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RESEARCH ARTICLE

DETERMINANTS OF WILLING TO PAY MICRO CREDIT LOANS: EVIDENCE FROM WOMEN GUARANTEED LOANS IN UGANDA

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ABSTRACT

This paper presents findings of a study undertaken to analyze the influence of socio-economic factors on the extent of women's willingness to pay back microcredit loans in Uganda under the women guaranteed loans scheme. The study was undertaken between April and June 2018 in central Uganda within the Zirobwe Brac micro finance branches. A structured questionnaire was used to collect primary data from a random sample of 75 respondents who consisted of 40 women guaranteed clients and the rest being non WGL clients. Descriptive statistics and multiple linear regression models were used to analyse the factors that influence women's willingness to pay back the guaranteed microcredit loans. The results show that majority (98%) of the surveyed respondents were willing to pay back the women guaranteed microcredit loans nevertheless, over 70% were not satisfied with finance services such as interest rates paid and the loan term duration. The results indicate that actually women are paying interest rates of 36% per year, yet would be willing and able to pay 6.5% per year, the loan term duration given is 10 months yet the appropriate one would be 24 months. The results further show that willingness to pay back women guaranteed microcredit loan product is statistically and significantly influenced by increasing total family income, experience in business and frequency of credit officer visits in a month as well as frequency of trainings conducted in a year. However, willingness to payback women guaranteed microcredit loans is statistically and significantly decreased by increasing the number of people living in the household, total annual household expenses, loan owed to other credit providers and distance between residence and bank. Overall, the respondents were willing to pay back women guaranteed loans and thus there is need to promote and scale up access to women guaranteed loans in the communities at an interest rate that is affordable. Also, the duration of the loan should be given much focus as it affects loan recovery. Lastly, the socio economic characteristics like education, number of trainings and visits to clients should be given priority so as to improve recovery and proper utilization of women guaranteed loan.

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INTRODUCTION

In Uganda, like in many developing countries, empowering women through micro-credit finance is viewed as a means of reducing women poverty, empowering them, reducing their vulnerability and improving their well-being especially in rural areas. Scholars (Morduch, 1999; Armendáriz and Labie, 2011) who have conducted studies across the globe proved that microfinance has played a positive role in empowering women and alleviating poverty. Consequently, many women's organizations and microfinance institutions globally and Uganda in particular have mobilised and organised women at the grassroots levels into saving and borrowing groups in order to improve financial inclusions for vulnerable groups. This is done as a way of increasing women's incomes and bringing women together to address wider gender issues (Mayoux, 2002; Liljefrost, 2005). It is widely believed that an empowered woman is self -confident, critically analyses her environment and exercises control over decisions that affect her (Nabayinda, 2014). In Uganda there is a plethora of saving and borrowing groups which are attractive to micro financial institutions with bank products such as group loans. Group loan programs have been found to reach more women than individual loan programs. Advantages to the MFI include peer screening and monitoring, which diminishes problems of moral hazard and information asymmetry (Morduch, 1999; Niels and Lensink, 2007). This supports high repayment levels even in the absence of collateral (Ghatak, 1999; Ghatak and Guinnane, 1999). MFIs target borrowers of different characteristics regarding age, sex, and education, which may influence the outcomes of the programs.

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MFIs also have different policies regarding maximum and minimum loan size (AMFIU, 2011). Loan size may influence the willingness of clients to join a program and also the outcomes of the programs. Some loans may be too small to make contributions to poverty reduction. While it is noted worldwide that the population of women comprise the biggest proportion, their status and involvement in financial decision making is still very low. Women are constrained by socio-cultural structures. Nabayinda (2014), noted that women have not only been disadvantaged in access to material resources like credit, property and money, but they have also have been excluded from social resources like education and knowledge concerning some businesses.

A number of institutions including microfinances have come up to devise ways on how the situation of women can be changed. Although it cannot be argued that all barriers to women's empowerment can be addressed through access to micro credit, Cheston and Kuhn (2002) claim that when properly designed, microfinance programs can contribute to women's empowerment. They argue that microfinance puts capital in the hands of women, which enables them to earn an independent income and contribute financially to the betterment of their families and communities at large. In the same way, Noreen (2011) argues that once women are helped to increase their incomes, they will always spend their profits on their family needs particularly on children's education, diet, health care and clothing.

