

**From Access to Meaningful Use: Strategies for Promoting Inclusive and Affordable Financial Services in Mbagala and Chamazi Wards, Temeke Municipality, Dar es Salaam, Tanzania**

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### **Abstract**

Financial access supports inclusive growth by enabling people to save, borrow, make payments, and manage risks. However, access alone does not guarantee meaningful financial inclusion when regular use, affordability, product suitability, and financial literacy remain limited. This study examined financial literacy practices and financial inclusion in Mbagala and Chamazi Wards, Temeke Municipality, Dar es Salaam, Tanzania. A cross-sectional quantitative design was used, with primary data from 399 respondents and secondary evidence from FinScope Tanzania 2023. The findings show that mobile money is the main driver of access, with 88.5% of respondents having mobile money accounts compared with 36.8% having bank accounts. Digital payment use was 77.4%, while 53.1% saved regularly. However, insurance uptake was only 15.0%, showing limited depth in risk protection. Overall, most respondents had moderate financial inclusion. The study recommends stronger financial literacy, trusted agent networks, affordable products, and services suited to low-income and informal users.

**Keywords:** Financial inclusion; Mobile money; Financial literacy; Affordability; Meaningful Use; Insurance; Temeke Municipality

### **Introduction**

Financial inclusion has become an increasingly important development priority, in part because it enables people and families to participate more fully in the economy. People who use financial services can absorb income shocks, make payments, access credit and insurance against risk, and save safely. Financial inclusion is also linked with inclusive growth, household resilience, and poverty reduction in emerging market economies.

Tanzania has made remarkable progress in its efforts to improve formal financial inclusion. FinScope Tanzania 2023 indicates that formal financial inclusion increased from 65% in 2017 to 76% in 2023, mainly driven by growth of formal financial access channels and mobile money. But the same data points to continuing under use, especially when ongoing engagement is affected by cost, distance (real or perceived), limited satisfaction and restricted access to comprehensive services. The National Financial Inclusion Framework 2023–2028 prioritizes access, usage, quality, and wellbeing as the four major dimensions, hence shifting the focus away from access.

In other words, because you have accounts and/or services in a few blocks shall not make that already used either routinely or safely or affordability and/or ways which make ones welfare anyways more the better; therefore we must check that people use what really available to them. This is a major problem in Mbagala and Chamazi Wards of Temeke Municipality, Dar es Salaam. The wards are mixed in urban and peri-urban communities that have both formal and informal livelihoods. Despite the increasing presence of agents and other financial access points, factors such as low incomes, high transaction costs, little or no financial literacy skills, documentation requirements, lack of trust and goods not corresponding to irregular income streams may pose a barrier to residents.

Thus, this article examines ways to make financial services more accessible, affordable, and useful in Mbagala and Chamazi Wards. The study makes the case that how to convert access into frequent use, more financial involvement, and inclusion that improves welfare is now the primary policy concern rather than access alone.

## **Literature Review**

### ***Empirical review***

Empirical evidence shows that financial inclusion has improved globally through digital payments, mobile money, and simplified account services. However, access alone does not guarantee meaningful use. The Global Findex Database 2021 shows that although account ownership has increased in many developing countries, many adults still do not regularly use savings, credit, insurance, or services that help them manage financial shocks (Demirgüç-Kunt et al., 2022). Therefore, financial inclusion should be understood beyond account ownership. It should also consider regular use, affordability, product suitability, trust, and welfare improvement.

In Tanzania, mobile money, agent networks, and digital financial services have expanded formal financial inclusion. FinScope Tanzania 2023 shows that mobile money and banking have supported formal inclusion, although low income, documentation requirements, seasonal earnings, limited awareness, and negative perceptions of financial products remain important barriers (FSDT, 2023). The Bank of Tanzania also reports that digital finance continues to improve access through the growing use of mobile money services (Bank of Tanzania, 2024). However, the key issue is whether this access has become regular, affordable, and useful for households.

