

Service Quality and Members' Benefits in Village Community Banks

A Case of Moshi Rural District

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Given the financial constraints among women, VICOBA has been realized as one of the viable approaches to engage women in financial services and provide credits and other financial services. The main objective of the study was to determine the service quality and members' benefits in village community banks in Moshi Rural District. Specifically, the study examined the quality of services provided by VICOBA to members, assessed the relationship between service quality and members' benefits and examined the challenges facing the members to achieve their aspirations through VICOBA services. The study used a cross sectional research design and a sample size of 84 respondents was used. Data were collected using a questionnaire and documentary review. Data were analyzed using descriptive and analysis of variance for quantitative data and content analysis for qualitative data. The findings revealed that VICOBA offer a number of services including loans, entrepreneurship education and savings to members. Members in the category of different benefits (Entrepreneurship training, simplified loan terms and conditions, savings and investment, better farming techniques, social welfare fund, and financial literacy) had significant differences (with p-value 20.05) in the four dimensions except in the category of assurance dimensions. Specifically, empathy had a p-value of 0.005, tangibility, reliability and responsiveness had all the p-value of 0.000. The study found that there are challenges which affect the performance of VICOBA including insufficient capital, lack of education among members, lack of member's awareness on the operations of VICOBA and inadequate loans that are issued to members. The study recommends for deliberate efforts to provide effective education and training to members to raise their awareness in the proper use of loans.