



**BARRIERS TO FORMAL FINANCIAL INCLUSION AND HOUSEHOLD FINANCIAL
WELLBEING IN UGANDA: EVIDENCE FROM THE FINSCOPE UGANDA 2023
SURVEY**

BY

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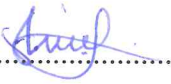
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**A DISSERTATION SUBMITTED TO THE SCHOOL OF STATISTICS AND
PLANNING IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE
AWARD OF THE DEGREE OF BACHELOR OF SCIENCE IN QUANTITATIVE
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DECLARATION

I, Nabukenya Shakira, a student from Makerere University pursuing a Bachelor's degree of Science in Quantitative Economics, declare to the best of my knowledge and understanding that this research dissertation titled "**Barriers to Formal Financial Inclusion and Household Financial Wellbeing in Uganda**" is my original piece of work that has never been submitted to any university or institution of higher learning for any academic award before.

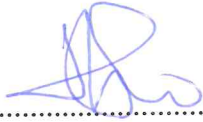
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APPROVAL

This research dissertation entitled, "**Barriers to Formal Financial Inclusion and Household Financial Wellbeing in Uganda**" has been prepared under my supervision. It is now ready for examination for the award of Bachelor of Science in Quantitative Economics (BSQE).

Signature:  Date: 30th Sept. 2026

Ms. AISHA NAKINTU

(Supervisor)

DEDICATION

I dedicate this research work to my dear parents and siblings, thank you for your endless love and for all the sacrifices you made to give me a good education, you have always believed in me even when things were difficult. Everything I achieved is because of you.

My aunts, uncles and friends, thank you for being my second family, your encouragement and kindness throughout my life have helped me stay strong and focused on my goals. I am grateful to have you in my corner.

Finally, I dedicate this research work to my lecturers and my supervisor, thank you for your professional guidance and for sharing your knowledge with me. Your patience and advice made this research possible, and I have learnt so much under your mentorship.

To all of you, I say thank you from the bottom of my heart and may God bless you.

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LIST OF ACRONYMS

aBi Finance	Agri-Business Initiative Finance
CI	Confidence Interval
EA	Enumeration Area
EPRC	Economic Policy Research Centre
FSD Uganda	Financial Sector Deepening Uganda
FinScope	Financial Scope
GSMA	Global System for Mobile Communications Association
LR	Likelihood Ratio
OLR	Ordinal Logistic Regression
OR	Odds Ratio
PDM	Parish Development Model
Ref	Reference
SACCO	Savings and Credit Cooperative Organization
SDG	Sustainable Development Goal
UBOS	Uganda Bureau of Statistics
UGX	Uganda Shillings
UNCDF	United Nations Capital Development Fund
UNESCO	United Nations Educational, Scientific and Cultural Organization
VIF	Variance Inflation Factor

ABSTRACT

This study examined the association between selected barriers to formal financial inclusion and household financial wellbeing in Uganda using the FinScope Uganda 2023 Survey (N = 3,176). The main objective was to assess whether mobile money transaction costs, physical access, digital loan awareness, and network reliability are significantly associated with household financial wellbeing, and to evaluate the role of access to and awareness of the Parish Development Model (PDM). Household financial wellbeing was operationalized using a resilience proxy: how long a household could cover its living expenses if its main source of income is lost. Data were analyzed using descriptive statistics, the Pearson Chi-Square test, and Ordinal Logistic Regression, with diagnostic tests for parallel lines, multicollinearity, and model specification. Descriptively, the sample was predominantly rural (69.4%), female (55.2%), and young, with the largest proportions in the 16–26 and 27–37 age brackets. Most respondents reported network failures (73.9%) and lacked awareness of digital loans (71.3%), while fewer reported being overcharged (17.4%) or living far from formal service points (10.4%). Resilience was low, with 46.7% unable to cover expenses beyond one month if their main income source were lost and only 9.5% able to sustain beyond six months. The bivariate analysis found that age ($p < 0.001$), income ($p < 0.001$), employment status ($p < 0.001$), gender ($p < 0.001$), access to PDM ($p = 0.004$), and network reliability ($p = 0.032$) were significantly associated with resilience, while the other selected barriers and location were not; however, all selected barriers and PDM variables were retained in the multivariate model in line with the conceptual framework. The Ordinal Logistic Regression model was statistically significant (LR $\chi^2(16) = 204.09$, $p < 0.0001$, Pseudo $R^2 = 0.0209$), with age (ORs increasing from 1.420, 95% CI [1.201, 1.678] for 27–37 to 2.523, 95% CI [2.016, 3.157] for 60+, relative to 16–26) and income (OR = 1.603, 95% CI [1.407, 1.825] for UGX 150,000–5,000,000 relative to less than UGX 150,000) positively associated with higher resilience, and access to PDM (OR = 0.824, 95% CI [0.723, 0.940]), female gender (OR = 0.797, 95% CI [0.701, 0.906]), and unemployment (OR = 0.681, 95% CI [0.589, 0.788]) negatively associated with it, while location and all four selected barriers were non-significant. The study found out that the four selected barriers examined were not significantly associated with resilience; instead, demographic and socioeconomic factors particularly age, income, gender, and employment status showed the most consistent and statistically significant associations, as well as access to PDM. The study recommends shifting financial inclusion policy toward structural determinants such as gender inequality, unemployment, and income insecurity; reviewing PDM targeting, disbursement, and monitoring; and using panel data in future studies to examine unobserved factors such as household size, asset ownership, and social networks.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Formal financial inclusion refers to access to and use of regulated financial services from formal providers (World Bank, 2025; Demirgüç-Kunt et al., 2022). Financial inclusion more broadly refers to the process by which individuals and households gain access to and effectively use a range of financial services, including savings, credit, payments, and insurance, at an affordable cost (World Bank, 2023; Demirgüç-Kunt et al., 2022). Household financial wellbeing is defined as the extent to which a person or family can smoothly manage their current financial obligations and have confidence in their financial future (FinScope Uganda, 2023; Kempson, et al., 2013). It goes beyond mere access to financial services to include financial resilience, the ability to absorb shocks, and confidence in long-term security (Demirgüç-Kunt et al., 2022; Kempson, Perotti et al., 2013).

Globally, financial inclusion has made significant progress over the past decade. Account ownership in low and middle income economies increased from 42% of adults in 2011 to 75% by 2024 (World Bank, 2025). Usage of formal savings also grew, with 40% of adults in developing economies saving in a financial account in 2024 (World Bank, 2025). Despite these gains, financial resilience has not kept pace where only 56% of adults in these economies can access emergency funds within 30 days (World Bank, 2023). Moreover, about 1.3 billion adults worldwide remain unbanked, with over half concentrated in just eight countries (World Bank, 2025). The main barriers to formal financial inclusion identified globally include high mobile money transaction costs, long distances to formal service points, lack of formal identification, low digital literacy, and distrust in formal financial institutions (Demirgüç-Kunt et al., 2022; Lusardi & Mitchell, 2014). These barriers disproportionately affect the poor, women, and rural populations, perpetuating cycles of financial exclusion and vulnerability (Allen et al., 2024; Klapper et al., 2024).