In Uganda Women Guaranteed Loans (WGL) product is promoted for its positive attributes namely ease of clients' identification, time saving, no collateral and ease of access to loans. Consequently, the donor community, GOU, and other grass root-based development agencies took microfinance high on their agenda. In spite of this WGL appeal in microfinance business, there is a persistent low access to microfinance services by women in Uganda (FinScope, 2008). Studies in Uganda indicate that women who need finance, only 20% have access to this finance service. This is mainly caused by poor education, low earning activities, restrictions from husbands, improper bank systems and inappropriate bank products. Reports from Dfcu (2008) further show that there is an increasing trend of women clients who are failing to pay their loans in time. For instance with BRAC clients; out of 3000 women clients in 2011, only about 600 clients serviced their loans effectively representing 20% performance. Cases of asset attachment are on the increase in Uganda, women businesses have closed and some are performing poorly because the women traders use what they could have earned as profit to pay back high interest rates. Besides losing property, many people are languishing in prisons for failure to pay borrowed money. This dismal performance has put under scrutiny the suitability of some these loan products in addressing the women needs. According to Duvendack, et al (2011), well-known studies which claim to have found positive impacts on poverty reduction are based on weak research designs while giving low considerations to behavioural issues of clients' acceptance such as willingness to pay for the services. Besides, the willingness to pay back of women guaranteed loan product and the factors influencing women's WTP back women guaranteed product have not been thoroughly studied. Therefore this study was designed to assess the willingness to pay back women guaranteed loan product and understand the factors that drive clients' WTP back.

MATERIALS AND METHODS

Study area description

The study was conducted in Zirobwe Sub County located in Luwero District in the Central Region of Uganda. Zirobwe is approximately 51 kilometres by road, north of Kampala, Uganda's capital. This is approximately 37 kilometres, by road, southeast of Luweero, the site of the district headquarters. Zirobwe Sub-county is located on latitude 0.686881 and longitude 32.691010 and the average minimum and maximum temperature recorded is 15 ^{o}C and 28 ^{o}C respectively. The area experiences a bi-modal rainfall pattern, with the first season starting in March-April and ending in May. The second rains start in July and go up to November and are usually more reliable. The annual rainfall ranges from 800mm and 1200mm. The Zirobwe sub county has a total population of 47,900 whose main livelihood is mainly crop growing with livestock kept to supplement their incomes.

The main economic activity in Zirobwe sub county is subsistence farming, with farmers rearing animals and growing both food and cash crops. The main food crops grown include banana, sweet potatoes, maize, beans and horticultural crops (Cabbages, Nakati, Amaranthus) while coffee is the main cash crop in the area. The animals reared include pigs, goats and cattle, and poultry, these are reared on small scale with most households keeping at least one of these animals. Zirobwe sub county was purposively chosen because this area is well served by financial institutions as well as presence WGL spear headed by BRAC microfinance institution. Scoping study within BRAC micro finance, indicated high success rates of WGL in Zirobwe. Further, the area is in close proximity to Kampala which has most of the financial institutions.

Study population: Since the study targeted women guaranteed loans, the population for this study were women who had accessed loans in Zirobwe sub-county. The study targeted 75 respondents who consisted of women benefiting from the Women group guaranteed loan at Brac branches , who are termed "WGL clients" and those not benefiting termed as "Non WGL clients " by loan officers, MFI/Bank management in Zirobwe and Luwero district commercial offices. These respondents were chosen because of their vast knowledge, experience and information regarding micro finance loans in Zirobwe.