In low-income urban and peri-urban areas, mobile money is often more accessible than traditional banking because it is convenient, nearby, and suitable for small transactions. However, it is still mainly used for transfers, bill payments, and withdrawals rather than savings, credit, and insurance. This is relevant to Mbagala and Chamazi, where many residents may use mobile money for daily transactions but remain weakly included in deeper financial services. Thus, mobile money improves access, but it does not automatically lead to deeper financial inclusion unless it is affordable, trusted, and linked to wider financial products.

Financial inclusion also depends on the quality and usefulness of financial services. Cull et al. (2014) argue that shallow use of financial products may have limited development effects, meaning that access quality matters. Similarly, FinScope Tanzania 2023 emphasizes the need to examine access, usage, barriers, and the needs of different population groups (FSDT, 2023). In Mbagala and Chamazi, residents who only send and receive money through mobile money may be financially connected, but not deeply included. Meaningful inclusion becomes stronger when people use financial services for saving, affordable borrowing, insurance, business payments, and risk protection.

Demand-side barriers continue to limit meaningful financial inclusion. These include low and irregular income, limited financial literacy, gender inequality, youth unemployment, documentation challenges, and low trust. Cole et al. (2011) argue that financial education works better when linked with accessible financial products, while Xu and Zia (2012) show that limited financial knowledge weakens financial decision-making. Women also face stronger barriers because they often have lower income, fewer assets, and less control over household resources (Demirgüç-Kunt et al., 2018; Swamy, 2014). Therefore, financial literacy, trust-building, and inclusive product design are important for women, youth, informal traders, and low-income households in Mbagala and Chamazi.

Supply-side barriers are also important. High transaction fees, minimum balance requirements, strict KYC documentation, long distance to service points, poor network reliability, agent liquidity problems, difficult loan conditions, and weak consumer protection can discourage regular use. Beck et al. (2008) show that high banking costs and entry requirements limit financial access in low-income economies. In Tanzania, affordability remains critical because low-income users often make small and frequent transactions. Even small charges, account fees, ATM costs, and loan-related costs may discourage use and lead to dormant accounts.

This calls for low-cost services, transparent charges, simple procedures, and products designed for low-income and informal users. Policy and regulation are important for inclusive and meaningful financial services. The National Financial Inclusion Framework 2023–2028 seeks to improve access, usage, quality, and wellbeing through cooperation between public and private actors (Bank of Tanzania, 2023). This policy direction is important because it moves beyond access to the quality and usefulness of financial services. For Mbagala and Chamazi, effective strategies may include affordable mobile money, reliable agent networks, simplified Know Your Customer procedures, practical financial literacy, stronger consumer protection, youth and women-focused products, and cooperation among banks, mobile money providers, SACCOS, VICOBAAs, local government, and community leaders.

Although existing studies provide useful evidence at global, regional, and national levels, limited ward-level evidence explains how access becomes meaningful use in low-income urban communities. National surveys such as FinScope Tanzania 2023 provide a broad picture of financial inclusion in Tanzania, but they do not fully show the lived realities of residents in Mbagala and Chamazi. There is still limited understanding of how affordability, income, literacy, trust, product suitability, documentation, service reliability, and policy support influence the movement from access to meaningful use at ward level. This gap is addressed by the present study.

### ***Theoretical foundation***

This study is guided by theories that explain the shift from financial access to meaningful use. It focuses not only on whether residents of Mbagala and Chamazi can access banks, mobile money, SACCOS, microfinance institutions, or agents, but also on whether these services are affordable, trusted, useful, and welfare-enhancing.

Financial Intermediation Theory explains how financial institutions connect people to savings, credit, payments, and other services. Gurley and Shaw (1960) argue that intermediaries mobilise funds and channel them to users, while Levine (2005) shows that financial systems support development by reducing transaction costs, improving information flow, and allocating resources efficiently. In this study, banks, mobile money providers, SACCOS, microfinance institutions, and agents promote meaningful inclusion only when their services are accessible, affordable, reliable, and suitable for low-income users.

Transaction Cost Theory explains why affordability matters. Williamson (1985) argues that transaction costs shape economic decisions. In Mbagala and Chamazi, costs such as transport, withdrawal fees, service charges, account maintenance fees, loan processing fees, and interest rates may discourage regular use. Therefore, access becomes meaningful only when services are low-cost, simple, nearby, and suited to household realities.

