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The Relationship between Small Scale Farmer Access and Use of Financial services in Tanzania: A Case of Hai District in Kilimanjaro

Abstract

This study focused on the relationship between small scale farmer access and use of financial services in Hai District. The study documented small scale farmer accessibility and use of financial services, the factors that lead financial institutions to provide financial services to them, and socio-economic factors that influence small scale farmer access and use of financial services. Data were collected using questionnaires consisting of closed and open ended questions. Data analysis was based on descriptive and non-descriptive methods as well as content analysis.

Financial access figures from the International Monetary Fund (IMF) for the year 2011 show that Tanzania compares poorly in terms of the number of commercial bank branches per 1000 sq km, and even more poorly in terms of numbers per 100000 adults. Rural areas are more vulnerable compared to urban areas. Eighty –three percent of rural adults do not have access to formal financial institutions. However, the study found that 94% of the respondents reported that they have access to financial services which implies that many knew about the financial institutions and their services. The ability to use financial services by small scale farmers depended on their availability in the Hai district. Most of them do not have access to these services. The major finding of this study is that a positive relationship exists between small scale farmer access to and use of financial services in the Hai district. A major recommendation resulting from this study is that small scale farmer, government and financial institutions need to collaborate more to ensure better financial service delivery to the small scale farmer.