	35	6	6	95
	F	14	29	6	6	55
	Total	62(41.3%	64(42.6%)	12(8%)	12(8%)	150

Source: own survey, 2017

People marital status also can influence their attitudes as if were revealed by this table 25.3 % of single and 26 % of married have .positive attitude toward credit .moreover ,17.33 % of single male and 14 % of marred male have positive attitudes while 8 % single female and 12 % married female have positives attitude toward credit .

This can be duty to certain factors for one thing married are responsible for carrying family well being and others that they can be influenced by their husband and wife's .

4.4 problems to obtain credit

Table 4.6.1 problem to obtain created from financial institutions by and educations

Reason	Education	18-25	26-35	36-45	46-56	56+	Total
High interstates'	I11	1	9	1			11
	R&W	12			1		13
	1-6	2			1	2	5
	7-10		1				1
	10+	4	2	1			7
	Total	19(12.6%	12(8%	2(1.3%	2(1.33%	2(1.3%	37(24.66%
Group for Ming	I11	2	1				3
	R&W	3	4	1	1		9
	1-6	1	1	3	2		7
	7-10			1	1		2
	10+	5	9	3			17
	Total	11(7.3%	15(10%	8(5.33%	4(2.66%		38(25.33%
Collateral	I11	7	9	1	2	3	22
	R&W		1	3			4
	1-6	1	1	1			3
	7-10	1	2	1	1		5
	10+	2	2	3	1	1	9
	Total	11(7.3%	15(10(%	8(5.33%	5(3.33%	4(2.6%	43(28.66%
Shortage of repayment period	I11	3	1	1	1	2	8
	R&W	1		1			2
	1-6		2		1		3
	7-10	1					1
	10+		2	3	1	1	7
	Total	5(3.33%	5(3.33%	5(3.33%	3(2%	3(2%	21(14%
Lack of credit facilities	I11	3			1		4
	R&W		1				1
	1-6		1				2
	7-10	1					1
	10+			1		2	
	Total	4(2.6%	2(1.33%	2(1.33%	1(0.6%	2(1.6%	11(7.33%

Source: own survey, 2017

Table 4.6.1 shows the age group (18-26)12-6 % and (26-35) 8 % reason out high interest ratio as a main problem to get credit from financial institutions.

Generally, if we see the total effects of reasons on total ages.24.66%, 35.33%, 28.66%, 14% and 7.33% of total sample reveal high interest rates, group for mingy collateral, shortage of repayment period and lake of credit facilities as problem respondent period and lack of credit facility as a problem respectively.

This shows that collateral is the major problem (factor) for low credit in the study area followed by group following by group forming. As result many of people are not afford to access the credit.

Table 4.6.2 problem to credit from financial institutions by sex and occupation.

Reason	Sex	House wife	Office worker	Merchant	Laborer	Other	Total	
High interest rate	M	2	12	4	2	16	36	
	F		4		3	4	11	
	Total	2(1.33)	16(10.66%)	4(2.665%)	5(3.33%)	20(13.3%)	47(31.33%)	
Group forming	M	2	5	3	1	10	21	
	F	3	3	2	1	7	17	
	T	5(3.33%)	8(5.33%	5(.33%)	2(1.33%	17(11.33	37(24.66%	
Shortage of repayment period	M		5	1		6	12	
	F	4	3		1	1	9	
	T	4(2.66%)	8(5.33%)	1(0.66%)	1(0.66%)	7(4.66%)	21(14%)	
collateral	M	1	4	2	2	8	17	
	F	5		1	2	1	9	
	T	6(4%)	4(2.66%)	3(2%)	4(2.66%)	9(6%)	26(17.33%)	
Lack of credit facilities	M		5		2	6	13	
	F	4				2	6	
	T	4(2.66%)	5(3.33%)	-	2(1.66%)	8(5.33%)	19(12.66%)	
Total	M	5	31	10	7	46	95	
	F	16	10	3	7	16	55	
	T	21(14%)	41(27.33%)	13(8.66%)	14(9.33%)	64(40.6%)	150(100%)	

Source: own survey, 2017

As shown on the above table 10.66%of office worker and 13.33% of other worker have high interest rates as a problem to obtain credit from financial institution.

