KIGALI INDEPENDENT UNIVERSITY ULK

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THE IMPACT OF FINANCIAL INCLUSION TO YOUTH WELFARE IN RWANDA.

CASE STUDY

BUSINESS DEVELOPMENT FUND(BDF) HEADQUARTERS.

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A Dissertation Submitted and Presented to the School of Economics and Business Studies in a Partial Fulfilment of the Requirement for the Award of a Bachelor's Degree in Accounting.

By

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DECLARATION

I, MUKASHEMA Allen, hereby declare that this dissertation, **“The impact of financial inclusion to youth welfare in Rwanda. Case study: Business Development Fund (BDF), (2020-2023**)” is my original work and has not been submitted for any degree or examination in any other higher learning institution, and that all the sources I have used or quoted have been indicated and acknowledged by complete references.

MUKASHEMA Allen.

Signature…………………………………

Date: ……/……………/ 2024

APPROVAL

This is to certify that the dissertation **"The impact of financial inclusion to youth welfare in Rwanda. Case study: Business Development Fund (BDF), (2020-2023)"** is a study carried out by **MUKASHEMA Allen** under my guidance and supervision.

Supervisor: Ddumba Arafat Yasser

Signature…………………………………

Date: ………/……………/ 2024

DEDICATION

To my family

To my friends and colleagues.

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Firstly, I am grateful to my Almighty God for giving me health, strength and perseverance to continue and finish my studies.

My sincere thanks are addressed to the Founder and President of Kigali Independent University ULK **Prof. Dr. RWIGAMBA Balinda** for the facilitation and support in our efforts to pursue our studies.

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LIST OF ABBREVIATIONS

% ; Percentage

AACB; Association of African Central Banks.

AFR ; Access to Finance Rwanda

ANOVA; Analysis of the Variance2

ATM; Automated Teller Machine

BDF; Business Development Fund

DFS; Digital Financial Services

FGD ; Focus Group Discussions

GoR; Government of Rwanda

IPAR ; Institute of Policy Analysis and Research

MFIs ; Micro Finance Institutions

NFIs ; National Financial Inclusion Strategy

OECD ; The Organization for Economic Co-operation and Development

PHD; Doctor of Philosophy

SACCOs ;Saving and Credit Cooperative Organisations

SMEs ;Small and Medium Enterprises

SPSS ; Statistical Package for the Social Sciences.

SSA; Sub-Saharan Africa

ULK ; Kigali Independent University

VSLAs; Village Savings and Loan Associations

WB; World Bank

WBG; World Business Group

YETA ; Youth Empowerment Through Agriculture.

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ABSTRACT

This study examines how financial inclusion affects youth welfare in Rwanda, a country with a fast-expanding youth population that experiences numerous socioeconomic difficulties. Financial inclusion is defined as having access to and using a range of financial services. It is widely acknowledged as a crucial tool for improving people's socioeconomic condition, especially for young people. Knowing how financial inclusion affects youth welfare is crucial as Rwanda works to achieve its Vision 2050 aspirations of becoming an upper-middle-income nation. Young people with access to financial services demonstrate higher levels of economic empowerment, characterized by increased savings, investments in education, and entrepreneurial activities. For instance, youth who utilize savings accounts report improved financial stability, enabling them to manage unexpected expenses and invest in skill development. Additionally, ac2cess to microloans has been instrumental in fostering entrepreneurship among youth, providing them with the necessary capital to start small businesses. This not only contributes to individual welfare but also generates employment opportunities within their communities.

A large number of youth either don't know about the financial services that are offered or don't think they are necessary for their needs. In order to create an inclusive financial climate that supports the goals of all young, it is imperative that these impediments be addressed. This study's findings emphasize the vital role that financial inclusion plays in improving Rwanda's youth wellbeing. It urges financial institutions and legislators to create focused plans that improve young people's access to financial services and foster their financial literacy. Rwanda should use the potential of its youth by funding financial inclusion initiatives, which would enable them to actively participate in the economy and promote sustainable development. This study adds to the growing body of knowledge on financial inclusion and youth empowerment by highlighting the need of a comprehensive strategy that takes into account the particular difficulties that young people experience as they work towards better futures.

Key terms; Financial inclusion, Youth welfare,……..

CHAPTER ONE : INTRODUCTION

In this chapter we are going to identify basic information on background, problem statement, objectives of the study, research questions, research hypothesis, scope of the study, significance of the study and organization of the study.

1.2. Background

At the global level, financial inclusion is seen as one of the most talked-about systems that can help improve the living standards of the people. According to the World Bank, financial inclusion has to do with households and firms having access to financial services that meet their needs, that they can afford, which is offered in a way that is responsible and sustainable (WB, 2022) That is, financial inclusion is where households and firms have access to financial services such as savings, payments, credit and insurance, which is accessible and affordable.

The Global Financial Inclusion Index 2023 shows that there has been some progress in financial inclusion over the past year. However, there is still a significant gap in financial inclusion between developed and developing countries, and vulnerable groups are often disproportionately excluded. Financial inclusion worldwide is one of the main policy tools to increase welfare, reduce poverty, and enhance macroeconomic stability which creates different opportunities for both developing and developed countries.

According to the Global Findex Database, account ownership in Sub-Saharan Africa (SSA) rose from 43 percent in 2017 to 55 percent in 2021, however, this is still substantially lower than the global average of 76 percent.

There has therefore been a recognition that Digital financial Inclusion is lagging on the continent. Addressing this situation will stimulate economic activity and positively impact our development. Technology gives us an opportunity to broaden use of financial services, including payments, savings, lending, and insurance.

(Interview with Tim Masela, Vice Chair, AACB African Inter-Regional Payments Integration Task Force)   In Sub-Saharan Africa, most countries have implemented significant financial reforms and interventions to enhance the level of financial inclusion in the region.

Aside from the Maya Declaration, other initiatives aimed at promoting financial inclusion in SSA include the Financial Literacy Campaign, the National Financial Inclusion Strategy (NFIS), and policies relating to cashless systems by the respective central banks. Despite these initiatives to create a more financially inclusive sector, it is crucial that the deprived and vulnerable people can easily access financial services offered by financial institutions. (Agga, 2021)

Over the past ten years, Sub-Saharan Africa has seen a notable increase in financial inclusion, largely due to the use of mobile money accounts. The region is still working to increase equal access based on age, gender, income, and education as well as increased account access and usage overall. Furthermore, millions of adults in Sub-Saharan Africa still receive or make regular cash payments despite the growing prevalence of digital payments in the region. This suggests that there are chances to boost financial inclusion by digitizing payments. (The Global Findex, 2021)

Digital financial inclusion is thus a priority across Africa, as evidenced by the uptake of digital technologies in most African markets. According to the Global Findex Database, Africa leads the world in mobile money adoption, the primary driver of digital financial inclusion.3 Additionally, mobile money accounts have enabled users to save formally, borrow money, make or receive digital payments, receive remittances, and even raise emergency funds.

Rwanda has had a strong growth in financial inclusion, as evidenced by the considerable shift from informal to formal savings techniques, the implementation of new long-term savings initiatives, and the notable rise in the percentage of people saving through bank accounts from 13 to 21 percent. But a lot of Rwandans still favor traditional and informal savings techniques over banks, mobile money, and Umurenge SACCOs, and the percentage of the population that doesn't save at all has remained at 14%, indicating that this sector needs to be strengthened. Furthermore, the nation's savings rates are still low when compared to counterparts in the region and beyond. (World Bank Group, 2024)

96% of Rwandan adults, or 7.8 million, are now financially included in 2024, up from 93% in 2020. This represents significant progress in the country's financial inclusion efforts. With this, the nation is get2ting very close to reaching the 100% universal access aim.

Financial exclusion occurs when just 4% of adult Rwandans do not use formal or informal financial products or services.(Finscope, 2024)

Based on the DFS thematic report, in 2020, around 94% of commercial banks and 85% of mobile money operators offered electronic services (e-wallet services). In 2020, around 30% of Rwandans used DFS to facilitate payments, compared to around 19% in 2016. This segment actively uses their financial transactional accounts and self-originates these transactions themselves. DFS payments in Rwanda are mainly made via digital channels including banks' online transfers, credit /debit / Automated Teller Machines (ATM) cards and mobile money. (Access to Finance Rwanda, 2020).