In Sub-Saharan Africa, the picture is mixed. Formal financial inclusion has grown steadily from 34% of adults with an account in 2014 to 58% in 2024 (World Bank, 2025). Mobile money has been a key driver, with 40% of adults in the region having a mobile money account as of 2024, the highest of any world region (GSM Association, 2024). However, financial resilience remains

low where only 37% of households in the region could cover expenses for more than two months after losing their main income source (African Development Bank, 2024). Studies have found a positive association between formal financial inclusion and household welfare, but the benefits are unequally distributed where male-headed and urban households gain more than female-headed and rural ones (Kpatcha et al., 2021). Structural constraints such as limited access to health services, electricity, and clean water weaken the welfare effects for disadvantaged groups (Oduro & Alhassan, 2022). Digital financial literacy also remains a major challenge, with educational barriers in Africa exceeding those in advanced economies (UNESCO, 2023). The mobile money revolution, while transformative, has not been sufficient to address deep-seated structural inequalities that constrain household financial wellbeing (Suri & Jack, 2023).

In Uganda, formal financial inclusion has improved considerably. Overall inclusion rose from 77% in 2018 to 81% in 2023, while formal inclusion increased to 68% over the same period (FinScope Uganda, 2023; Bank of Uganda, 2023). Despite these gains, 70% of Ugandans live beyond their means, and only 20% feel confident about achieving long-term financial goals (FinScope Uganda, 2023). While 60% of adults report saving, few have built sufficient resilience to handle shocks, with sickness (28%), agricultural risks (22%), and theft (21%) being the main causes (Mwangi & Kariuki, 2024). These findings are consistent with global evidence that formal financial access does not automatically translate into financial wellbeing (Demirgüç-Kunt et al., 2022; Storchi & Johnson, 2016). Key barriers to formal financial inclusion commonly cited in the Ugandan context include high mobile money transaction costs, limited physical access to formal financial service points especially in rural areas, low digital loan literacy particularly among women and youth, and unreliable network coverage (FSD Uganda, 2024; Nakawuki, 2024). The gender gap persists, with only 62% of women formally included compared to 75% of men (Owomugisha et al., 2023). The government has responded with programs like the Parish Development Model (PDM), launched in 2022, to move households from subsistence to the money economy (Ministry of Finance, 2023). However, while these barriers and programs are widely discussed in policy and literature, there is limited nationally representative evidence on whether they are actually associated with household financial wellbeing, and whether awareness of and access to government programs are associated with improved formal financial inclusion among low-income adults. This study addresses that gap using the FinScope Uganda 2023 Survey.

1.2 Problem statement

Formal financial inclusion is widely recognized as a critical pathway to reducing poverty and improving household welfare (World Bank, 2020; Kpatcha et al., 2022), yet in Uganda, while overall formal financial inclusion rose to 68% in 2023, only 20% of Ugandans report good financial wellbeing, and 70% live beyond their means (FinScope Uganda, 2023), indicating a persistent gap between formal access and actual wellbeing (Demirgüç-Kunt et al., 2022; Storchi & Johnson, 2016). Studies have established that formal financial inclusion is positively associated with household welfare, but benefits are unequally distributed, with male-headed and urban households gaining more than female-headed and rural ones (Kpatcha et al., 2020; Oduro & Alhassan, 2022), while barriers to formal financial inclusion such as limited digital loan awareness, mobile money transaction costs, limited physical access to formal service points, and network unreliability are widely cited as constraints on welfare gains for disadvantaged groups (Lusardi & Mitchell, 2009; UNCDF, 2024; Shinyekwa et al., 2025; Nakawuki, 2024). The government has responded with programs like the Parish Development Model, yet implementation challenges including governance failures and fund diversion have been documented (Auditor General, 2021). Despite this evidence, limited empirical evidence exists on whether these specific barriers to formal financial inclusion are associated with household financial wellbeing in Uganda using nationally representative data, nor whether awareness of and access to government programs are associated with improved formal financial inclusion among low-income adults.

1.3 Objectives of the Study

1.3.1 Main Objective

To examine the association of selected barriers to formal financial inclusion and household financial wellbeing in Uganda, using the FinScope Uganda 2023 Survey.

1.3.2 Specific Objectives

- I. To examine the prevalence of selected barriers (mobile money transaction costs, limited physical access, digital loan awareness, and network reliability) to formal financial inclusion among adults in Uganda.
- II. To examine the association between selected barriers to formal financial inclusion and household financial wellbeing.

- III. To assess the association of government financial inclusion programs (awareness and access) on household financial wellbeing.

1.3.3 Hypotheses

- **H_{0a}:** Mobile money transaction costs have no significant association with household financial wellbeing among adults in Uganda.
- **H_{0b}:** Physical access has no significant association with household financial wellbeing among adults in Uganda.
- **H_{0c}:** Digital loan awareness has no significant association with household financial wellbeing among adults in Uganda.
- **H_{0d}:** Network reliability has no significant association with household financial wellbeing among adults in Uganda.
- **H_{0e}:** Awareness of government financial inclusion programs, such as the Parish Development Model, has no significant association with household financial wellbeing among low-income adults in Uganda.
- **H_{0f}:** Access to government financial inclusion programs, such as the Parish Development Model, has no significant association with household financial wellbeing among low-income adults in Uganda.

1.4 Scope of the study

The study focuses on examining the association between selected barriers to formal financial inclusion (mobile money transaction costs, physical access, digital loan awareness, and network reliability) and household financial wellbeing in Uganda and demographic factors including age, gender, location, employment status, and income level. Geographically, the study covers the entire country using the nationally representative FinScope Uganda 2023 Survey, which sampled 3,176 respondents aged 16 years and above across all regions of Uganda. The study is limited to the variables available in the FinScope dataset and is cross-sectional in nature, providing a snapshot of financial inclusion and wellbeing at one point in time.

1.5 Significance of the Study

The study will contribute to the academic literature by providing new empirical evidence on the association between barriers to formal financial inclusion and household financial wellbeing,

using the recent FinScope Uganda 2023 Survey, thereby filling the existing gap where most studies have focused on access alone rather than the influence of specific barriers. It will contribute to financial inclusion policy and practice by providing policymakers and the government with clear evidence on which barriers are most strongly associated with household wellbeing, and whether the Parish Development Model is actually reaching and benefiting low-income adults, thereby addressing the current policy gap between rising financial access and persistent poor resilience. The study will also contribute to the achievement of Sustainable Development Goals, particularly SDG 1 (No Poverty) and SDG 10 (Reduced Inequalities), by generating evidence that will guide inclusive financial policies aimed at reducing poverty and inequality among vulnerable populations. For formal financial service providers, the study will offer practical insights into obstacles faced by women, youth, and rural communities, guiding them to design cheaper and more accessible products. Finally, it will provide civil society organizations with strong evidence to advocate for more inclusive financial policies that truly improve people's long-term security and daily lives.