Sampling and field data collection:

The sample size used in this study was determined using Yamane's formula for sample size calculation as shown in equation 3.1 below:

$$No = \frac{N}{1 + N\,(e)2} \quad (1)$$

Where; N_0 is the sample size, N (equal population) is the population size and e (equal to 10%) is the level of precision. A multistage sampling strategy was used. At stage one, out of the eight parishes in the Zirobwe, three perishes were selected because it is where most of the women guaranteed loan client were concentrated as per the list given by one of the microfinance institution and some SACCOs in Zirobwe. At stage two, 2 villages were selected from each of the parishes. Within each parish, a random sample of 25 smallholder farmers/clients (consisting of 15 WGL clients and 10 Non

WGL clients) for two parishes while in one parish a random sample of 18 smallholder/clients (consisting of 10 WGL clients and 8 Non WGL clients) were selected. In addition, seven (7) key informants were purposively selected. This resulted in seventy five (75) smallholder farmers and stakeholders selected for this study. To further supplement the collected information, two Focus Group Discussions (WGL and Non WGL clients) were conducted. In eliciting willingness to pay back for a women guaranteed loans, various aspects were investigated and these include asking questions such as; what loan amount are you able and willing to receive from the bank?, how much would you be able and willing to pay back?, what interest rate (%) would you be willing to be given a loan at?, what time lag in months would you prefer between the time you apply for the Women guaranteed loan and approval?, and what loan duration in months would you need for the women guaranteed loan?.

Analytical model and Willingness to pay estimation methods for WGL: The most commonly used econometrics models in the microfinance and loan repayment studies are the choice models (Awunyo-Vicor, 2012). There are many models that can be used when the dependent or response variables are dichotomous in nature. These include linear probability, logit, probit, and tobit models according to Gujarati (2004). The more commonly used models are the probit and logit models. The choice of whether to use a probit or logit model are both widely used in economics is a matter of computational convenience (Greene, 1997). Specifically in investigating effective factors on consumers' willingness to pay, regression models such as Logit, Probit, Ordered- Logit, and Ordered-Probit are mostly applied (Uva and Cheng, 2005). Most of the studies have explored loan repayment /default rate of clients using the binary or multinomial Logit, Probit, and Tobit models. Umoren et al. (2014) examined the analysis of loan default among agricultural credit guarantee scheme (ACGS) loan beneficiaries in Akwa Ibom State, Nigeria using a Tobit model. Awunyo-Vicor (2012) employed Probit model to investigate factors that influence farmer's loan repayment default. Umoren et al. (2014) used a logistic regression in analysis of loan default among agricultural credit guarantee scheme (ACGS) loan beneficiaries in Akwa Ibom State, Nigeria. Reta (2011) on a study of determinants of loan repayment performance in Ethiopia used a probit model. Loan repayment is, therefore, a non-continuous dependent variable that does not satisfy the key assumptions in the linear regression analysis. When the dependent variable to be modeled is limited in its range, using ordinary least squares (OLS) may result in biased and inconsistent parameter estimates.

The present study adopted a multiple linear regression model in analysing the factors that influence willingness to pay back for women group guaranteed loans. The reason is based on the fact that the amount respondent is willing to pack back is continuous dependent variable that satisfies the key assumptions in the linear regression analysis. Although, the parameter estimates from the latter may result in biased and inconsistent parameter estimates. In this study various tests such as multicollinaerity and heteroscedasticity were conducted that ensured parameters satisfied the analytical assumptions. A multiple linear regression was used to determine the factors the influence willingness to pay back women guaranteed loans among clients. The model was been adopted because of the nature of the dependent variable, which is continuous and linear. Indeed, (Saunders et al. (2007) asserted that linear regression analysis is said to be the most widely applied data analysis technique for measuring linear relations between two or more variable. The estimates obtained are known as the Least Square Estimators. The estimators are unbiased, linear, and the variance between the real and the estimated ß are as small as possible. For our case study, let Pi be the amount of Women group guaranteed loan clients paying or showing willing to pay back and X is a vector of explanatory variables. Thus, the amount is specified as;

$$Pi = f(X, \varepsilon) \quad (2)$$

Where ε is an error term.

The conceptual model is given as;

$$Y_i = \beta_0 + \sum_{j=1}^{n} \beta_j X_{ji} + \varepsilon \quad (3)$$

Where P_i = amount paid back of women guaranteed loan; X_{jis} are the set of explanatory variables; β_0 and β_j are the coefficients that were estimated, and ε is the error term.