It is widely accepted that financial inclusion plays an important role in promoting faster, broad-based economic growth, and poverty reduction, and thus strongly supports national level objectives.

In recognizing the efforts to support financial inclusio2n, the Government of Rwanda (GoR) has introduced a number of initiatives to promote financial inclusion, including the implementation of the National Inclusion Financial Strategy (NFIS) and in ensuring that the NFIS is a living document that continues measuring and monitoring the identified areas of priority or pillars. (Finscope, 2020)"

Financial inclusion is one of the core drivers of an inclusive economy and the Government has invested significantly in removing systemic barriers to the uptake of financial services. The Finscope survey shows that there has been tremendous improvement in financial inclusion. The work is not over yet. The objective is to achieve 100% financial inclusion by 2024 so I encourage everyone involved to keep the momentum," said Dr. Uzziel Ndagijimana, the Minister of Finance and Economic Planning.

1.3. Problem Statement.

According to Finscope Rwanda 2020, 88% of Rwandan youth including students have access to finance but only 16% have access to the credit market. It implies that even though 88% of Rwandan youth have access to finance 84% cannot access any type of credit from any financial institution.

In Rwanda, youth unemployment is relatively high at 25.6% among the youth population aged 16-30 years as compared to the adults (aged 31 years and above) which is at 17.1%. Nonetheless about 60% of employed Rwandan youth work in nonproductive jobs such as subsistence agriculture, retail, and construction. Basically, Rwanda has a considerable number of unemployed and underemployed youth. The youth unemployment patterns in Rwanda show that 12.2% of unemployed youth have no education, 39.4% have achieved secondary education and 32.4% are university graduates. This number of unemployed youths cannot be ignored considering that above 70% of Rwanda's population are below 35 years of age. If left unchecked it is likely to lead to serious social repercussions including intergenerational cycle of poverty, juvenile delinquency, forced migration, and social unrest.

Youth delinquencies in the country caused by drug abuse, prostitution, alcoholism, informal streets vending, begging and vagrancy is at large in local communities and townships. According to a study on rehabilitation centres conducted by Institute of Policy Analysis and Research-IPAR Rwanda (IPAR), 55% of Rwandan young men at the age of 21 and 43% between 15-18 are either taking or have been taking drugs, while 12.5% of the same age are either engaged or have been engaging in different criminal activities. 76.4% of those who go to rehabilitation centres are Rwandan youth between 18-37 years. So, the dominant age of delinquent behaviours is employable youth who are unemployed. Despite efforts to promote financial inclusion in Rwanda, many youths still encounter barriers such as limited access to formal banking services, lack of financial literacy, inadequate infrastructure, and socio-economic constraints. (Never Again Rwanda, 2023)

The quality of youth-friendly services provided to young people at the YC is still hampered by gaps and challenges, despite the government of Rwanda's concerted efforts to improve access to sexual and reproductive health for adolescents and youth.

These efforts include the adoption of various policies and strategies to ensure the availability of affordable and equitable services for adolescents and young people. (Enabel, 2022) (Manda, 2022) investigated how access to funding impacts on the ability of the youth to be entrepreneurs in Benin. With increase in the youth population, coupled with increasing unemployment in developing countries, it is important to make funds available to the youth to create their own businesses by removing any barriers to the sourcing of funds.

Using the endogenous switching regression technique, together with propensity score matching, the study revealed that age, poverty level, education, experience and presence of a bank branch influence the youth's access to finance in Benin.

The study further shows that there is a 15.2% likelihood that a youth with access to funds will lead the youth into entrepreneurship. In a similar vein, Koloma (2021) examined the willingness of the youth to go into business in relation to their level of financial inclusiveness.

1.4. Objective of the Study

On conducting this research, the researcher has divided the objectives of the study into two categories, where there are general and specific objectives.

1.4.1. General Objective

The general objective of this study is to assess the impact of financial inclusion to youth welfare in Rwanda.

1.4.2. Specific Objectives.

The specific objective of this study is to;

i. Assess the effectiveness of key elements of financial inclusion provided by BDF towards youth.
ii. To examine the contribution of BDF's financial inclusion to the improvement of youth welfare.

1.5. Research questions.

i. How effective are the key elements of financial inclusion provided by BDF towards youth?
ii. What is the contribution of BDF's financial inclusion to the improvement of youth welfare?

1.6. Research Hypotheses

A hypothesis is a proposed explanation or solution for a phenomenon that can be tested through scientific experimentation or observation. It is a tentative assumption or proposition made to account for certain facts, serving as a starting point for further investigation.

H1. The key elements of financial inclusion provided by BDF are effective in supporting the financial needs and business growth of youth.

H2. BDF's financial inclusion initiatives significantly improve youth welfare.

1.7. Scope of the study

The scope suggested content, time and geography.

1.7.1. Content scope

This research aimed to explore the impact of financial inclusion on youth welfare in Rwanda, focusing on how access to financial services and products provided by initiatives such as the Business Development Fund (BDF) contributed to improved economic stability, job creation, and overall quality of life for young people. It examined key dimensions such as financial literacy, access to capital, and the role of support services in fostering entrepreneurship among youth. Additionally, the study assessed the broader socioeconomic effects, including improvements in health, education, and social empowerment.

1.7.2. Time Scope

This research focused on the period from 2020 to 2023. The reason for choosing this time frame was that it encompassed the COVID-19 pandemic, which had shaken the world immensely. The pandemic further mobilized financial inclusion efforts globally. A recent study found that during epidemics, more people conducted transactions via the internet, mobile banking accounts, and ATMs (Automated Teller Machines) (OECD, 2020).

1.7.3. Geographical Scope

The study was carried out at Business Development Fund (BDF) located at its headquarters in Kigali City, because it has facilitated access to capital for thousands of youth and small businesses through various funding mechanisms, including microloans and business development loans, thereby enhancing economic stability and job creation. Located in the capital, Kigali also offers access to a diverse youth population and a variety of innovative programs, allowing for a comprehensive analysis of how financial inclusion translates into economic empowerment and improved quality of life.

1.8. Significance of the study

The study presented personal, academic and social interests.

1.8.1. Personal interest

The study helped the researcher to know the impact of financial inclusion to youth welfare in Rwanda. The study was used by the researcher in partial fulfilment of the requirement for the award of bachelor's degree in accounting.

1.8.2. Academic interest

This work will help other students in their research to generate more information.

1.8.3. Social interest

This research helped to identify the crucial role of BDF in advancing youth financial inclusion in Rwanda as well as unlocking the potential of youth as drivers of economic development and social change in the country.

1.8.4. Organisation of the study

This research was structured in four main chapters which were;

The Chapter one of this research introduced the topic by providing relevant background information and context to emphasize its significance. The chapter included a clear problem statement, objectives of the study, research questions, hypotheses and scope. Additionally, it showed the significance of the study, explaining its potential contributions to the field or society. This chapter aimed to orient readers and establish a clear understanding of the research topic and its importance.

Literature Review. In the upcoming chapter we focused on essential components. It offered a thorough summary of previous studies on the selected subject. It required methodically finding, assessing, and synthesizing academic books, dissertations, and other pertinent scholarly sources. The purpose of the review was to show how well-versed the researcher was in the body of current literature while also pointing out any gaps or contradictions that needed to be addressed for the current study. Furthermore, it established the study's context and significance by relating the research questions or hypotheses to earlier discoveries. The researcher also discovered theoretical review, relationship between the variables, and empirical evidence that guided their research design and advanced the field of study through a critical analysis of the literature.

The research methodology detailed the systematic approach employed to investigate the research questions. It began by outlining the research design, which was structured as a qualitative study to gain deeper insights into the phenomenon under investigation. The researcher described the selection of participants, employing purposeful sampling to ensure a diverse range of perspectives. Data collection methods, including semi-structured interviews were thoroughly explained, emphasizing how these methods facilitated rich, in-depth responses. Ethical considerations were also addressed, highlighting how informed consent was obtained and confidentiality was maintained throughout the research process. By providing a detailed account of these methodological choices, the researcher established the credibility and reliability of the study, demonstrating a thoughtful and rigorous approach to exploring the research topic.