1.6 Theoretical framework

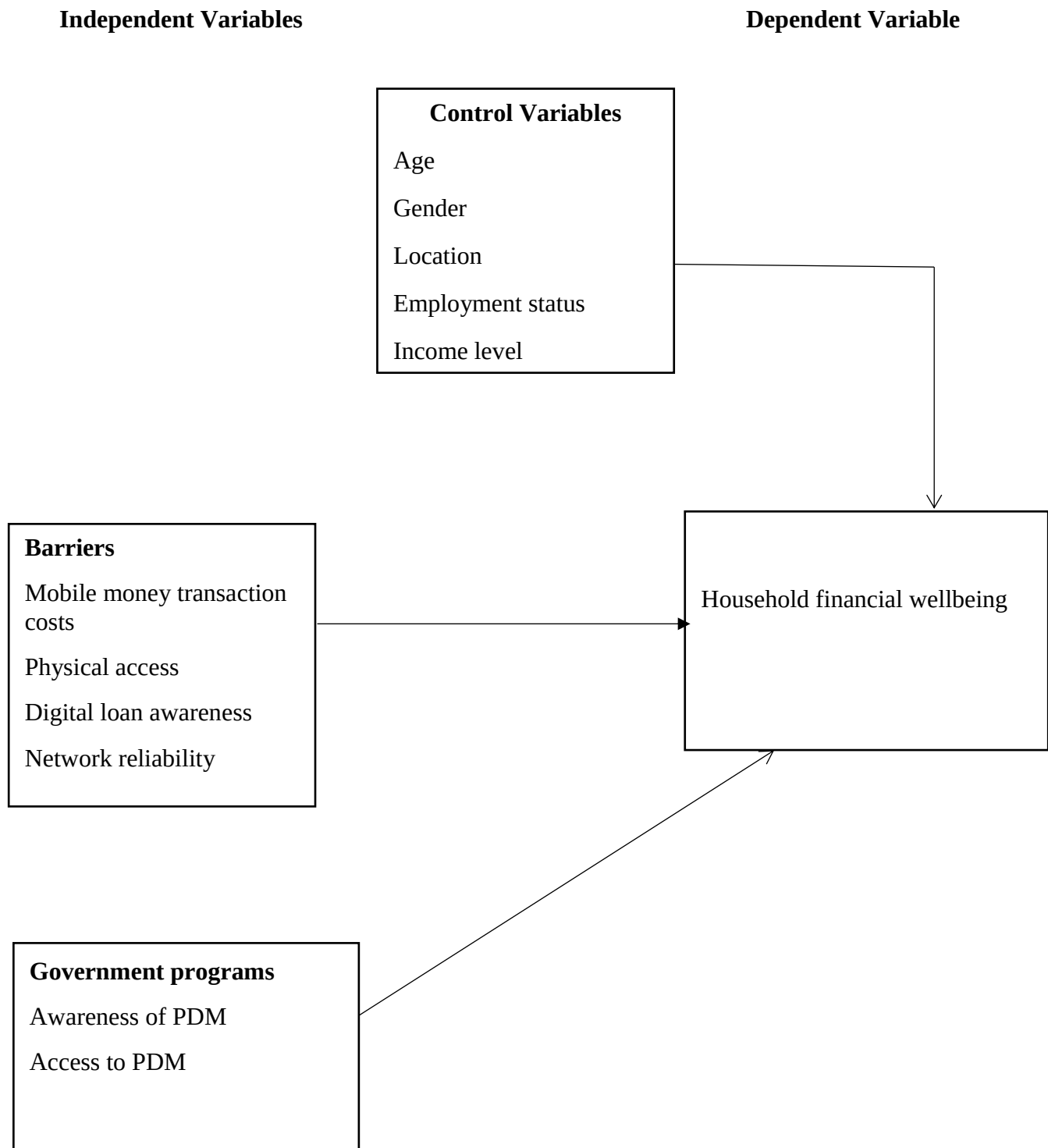
The study is guided primarily by Amartya Sen's Capability Approach, which holds that formal financial inclusion is valuable only when it expands people's real freedoms and capabilities to live the lives they have reason to value. For example, a farmer with a formal mobile money account has not necessarily improved their wellbeing unless that access actually enables them to save for farm inputs, pay school fees, or cope with a health emergency. However, because the Capability Approach does not explain why formal access alone often fails to translate into wellbeing, the study also draws on Behavioral Economics, which highlights psychological barriers such as mistrust, lack of confidence, and present bias that prevent people from using available formal services (Lusardi & Mitchell, 2014; Kahneman, 2011). These theories interact in the following way: the Capability Approach provides the overall goal of improving people's real freedoms, and Behavioral Economics explains that even when people have knowledge of formal financial products, psychological and structural barriers like high mobile money transaction costs, physical distance to formal service points, and low network reliability can still prevent them from acting in ways that improve their wellbeing. Taken together, these theories suggest that household financial wellbeing improves not just by providing formal financial services, but by addressing the knowledge gaps, behavioral biases, and structural barriers that

keep people from using those services to expand their capabilities (Sen, 1999). At the same time, these theories also allow for the possibility that the barriers examined in this study may not always translate into measurably lower wellbeing, particularly where structural and socioeconomic factors such as gender, income, and employment status dominate. This study therefore tests whether the barriers to formal financial inclusion identified in the literature are actually associated with household financial wellbeing in Uganda, rather than assuming that they necessarily reduce it.

1.7 Conceptual Framework

This conceptual framework illustrates the relationships between selected barriers to formal financial inclusion, government programs, and household financial wellbeing. Barriers (mobile money transaction costs, physical access, digital loan awareness, and network reliability) are expected to have a negative association with household financial wellbeing by constraining access to formal financial services (World Bank, 2025; Demirgüç-Kunt et al., 2022). Similarly, awareness of and access to government programs like the Parish Development Model are expected to positively associate with household financial wellbeing by enabling access to financial resources (Ministry of Finance, 2023). To isolate these net effects and reduce bias, demographic and socioeconomic factors (age, gender, location, employment status, and income level) are included as control variables.

Figure 1: Conceptual Framework illustrating hypothesized relationships among variables.



Source: Adapted from Sen's Capability Approach (1999), modified by the researcher

CHAPTER TWO: LITERATURE REVIEW

2.0 Introduction

This chapter presents literature from different studies and authors that support the research argument about the effect of barriers to formal financial inclusion on household financial wellbeing among adults in Uganda. The review examines findings from global studies, regional research in Sub-Saharan Africa, and national evidence from Uganda, highlighting the gaps between access to formal financial services and actual improvements in financial wellbeing.

2.1 Mobile Money Transaction Costs and Household Financial Wellbeing

Mobile money transaction costs are widely cited as a persistent barrier to formal financial inclusion and household financial wellbeing (World Bank, 2025). A study in Kenya found that the introduction of taxes on mobile money transactions resulted in a 40% drop in usage, highlighting the potential detrimental effect of cost barriers (World Bank, 2025). Research indicates that for every 10% increase in transaction costs, usage of digital financial services can decline by up to 20% (FinScope Uganda, 2023). In Uganda, users have raised concerns over rising transaction charges and the 0.5% excise duty imposed on mobile money withdrawals (Observer, 2023). Difficulties accessing the formal financial system including high costs reflect a less developed financial system constrained by information asymmetries (Dufresne, Jacolin, and Salmon, 2025). This suggests that the cost structure of digital financial services may be counterproductive for low-income users who are most sensitive to fees (Bank of Uganda, 2023). Given that 51% of Uganda's population earns less than 150,000 shillings per month (FinScope Uganda, 2023), even small fees represent a significant proportion of household income, potentially constraining household financial wellbeing by reducing disposable income and discouraging formal savings (World Bank, 2025).