Sen's Capability Approach links financial inclusion to welfare. Sen (1999) argues that development should expand people's real freedoms and capabilities. In this study, financial inclusion is meaningful when people use services to save, borrow, manage emergencies, support small businesses, and improve household security.

Diffusion of Innovations Theory supports the discussion of mobile money and digital finance. Rogers (2003) explains that innovations spread when they are useful, simple, available, and compatible with daily life. Mobile money has grown because it is convenient and agent-based, but its deeper value depends on affordability, trust, digital skills, reliable networks, and movement beyond basic transactions to savings, credit, and insurance. Together, these theories support the argument that financial inclusion in Mbagala and Chamazi should move beyond access to regular, affordable, trusted, and meaningful use of financial services.

## **Methodology**

### ***Research Design and Study Area***

To explore the strategies for the provision of inclusive and affordable financial services, a cross-sectional descriptive study design was conducted among residents of Mbagala and Chamazi Wards in Temeke Municipality, Dar es Salaam. The design was adequate because the study employed standard quantitative data type collected at a single time point, to analyse financial inclusion status. Mbagala and Chamazi were selected as examples of urban and peri-urban communities in which people have utilized multiple financial services (including banks, mobile money, VICOBA/SACCOS, savings groups, credit and insurance).

### ***Data Sources, Sample Size and Sampling Techniques***

The study involved a cross-sectional survey of primary data collected from 399 adult respondents (325 Chamazi and 74 Mbagala). The study employed a proportionate stratified sampling procedure whereby respondents were selected per ward and residences in the specified settlement zones randomly sampled. Comparison of ward-level results with national trends in financial inclusion was conducted using secondary information from the Tanzania FinScope 2023 survey.

### ***Data Collection Instrument and Measurement***

To collect the primary data, a systematic and a structured questionnaire was employed. It covered data on background, access to finance, use of services, product acceptability and obstacles for further financial inclusion. Access was defined as ownership of a mobile phone, usage of mobile money services, ownership of a bank account, and distance to financial service delivery facilities. Measuring usage took the form of frequency and popularity of use among financial services. In measuring depth, we looked to savings, credit, loans and insurance – ATM services too (to the extent that people were saving or using ATM services), digital payments (the actual use of mobile moneys i.e. usage from someone who already was in the system) and VICOBA/SACCOSs' participation.

### ***Data Analysis***

Analysis of the data was carried out using descriptive statistics comprising means, standard deviations, percentages and frequencies. Access, usage, and depth to financial inclusion was compared between Mbagala and Chamazi. The ward-level findings where outcome differences between the wards showed most variation across administrative units (possible influential zones) were selected and then compared with Tanzania FinScope 2023 results to contextualize the evidence at local levels within broader national dynamics of financial inclusion.

### ***Validity, Reliability, and Ethical Considerations***

To enhance the validity of the questionnaire, it was aligned with access, usage and depth parameters of the study. This was facilitated by a similar format of the questionnaire and response scales in both wards. The respondents were informed about the research purpose,

made their consent voluntarily through electric forms, confidentiality was preserved and data were used solely for academic purposes in accordance with ethical grounds.

### ***Ethical Considerations***

Throughout the whole research procedure, the study adhered to ethical standards. Prior to participation, respondents were made aware of the study's objectives. Respondents were guaranteed privacy and secrecy, and participation was entirely voluntary. Participants gave their informed consent, and the information gathered was used exclusively for academic research.