The fourth chapter on findings, data analysis, and interpretation gave a thorough summary of the conclusions drawn from the information gathered. The investigator commenced by providing an overview of the principal topics that surfaced from the investigation, accentuating noteworthy patterns and connections that were revealed throughout the interviews. Direct quotes from participants were used to highlight each subject, offering a deep, contextual understanding of their viewpoints and experiences. After the presentation, the researcher performed a thorough analysis, tying the results to the study topics and contrasting them with previously published work to detect areas of convergence and divergence. In order to demonstrate the results' application and relevance, this study also included a discussion of how the findings added to the theoretical frameworks developed in the literature review. The ramifications of the results were highlighted in the interpretation section, which also examined how they filled in the previously noted gaps and provided ideas for possible real-world uses. The researcher also considered the study's shortcomings, recognizing the possible factors that could have affected the outcomes and recommending areas for additional investigation. The results, data analysis, and interpretation successfully communicated the importance of the study's contributions to the field through this in-depth investigation.

CHAPTER TWO : LITERATURE REVIEW

2.0. Introduction

In this chapter the researcher identified basic information on conceptual review and theoretical review of financial inclusion, literature review, relationship between financial inclusion and youth welfare, critical review and research gap and conceptual framework.

2.1. Conceptual Review.

This section aimed to explore and clarify concepts on the impact of financial inclusion and youth welfare in Rwanda.

2.1.1. Financial inclusion

This section aimed to explore and clarify concepts on the impact of financial inclusion and youth welfare in Rwanda.

Financial inclusion refers to a situation when the individuals and businesses have access to useful and affordable financial products and services that meet their needs – transactions, payments, savings, credit and insurance – delivered in a responsible and sustainable way (World Bank, 2022).

Financial inclusion also refers to efforts to make financial products and services accessible and affordable to all individuals and businesses, regardless of their personal net worth or company size. Financial inclusion strives to remove the barriers that exclude people from participating in the financial sector and using these services to improve their lives. It is also called inclusive finance. Financial inclusion contributes to economic growth by stimulating entrepreneurship, increasing savings, and expanding investment opportunities. It boosts consumer spending and business development, leading to job creation and improved productivity. A financially inclusive economy also attracts more foreign investment and helps achieve sustainable development goals.

Due to insufficient income levels and market discrimination in developing regions, there are still millions of people involuntarily excluded from the financial system, which creates potential loss of savings, investable funds, and accumulation of wealth.

Financial inclusion helps to fill these gaps and provide households and firms greater access to resources needed for finance consumption and investment and thereby raise the level of economic activity.

2.1.2. Youth

Youth is commonly defined as a distinct stage of human development that encompasses not only biological growth but also social, emotional, and psychological maturation. In her 2022 book, Youth in a Changing World, sociologist Claire O'Rourke describes youth as a period characterized by exploration, identity formation, and the pursuit of independence. This phase, typically identified as spanning ages 15 to 24, is marked by significant transitions, including the shift from education to employment and the navigation of complex social relationships. O'Rourke emphasizes that during this time, individuals actively engage with societal norms and expectations, which play a crucial role in shaping their identities and worldviews. A dynamic time of possibility and challenge, youth is centered around the search for self-discovery and belonging. Furthermore, O'Rourke contends that in order to fully comprehend kids, it is necessary to consider the larger socioeconomic and cultural factors that shape their experiences. She draws attention to the reality that young people's chances and problems are greatly impacted by variables including socioeconomic class, access to education, and cultural origins. According to her, youth is an important social construct that represents the various realities that young people in today's society confront, rather than just a certain age group.

2.1.3. Welfare

Midgley (2020) defines welfare as a multifaceted state of well-being that includes social, physical, and psychological aspects of life in addition to economic sufficiency. It also involves the provision and accessibility of basic services like social security, healthcare, and education, all of which enhance the general quality of life for individuals and communities. According to Midgley, welfare is intrinsically linked to the concept of social justice and the equitable distribution of resources, ensuring that all members of society can participate fully and benefit from economic and social progress. This comprehensive understanding of welfare highlights the role of public policies and social programs in addressing poverty, reducing inequalities, and promoting social inclusion and cohesion, thereby fostering a society where individuals can thrive and achieve their potential.

2.1.4. Youth welfare

According to McDowell (2021), youth welfare includes all aspects of a young person's overall well-being, including their social, educational, psychological, and economic aspects. It entails giving young people access to opportunities and resources that promote their safe growth and constructive involvement in their communities. Youth welfare, according to McDowell, entails having access to good healthcare, education, and labor possibilities in addition to encouraging social networks and leisure pursuits that promote social inclusion and personal development. In order to ensure that young people have a safe and supportive environment in which to reach their full potential, the concept of youth welfare also addresses the need for protective measures against risks like poverty, abuse, and discrimination. This comprehensive approach highlights the significance of targeted policies and programs that not only address the immediate needs of young people but also provide them with the resilience and skills required for a successful transition into adulthood.

2.2. Theoretical Review

2.2.1. Access to credit

In his recent work, Demirgüç-Kunt (2023) explores multiple theories on access to credit, emphasizing its critical impact on economic development and poverty alleviation. One key theory is the financial intermediation theory, which posits that financial institutions play a vital role in channelling funds from savers to borrowers, thus facilitating investment and economic growth. Demirgüç-Kunt also discusses the financial inclusion theory, which stresses the importance of ensuring that all segments of society, especially marginalized and low-income groups, have access to affordable financial services. This theory suggests that access to credit can empower individuals to start and grow businesses, improve their standard of living, and contribute to broader economic stability. By examining these theories, Demirgüç-Kunt underscores the multifaceted nature of credit access and its profound implications for sustainable development and inclusive growth.

2.2.2. Financial Literacy

In their recent work, Lusardi and Mitchell (2023) present several theories on financial literacy, emphasizing its pivotal role in personal and economic well-being. One prominent theory is the human capital theory, which posits that financial literacy is an investment in oneself that enhances an individual's ability to make informed financial decisions, thereby improving their economic outcomes. Another theory discussed is the behavioral finance theory, which explores how cognitive biases and heuristics affect financial decision-making and how financial literacy can mitigate these biases. Additionally, Lusardi and Mitchell highlight the theory of planned behavior, which suggests that financial literacy influences individuals' financial behaviors by shaping their attitudes, subjective norms, and perceived behavioral control. By improving financial literacy, individuals are more likely to engage in beneficial financial practices such as saving, investing, and prudent borrowing. These theories collectively underscore the importance of financial education programs and policies aimed at enhancing financial literacy to promote economic stability and growth.

2.2.3. Credit guarantee schemes

Ghosh and Mazzotta (2023) examine various views concerning credit guarantee schemes and their effects on financial markets and economic expansion in their most current examination. The market failure theory is a fundamental idea that suggests credit guarantee programs tackle information asymmetry and collateral limitations, which frequently impede small and medium-sized businesses' (SMEs') ability to obtain financing. These programs encourage banks to extend credit to disadvantaged firms by lowering the perceived risk of lending by offering guarantees to lenders. The notion of risk-sharing, which emphasizes how credit guarantees divide risk between the public and private sectors, maintaining financial stability and encouraging entrepreneurial activity, is another topic covered by the writers. Additionally, the incentive alignment theory suggests that credit guarantee schemes can encourage responsible lending practices among financial institutions by linking guarantees to performance metrics, thus enhancing accountability. Collectively, these theories illustrate how credit guarantee schemes can serve as effective tools for promoting financial inclusion, supporting economic development, and stimulating innovation within various sectors (Ghosh & Mazzotta, 2023).

2.2.4. Business Advisory services

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In their recent work, Kuckertz and Wagner (2023) explore several theories on business advisory services, emphasizing their critical role in enhancing the capabilities and performance of small and medium-sized enterprises (SMEs). One central theory is the resource-based view (RBV), which posits that advisory services provide firms with essential resources, knowledge, and skills that enhance their competitive advantage and operational efficiency. The authors also discuss the diffusion of innovation theory, which suggests that business advisory services can facilitate the adoption of new practices and technologies among SMEs, thereby driving innovation and growth. The social capital theory is also emphasised, showing that advisory services assist companies in establishing the networks and connections necessary for cooperation, market access, and knowledge exchange. Together, these theories highlight how crucial business advising services are to encouraging entrepreneurship, enhancing corporate resilience, and advancing general economic development.