The estimated coefficients (β_0 and β_j) are measures of the changes in Yi as a result of change in X_{jis}.

The multiple regression equation for used was:

$$Y_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \beta_8 X_8 + \beta_9 X_9 + \beta_n X_n + \varepsilon \quad (4)$$

The empirical model specifying the amount of women guaranteed loan they are paying or willing to pay back is stated in equation 4. Thus, the multiple linear regression equation for this study was modeled as: Yi is the amount of women guaranteed loan they are paying or willing to pay back Assumptions for linear regression model, which includes linearity, normality, homoscedasticity and independence, were considered after being verified, (David, 2009).

RESULTS AND DISCUSSION

Results of descriptive analysis (Table 2) revealed that there is no significant difference between the ages of women guaranteed loan (WGL) clients and Non WGL clients, nonetheless slightly older clients (43.2 years) were observed among non WGL clients compared to 42.9 years noted in WGL. Age is very key consideration in financial service access. Kimuyu; et al, (2000) demonstrate that age is associated with access to credit. That is, older entrepreneurs are more likely to seek out for credit. Young people have legal limitations to accessing formal credit because they lack assets/collaterals to stake for credit access. Lore (2007) noted that younger entrepreneurs are less likely to access loans from banks in several Sub Saharan countries. On the other hand, very old clients during Focus Group Discussions (FGD) indicated that usually struggle to get to the nearest financial service provider due to distance. Further the WGL clients had more number of people living in the household than their counterparts and the difference is statistically significant at 1% confidence level. The household is very key in terms of household expenditure as households with more dependants are likely to save less compared to those with few as such, having disposal incomes to use to access credit may be hard.

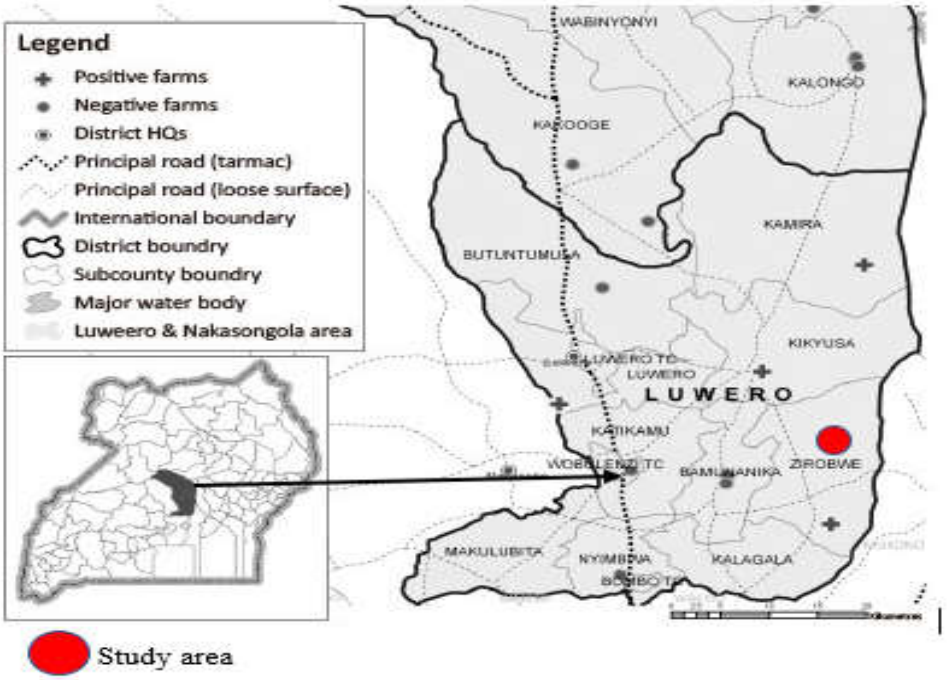

Figure 1. Map showing the study area

Table 1. Description of the variables used in the multiple linear regression model