## **Results, Discussion and Conclusion**

### ***Financial service access, usage, and depth***

**Table 1: Financial service access, usage, and depth**

| <b>Financial inclusion indicator</b> | <b>Percentage of respondents (%)</b> | <b>Interpretation</b>  |
|--------------------------------------|--------------------------------------|--|
| Mobile money account                 | 88.5%                                | Very high access; mobile money is the main channel of financial inclusion. |
| Digital payment use                  | 77.4%                                | High usage; many respondents use digital platforms for transactions.       |
| Regular saving                       | 53.1%                                | Moderate depth; about half of respondents save regularly.                  |
| Bank account                         | 36.8%                                | Low formal banking access compared with mobile money.                      |
| Loan service use                     | 36.1%                                | Low credit usage; many respondents may face barriers to formal loans.      |
| Insurance uptake                     | 15.0%                                | Very low usage; insurance is the weakest area of financial inclusion.      |

As illustrated in Table 2, the main aspects of financial inclusion in Mbagala and Chamazi were basic access and digital usage. The largest ownership was for mobile money accounts at 88.5% while the utilization of digital payments was 77.4%. This trend agrees with the FinScope Tanzania 2023 which finds that mobile money is still the major driver of formal financial inclusion in Tanzania with mobile money services at 72% compared to commercial bank services at 22%.

Also it illustrates that deeper financial services continue to be underutilised. 36.8% owned a bank account, 36.1% used loan services and just 15.0% had insurance. This is in line with FinScope Tanzania 2023 where the proportion of financially included persons increased from

65% in 2017 to 76% in 2023, although the penetration of services other than mobile money is still low including insurance, pensions, SACCOS, microfinance and capital market products.

Subsequently, the results from Mbagala and Chamazi also corroborate with national evidence gathered through FinScope Tanzania 2023. While the vast majority of financial inclusion has come from mobile money and digital transactions, deeper services that support savings, credit, insurance, risk protection and ultimately long-term financial resilience remain weaker. The research area shows that financial inclusion is broad-based in term of access but less deep based in term of depth.

### ***Respondent's Access to Financial Services***

**Table 2: Respondents' Access to Financial Services**

| Indicator               | Yes   | No    |
|-------------------------|-------|-------|
| Mobile phone ownership  | 95.5% | 4.5%  |
| Mobile money account    | 88.5% | 11.5% |
| Bank account            | 36.8% | 63.2% |
| Financial access nearby | 84.5% | 15.5% |

Results support high levels of potential financial access. Of which 95.5% owned a mobile and 88.5% had at least one mobile money account. In comparison, 36.8% own practical bank accounts; this suggests that in Mbagala and Chamazi, using financial services via mobile money is the single most common way people access financial services.

84.5% of the respondents said that they were at a convenient distance from availing financial services, which means that access to Financial Inclusion is not as difficult as it sounds. The distance was 1 to 3 km from a service site (32.8%) or less than 1 km (50.4%). Only 16.8 per cent were more than three kilometres away from it.

### ***Respondent's usage of financial services***

Mobile money and digital payments lead use of financial services in Mbagala and Chamazi; Mobile Money at 50.1% was the most popular service, VICOBA/SACCOS with 20.1%, then bank services which came third with 17.0% followed by informal savings at 9.5%. Only 3.3% indicated not using a financial service. 29.3% reported using it daily and 42.1% a number of times every week, so the use was also relatively high. Digital payments were rated as high as 77.4% and regular saving was noted at 53.1%, suggesting elevated efforts in digital financial inclusion amidst very reasonable formative saving behaviour.

**Table 3: Financial service usage among Respondents**

| Usage Indicator                 | Percentage |
|---------------------------------|------------|
| Most used service: Mobile money | 50.1%      |
| Weekly usage                    | 42.1%      |
| Daily usage                     | 29.3%      |
| Digital payment use             | 77.4%      |
| Regular saving                  | 53.1%      |

These findings are similar with the FinScope Tanzania 2023 which shows that the formal financial inclusion in Tanzania is still mostly driven by mobile money, which has a 72% uptake rate compared to 22% uptake rate for commercial bank services. This is in line with the national trend that financial inclusion is increasing largely through digital transactions and mobile money as seen by the findings of Mbagala and Chamazi. However, it seems that many citizens are engaged in simple transactions but are not yet completely involved in formal savings, credit, insurance and long-term financial planning due to reduced use of bank services and continued use of VICOBA/SACCOS and informal savings.