2.2.5. Access to saving products

Parsa and Hsu (2024) examine many theories concerning saving product accessibility in their latest study, emphasizing the significance of these theories for financial inclusion and economic empowerment. The accessibility hypothesis is a prominent notion that suggests eliminating obstacles to saving products, such exorbitant costs, intricate prerequisites, and insufficient knowledge, can greatly enhance the involvement of low-income people and marginalized communities. Parsa and Hsu also highlight the life-cycle savings theory, which suggests that having access to a variety of savings options enables people to budget for future expenses by gradually reducing their consumption over time, such as college or retirement. All of these theories highlight how important easily available and user-friendly saving products are for fostering financial stability and boosting overall financial resilience.

2.3. Theoretical review of welfare of people.

2.3.1. Increase in income level

According to a recent study by Daron Acemoglu and James A. Robinson (2012), institutions are critical in influencing income levels and long-term economic growth. They contend that inclusive institutions promote prosperity and economic progress because they uphold robust property rights, equal opportunity, and a just judicial system. On the other side, extractive institutions impede progress and prolong poverty by concentrating wealth and power in the hands of a small number of people. The theory of Acemoglu and Robinson highlights how crucial institutional reforms are to advancing economic growth and increasing income levels.

2.3.2. Job creation

Hurst and Pugsley, the authors of "The Role of Entrepreneurship in Job Creation," a 2021 study, stress that cultivating an entrepreneurial culture is essential to accelerating job growth. They contend that encouraging people to launch their own companies boosts innovation and competitiveness in the economy in addition to immediately creating jobs. According to their findings, policies that provide support, such mentorship programs and better access to funding, can greatly increase entrepreneurial activity and create a more dynamic labour market. Communities can efficiently create new job possibilities and adjust to shifting economic conditions by placing a high priority on entrepreneurship.

2.3.3. Access to health care services.

Victor Fuchs (2004) examined the factors influencing health care utilisation and access in a recent study. He contends that a number of variables, such as geography, insurance coverage, money, and education, affect people's ability to get health care. In order to improve access to health care services, Fuchs highlights the significance of resolving socioeconomic gaps and enhancing health insurance coverage. His perspective emphasises the necessity of an all-encompassing strategy that takes into account care barriers at the systemic as well as individual levels.

2.3.4. Ownership of assets

The authors of the 2021 study "Asset Ownership and Wealth Inequality," Rojas and Thompson, look at how social mobility and economic stability are directly impacted by possessing assets. They contend that people with assets—like homes, savings accounts, and investments—have a higher chance of achieving financial security and upward mobility than people without such assets. The authors draw attention to the fact that differences in asset ownership, especially within disadvantaged populations, fuel systemic wealth disparity. According to their findings, more people may be able to accumulate and hold onto wealth over time by putting policies like fair housing access and financial education into place. It is crucial to emphasise asset ownership as a way to empower people in order to promote an inclusive economy.

2.4. Relationship between financial inclusion and youth welfare.

Adhikari and Sharma's 2022 study, "Financial Inclusion and Youth Welfare: Bridging the Gap," explores the relationship between young people's well-being and their ability to use financial services. They contend that encouraging financial inclusion is crucial to helping young people have access to the economy and upward social mobility. The findings show that young people are more likely to make investments in their health and education, which are crucial aspects of overall wellbeing, when they have access to financial services, credit, and savings accounts. Specifically, the study highlights that financial inclusion enables youth to manage unexpected expenses, pursue higher education, and even start small businesses, thereby improving their long-term economic prospects. Adhikari and Sharma emphasize that policies aimed at increasing financial access, particularly in low-income and marginalized communities, can significantly uplift youth, creating a more equitable landscape where they can thrive.

Building on this foundation, Smith and Lopez's 2023 study, "Empowering Youth through Financial Literacy," delves into the significance of financial literacy as an essential adjunct to financial inclusion. According to the authors, young people require more than just access to financial services; they also require the knowledge and abilities to make the most of these resources. According to their research, many young people struggle to make wise financial decisions, which causes them to handle their money poorly and pass up possibilities for personal development. Smith and Lopez contend that by including financial education into community and educational initiatives, youth can develop the self-assurance and competency required to successfully negotiate financial environments. Access and education work together to improve juvenile welfare because it gives young people the tools they need to create stable financial futures. Overall, there are many facets to the relationship between adolescent welfare and financial inclusion, necessitating both the availability of resources and the aptitude to use them wisely for the advancement of oneself and one's community.

2.5. Empirical Review

Numerous scholars have investigated the relationship between financial inclusion and youth welfare, emphasising different aspects of it. Nguyen and Ali, the writers of "Youth Financial Inclusion and Its Effects on Well-Being," a 2021 essay, examine how financial access affects young people's social inclusion as well as economic stability. They contend that financial services are essential for promoting a sense of inclusion and belonging in society, including savings accounts and reasonably priced credit. According to their research, young people's social capital is increased when they feel financially secure because they are more inclined to participate in civic duties and communal activities. According to the study, financial inclusion initiatives should be created with young people's specific needs in mind, giving them the resources and information they need to fully engage in their communities. Policymakers can assist both greater social cohesiveness and individual economic prosperity by encouraging financial inclusion.

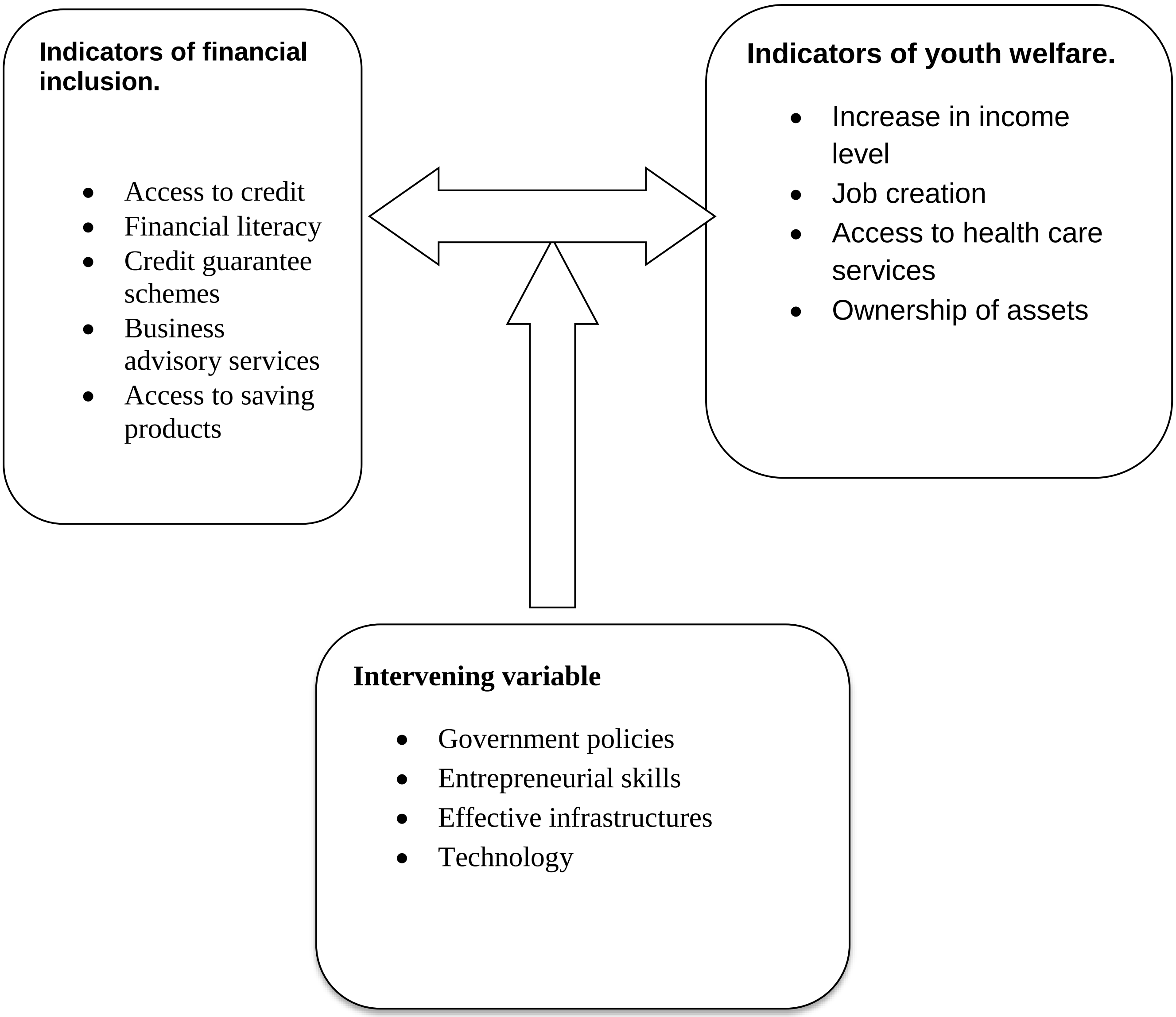
Additionally adding to this conversation, Chatterjee and Kumar's 2022 study, "The Role of Financial Services in Youth Empowerment," looks at how financial inclusion might spur youth empowerment, especially in underdeveloped nations. They contend that having access to financial services enables young people to pursue entrepreneurial endeavours, which not only generates revenue for them but also helps them develop a sense of autonomy and agency. Their analysis focusses on case studies where young entrepreneurs were able to boost local economies and create jobs by using savings programs or microloans intended specifically for young people. According to Chatterjee and Kumar, tackling the problems of underemployment and unemployment that afflict many areas requires empowering young people through financial inclusion. Their study supports customised financial services and products that speak to young people's goals and problems, supporting the notion that financial inclusion is an important part of young people's empowerment and wellbeing in the contemporary world rather than merely an economic concern.