2.2 Physical Access to Formal Financial Services and Household Financial Wellbeing

Limited physical access to formal financial service points is widely cited as a significant barrier to formal financial inclusion, particularly for rural communities (Oduro & Alhassan, 2022). A study in Ghana found that distance to banking facilities remains a major barrier to formal financial services for the poor in rural areas (Oduro & Alhassan, 2022). Across Sub-Saharan Africa, half of the adult population lives more than 8 km from the nearest formal financial institution, and 44% need more than 60 minutes to get there (World Bank, 2025). Research

indicates that bank proximity significantly enhances formal financial inclusion, with individuals living near a bank being more likely to own an account, and the effect being heterogeneous by location and gender (World Bank, 2025). In Uganda, distance to the nearest formal service point significantly reduces the likelihood of adoption (FinScope Uganda, 2023). Women face particular constraints due to household responsibilities and limited mobility, with only 62% of women formally included compared to 75% of men (FinScope Uganda, 2023). This suggests that physical access barriers may constrain the ability of rural and female-headed households to build financial resilience and improve their household financial wellbeing (Oduro & Alhassan, 2022; FSD Uganda, 2024).

2.3 Digital Loan Awareness and Household Financial Wellbeing

In Sub-Saharan Africa, a study in Ghana found that digital loan awareness and financial information consumption significantly enhance financial wellbeing among rural households (Oduro & Alhassan, 2022). Digital awareness promotes financial information consumption, and its association with financial wellbeing is stronger when mediated by the consumption of financial information (Kuutol, Mbonigaba, and Garidzirai, 2024). Nakawuki (2024) conducted a study in Soroti District and found that digital financial literacy, income diversification, and formal financial inclusion all significantly affect household welfare (Nakawuki, 2024). Barriers to financial education are greater in Africa than in advanced economies (UNESCO, 2023). The FinScope 2023 Survey reveals that up to 44% of Ugandans who save long-term prefer to keep cash at home, partly because they are often intimidated and unsure of the formal services financial institutions provide (FinScope Uganda, 2023). This suggests that lack of knowledge and confidence may be as important as structural barriers in limiting effective formal financial inclusion and wellbeing (Lusardi & Mitchell, 2014).

2.4 Network Reliability and Household Financial Wellbeing

A study in Uganda found that network failures directly disrupt mobile money functionality, with users unable to complete withdrawals or deposits during outages (Daily Monitor, 2022). In Gulu, mobile money agents reported earning nothing during network disruptions, while residents went without food because they could not access cash (Daily Monitor, 2022). The FinScope 2023 Survey reveals that the gender gap in mobile phone ownership has widened from 8% in 2009 to 16% in 2023, with 80% of men owning phones compared to only 64% of women (FinScope

Uganda, 2023), meaning women are disproportionately affected by network unreliability. This suggests that unreliable network coverage may undermine the ability of households, particularly women and rural populations, to use mobile money for saving, coping with shocks, and managing daily expenses, thereby constraining household financial wellbeing (FinScope Uganda, 2023).

2.5 Gender and Household Financial Wellbeing

Gender is a significant determinant of formal financial inclusion and household financial wellbeing (World Bank, 2025). A study in Rwanda found that only 35% of women are financially resilient compared to 46% of men, representing a significant gender gap (World Bank, 2025). Kpatcha et al. (2021) found that male-headed households derive greater welfare benefits from formal financial inclusion compared to female-headed households. Households using mobile banking services in eight West African countries significantly improve both food and non-food consumption per capita, and the gender gap in welfare is significantly reduced for rural female-headed households (Kouandou and Legras, 2025). In Uganda, Owomugisha et al. (2023) found significant associations between formal financial inclusion and financial wellbeing among women in Western Uganda. Only 62% of women are formally included compared to 75% of men (FinScope Uganda, 2023). This suggests that gender interacts with other barriers to influence household financial wellbeing, as women face compounded constraints from limited mobility, lower digital loan awareness, and poorer network reliability (FSD Uganda, 2024).

2.6 Age and Household Financial Wellbeing

A study in Ethiopia found that younger adults are more likely to adopt digital financial services compared to older adults (World Bank, 2025). Research in Senegal found that individuals aged 25–50 demonstrate a higher propensity for possessing mobile money accounts and debit cards compared to young adults aged 15–24 (World Bank, 2025). In Uganda, the FinScope 2023 Survey shows that adults between 18–34 years form 58% of the population and are the most digitally smart (FinScope Uganda, 2023). However, the same survey suggests that age alone does not independently determine financial wellbeing when other factors are controlled for (FinScope Uganda, 2023). This suggests that the relationship between age and financial wellbeing is mediated by other socioeconomic factors such as income level, employment status, and location (Bank of Uganda, 2023). Younger adults may have higher adoption rates of digital services but

may lack the income stability to build financial resilience, while older adults may have more stable income but lower digital literacy (World Bank, 2025).

2.7 Location and Household Financial Wellbeing

Location is a critical determinant of formal financial inclusion and household financial wellbeing (Kpatcha et al., 2021). A study in Tanzania found that urban households derive greater welfare benefits from formal financial inclusion compared to rural households (Kpatcha et al., 2021). In Uganda, the FinScope 2023 Survey shows that rural adults face greater physical access barriers compared to urban adults (FinScope Uganda, 2023). Kpatcha et al. (2021) found that structural barriers such as limited access to health services, education, electricity, and clean water particularly constrain the welfare gains of rural households (Kpatcha et al., 2021). According to Dufresne, Jacolin, and Salmon (2025), in low-income countries and Sub-Saharan Africa, long-term financial health is weaker than short-term financial health, reflecting more limited access to education and less developed social safety nets (Dufresne, Jacolin, and Salmon, 2025). This suggests that rural households face not only greater physical distance to formal financial services but also network failure and lower digital literacy, creating a cumulative disadvantage that makes it harder for them to translate formal financial inclusion into improved wellbeing (Oduro & Alhassan, 2022).

2.8 Employment Status and Household Financial Wellbeing

Employment status is a key determinant of formal financial inclusion and household financial wellbeing (World Bank, 2025). A study in South Africa found that household assets and employment consistently emerge as the strongest individual-level predictors of formal financial inclusion across both bank account and mobile money systems (World Bank, 2025). Research in Uganda concludes that education, employment, household demographics, and location are major factors that determine household financial welfare (Shinyekwa et al., 2025). In Uganda, the FinScope 2023 Survey reveals that most Ugandans (83%) are employed in the informal economy (FinScope Uganda, 2023). This suggests that informal workers face irregular income streams, lack of employer-provided benefits such as pension or health insurance, and limited access to formal credit, which constrains their ability to save, invest, and build financial resilience (FinScope Uganda, 2023). The lack of formal financial inclusion affects all but the richest households, and non-wage income remains critically important (World Bank, 2025).