Variable	Description	Measurement	Expected sign
X1	Age of household head (years)	Continuous	-/+
X2	Number of years of schooling	Continuous	+
X3	Main occupation of the household head	Binary	-/+
X4	Total family income	Continuous	+
X5	Number of people living in the household	Continuous	-
X6	Experience in business (Years)	Continuous	+
X7	Business registration status	Binary	+
X8	Total annual household expenses	Continuous	-
X9	Loan owed to other credit providers	Continuous	-
X10	Distance between residence and bank (KM)	Continuous	-
X11	Frequency of credit officer's visits in a month	Continuous	+
X12	Frequency of trainings conducted in a year	Continuous	+

Table 2. Borrowers characteristics (Continuous variables)

Variable	WGL clients	Non WGL clients	P-Value
Age of the respondents in years	42.9	43.2	0.915
Number of years of schooling	6.6 ***	4.32	0.000
Number of people living in the household (HH size)	7.125 ***	5.1786	0.004
Farm income (UGX)	5,455,800***	2,906,114	0.002
Off farm income (UGX)	3,319,259***	1,682,666	0.012
Total household income	8,656,514****	4,528,685	0.000
Amount credit received (UGX)	3,500,000	2,000,000	0.005
Amount credit not paid (UGX)	2,680,000	1,263,500	0.952
Amount credit not paid (%)	76.6	63.2	0.801

*** Significance at 1% level

Table 3. Loan characteristics

Variable		(%) WGL clients(n=40)	(%) WGL Non clients (n=28)
Access to credit	Yes	100	96.0
	No	0.00	4.0
Type of credit	Short term – up to 6 months	7.5	10.7
	Medium term between 6 months and above	92.5	89.3
Loan use	Invest in crop production	2.5	3.6
	Invest in business	87.5	82.1
	Build a decent house	2.5	3.6
	Pay school fees	7.5	10.7
Credit Source	Farmers groups	32.5	53.6
	BRAC	67.5	42.4
Collateral	Animals	12.5	17.9
	Land	10.0	14.3
	Durable consumer goods	15.0	21.4
	Friends guarantee	55.0	35.7
	Crop produce	7.5	10.7
payback Form	Cash	100.0	100.0

Table 4. Willingness to pay for Women guaranteed loan

Issues	WGL clients	WGL Non clients
% willing to pay back	80	90
Interest rate (%) willing to pay	6.5	10
Interest rate (%) actually paid	36	48
Loan term duration clients are willing to have (Months)	24	24
Actually loan term duration clients are given (Months)	10	12

Table 5. Multiple regression estimates of willingness to pay back women guaranteed loans

Variable	Standardized Coefficients	Standard Error	P-Value
(Constant)	-	1,639,000.00	0.005
Age of the respondents in years	0.007	1,417.78	0.551
Number of years of schooling	0.007	5,477.24	0.654
Main occupation of the household head (Dummy 1=Farmer, 0=Otherwise)	0.01	22,124.93	0.729
Total family income (UGX)	1***	0.00	0.000
Number of people living in the household (HH size)	0.005	14,952.45	0.858
Experience in business (Years)	0.519***	12,994.37	0.001
Business registration status (Dummy 1=Yes, 0=No)	0.634***	583,277.15	0.012
Total annual household expenses (Ugandan Shillings)	-2.46***	0.01	0.000
Loan owed to other credit providers (Ugandan shillings)	-1.157***	0.41	0.000
Distance between residence and bank (KM)	-1.134***	66,871.31	0.003
Frequency of credit officer's visits in a month	0.7***	77,931.35	0.000
Frequency of trainings conducted in a year	1.302***	37,856.03	0.000
R squared =1			
Adjusted R Square = 0.999			