2.6. Research gap.

Financial inclusion has come a long way in Rwanda, but there is still a great deal of unanswered questions about how it specifically affects youth welfare. While recent studies—like those by Ngabonziza and Mugenzi (2023)—highlight the wider economic advantages of financial inclusion, more attention has not been paid to how these programs directly impact the socioeconomic mobility and general well-being of young people. In the context of Rwanda, factors like high rates of youth unemployment, disparities in financial literacy, and cultural impediments to entrepreneurship are still not well understood. Furthermore, there is shortage of research on the connection between youth access to financial services and observable advancements in fields like education, health, and personal growth. In order to effectively leverage financial inclusion to empower Rwandan young and give them the tools they need to overcome obstacles and make significant economic contributions, it is imperative that this gap be addressed.

2.7. Conceptual framework.

Figure.2.1. Conceptual Framework



Researcher, 2024

CHAPTER THREE; RESEARCH METHODOLOGY

3.0. Introduction

This chapter focused on basic information of Research design, population of the study, sampling design, sample size, data collection techniques and tools, data analysis and validity and reliability.

3.1. Research design

A research design was defined as the overall plan or structure that guided the process of conducting research. It was a critical component of the research process and served as a blueprint for how a study would be carried out, including the methods and techniques that would be used to collect and analyze data. A well-designed research study was essential for ensuring that the research objectives were met and that the results were valid and reliable (Nick Jain, 2023).

Descriptive research design is a type of research methodology that aims to describe the characteristics of a population or phenomenon being studied. The descriptive research design was chosen because of its suitability in describing the characteristics of a particular individual, or a group of individuals since the researcher did not have control over the variables. The descriptive design affords the researcher an opportunity to capture a population's characteristic and test hypothesis (Cooper & Schindler, 2008).

When applied to youth financial inclusion, this design would focus on providing a detailed account of the financial behaviours, needs, challenges, and opportunities faced by young individuals in accessing and utilising financial services.

The researcher used qualitative research method. Qualitative research is a type of research that explores and provides deeper insights into real-world problems. Instead of collecting numerical data points or intervening or introducing treatments just like in quantitative research, qualitative research helps generate hypothenar to further investigate and understand quantitative data. Qualitative research gathers participants' experiences, perceptions, and behaviour. It answers the how and whys instead of how many or how much**. (Steven Tenny1, 2022) .**

Qualitative data is typically collected through methods such as interviews, observations, focus groups, or open-ended survey questions. This type of data provides insights into the underlying reasons, motivations, and behaviours of individuals.

3.2. Sources of data.

3.2.1. Primary data

Primary data is a type of data that is collected by researchers directly from main sources through interviews, surveys, experiments, etc. Primary data are usually collected from the source—where the data originally originates from and are regarded as the best kind of data in research. The sources of primary data are usually chosen and tailored specifically to meet the demands or requirements of particular research. (**busayo .longe,2020)**

Primary data will be got from Business Development Fund (BDF) staff and beneficiaries working with BDF as well.

3.2.2. Secondary data

Secondary data refers to data that is collected by someone other than the primary user. It includes information gathered from sources such as censuses, government departments, organisational records, and data originally collected for other research purposes. It's essentially pre-gathered data that can be a valuable resource for researchers because it's often readily available, saves time and money, and can provide a broad range of information. Think of secondary sources as second-hand information.

3.3. Population of the study

The research population, also known as the target population, refers to the entire group or set of individuals, objects, or events that possess specific characteristics and are of interest to the researcher. It represents the larger population from which a sample is drawn. The research population is defined based on the research objectives and the specific parameters or attributes under investigation (Riya Thomas, June 2023)**.** This study targeted a population of 55employees and beneficiaries (youth) of BDF (Business Development Fund).

3.4. Sample design

3.4.1. Sample size

Sample size is the number of participants or observations included in a study, which helps determine the accuracy and reliability of the research findings. Cohen, J. (2022). The sample size for this study is determined by Yamane's formula;

Where by;

n :desired Sample size

N: Total population.

(e: significance level or margin of error equals 0.05 or 5%, but can range from 0.01 to 0.1.)

n=N/1+N (e)2

n= 55 $/(1 + 55(0.05)^2)$

n =35 Respondents

3.4.2. Sampling techniques

Stratified sampling is a method of sampling in which the population is divided into smaller subgroups called strata based on shared characteristics (e.g., age, gender, income). These subgroups are then sampled independently, ensuring that each stratum is adequately represented in the final sample. (William Cochran, 1963)

3.5. Tools of data collection

3.5.1. Documentation

Documentation techniques in research involve the systematic collection and analysis of existing documents and records to gather data relevant to a study. With this method, researchers can enhance their studies without collecting primary data by using pre-existing sources like reports, archive materials, and digital content to find patterns and get insights. These methods are especially helpful for historical studies, policy analysis, and qualitative research. (Bowen, G. A. 2021). These documents were used by the researcher to find out the existing literature about financial inclusion and youth welfare of BDF.

3.5.2. Questionnaires.

A questionnaire is a structured set of questions designed to gather information from respondents about their opinions, behaviors, or characteristics. Open-ended and closed-ended questionnaires are available for use in a variety of settings, such as paper-based, online, or in-person. This instrument is frequently used in studies and surveys to effectively gather both quantitative and qualitative data, allowing researchers to examine patterns and make inferences from the replies (Fowler, F. J. (2022) . The questionnaire was designed and distributed to respondents so as to get needed information. This tool helped the researcher to obtain in-depth answers.

3.5.3. Interview

An interview in research is a qualitative data collection method that involves direct interaction between the researcher and the participant, aimed at exploring the participant's thoughts, feelings, and experiences on specific topics. There are three types of interviews: semi-structured, unstructured, and structured. These formats offer different levels of flexibility for the discourse and questions. Researchers may obtain detailed information and complex viewpoints with this approach, which is very helpful in domains like psychology, health studies, and social sciences. (Cohen, L., Manion, L., & Morrison, K. ,2021)

3.6. Validity and Reliability

3.6.1. Validity

Validity in research refers to the extent to which a study accurately measures what it intends to measure, ensuring that the findings are credible and applicable to the real world. Determining validity adds to the study's overall integrity and is essential for the dependability of research findings. (Leedy, P. D., & Ormrod, J. E., 2021). To obtain accuracy, the researcher employed multiple methodologies. In order to make sure that the data was free from bias, the researcher used questionnaires to gather data and compared the results at the end.

3.6.2. Reliability

Reliability in research refers to the consistency and stability of a measurement instrument, indicating the degree to which it produces the same results under consistent conditions. A trustworthy tool makes sure that any discrepancy in the data is caused by real shifts in the variable being measured, not by bias or chance. Many techniques can be used to evaluate reliability, such as internal consistency metrics like Cronbach's alpha, test-retest reliability, and inter-rater reliability. The pre-test was done on the staff of BDF who offer the services to the beneficiaries, hence making the data reliable.