2.9 Income Level and Household Financial Wellbeing

Income level is a significant determinant of formal financial inclusion and household financial wellbeing (World Bank, 2025). A study in Ghana found that, while overall access to formal accounts was around 55%, it was only 44% for the poorest 40% quintile of households (World Bank, 2025). In Uganda, the FinScope 2023 Survey shows that 51% of the population earns less than 150,000 shillings, and higher income levels significantly increase the odds of good financial wellbeing (FinScope Uganda, 2023). According to Dufresne, Jacolin, and Salmon (2025), a population's financial wellbeing is primarily dependent on its economic development, with financial health significantly weaker in low-income countries (43%) and in Sub-Saharan Africa (47%) than in advanced economies (83%) (Dufresne, Jacolin, and Salmon, 2025). Income alone does not determine financial wellbeing; other factors such as the quality of formal financial services, financial literacy, and the enabling environment also play crucial roles (World Bank, 2025). This suggests that the relationship between income and financial wellbeing is complex and mediated by other factors, with low-income households being most vulnerable to shocks and least able to absorb financial setbacks (FinScope Uganda, 2023).

2.10 Government Programs and Household Financial Wellbeing

Governments across Sub-Saharan Africa have implemented programs to enhance formal financial inclusion and improve household welfare (Kpatcha et al., 2021). In Uganda, the Parish Development Model (PDM), launched in 2022, aims to transition 39% of subsistence households into the money economy through parish revolving funds and SACCOs, with UGX 4.4 trillion disbursed to over four million beneficiaries (Ministry of Finance, 2023; 2025). Prior studies have found that PDM has had a neutral to positive association with household wellbeing, including reduced borrowing and increased investment (Mirembe, 2026; CEO East Africa, 2025). However, evidence is mixed, as the Auditor General (2023) exposed governance failures including undistributed funds and multiple loan receipts by ineligible households, while other challenges include delays, high costs, and weak monitoring (Mirembe, 2026; Dufresne et al., 2025). Given this mixed evidence, there is limited empirical evidence on whether awareness and access to these programs are associated with improved household financial wellbeing among low-income adults, as the FinScope Survey does not specifically track program beneficiaries (FinScope Uganda, 2023).

2.11 Research Gaps

Despite the growing body of literature on formal financial inclusion in Uganda, several gaps remain (FinScope Uganda, 2023). Prior studies such as Kpatcha et al. (2021) have examined the association between formal financial inclusion and household well-being in Sub-Saharan Africa, and Nakawuki (2024) has explored financial literacy and household welfare in Soroti District. However, limited empirical evidence exists whether specific barriers (mobile money transaction costs, physical access, digital loan awareness, and network reliability) are associated with household financial wellbeing in Uganda using nationally representative data (FinScope Uganda, 2023). While the government has invested heavily in the Parish Development Model, there is little empirical evidence on whether awareness of and access to this program are associated with improved household financial wellbeing among low-income adults (Ministry of Finance, 2023). The Auditor General (2023) has documented implementation challenges, but few studies have assessed the program's association with household financial wellbeing using national survey data. Furthermore, the relationship between demographic and socioeconomic factors such as gender, age, location, employment status, and income level and household financial wellbeing has not been systematically examined in the Ugandan context using recent national data (FinScope Uganda, 2023). This study aimed to fill these gaps by using the FinScope Uganda 2023 Survey to examine the association between selected barriers to formal financial inclusion and household financial wellbeing and to assess the role of government programs in promoting formal financial inclusion among vulnerable populations.

CHAPTER THREE: METHODOLOGY

3.0 Introduction

This chapter presents the description of the research design, source of data, sample size, data analysis techniques, and the limitations and ethical considerations of the study.

3.1 Source of Data

This study used data from the FinScope Uganda 2023 Survey to examine the association between selected barriers to formal financial inclusion and household financial wellbeing in Uganda. The FinScope Uganda 2023 Survey is a nationally representative, demand-side study that measures access, uptake, usage, and perceptions of financial services among adults in Uganda. According to the survey documentation, the 2023 survey was implemented by the Bank of Uganda in partnership with Financial Sector Deepening Uganda (FSDU), aBi Finance, and the Uganda Bureau of Statistics (UBOS).

3.2 Sample Design

The FinScope Uganda 2023 Survey employed a three-stage stratified sampling approach to select a nationally representative sample of individuals aged 16 years and older. According to the survey methodology, the first stage involved the selection of 320 enumeration areas (EAs) by the Uganda Bureau of Statistics (UBOS) to ensure national, regional, and urban-rural representativeness. In the second stage, 10 households were randomly selected from a comprehensive household list within each EA, a task carried out by Bank of Uganda enumerators. In the third and final stage, one adult aged 16 years or older was randomly selected from each household to participate in the interview. The survey successfully achieved a sample of 3,176 respondents, representing a 99% response rate, and the data represented an adult population of 24.6 million people in Uganda. This sampling approach ensured that results could be disaggregated by region, location setting (rural or urban), and demographic attributes such as sex, as reported by the FinScope Uganda 2023 Survey.

3.3 Sample Size

The study adopted a sample size of 3,176 respondents, aged 16 years and older who completed and consented to the survey.

3.4 Variables and Measurement

Table 1: Variables and Measurements

Variable	Description	Coding	Scale
Dependent variable Household financial wellbeing	Duration household can cover or manage expenses if main source of income is lost (resilience)	1= less than a week 2= At least a week but not one month 3= At least one month but not three months 4= At least three months but not six months 5= Six months or more	ordinal
Independent Variables			
Mobile money transaction costs	Experience of being overcharged by a mobile money agent for transactions	0 = Not overcharged 1 = Overcharged	Binary
Physical Access: formal financial services	Perceived distance to formal financial institutions from home	0 = Near (within 5km) 1 = Far (more than 5km)	Binary
Digital Loan awareness	Awareness of digital loans as a formal financial product	0 = Not aware 1 = Aware	Binary
Network reliability	Experience of network failure when using mobile money.	0 = No failure (reliable) 1 = Experienced failure (unreliable)	Binary
(Government Programs)			
Awareness of government programs (PDM)	Awareness of PDM	0 = Not aware 1 = Aware	Binary
Access to government programs (PDM)	Access to PDM funds	0 = No Access 1 = Access	Binary
Control Variables			
Age	Age of respondent in years	1 = 16-26 2 = 27-37 3 = 38-48 4 = 49-59	Ordinal

		5 = 60+	
Gender	Sex of respondent	0 = Male 1 = Female	Binary
Location	Type of place of residence	0 = Rural 1 = Urban	Binary
Employment status	Primary working status	0 = Employed 1 = Unemployed	Binary
Income Level	Monthly Income	1 = Less than UGX 150,000 2 = UGX 150,000-UGX 5,000,000 3 = UGX 5,000,001-UGX 10,000,000 4 = More than UGX 10,000,000	Nominal

Source: FinScope Uganda 2023 Survey

Note: The FinScope Uganda 2023 Survey did not contain a direct question titled "household financial wellbeing." This study operationalized financial wellbeing using the resilience indicator, which measured how long a household could cover its living expenses if its main source of income was lost. This proxy was chosen because financial wellbeing was fundamentally defined by the ability to absorb and recover from financial shocks, manage current obligations, and maintain confidence in future security (African Development Bank, 2024). The researcher chose this proxy because the FinScope dataset lacked a direct measure of financial wellbeing. Additionally, this study focused exclusively on formal financial services.