***Depth of financial inclusion***

Financial inclusion was less deep than access and basic usage. 42.4% of respondents held savings accounts, 36.1% used loan services, 31.1% used ATM services and 15.0% used insurance services. Participation in VICOBA/SACCOS was 46.4% suggesting that community-based financial systems are still relevant.

**Figure 1: Depth of financial inclusion among study Respondents**

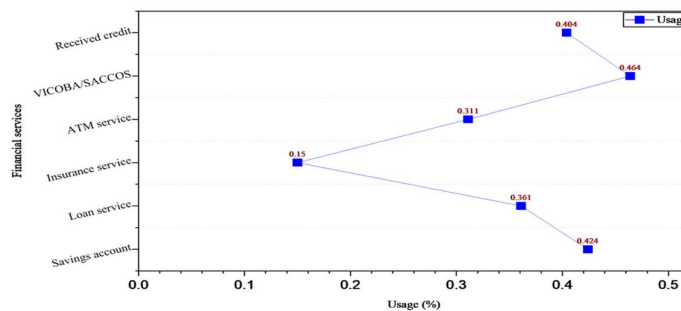


Figure 2 shows that the depth of financial inclusion in Mbagala and Chamazi is moderate but uneven across financial services. VICOBA/SACCOS recorded the highest usage at 46.4%, followed by savings accounts at 42.4% and received credit at 40.4%.

Loan service use stood at 36.1%, while ATM service use was 31.1%. Insurance uptake was the lowest at 15.0%, showing that risk-protection services remain weak in the study area. This practice aligns with FinScope Tanzania 2023, which shows that despite deeper and broader financial services still being less developed, mobile money and banking are the main contributors to the growth of Tanzania's financial inclusion. Uptake has also been affected by issues surrounding addressability and perception: for example, the belief that to open a bank account more money is needed or negative opinions regarding insurance (FinScope Tanzania 2023).

The results instead indicate that Mbagala and Chamazi communities do not entirely lack access to financial services but are included much more in community-based credit, savings, and finance than official risk reduction service like insurance. This supports the national FinScope Tanzania 2023 theme that financial inclusion should aim for deeper, cheaper and welfare-improving use of financial services rather than access and basic use only.

**General level of financial inclusion**

According to the total financial inclusion results, 23.3% of respondents were highly included, 4.8% were very highly included, and 49.4% of respondents were moderately included. In the meantime, 4.5% had extremely low inclusion and 18.0% had low inclusion.

**Figure 2: General level of financial inclusion**

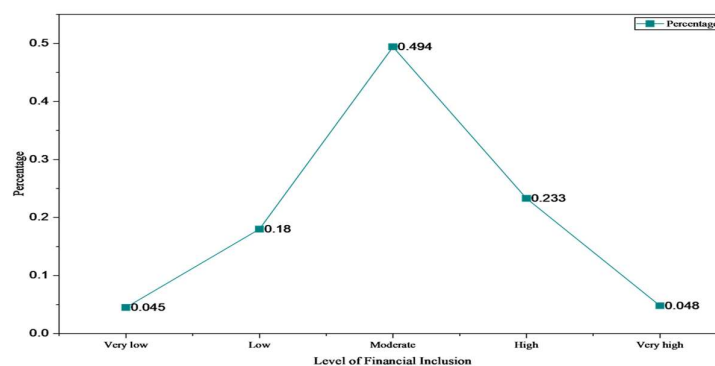


Fig. 3 presents the findings regarding financial inclusion among respondents in Mbagala and Chamazi, where moderate (49.4%) were somewhat financially included compared to high inclusion (23.3%). The sample was composed of 18.0% low inclusion respondents, but only 4.5 and 4.8% very low and very high inclusion ones, respectively. This shows that most of the population is not completely excluded from financial systems and includes numerous people who have yet to experience a deeper, more meaningful level of inclusion in finance.