3.7. Methods of data analysis

3.7.1. Analytical method

An analytical method refers to a systematic approach used to examine data in order to draw conclusions, identify patterns, or test hypotheses. (Bickman, L., & Rog, D. J. (2022). This method will be useful in the analysis of the data collected.

3.7.2. Statistical method

A collection of procedures used in research to gather, examine, interpret, and present data quantitatively is referred to as statistical methods. (Field, A. P, 2022). This method will help the researcher to distill intricate data sets, spot patterns, forecast outcomes, and extrapolate population characteristics from sample data.

3.7.3. Comparative method

The comparative method in research involves systematically comparing two or more entities—such as groups, countries, or social phenomena—to identify similarities and differences that can provide insights into the factors influencing their characteristics or behaviors. (Ragin, C. C., & Strand, S, 2022). This method will be used to make a comparison between financial inclusion and youth welfare in BDF.

3.7.4. Synthetic method

The synthetic method in research refers to an approach that combines information and insights from various sources, theories, or empirical studies to create a comprehensive understanding of a particular phenomenon. (Blaike N, 2021).

3.8. Ethical considerations

While financial inclusion holds great promise for improving the lives of youth in Rwanda by providing them with greater economic opportunities and improved access to essential services, it is crucial that ethical considerations are taken into account when implementing financial inclusion initiatives. Prioritizing informed consent will help researchers make sure that participants are completely aware of the goals, methods, and potential dangers of the study before they agree to participate. Furthermore, privacy and data security are essential since researchers need to protect individual user information from unauthorized usage. Initiatives for financial inclusion must also be carefully considered to make sure they do not unintentionally support exploitation or inequality. In their work, researchers ought to aim for accountability and transparency in order to build confidence and advance the welfare of the people they are studying.

CHAPTER FOUR; DATA PRESENTATION, ANALYSIS AND INTERPRETATION.

4.0. Introduction

In this chapter, the study objectives are presented, analyzed, and an interpretation of the data is provided, along with a profile of BDF (Business Development Fund). The results are tabulated and the percentages are evaluated.

4.1. General presentation of BDF/ Main branch.

4.1.1. Profile of BDF (Business Development Fund)

Rwanda's Business Development Fund (BDF) has made significant strides in supporting small and medium enterprises (SMEs) in accessing finance and navigating the challenges of starting and growing a business. Since its inception in 2011, the BDF has assisted approximately 50,000 businesses and invested around 70 billion Rwandan francs in the Rwandan economy. BDF has accumulated throughout the years a number of government funds intended to assist the private sector, including the Agricultural Guarantee Fund, the Fund for Women, the Fund for Civil Servants, and the Fund for SMEs administered by the Development Bank of Rwanda. BDF sought to simplify the process of assisting companies with strong ideas and linking them with market opportunities by consolidating these funds under one roof.

BDF's current guarantee coverage of up to 75% poses a challenge for businesses that struggle to meet the remaining 25% contribution, emphasizing the need for collaborative efforts, such as group formations and cooperatives, to strengthen financial inclusion among small businesses. A specialized department on financial literacy, capacity building, and business development training has been developed by BDF in an attempt to address the low survival rates of small firms throughout the growth stage.

BDF seeks to give small businesses the tools they need to succeed in the cutthroat business world by preparing employees to become certified trainers and forming alliances with global corporations. BDF is dedicated to boosting entrepreneurship, promoting economic growth, and advancing financial inclusion in Rwanda as it continues to change and adapt to the shifting demands of SMEs in the nation.

In order to empower budding entrepreneurs and advance national policy, BDF continuously works to improve small business support systems and align its tactics with them.

4.2. Demographic characteristics.

4.2.1. Gender of Respondents.

Table 4.1. Respondent by Gender.

Gender		
		Frequency
Valid	**Male**	20
	Female	15
	Total	35

Source; Primary data, 2024.

The provided table, "Table 4.1. Respondent by Gender," presents a basic breakdown of the gender distribution among the respondents. It shows that there are 20 male and 15 female participants, totaling 35 respondents. This simple analysis reveals a slight gender imbalance, with a slightly higher number of male respondents compared to female respondents.

4.2.2. Age of respondents.

Table.4. 2.Respondent by age group.

Age Group		
		Frequency
Valid	**18-35**	10
	35-50	11
	50-65	11
	65 or older	3
	Total	35

Source: Primary data, 2024.

The table 4.2. "Respondent by age group" provides a breakdown of the age distribution of the respondents. The majority of respondents (11) fall into the 35-50 and 50-65 age groups, followed by 10 respondents in the 18-35 age group. Only 3 respondents are 65 or older.

4.2.3. Education level

Table.4.3. Education level of respondents.

Education level		
		Frequency
Valid	**University**	12
	Masters	19
	PHD	4
	Total	35

Source: Primary data, 2024

The provided table, "Table 4.3: Education level of respondents," presents the educational attainment of a group of individuals. Based on the data, the majority of respondents (19) hold a Master's degree, followed by 12 with a university degree and 4 with a PhD.

4.3. Elements of financial inclusion / Findings and interpretation.

4.3.1. Access to credit.

Table 4.4. Respondents of access to credit

	SD	**D**	**N**	**A**	**SA**	**Total**
	Frequency					
The interest rates on loans available to youth are affordable.	1	2	1	11	20	35
The documentation required to apply for credit is reasonable and manageable.	2	3	2	10	18	35
The process of applying for credit is straightforward and easy to understand.	1	1	1	20	12	35

Source: Primary data, 2024

The table presents the responses of young people on their access to credit. The majority of respondents (20 out of 35) found the interest rates on loans to be affordable, while fewer found the documentation required for applying for credit to be reasonable and manageable (18 out of 35). However, most respondents (20 out of 35) indicated that the process of applying for credit was straightforward and easy to understand.

4.3.2. Financial literacy

Table 4.5. Respondents of Financial literacy

	SD	D	N	A	SA	Total
	Frequency					
I am aware of different investment options and their risks and benefits.	1	2	1	12	19	35
I understand how to manage debt effectively and avoid excessive borrowing.	3	2	7	5	18	35
I am capable of planning for my financial future, including setting long-term goals.	1	1	5	8	20	35

Source: Primary data, 2024.

The data shows that Rwandan youth have varying levels of financial literacy. While a majority (20 out of 35) feel confident in their ability to plan for their financial future, including setting long-term goals, only 19 out of 35 are aware of different investment options and their risks and benefits. Additionally, 18 out of 35 respondents believe they can effectively manage debt and avoid excessive borrowing.

4.3.3. Access to Saving products

Table.4. 6.Respondents on access to saving products.

	SD	D	N	A	SA	Total
	Frequency					
Opening a saving account is easy for young people in my community.	2	3	2	18	10	35
The minimum deposit requirements for saving accounts are reasonable for youth.	1	1	1	20	16	35
The interest rates offered on saving products are competitive and attractive.	2	3	7	13	10	35
Access to saving products empowers young people to manage their finances better.	1	4	9	9	12	352

Source: Primary data, 2024

The responses regarding access to saving products are displayed in the table. Fewer respondents (16 out of 35) thought the minimum deposit requirements were fair, while the majority (18 out of 35) said opening a savings account was simple. A sizable portion of respondents (13 out of 35) thought the interest rates on saving products were appealing and competitive. In general, young people in the community felt empowered by having access to saving products.

4.3.4. Business Advisory services

Table 4.7. Respondents to business advisory services

	SD	D	N	A	SA	Total
	Frequency					
Business advisory services have enhanced my understanding of financial management.	1	4	6	10	14	35
I have gained better access to markets through the advice provided by these services.	2	3	2	10	18	35
Access to business advisory services contributes to greater financial inclusion for young people.	5	7	3	8	12	35

Source: Primary data, 2024

The table presents the responses on the experience with business advisory services. The majority of respondents (14 out of 35) felt that these services have enhanced their understanding of financial management, while fewer felt that they have gained better access to markets through the advice provided (18 out of 35). However, most respondents (12 out of 35) believed that access to business advisory services contributes to greater financial inclusion for young people.

4.4. Partial conclusion on key elements of financial inclusion embraced by Business Development Fund for the period 2020-2023.