The dependent variable is household financial wellbeing, operationalized as resilience (how long a household can cover expenses if main income is lost) on a 5-point ordinal scale. The independent variables are four selected barriers: mobile money transaction costs (overcharged or not), this measure was chosen because it captures a direct, experienced cost barrier in a formal financial service, physical access to formal financial services (near within 5km or far) which captures distance from respondents' homes to formal financial service points, digital loan awareness (aware or not) and this measure was selected because awareness of formal financial products is a core component of financial literacy in the digital age. Finally, network reliability (reliable or unreliable). Two government program indicators for the Parish Development Model

(awareness and access, both binary); and the control variables are age, gender, location, employment status, and income level.

3.5 Data Analysis

Data was analyzed using STATA 16 statistical software. The analysis proceeded in three stages, culminating in an Ordinal Logistic Regression model.

3.5.1 Univariate Analysis

This study used descriptive statistics to summarize the characteristics of the sample and the key variables. This included frequencies and percentages for all the independent variables and control variables. For the ordinal dependent variable, frequency distributions across the five resilience categories were also reported.

3.5.2 Bivariate Analysis

This study used the Pearson Chi-Square test of independence for bivariate analysis to examine the association between each independent variable and household financial wellbeing. Variables with probability values $p < 0.05$ were considered significant. However, variables were selected a priori based on the conceptual framework and literature rather than solely on bivariate statistical significance.

3.5.3 Multivariate Analysis

This study employed Ordinal Logistic Regression, also known as the Cumulative Logit Model. Specifically, the Proportional Odds Model was preferred over the Generalized Ordered Logistic Model (GOLM) because it estimates a single set of coefficients for all cutpoints, making the model more interpretable. While assuming constant effects across all cutpoints (the proportional odds or parallel lines assumption), the model increases statistical power to detect significant effects.

The model is specified as:

$$\text{logit}(P(Y \leq j)) = \log \left(\frac{P(Y \leq j)}{1 - P(Y \leq j)} \right) = \alpha_j - (\beta_1 X_1 + \beta_2 X_2 + \dots + \beta_k X_k)$$

Where:

Y is the household financial wellbeing (ordinal, 1 to 5).

j = 1, 2, 3, 4 (the cutpoints / thresholds).

α_j Are the threshold coefficients (intercepts for each cumulative logit).

X_1 To X_k are the independent variables (barriers, government programs, and controls).

β_1 To β_k are the regression coefficients (assumed to be constant across all cumulative logits, the proportional odds assumption).

3.6 Diagnostic Tests for Ordinal Logistic Regression

Different diagnostic tests were performed to validate the ordinal logistic regression model. The proportional odds assumption was tested using the Global Wald Test of Parallel Lines (gologit2), with a non-significant p-value indicating that the assumption holds. Multicollinearity was assessed using the Variance Inflation Factor (VIF), with values below 5 indicating no problematic collinearity. The Linktest was used to check for model specification errors. The results of these diagnostic tests are presented in Chapter 4.

3.7 Limitations of the Study

The FinScope Uganda 2023 Survey is cross-sectional, meaning that the data only provided a snapshot of formal financial inclusion and wellbeing at one point in time, which does not allow for causal inferences. In addition, the study relied on self-reported data, which may be subject to recall bias and social desirability bias. It relied on a proxy measure for household financial wellbeing, as the FinScope Survey does not directly ask about financial wellbeing. While resilience is a well-established proxy, it may not capture all dimensions of financial wellbeing, such as confidence in future security or long-term financial planning. However, despite these limitations, the FinScope Uganda 2023 Survey remains the most comprehensive and reliable source of data on financial inclusion in Uganda.

3.8 Ethical Considerations

The analysis was done using data from the FinScope Uganda 2023 Survey, which is publicly available and anonymized. According to the survey documentation, the original survey was conducted with ethical approval from the relevant authorities, and all respondents provided informed consent before participation. The data was used solely for academic research purposes, and no attempt was made to identify individual respondents.

CHAPTER FOUR: DATA ANALYSIS AND PRESENTATION OF FINDINGS

4.0 Introduction

This chapter presents the analysis and findings of the study based on the FinScope Uganda 2023 Survey. The analysis was carried out using Stata statistical software and followed the three stages outlined in the methodology: descriptive statistics, bivariate analysis, and Multivariate regression analysis. The findings are presented according to the specific objectives of the study, with explanations provided after each analysis.

4.1 Descriptive Statistics

This section presents the frequencies and percentages for all the variables in the study

Table 2: Descriptive Statistics of Sample Characteristics

Variable	Frequency (N=3,176)	Percentage
Dependent Variable		
Household Financial Wellbeing (Resilience)		
Less than a week	612	19.3
1 week to <1 month	870	27.4
1 to <3 months	925	29.1
3 to <6 months	467	14.7
6 months or more	302	9.5
Independent Variables		
Barriers		
Mobile Money Transaction Costs		
Not overcharged	2,623	82.6
Overcharged	553	17.4
Physical Access: Formal		
Near	2,846	89.6
Far	330	10.4
Digital Loan Awareness		

Not aware	2,264	71.3
Aware	912	28.7
Network Reliability		
Reliable (No failure)	830	26.1
Unreliable (Experienced failure)	2,346	73.9
Government Programs		
Awareness of PDM		
Not aware	2,070	65.2
Aware	1,106	34.8
Access to PDM		
No access	2,081	65.5
Access	1,095	34.5
Control Variables		
Age		
16-26	914	28.8
27-37	926	29.2
38-48	579	18.2
49-59	393	12.4
60+	364	11.5
Gender		
Male	1,424	44.8
Female	1,752	55.2
Location		
Rural	2,205	69.4
Urban	971	30.6
Employment Status		
Employed	2,244	70.6
Unemployed	932	29.4
Income Level		

Less than UGX 150,000	1,348	42.4
UGX 150,000 - 5,000,000	1,695	53.4
UGX 5,000,001 - 10,000,000	98	3.1
More than UGX 10,000,000	35	1.1

The findings above reveal a sample that is predominantly rural (69.4%), female (55.2%), and concentrated in the younger age brackets, with the largest proportions falling in the 16–26 and 27–37 age categories. Economically, the sample is largely low-income and informally employed, as 70.6% are employed (largely reflecting informal sector engagement), 42.4% earn less than UGX 150,000 per month, and only 1.1% earns more than UGX 10,000,000. Regarding the key barriers to formal financial inclusion, a substantial majority report experiencing network failures (73.9%) and lack awareness of digital loans (71.3%), while far fewer report being overcharged by mobile money agents (17.4%) or living far from formal financial service points (10.4%). Government program penetration appears limited, with only about 35% of respondents aware of or having access to the Parish Development Model (PDM). Most critically, household financial wellbeing, measured as resilience to income loss is strikingly low, as nearly half of all respondents (46.7%) could cover expenses for less than one month if their main income source were lost, and only 9.5% could sustain beyond six months, confirming a severe gap between financial access and actual financial resilience.

4.2 Bivariate Analysis

This section presents the bivariate relationships between the independent variables and dependent variable using the Pearson Chi-Square test of independence.