In the study area the majority of merchants engaged in small business activity that is why most of them face less problem of getting credit.

In general the top problems are high interest rates, group forming and collateral. Regarding to high interest rates since most people are poor; they expect that the interest rate paid in return for principal money high for them to pay for.

Table 4.6.3, problem to obtain credit from financial institution by sex and marital status.

Reason	sex	single	Married	Divorce	Widow	Totals
High rate of interest	M	9	5	6	1	21
	F	15	5	1	1	22
	T	24(16%	10(6.66%	7(1.66%	2(1.66%	43(28.66%
Group forming	M	9	9	1		19
	F	2	4	3	2	110
	T	11(73%	13(8.66%	4(2.66%	2(1.66%	30(20.0%
collateral	M	17	8	2	3	30
	F	5	6	1		13
	T	22(14.6%	14(9.33%	3(2%	4(2.66%	42(28%
Shortage of repayment period	M	3	7		2	12
	F	1	8		1	10
	T	4(2.6%	15(10%		3(2%	21(14.66%
Lack of	M	3	3		2	8

credit facilities	F	2	1	1	1	5
	T	5(3.3%	4(3.6%	1(0.66%	3(2%	13(8.66%
Total	M	41	35	9	10	-95
	F	27	23	3	2	.55
	T	68(45.3	58(38.66	12(8.0%	12(8. %	150

Source: own survey, 2017

From the table we can understand that 14.66% of single and 9.33% married have collateral problem to get credit and 16%of single and 6.66% of married reveal high interest rates as problem this shows single have more collateral problem that married because they have no more fixed assets. This part of the study can show how many of people understand the advantage of credit and which factors can influence it.

CHAPTER FIVE
CONCLUSION AND RECOMMENDATION

5.1 Main findings

The age group (26-35)19.33% and (18-25) 16% have positive attitude towards saving and the left (36-45) 10.33%, (56+24.66% and (45-55) 4.66% have somewhat positive attitude toward credit also.

❖ This shows the age variables cannot much influence on saving.

❖ 36.6% male and 14.6% of female population have positive attitude toward saving. This indicates that male have golden opportunity than females .this influences comes from different angles such as socio economic and cultural influence on income and income variance leads on low savings.

   ❖ 31.3 % of single and 16.66 % of married have positive attitude towards saving. These great differences in savings come from, educations, motivations, awareness and easily access to group forming than married. That makes them high saving rates.

   ❖ People whose annual income is above (90000+) 15.33% have high saving culture.

   ❖ 29.3 % of other workers, 13.3 % office worker and 5.33 % of merchants have positive attitude towards savings however, 12.66% of office worker and 11.3% of house wife are not saving their money.

   ❖ From the respondents who prefer to save money 48 % reason out economic activities, 31.33% for safety and 20 % for life cycle need.

   ❖ From the respondent who does not save money 38.66% reason out because of low income, 25.3% lack of motivation and 28 % lack of awareness from this income is the dominant factor to save money in the study area.

   ❖ From the respondent 59.33 % of the population have positive attitude towards credit.

❖ From the total respondents 28.6 % reason outs as collateral as a problem to obtain credit, 25.3 % group forming and 24.66 % high interstates. The rest shortage of repayment period and lack of credit face laities ranked 4th and 5th with 15 % and 2 % respectively.

5.2. Conclusion

This research paper is conducted in Seyyo town to investigate the saving and credit culture of the people and how it is improved. The researcher used primary source of data and 150 population is taken for investigation through simple random sampling technique and to analysis qualitative and quantities data, descriptive method of data analysis were used.

The study reveal that variable like that of age, sex, marital status, education, occupation and income can influence the attitude of people toward saving and credit and the knowledge about the service. From this finding we can give different suggestion55.31 % of the respondents has saving culture and 61 % of them have positive attitude toward credit.