Source: Survey data, 2018 *** Significance level at 1%

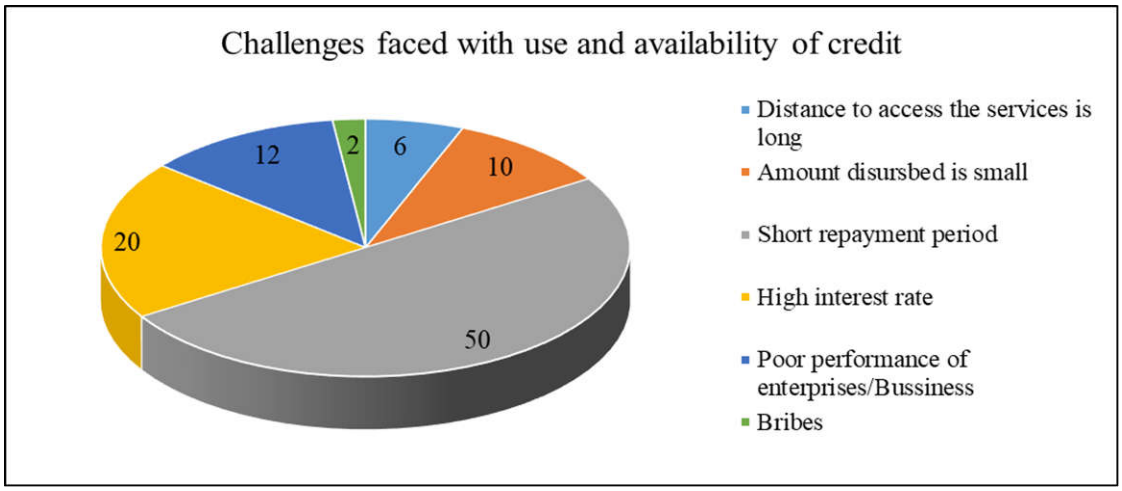

Figure 2. Challenges faced in credit use and availability

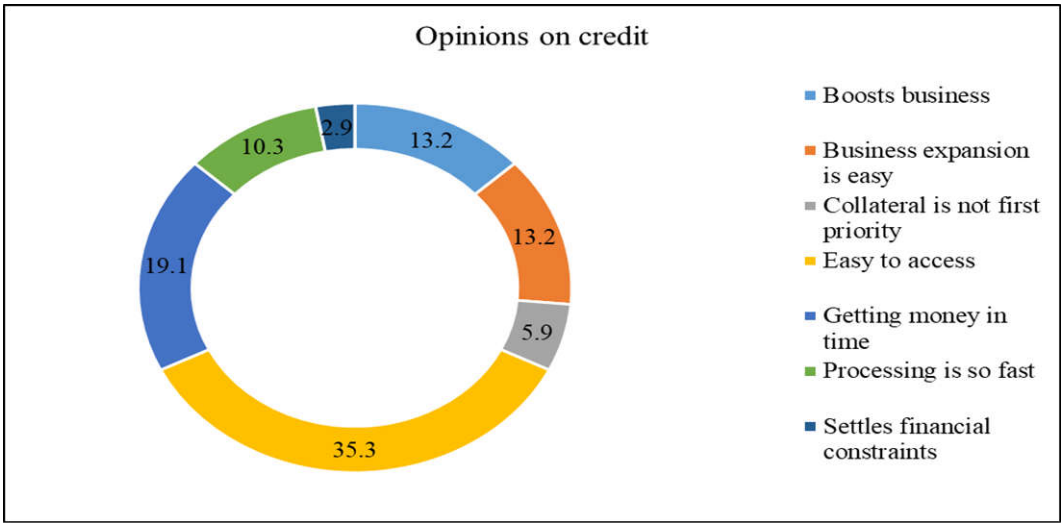

Figure 3. Opinion about credit

In this study, the average schooling years for a household age was 7 years for the WGL clients whereas for Non WGL clients it was 4 years (Table 2). The difference in schooling is statistically significant at 1% confidence level. Education level is very important in credit access as low literacy levels complicate reading and compliance with financial documents. Indeed, Brown (2001) stresses that language barrier leads to the rural clients fail to fully understand the conditions of complex financial products offered to them, thereby making it costly for clients. Another aspect that was investigated in this study is clients' incomes. On average, WGL clients had an annual income of UGX 8.7 million compared to UGX 4.5 million with non WGL clients (Table 2). Financial institutions consider client incomes to enable access of financial services. Clients with higher incomes are more likely to access a large amounts of credit compared to those without. This confirms what was noted in this study in Zirobwe where WGL clients accessed UGX 3.5 million compared to UGX 2.0 million which is about two fold higher. Key informants reports with financial institutions in Luwero revealed that households with a higher income normally run a savings account and have a higher chance of saving. As such, higher savings will lead to capital accumulation, which in turn will lead to economic growth and development (Bime and Mbanasor, 2011). Akingunola and Onayemi (2010) while women with working in the wage sector noted them to have higher access to financial services from formal institutions, many of them prefer the informal financial system because of its flexibility The findings reveal that there is a significant difference in the amount received by WGL clients and the proportion of farmers who had the highest amount of credit not paid was among WGL clients. Although the remain amount not paid is not statistically significant between the two categories of clients that is WGL and WGL non clients.