Table 3: Bivariate analysis findings

Variable Description	Pearson Chi-Square (χ^2)	p-value	Statistical Significance
Mobile Money transaction costs	3.38	0.497	Not Significant
Network Reliability	10.54	0.032	Statistically Significant
Digital Loan Awareness	7.06	0.133	Not Significant
Formal Physical Access	3.64	0.457	Not Significant
Access to PDM	15.37	0.004	Statistically Significant

Awareness of PDM	0.95	0.918	Not Significant
Age of Respondent	125.37	<0.001	Statistically Significant
Gender	24.19	<0.001	Statistically Significant
Location	2.3211	0.677	Not significant
Employment Status	49.33	<0.001	Statistically Significant
Monthly Income Level	73.34	<0.001	Statistically Significant

The bivariate analysis using the Pearson Chi-Square test identified six variables with statistically significant associations with household financial wellbeing (operationalized as resilience): age ($p < 0.001$), employment status ($p < 0.001$), gender ($p < 0.001$), access to PDM ($p = 0.004$), network reliability ($p = 0.032$) and monthly income level ($p < 0.001$), while mobile money transaction costs ($p = 0.497$), digital loan awareness ($p = 0.133$), physical access to formal financial services ($p = 0.457$), awareness of PDM ($p = 0.918$) and location ($p = 0.677$) were not statistically significant at the 5% level; however, given the study's conceptual framework, all four selected barrier variables (mobile money transaction costs, physical access, digital loan awareness, and network reliability) and both government program variables (awareness of and access to the PDM) were retained for the multivariate ordinal logistic regression alongside the significant control variables, in order to preserve the study's focus on examining the association of the specific barriers to formal financial inclusion on household financial wellbeing

4.3 Multivariate Analysis

This section presents the multivariate analysis examining the factors influencing household financial wellbeing (resilience) using Ordinal Logistic Regression. The results are presented as odds ratios with 95% confidence intervals, indicating the likelihood of being in a higher financial resilience category.

4.3.1 Presentation & Interpretation of Diagnostic Tests

Table 4: Diagnostic Tests Summary for Ordinal Logistic Regression Model

Diagnostic Test	Test Applied	Test Statistic	Conclusion
Parallel Lines Assumption	Global Wald Test (gologit2)	$X^2(21) = 21.12$ ($p = 0.4516$)	Proportional odds assumption holds ($P > 0.05$).
Multicollinearity	Variance Inflation Factor (VIF)	Mean VIF = 1.03 $VIF < 5.0$	No multicollinearity detected.
Model Specification	Linktest	$z = 4.88$ ($p = 0.001$)	No specification error

The diagnostic tests confirm that the model is robust and compliant with key assumptions. The proportional odds assumption holds, there is no multicollinearity, and the linktest indicates no specification error. The model is therefore appropriate for the ordinal outcome.

4.3.2 Ordinal Logistic Regression Model Results

The primary model evaluated the relationship of selected barriers, PDM variables and demographic controls on household financial well-being (operationalized as resilience) which was measured on a 5-point ordinal scale from 1 = less than a week to 5 = six months or more, where higher resilience categories (especially 4 = at least three months but not six months and 5 = six months or more) represent households with greater ability to cover expenses if their main income source were lost, while lower categories (especially 1 = less than a week and 2 = at least a week but not one month) represent lower resilience and weaker ability to absorb income shocks.

Table 5: Ordinal Logistic Regression Output for Household Financial Wellbeing

Variable	Odds Ratio (OR)	[95% Conf. Interval]
Independent Variables		
Mobile Money (Ref: Not overcharged) Overcharged	1.040	[0.880, 1.230]
Network Reliability (Ref: No failure (reliable)) Experienced failure (unreliable)	0.957	[0.827, 1.108]
Physical Access (Ref: Near) Far	0.926	[0.756, 1.135]

Digital Loan Awareness (Ref: Aware) Not aware	1.070	[0.930, 1.231]
Access to Government Programs (Ref: No access) Access	0.824*	[0.723, 0.940]
Awareness of Government Programs (Ref: No) Yes	1.050	[0.922, 1.197]
Control variables		
Age of Respondents (Ref: 16-26)		
27-37	1.420*	[1.201, 1.678]
38-48	1.694*	[1.400, 2.050]
49-59	2.056*	[1.652, 2.558]
60+	2.523*	[2.016, 3.157]
Gender (Ref: Male) Female	0.797*	[0.701, 0.906]
Location (Ref: Rural) Urban	0.989	[0.864, 1.133]
Employment Status (Ref: Employed) Unemployed	0.681*	[0.589, 0.788]
Monthly Income Level (Ref : Less than UGX 150,000)		
UGX 150,000 - 5,000,000	1.603*	[1.407, 1.825]
UGX 5,000,001 - 10,000,000	1.199	[0.823, 1.747]
More than UGX 10,000,000	1.244	[0.682, 2.268]

Note: * $p < 0.05$, Ref: Reference

4.3.3 Interpretation of the OLR findings

The findings indicated that households with access to PDM were associated with lower odds of higher financial resilience measured by the length of time they can cover expenses for six months or more if their main source of income is lost (OR = 0.824, 95% CI: 0.723–0.940) compared to those without access. Similarly, reduced odds of higher financial resilience were associated with females (OR = 0.797, 95% CI: 0.701–0.906) compared to males, and unemployed individuals (OR = 0.681, 95% CI: 0.589–0.788) compared to employed individuals. Conversely, the study indicated increased odds of higher financial resilience that is, the duration a household can cover expenses for six months or more if their main source of income is lost; for older age groups compared to those aged 16–26: ages 27–37 (OR = 1.420, 95% CI: 1.201–1.678), 38–48 (OR = 1.694, 95% CI: 1.400–2.050), 49–59 (OR = 2.056, 95% CI: 1.652–2.558), and 60+ (OR = 2.523, 95% CI: 2.016–3.157) were associated with increased odds of higher

financial resilience. Additionally, individuals earning UGX 150,000–5,000,000 were associated with increased odds of higher financial resilience (OR = 1.603, 95% CI: 1.407–1.825) compared to those earning less than UGX 150,000. However, the four selected barriers to formal financial inclusion (mobile money transaction costs, physical access, digital loan awareness, and network reliability), as well as location and PDM awareness, did not show statistically significant associations with higher financial resilience. Therefore the findings show that demographic and socioeconomic factors showed the most consistent and statistically significant associations with higher financial resilience.

4.4 Relationship of Findings to Study Objectives and Hypotheses

For Objective I, which sought to examine the prevalence of selected barriers to formal financial inclusion among adults in Uganda, the descriptive results (Table 2) showed that network failures were the most prevalent barrier (73.9%), followed by lack of digital loan awareness (71.3%), while fewer respondents reported being overcharged by mobile money agents (17.4%) or living far from formal financial service points (10.4%).

For Objective II, which sought to examine the association between the selected barriers and household financial wellbeing (operationalized as resilience), the study found that only network reliability was statistically significant ($p = 0.032$) at the bivariate level while the rest were not significant. All selected barriers were retained in the multivariate model in line with the study's conceptual framework and none of the four selected barriers emerged as statistically significant predictors of resilience; therefore, hypotheses H_{0a} , H_{0b} , H_{0c} , and H_{0d} were not rejected.

For Objective III, which sought to assess the association of access and awareness of the Parish Development Model (PDM) on household financial wellbeing, the study found out that access to PDM was statistically significant in both the bivariate analysis ($p = 0.004$) and the multivariate model (OR = 0.824, 95% CI [0.723, 0.940]) but it was negatively associated with resilience, meaning H_{0f} was rejected, though in the opposite direction to that hypothesized. Awareness of PDM was not statistically significant in either the bivariate ($p = 0.918$) or multivariate analysis, so H_{0e} was not rejected.