This implies that saving culture is still in effective inSeyyotown. The in effectiveness comes as result of a number of factors that affect saving and credit in the study area.

Among these factors the most important are low income of the people, collateral, group forming high interstates, low interest rates, lack of motivations, shortage of repayment period and lack of credit.

5.3 Recommendations

People practice with saving and credit activities if given the opportunity to do so in well-organized efficient operation that has well designed attractive financial involvement.

As far as the improvement of saving and credit activities are concerned the following recommendation are expected to improve the future good saving and credit activates in the study area.

$\Rightarrow$ To improve income level of the people :-

Improving the people assess to saving and credit with access to finance sector, people can make confidently in their primary income generation activities because they have more option for meeting the expected expenditure and unexpected show.

$\Rightarrow$ To motivate people to use saving and credit facilities.

Creating awareness about the importance of saving and credit to the society by given education to the poor to be beneficiaries of the service of MFI so as to alleviate poverty.

$\Rightarrow$ To reduce the problem of collateral.

Relaxing the policy of granting according to the ability and adversity range of collateral types

$\Rightarrow$ To reduce the problem of lack of accredits it and saving facilities.

❖ Encouraging and creating groundnut for establishing and expansion of MFI and CSA within the society.

❖ Establishment of development bank of country level to seal up and strengthens its credit operation for micro saving enterprise.

❖ To reduce the problem of group forming and shortage of repayment period.

Making process of providing and payment simple and clear

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Appendix

Dear respondents, these questionnaires are prepared by prospective graduate student of Jimma University for partial fulfillment of BA degree in economics to obtain essential and relevant data and information about the Assessment of saving and credit culture of the people in Seyyo town in West Shewa zone

General directions

No need to write your name

Put tick ( ) mark in the box and for opened question write on the space provided.

You can give more than one answer then it is necessary

You are kindly requested to answer all questions

The following are questions that people includes in the sample are ask to attain the objective of the study the researcher will use its research findings only for academic purpose.

Personal information

Sex A male   b.☐ ıale   ☐

Age A. 18-25   b. 26☐   c. 36-45   d.☐ 55   e. 5☐   ☐

Annual/ yearly income level

Between 1000-3000   ☐

Between 3001-5000   ☐

Between 5001-7000   ☐

Between 7001-900   ☐

☐

Between 900

Education   A. illiterate ☐   C. Read and write ☐   B. Primary school (1-6) ☐

D. Secondary school (7-10) ☐   E. 10 ☐

   5. Marital status A. single ☐ B. married ☐   C. Divorce ☐   D. Widow ☐

6. Occupation   A. house white ☐

                       B. office worker ☐

                       c. merchant ☐

                       D. laborer ☐

                       E. other ☐

7. What are your attitudes toward saving?

a. positive attitude toward saving ☐

B. Negative attitude toward saving ☐

C. positive attitude/ savers. ☐

8. Do you have the culture of saving?

A. yes ☐   b. No ☐

9. If your answer for no 8 is yes or if you have the culture of saving for what purpose you save.

A. for economic activities ☐

B. for unforeseen problem in the future ☐

C. to meet café cycle needs/ Inter-temporal consumptions) ☐

10. If you answer is not for no 8 or if you did not have the culture of saving what is the season?

A. Lack of awareness ☐

B. Lack of motivations ☐

C. lack of income ☐

D. Low interest rate ☐

11. What is your attitude toward credit?

A. Passive attitude towards credit ☐

B. Negative attitude towards credit ☐

12. Which of the problem you face to obtain credit from financial institutions

a. High interest rate ☐

B. group forming ☐

C. Collateral ☐ ☐

D. Shortage of repayment period ☐ ☐

E. Lack of credit facility ☐ ☐

Declaration

I undersigned declare that this research paper is my original work and has not been presented for a degree in any other university, and all the materials user of this study have been duly, acknowledge.

_____ _____ _____

Name of Student   Signature   Date

This research paper has been submitted for examination with my approver as university advisor.

_____ _____ _____

Name of Advisor   Signature