The analysis of the provided tables reveals a generally positive sentiment among respondents regarding various financial topics. In terms of access to credit and saving products, the majority of respondents expressed satisfaction, indicating that these services are widely available and accessible. Additionally, the respondents demonstrated a positive attitude towards financial literacy, suggesting that they recognize the importance of these concepts. However, the data also highlights some variations in opinions, particularly regarding financial literacy . This suggests that while a majority feels positive, there are also individuals who hold more neutral or mixed sentiments. While the data presented in these tables provides valuable insights into some key elements, further analysis is needed to gain a more comprehensive understanding of the extent of financial inclusion in the studied population. Overall, the findings suggest a generally favorable perception of financial services and a growing awareness of the importance of financial literacy within the studied population.

4.5. Contribution of Financial inclusion on youth welfare to the country.

4.5.1. Increase in income level

Table 4.8. Respondents of increase in income level.

	SD	D	N	A	SA	Total
	Frequency					
An increase in income level is essential for improving the welfare of youth in Rwanda.	1	4	6	8	16	35
Higher income levels provide youth with better access to education and training opportunities.	2	3	2	10	18	35
Increased income levels contribute to enhanced living standards for young people.	5	7	3	8	12	35
Youth with higher income levels are more likely to participate in community development initiatives.	1	3	4	5	10	12

Source: Primary data , 2024

The table presents the responses of young people on the importance of increasing income levels. The majority of respondents (16 out of 35) strongly agreed that an increase in income level is essential for improving the welfare of youth in Rwanda, while fewer (10 out of 35) believed that higher income levels provide better access to education and training 2opportunities. However, most respondents (12 out of 35) agreed that increased income levels contribute to enhanced living standards for young people.

4.5.1. Job creation

Table.4. 9.Responses to job creation.

	SD	D	N	A	SA	Total
	Frequency					
An increase in income level is essential for improving the welfare of youth in Rwanda.	3	1	1	14	16	35
Higher income levels provide youth with better access to education and training opportunities.	2	3	2	10	18	35
Increased income levels contribute to 8enhanced living standards for young people.	5	7	3	8	12	35
Youth with higher income levels are more likely to participate in community development initiatives.	1	1	4	5	24	35

Source: Primary data , 2024

The provided data shows that Rwandan youth overwhelmingly believe that increased income levels are crucial for their well-being. Most respondents agreed that higher incomes would improve their welfare, provide better access to education and training, and enhance their living standards. Additionally, a significant majority indicated that youth with higher income levels are more likely to participate in community development. These findings highlight the importance of job creation and economic opportunities for the youth in Rwanda.

4.5.2. Ownership of assets

Table 4.10. Respondents to ownership of assets.

	SD	D	N	A	SA	Total
	Frequency					
Having personal assets contributes to a sense of security and stability among young people.	1	1	3	10	20	35
Asset ownership increases the financial independence of youth.	2	3	2	10	18	35
Young people with assets are better able to cope with financial emergencies.	3	7	5	8	12	35

Source: Primary data, 2024

The data shows that Rwandan youth overwhelmingly believe that owning personal assets is beneficial. Most respondents (20) agreed that assets contribute to a sense of security and stability, increase financial independence, and help young people cope with financial emergencies. These findings highlight the importance of supporting youth in acquiring assets and promoting financial literacy to enhance their overall well-being.

4.5.3. Access to health care services

Table 4.11. Respondents to access to health care services.

	SD	D	N	A	SA	Total
	Frequency					
Young people who have access to healthcare services experience better health outcomes	1	2	3	7	22	35
Healthcare accessibility significantly impacts the mental well-being of young individuals.	3	1	1	10	20	35
Access to preventive healthcare services is crucial for the long-term welfare of youth.	4	1	3	10	17	35
Healthcare access positively influences youth participation in educational and social activities.	1	1	1	12	20	35

Source; Primary data, 2024

The data shows that Rwandan youth overwhelmingly believe that access to healthcare services is crucial for their well-being. A large majority of respondents (22 out of 35) agreed that young people with access to healthcare experience better health outcomes. Additionally, 20 out of 35 respondents believe that healthcare accessibility significantly impacts mental well-being, and 17 out of 35 believe that preventive healthcare services are crucial for long-term welfare. Furthermore, 20 out of 35 respondents indicated that healthcare access positively influences youth participation in educational and social activities.

4.6. Partial conclusion on the contribution of financial inclusion on youth welfare to the country.

The analysis of the provided data offers a comprehensive understanding of the respondents' perspectives on income level, job creation, access to healthcare services, and ownership of assets. Overall, the data suggests that the respondents are generally satisfied with their economic circumstances, particularly in terms of job creation and ownership of assets. However, the affordability of health insurance appears to be a more complex issue, with varying perceptions among individuals.

Regarding job creation, the majority of respondents expressed positive views, indicating that this is a widely perceived benefit. In terms of the affordability of health insurance, the data reveals a mixed picture. While a majority of respondents found health insurance to be affordable, a significant number disagreed. This suggests that affordability is a multifaceted issue influenced by various factors, such as income levels, family size, and specific health conditions. Lastly, the analysis of access to assets shows a generally positive perception, with the majority of respondents agreeing that they have access to assets. In conclusion, the data presented in this analysis provides valuable insights into the respondents' perspectives on various socioeconomic factors.

4.7. Financial inclusion and youth welfare of Business Development Fund.

Table 4.12. Correlation Analysis

		Access to credit	Financial literacy	Access to saving products	Business Advisory services	Increase in income level	Job creation	Ownership of assets	Access to health care services
Access to credit	Pearson Correlation	1	.730**	.471**	.891**	.629**	.888**	.834**	.354*
	Sig. (2-tailed)		.000	.004	.000	.000	.000	.000	.037
	N	35	35	35	35	35	35	35	35
Financial literacy	Pearson Correlation	.730**	1	.645**	.651**	.861**	.823**	.876**	.484**
	Sig. (2-tailed)	.000		.000	.000	.000	.000	.000	.003
	N	35	35	35	35	35	35	35	35
Access to saving product	Pearson Correlation	.471**	.645**	1	.420*	.750**	.531**	.565**	.750**
	Sig. (2-tailed)	.004	.000		.012	.000	.001	.000	.000
	N	35	35	35	35	35	35	35	35
Business Advisory services	Pearson Correlation	.891**	.651**	.420*	1	.560**	.791**	.743**	.315
	Sig. (2-tailed)	.000	.000	.012		.000	.000	.000	.065
	N	35	35	35	35	35	35	35	35
Increase in income level	Pearson Correlation	.629**	.861**	.750**	.560**	1	.708**	.754**	.563**
	Sig. (2-tailed)	.000	.000	.000	.000		.000	.000	.000
	N	35	35	352	35	35	35	35	35
Job creation	Pearson Correlation	.888**	.823**	.531**	.791**	.708**	1	.940**	.398*
	Sig. (2-tailed)	.000	.000	.001	.000	.000		.000	.018
	N	35	35	35	35	35	35	35	35
Ownership of assets	Pearson Correlation	.834**	.876**	.565**	.743**	.754**	.940**	1	.424*
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000		.011
	N	35	35	35	35	35	35	35	35
Access to healthcare services	Pearson Correlation	.354*	.484**	.750**	.315	.563**	.398*	.424*	1
	Sig. (2-tailed)	.037	.003	.000	.065	.000	.018	.011	
	N	35	35	35	35	35	35	35	35

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

The correlation analysis table shows the relationships between various variables, including access to credit, financial literacy, access to saving products, advisory services, increase in income, job creation, asset ownership, and access to healthcare services. The Pearson correlation coefficients range from -1 to 1, with values closer to 1 indicating a strong positive correlation and values closer to -1 indicating a strong negative correlation.

[1] The significance levels (Sig. (2-tailed)) indicate the statistical significance of the correlations. Overall, the analysis reveals strong positive correlations between several pairs of variables, such as access to credit and job creation, financial literacy and job creation, and business advisory services and ownership of assets. These findings suggest that these variables are closely related and may influence each other. However, some variables, such as access to credit and access to healthcare services, show weaker correlations, indicating a less significant relationship.