Overall, the study finds that the selected barriers, rather than showing significant associations, were not the dominant factors; instead, demographic and socioeconomic factors showed the most consistent and statistically significant associations with household resilience in Uganda.

CHAPTER FIVE: SUMMARY, DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of Findings

This study examined the association between selected barriers to formal financial inclusion and household financial wellbeing in Uganda using the FinScope Uganda 2023 Survey (N = 3,176). Household financial wellbeing was operationalized using a resilience proxy: how long a household could cover expenses if its main income source is lost. This because the FinScope Uganda 2023 Survey does not contain a direct measure of household financial wellbeing; resilience is therefore used as the empirical indicator of financial wellbeing throughout the analysis. Descriptively, the sample was predominantly rural (69.4%), female (55.2%), and young, with the largest proportions falling in the 16–26 and 27–37 age brackets, and largely low-income, as 42.4% earned less than UGX 150,000 per month. Most respondents reported experiencing network failures (73.9%) and lacked awareness of digital loans (71.3%), while fewer reported being overcharged by mobile money agents (17.4%) or living far from formal financial service points (10.4%). Only about 35% were aware of or had access to the Parish Development Model (PDM). Household resilience was low, with 46.7% unable to cover expenses beyond one month if their main income source were lost and only 9.5% able to sustain beyond six months. The bivariate Pearson Chi-Square analysis found that age ($p < 0.001$), monthly income level ($p < 0.001$), employment status ($p < 0.001$), gender ($p < 0.001$), access to PDM ($p = 0.004$), and network reliability ($p = 0.032$) were significantly associated with resilience, while mobile money transaction costs, digital loan awareness, physical access, awareness of PDM, and location were not. However, all selected barriers and PDM variables were retained for the multivariate model in line with the study's conceptual framework. The findings showed that age (ORs ranging from 1.420, 95% CI [1.201, 1.678] for 27–37 to 2.523, 95% CI [2.016, 3.157] for 60+, relative to 16–26) and the UGX 150,000–5,000,000 income bracket (OR = 1.603, 95% CI [1.407, 1.825], relative to less than UGX 150,000) were positively associated with higher resilience, while access to PDM (OR = 0.824, 95% CI [0.723, 0.940]), female gender (OR = 0.797, 95% CI [0.701, 0.906]), and unemployment (OR = 0.681, 95% CI [0.589, 0.788]) were negatively associated with it. The Pseudo R^2 of 0.0209 indicates unobserved factors which also play a substantial role. This study found out that demographic and socioeconomic factors, rather than transactional friction, showed the most consistent associations with household financial wellbeing.

5.2 Discussion of Findings

Mobile money transaction costs were statistically non-significant in this study, differing from the World Bank (2025) finding that high costs constrain wellbeing; this discrepancy likely arises because this study measures the experience of being overcharged (reported by only 17.4%) rather than the general cost structure, suggesting costs have become a normalized operational expense rather than a binding constraint, aligning with Suri & Jack (2023) on transactional frictions being insufficient to explain deep-seated gaps. Physical access was non-significant, aligning with the GSM Association (2024) regarding mobile money leapfrogging infrastructure, while digital loan awareness was non-significant and inconsistent with Nakawuki (2024); this divergence may stem from localized versus nationally representative data where structural factors dilute isolated digital awareness effects, and awareness does not guarantee usage per Sen (1999) and Kahneman (2011). Network reliability was non-significant and in agreement with FinScope (2023), implying users find workarounds for temporary outages. Access to PDM was negatively associated with wellbeing, differing from Mirembe (2026) but aligning with the Auditor General (2026); the negative association likely reflects a selection effect where already-vulnerable households disproportionately access PDM funds, coupled with implementation challenges, meaning the program has not yet translated into measurable resilience. Age was positively associated with wellbeing, in agreement with the World Bank (2025) regarding life-cycle asset accumulation, with each successive age bracket (from 16–26 up to 60+) significantly increasing the odds of higher resilience. Income was positively associated (FinScope, 2023), female gender was negatively associated (Kpatcha et al., 2026), and unemployment was negatively associated (Shinyekwa et al., 2025). Finally, the low Pseudo R^2 of 0.0209 indicates unobserved factors like household size, assets, and social networks play a substantial role, reinforcing that demographic factors, rather than transactional friction, showed the most consistent associations with household financial wellbeing, though much of the variation remains unexplained.

5.3 Conclusions

The study finds that, contrary to the strong emphasis in the literature on transactional and logistical barriers to formal financial inclusion, the four selected barriers examined (mobile money transaction costs, physical access, digital loan awareness, and network reliability) were not significantly associated with household financial wellbeing in Uganda, as measured by the resilience proxy: how long a household could cover expenses if its main income source is lost;

this is evidenced by their non-significance in both the bivariate Pearson Chi-Square tests and the multivariate ordinal logistic regression model, where only demographic and socioeconomic factors specifically age (ORs ranging from 1.420, 95% CI [1.201, 1.678] for 27–37 to 2.523, 95% CI [2.016, 3.157] for 60+, relative to 16–26), income (OR = 1.603, 95% CI [1.407, 1.825] for UGX 150,000–5,000,000 relative to less than UGX 150,000), gender (OR = 0.797, 95% CI [0.701, 0.906]), and employment status (OR = 0.681, 95% CI [0.589, 0.788]) showed consistent and statistically significant associations with household resilience, whereas location (OR = 0.989, 95% CI [0.864, 1.133]) was not significantly associated with resilience. The study further indicates that access to PDM was associated with lower resilience (OR = 0.824, 95% CI [0.723, 0.940]), raising important questions about program targeting and delivery, as the negative association may reflect a selection effect where already-vulnerable households are more likely to access PDM funds. Additionally, the low explanatory power of the model (Pseudo R^2 = 0.0209) indicates that household financial wellbeing as captured through the resilience proxy is shaped by a broader set of factors than those captured in the FinScope 2023 Survey, such as household size, asset ownership, health status, and social networks. Overall, the study finds that while formal financial inclusion has expanded considerably in Uganda, the selected barriers examined in this study do not appear to be the primary constraint on household financial wellbeing, and the persistent gap between access and wellbeing observed in the data (46.7% of households unable to cover expenses beyond one month) is better explained by underlying inequalities than by transactional friction in formal financial services.

5.4 Recommendations

Based on the findings, several recommendations are made. For policymakers and the government, the study recommends that financial inclusion policy should shift focus from transactional friction toward structural determinants of household financial wellbeing, particularly gender inequality, unemployment, and income insecurity, since these were the factors mostly associated with lower resilience. Specifically, policies should prioritize interventions that raise household income, expand formal employment opportunities, and address the gender gap in formal financial inclusion, given that female gender and unemployment were both significantly associated with lower financial wellbeing. For the Parish Development Model, the study recommends a thorough review of targeting, disbursement, and monitoring

mechanisms, given the negative association between PDM access and financial wellbeing and the implementation challenges documented by the Auditor General (2026); program beneficiaries should be tracked and evaluated using national survey data so that future assessments can isolate program effects from selection effects. For financial service providers, the study recommends continued investment in lowering transaction costs and expanding physical and digital access because they remain important for the broader goal of expanding formal financial inclusion and may matter for dimensions of wellbeing.

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