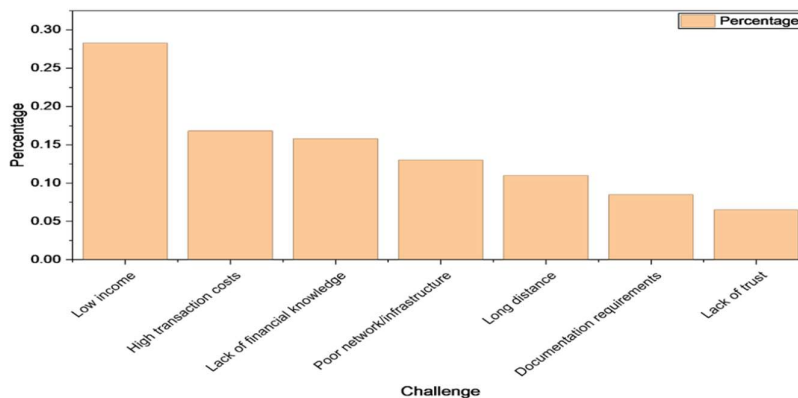
This finding corroborates FinScope Tanzania 2023 which has shown that formal financial inclusion in Tanzania has improved largely driven by the growth of mobile money. FinScope also shows that while basic access and usage is significantly more inclusive than the provision of deeper financial services such as credit, savings, insurance, pensions and investment products. FinScope Consumer surveys are designed to measure access and use of formal and informal financial services in a given market.

Findings from Mbagala and Chamazi hence validate the national FinScope Tanzania 2023 pattern. While the number of people who are financially included has increased, it remains in a limited way. This means that the real challenge is no longer about getting people into the financial system, but instead helping them move from simply having access and little to no use to deeper, more affordable, regular and welfare-improving engagement with financial services.

### ***Main barriers to meaningful financial inclusion***

Low income was cited by 28.3% of respondents as the biggest obstacle. High transaction prices (16.8%), insufficient financial expertise (15.8%), inadequate network or infrastructure (13.0%), great distance (11.0%), documentation requirements (8.5%), and lack of trust (6.5%) came next.

**Figure 3: Key challenges influencing financial inclusion**



As shown in figure 4, Mbagala and Chamazi had the highest classifying low income (28.3%) as the most prominent obstacle to financial inclusion, followed by high transaction costs (16.8%) and no awareness of financial matters (15.8%). Other challenges included low trust (6.5%), long distances to service points (11.0%), weak capacity and network & infrastructure (13.0%) and paperwork hassles (8.5%).

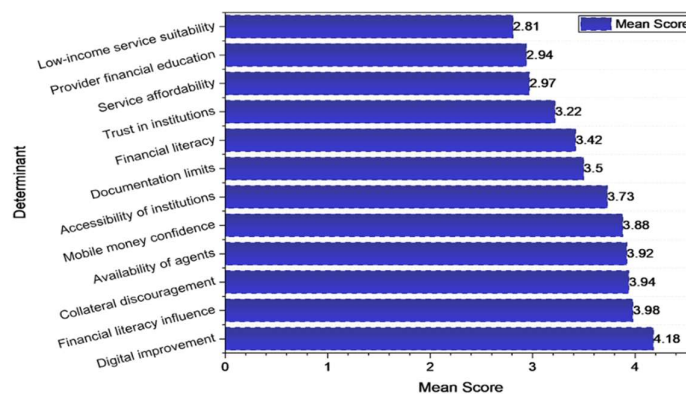
This is consistent with FinScope Tanzania 2023 results that although financial inclusion levels in Tanzania area have grown largely because of mobile money, barriers prevent many Tanzanians from using financial services on a regular basis. According to the FinScope survey, however, service availability together with affordability, financial competence (knowledge), addressability and perceptions of use all influence inclusion. Likewise, the findings suggest that both supply-side (eg transaction costs/existence of an infrastructure/distance/paperwork requirements) and demand-side (low income level/low financial literacy/lack of trust) barriers to greater financial inclusion remain.

Hence the results from Mbagala and Chamazi as well as for all of Tanzania or other surveys such as FinScope Tanzania 2023 verify that simple access point generation will not raise financially inclusive behaviour. It also urges eliminating cost barriers, increasing financial literacy, improving infrastructure and for affordable and culturally sensitive services to be available to low-income individuals.

***Demand- and Supply-Side Determinants***

Respondents firmly acknowledged the significance of digital improvement, financial literacy, collateral requirements, agent availability, and confidence in mobile money, according to the mean values from the Likert-scale factors.