In terms of difficulties to pay the loans, all clients were running low in repaying their loans (Table 2).WGL clients (76.6%) experience difficulties in paying the loan back compared to non WGL clients (63.2%). This could be attributed to the low grace period terms for loan repayments in table 4 below. The Table 3 indicate that all WGL clients had access to credit compared to 96.0%. Generally, all categories had access to credit. All the WGL clients had access to credit because WGL clients have limited conditions, which cannot stop them access credit. Unlike the Non WGL clients who must present high value collateral to access credit like land and durable consumer good, the WGL clients mostly require friends guarantee (55%) followed by durable consumer goods (15%). A study by FinScope (2013) reported that the main collateral used in MFIs is land title (46.9%), followed by household assets (12.1%) and livestock (8.7%). In all the categories, majority of the credit accessed by the respondents is medium term between 6 months and above as mentioned by over 85%. Most of the respondents cited investing in business followed by paying school as the purpose for which credit is taken. The finding corroborates with a study by FinScope (2013) which reported the main reasons given for borrowing by majority of the adult population were for investment, 50% (being for education, business, agricultural production and asset acquisition. The payment mode for credit borrowed by the respondents in both categories is cash.

Challenges associated with Credit use and Availability: The challenges mentioned by the respondents (Figure 2) in descending orders are short repayment period (50%), which was reported to be as low as 10 months in BRAC microfinance followed by high interest rate (20%), poor performance of businesses (12%), small amount disbursed (10%), distance to access the services is long (6%) and lastly bribes (2%). The respondents also reported that the two main reasons to why they find it difficult to repay the loans is due to problems experienced in the enterprise and illnesses in the family which demand the money that would be used to repay back. This finding is in agreement with a study by FinScope (2013) that reported the challenges as key in loan defaulting.

Satisfaction and opinion of loan clients: Most of the respondents reported women guaranteed loans were easy to access (35.3%) followed by boosting the business (19.1%), settling financial constraints and expansion of the business each accounted for 13.2% and many other opinions such as processing loan being fast, collateral not being the first priority (Figure 3).

Willingness to pay for Women guaranteed loan: The finding show that over 90% of the clients were willing to pay the women guaranteed loan product (Table 4). Again, the amount paid by WGL clients is higher than the amount the WGL non clients are willing to pay because the WGL non clients have not tested its benefit and thus reserved to mention a higher value compared to their counterparts. The amount of interest rates for WGL clients is higher than that of their counterparts because with the WGL non clients perceive that being a special product for women, majority think that interest rate is lower and the risks associated with failure to recover are low (Table 4). Additionally, they think that the condition for accessing are a bit relaxed because the main guarantee is the group and collateral is not a must. This implies that the rate of default rate could be low and thus a lower interest rate charged. The WGL non clients further reported that they prefer loan duration of 12 month. However, most of the clients of WGL from BRAC micro finance institution reported that the loan duration was 10 months, which is 2 months less than what was mentioned by non-clients.

Factor influencing women's willingness to pay back women guaranteed loans in Uganda: The multiple linear regression results of factors influencing willingness to pay back women guaranteed loans are presented in Table 5. The goodness of fit of the multiple regression models is very good, with R^2 value of 1 and adjusted R^2 value of 0.999. Therefore, it can be concluded that the multiple linear regression model used has integrity and is appropriate. Of the eleven variables used in the model, eight variables were statistically significant at 1 % level. These include; total family income, number of people living in the household, experience in business, total annual household expenses, loan owed to other credit providers, distance between residence and bank, frequency of credit officer visits in a month, and frequency of trainings conducted in a year. In addition, all the factors had their *a priori* expected signs correctly. The coefficient of experience in business was found to have a significant ($p<0.01$) and positive relationship with willingness to pay back Women guaranteed loans. It was noted that for every increase in experience by one year there is an increase in the willingness to payback the women guaranteed loan. This is because increase in experience is associated with increase in knowledge of running a business, which reduces the losses incurred and increases on the profits gained, this is translates into money used for paying back the loan.