4.8. Regression Analysis

Table 4.13. Model Summary

2Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.927[a]	.860	.824	.38490

a. Predictors: (Constant), access to health care services, increase in income level, advisory services, asset ownership, access to saving products, access to credit , job creation

The provided table summarizes the results of a regression analysis. The R-squared value of 0 .927 indicates that the model explains 92.7% of the variation in the dependent variable. The adjusted R-squared of 0.824 is slightly lower, suggesting that some of the explained variance may be due to chance. The standard error of the estimate of 38490 measures the average distance between the actual values of the dependent variable and the values predicted by the model. Overall, the model appears to be a good fit for the data, with a high degree of explained varian8ce and a relatively low standard error.

Table 4.14. ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	24.571	7	3.510	23.694	.000[b]
	Residual	4.000	27	.148		2
	Total	28.571	34			

a. Dependent Variable: Financial literacy

b. Predictors: (Constant), access to health care services, increase in income level, advisory services, asset ownership, access to saving products, access to credit, job creation

The ANOVA table summarizes the results of a regression analysis. The F-statistic of 23.694 and the corresponding significance level of 0.000 indicate that the model is statistically significant, meaning that the independent variables (predictors) collectively explain a significant portion of the variation in the dependent variable (financial literacy). The R-squared value of 0.927, as mentioned in the previous model summary, further supports the model's ability to explain the variance in financial literacy.

SUMMARY, GENERAL CONCLUSION AND RECOMMANDATIONS.

Introduction

This chapter presents the study's findings, conclusions based on the analysis, and recommendations on the contribution of financial inclusion to youth welfare. It focuses on BDF (Business Development Fund) as the case study and it will summarize key insights, discuss their practical implications, and propose directions for future research to continue advancing our understanding of how financial inclusion can best support youth development.

Summary of findings

Personal Identification of Respondents.

The provided tables offer a demographic snapshot of the respondents. In terms of gender, there were slightly more male participants (20) than female participants (15). The majority of respondents were aged between 35 and 65, with a significant portion (11) falling into each of the 35-50 and 50-65 age groups. Educationally, the respondents were well-educated, with a majority (19) holding Master's degrees. This summary highlights the key characteristics of the respondent 8pool in terms of gender, age, and educational attainment.

Summary on the Elements of financial inclusion.

The analysis of the provided tables reveals a generally positive sentiment among respondents regarding various financial topics. The majority expressed satisfaction with access to credit and saving products and demonstrated a positive attitude towards financial literacy and education. However, some variations in opinions were observed, particularly regarding financial literacy and education. While the data provides valuable insights, further analysis is needed to fully understand the extent of financial inclusion in the studied population. Overall, the findings suggest a favorable perception of financial services and a growing awareness of the importance of financial literacy within the studied population.

Summary on the contribution of financial inclusion on youth welfare to the country.

Overall, the data analysis indicates that respondents are usually content with their financial situation, especially when it comes to access to assets and the creation of jobs.

Summary on the regression analysis.

Overall, the regression model seems to match the data well. It is clear from the high R-squared value and statistically significant F-statistic that the dependent variable's variance can be largely explained by the model. Even after taking the number of predictors into account, the adjusted R-squared indicates that the model's predictive power is still quite high, despite being somewhat lower. Furthermore, the estimate's comparatively low standard error shows that the model's predictions are typically accurate.

CONCLUSION

Conclusively, the respondents exhibit a generally positive feeling toward a variety of financial themes, including job development, asset accessibility, and financial literacy, according to an analysis of the data that was provided. Despite certain obstacles, such the cost of health insurance and divergent views on specific financial issues, the majority of the results point to a positive view of financial services and a rising understanding of the significance of financial literacy among the people under study. The significance of several characteristics, such as asset ownership, income level, and access to healthcare services, in explaining financial literacy is further supported by the regression analysis.

Recommendations.

Recommendations to BDF (Business Development Fund).

To enhance the financial well-being of Rwandan youth and contribute to their overall development, the Business Development Fund in Rwanda should prioritize the following initiatives**;** Expand access to credit**,** promote financial literacy, implement credit guarantee schemes and Encourage savings habits. By focusing on these areas, the Business Development Fund can play a crucial role in empowering Rwandan youth to achieve financial independence and contribute to the country's economic growth.

Recommendations for further research.

Subsequent investigations ought to concentrate on delving into the precise pathways by which financial inclusion influences the well-being of young people in Rwanda, specifically concerning mental health, work, and education results. In order to evaluate the ways in which youth's access to financial services affects their social mobility and economic stability, longitudinal studies that follow young people over time are crucial. Furthermore, qualitative methods like focus groups and interviews could offer greater insights into young people's real-life experiences with financial literacy, service access obstacles, and the function of community support networks. By gaining an understanding of these processes, specific policies and initiatives that aim to improve financial inclusion and, eventually, the welfare of Rwanda's youth can be developed.

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APPENDIX

QUESTIONNAIRE ADDRESSED TO THE RESPONDENTS OF BUSINESS DEVELOPMENT FUND (BDF).

Dear Valued Respondent,

I am a third year student at Kigali Independent University ULK in the department of Accounting. Currently I am carrying out a research on, The impact of Financial inclusion to Youth welfare in Rwanda, a case study of Business Development Fund, period of 2020-2023. You have been selected as respondent and you requested to spare few minute of your time and express your views on the issues raised in this questionnaire. It purely academic and y8our views will be treated with utmost confidentiality.

Thank you.

Questionnaire addressed to BDF staff.

Section A; demographic characteristic of respondents.

1. Gender:

a) Male ☐
b) Female ☐

2. Age

a) Under 18 ☐
b) 18-35 ☐
c) 35-50 ☐
d) 50-65 ☐
e) 65 or older ☐

3. Education level

a) Primary ☐
b) Secondary ☐
c) University ☐
d) Masters ☐

e) PHD ☐

Section B: Participant Information for Staff of BDF.

This section has statements regarding indicators of financial inclusion applied by BDF Rwanda.
Kindly tick appropriate box with tick (v). Strongly agree(SA), Agree(A), Neutral(N), Disagree(D), Strongly disagree(SD).

Statement	**Strongly Disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**
Access to credit					
1. The interest rates on loans available to youth are affordable.					
2. The documentation required to apply for credit is reasonable and manageable.					
3.The process of applying for credit is straightforward and easy to understand.					
Financial Literacy					
4. I am aware of different investment options and t8heir risks and benefits.					
5. I understand how to manage debt effectively and avoid excessive borrowing.					
6. I am capable of planning for my financial future, including setting long-term goals.					
Business Advisory services					
7. Business advisory services have enhanced my understanding of financial management.					
8. I have gained better access to markets through the advice provided by these services.					
9. Access to business advisory services contributes to greater financial inclusion for young people.					
Access to saving products					

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
10. Opening a saving account is easy for young people in my community.					
11. The minimum deposit requirements for saving accounts are reasonable for youth.					
12. The interest rates offered on saving products are competitive and attractive.					
13. Access to saving products empowers young people to manage their finances better.					

Additional Feedback

Do you have any further comments or recommendations on the impact of financial inclusion to youth welfare in Rwanda?

I appreciate you taking part. We value your opinions very much.

SECTION C; YOUTH WELFARE.

This section has statements regarding indicators of youth welfare.

Kindly tick appropriate box with tick (v). Strongly agree(SA), Agree(A), Neutral(N), Disagree(D), Strongly disagree(SD).

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Increase in income level					
1. An increase in income level is essential for improving the welfare of youth in Rwanda.					
2. Higher income levels provide youth with better access to education and training opportunities.					
3. Increased income levels contribute to enhanced living standards for young people					

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
4. Youth with higher income levels are more likely to participate in community development initiatives.					
Job creation					
5. Job creation is essential for improving the welfare of youth in Rwanda.					
6. Job creation programs help reduce poverty levels among youth.					
7. Employment opportunities lead to greater financial independence for young people.					
8. Young people with stable jobs are more likely to invest in their education and skills.					
Access to healthcare services					
9. Young people who have access to healthcare services experience better health outcomes					
10.Healthcare accessibility significantly impacts the mental well-being of young individuals.					
11. Access to preventive healthcare services is crucial for the long-term welfare of youth.					
12. Healthcare access positively influences youth participation in educational and social activities.					
Ownership of assets					
13.Having personal assets contributes to a sense of security and stability among young people.					
14. Asset ownership increases the financial independence of youth.					
15. Young people with assets are better able to cope with financial emergencies.					

Additional Feedback

Do you have any further comments or recommendations on the impact of financial inclusion to youth welfare in Rwanda?

I appreciate you taking part. We value your opinions very much.