**Figure 4: Key determinants of financial inclusion**



As illustrated in figure 5, digital development had the least mean score (4.18), which indicates that digital development was perceived to have a high effect on financial inclusion in Chamazi and Mbagala. This is consistent with FinScope Tanzania 2023, which indicates that the development of financial inclusion in Tanzania remains extremely mobile money and digital financial services driven, as well as expanding financial access points.

Mobile money accounts had a higher absolute growth and are the most used channel for accessing financial services through the growing number of non-banking payment systems, according to the Bank of Tanzania. Additionally, the high mean scores for financial literacy influence (3.98), agent availability (3.92) and confidence in using mobile money (3.88) reinforce the view of FinScope Tanzania 2023 that whilst the presence of services is an important aspect to financial inclusion, it also requires individuals' ability, confidence and opportunity to use these services. FinScope Tanzania was created to monitor the uptake and access of all financial services and identify barriers that drive or constrain financial inclusion across multiple population stratifications. However, the data reveal that collateral discouragement (3.94) and paperwork limits (3.50) are still key impediments particularly among the low-income and informal workers who have neither official records nor collateral or identification documents in a complete form.

Tanzania FinScope 2023 data strongly support the assertion that addressability and paperwork affect people's access to and use of formal financial services. Lower mean scores for provider's financial education (2.94), service affordability (2.97) and low-income service suitability (2.81) indicate a lack of accessibility, clear explanation or design of services particularly to low-income clients. It aligns with the broader FinScope Tanzania 2023 assertion that, besides access, financial inclusion should also focus on affordability, usage, quality and welfare outcomes.

In general, the findings from Mbagala and Chamazi without exception align with the national trend reported by FinScope Tanzania 2023: greater access to mobile money and digital finance has been achieved, however deeper and more transformative inclusion depends on affordable products together with high quality financial literacy provision, adequate agents, simplified requirements and services that account for the realities of low-income users.

***Strategies for improving inclusive, affordable, and meaningful use of financial services.***

The findings suggest that a shift from expanding access to meaningful use is needed in order to achieve greater financial inclusion in Mbagala and Chamazi. It is consistent with FinScope Tanzania 2023 and the National Financial Inclusion Framework (NFIF) 2023–2028 which show that access alone should not be the basis for inclusion: Usage design, quality, affordability and welfare result-based outcomes must complement access.

Low bank account ownership (36.8%) and uptake of loan services (36.1%), as well as insurance (15.0%) in the survey show that while access has improved, depth remains limited with high mobile money ownership (88.5%) and digital payment usage (77.4%). First and foremost, financial literacy initiatives should be realistic, targeted and executed at the local level. Although the mean score of financial literacy influence was highest (3.98), 15.8% reported lack of awareness about finance. This means residents need skills for real use – managing savings, borrowing, understanding insurance and protecting against digital scams and being able to compare prices. Hence, local government, financial institutions such as banks and microfinance banks as well as mobile money agents and VICOBA/SACCOS should offer community-based financial education.

Second, cost is one of the key limitations with respect to substantive inclusion. Low-income was cited as the most common barrier (28.3%), while high transaction fees followed closely behind (16.8%). Findings suggested that providers design affordable products with transparent pricing, no/low minimum limits to build cheaper transaction options alongside flexible repayments and affordable micro-insurance as the vast majority of respondents had monthly income below TZS 300,000. Such changes would help low-income and informal users move from infrequent to recurrent use.

Third, mobile money to be utilized for a full scope of financial administrations. The results show that mobile money has improved access - but not all areas have benefited including formal savings, productive credit, insurance or long term financial resilience. This means that mobile money systems have to be integrated link up with goal-based savings, small loans, insurance, pensions and other well-being-enhancing goods. It would bridge the divide of shallow financial depth and access to digital by all.

Fourth, protection and confidence of consumers should be improved. For financial inclusion to be impactful, users need to be able to feel safe, informed, and appreciated. These include improving customer service, fraud protection, fee transparency, complaint management and agent dependability in financial firms and authorities. Such steps are vital for someone on low incomes and new users too, as they tend to delete official services when unable to deal with the unresponded complaints, received poor service or came across hidden charges.