This finding corroborates with the findings by Wongnaa and Awunyo-Vitor (2013) but contrary to the finding in a study on determinants of repayment in microcredit - Evidence from programs in the United States by Bhatt and Tang (2012) which reported that business experience has no significant effect on repayment. The registration status of a business was positively correlated with willingness to payback women guaranteed loans and was statistically significant ($p<0.01$) at 1%. This implies that business that are registered are able to repay back the loan because registered businesses can easily be trusted to execute work which generates more revenue compared to those that are not registered. Indeed, business registration for most of business is prerequisite for MFIs to give you a loan.

The total annual household expenses was negatively correlated with willingness to pay back women guaranteed loan and was statistically significant ($p<0.01$) at 1%. This could be attributed to the fact that an increase in family expenses will reduce the amount available to repay back the loan because of the money is spent to meet household expenses. Loan owed to other credit providers was negatively correlated and statistically significant at 1% confidence with willingness to pay back women guaranteed loan. Having so many loans to service greatly affects repayment because the available funds/money becomes constrained amidst other obligations, which needs to be settled. This will increase default rate or unwillingness to pay back the women guaranteed loan. Findings in Table 5 further reveal that an increase in the distance between residence and bank will reduce the willingness to payback women guaranteed loan and is statistically significant at 1% level. The longer distance to travel has an implication on the transport cost as well as time taken. These will affect women guaranteed loan repayment because individuals may not be willing to fund transport costs for long distance, in addition to wasting time traveling long distance.

The frequency the credit officers' visits in a month are positively correlated with willingness to pay back women guaranteed loan. In addition, it is statistically significant at 1% level. Credit officers play a key role in women guaranteed loans, as they are in charge of recovery as well as advising clients on what they can do to boost their businesses/enterprise to generate income. Thus increasing their number of visits to the clients will increase willingness of clients to pay back the loan. The finding is in agreement with the finding by Wongnaa and Awunyo-Vitor (2013) who reported a significant and positive relationship of the number of supervisory visits to yam farmers' ability to repay their loans in Ghana. It is argued that the more credit officers visit farmers to supervise how loan is used, the better farmers' repayment abilities and vice versa, will motivate the farmers to work harder and there will be less likelihood of farmers diverting the loans to unintended purposes. The frequency of trainings conducted had a positive and significant relationship effect on willingness to pay back women guaranteed loans. As training are associated with access to information which guides clients to know what is expected from them. Indeed Mukono (2015) asserted that access to training on loan use increase repayment rate and thus reduces default rate. Findings in Table 5 reveal that total income has a positive and significant effect on willingness to pay back. This implies a unit increase in the clients' incomes lead to increase in willing to pay back women guaranteed loan. This finding is consistent with the finding of Kapsalis (2006) who asserted that the ability of students to repay their loans depended primarily on their future earnings rather than on the size of debt incurred.

Conclusion and Recommendation

The study findings reveal that majority of the households (over 90%) were willing to pay back for women guaranteed loan products. The study further suggests that the socio-economic and demographic factors significantly influence WTP back women guaranteed loan product in Uganda. The respondent's ability of paying back women guaranteed loan product increases with total family income, experience in business, number of credit officer's visit, and frequency of trainings. In contrast, the ability of paying for women guaranteed loans decreases with the increasing distance between the bank and residence, total family expenses, and total loan owned to other creditors. Therefore, efforts aimed at promoting women guaranteed loan product should focus on the above social and economic characteristics. Particularly, concerted efforts should be made on ensuring that the credit officers' visit and frequency of training are key in ensuring that women guaranteed loans are paid back because information is provided to the clients.

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