The formal financial ecosystem needs to do a better job of integrating VICOBA and SACCOS. The participation rate of 46.4% shows that community-based financing in Chamazi and Mbagala is still timely and socially trustable. VICOBA/SACCOS, banks, microfinance institutions and mobile money providers can be complementary in creating a systematic approach from informal and semi-formal financing to wider formal inclusion without compromising local trust networks. In conclusion, the study indicates that future stages of financial inclusion in Mbagala and Chamazi should not prioritize the expansion of access points per se. Top priority should be given to affordability, financial capacity and product suitability, trust, as well as enhancing connections along the digital-community-based-formal financial institutions. Ordinary access would turn to regular, low-cost and benefit-maximizing utilization of fiscal inclusion.

### **Discussion**

The results from the study show the degree to which mobile money has improved banking access among citizens of Mbagala and Chamazi. Digital finance is, therefore, the main gateway to the financial system, with 88.5% of respondents owning mobile money and 77.4% doing digital payments. This pattern mirrors that of FinScope Tanzania 2023 survey, which remains the strongest measure of formal financial inclusion in Tanzania and a mobile money model that outstrips banking models in uptake.

The findings also reveal that access alone has not translated into deeper financial inclusion. 36.8% were banking, 36.1% lent using lending services and just 15% had insurance. This means many residents are connected financially, but still a long way from being able to take full control of their finances. They do transactions, but they are not covered by insurance, productive creditors, formal savings or credit and other things that would help them become more resilient. This aligns with FinScope Tanzania 2023's core message that financial inclusion really needs to move beyond access and transactional use toward more in-depth, meaningful and welfare-enhancing levels of engagement through better use.

Lack of affordability is still a major challenge. High transaction fees were the second most common problem after low income. It indicates as well that when services are offered, customers may not use them often if they consider the charges excessive. This is backed up by Transaction Cost Theory, as high costs may restrict people from accessing formal financial institutions.

Another important issue is that of financial literacy. The mean score recorded for the influence of Financial literacy was high (3.98) and 15.8% of respondents reported to have no financial knowledge (baseline four). This shows that while respondents recognize the value of financial literacy, many are still not exercised to use financial services confidently and effectively.

The results further highlight the enduring strength of community based financial institutions. VICOBA/SACCOS participation (46.4%) compared to the formal loan service use. This means that residents may rely on community-based systems because they tend to be more flexible, familiar, available and socially valid.

In summary, evidence from this study indicates that in Mbagala and Chamazi, access is no longer the only factor that determines financial inclusion. The largest obstacle is making access usual, reasonably priced, dependable, and significant. FinScope Tanzania 2023 study shows that mobile money increased participation; however, lower costs, financial literacy, appropriate products and services to meet the needs of low-income and informal users and confidence building are key areas for improvement to achieve greater inclusion.

### **Conclusion**

The study assessed potential mechanisms to expand the availability of low-cost and appropriate financial services within Temeke Municipality (specifically Mbagala and Chamazi Wards). Findings show that access to financial services is relatively high, largely supported by digital payments and mobile money. This mirrors FinScope Tanzania 2023, which shows that mobile money remains the main driver of formal financial inclusion in Tanzania.

Access did not fully translate to broader financial inclusion, however, as the study also shows. Although many locals do have access to financial services, they are mainly engaged in basic transactions. In Mbagala and Chamazi, while financial inclusion is broad it is shallow, as indicated by the low usage of bank accounts, formal loans, insurance and risk-protection services.

The study found that simply adding more access points is insufficient for substantial financial inclusion. The key features should include affordability, financial literate products, diversified offerings, trust building measures, simplified documentation, proven distribution networks and products for low-income and informal livelihoods. This is in accordance with the National Financial Inclusion Framework 2023–2028, which emphasizes welfare, quality, access and usage as key elements of financial inclusion.

According to the study's local statistics, there are several areas where ward or community-level activity should prevent national progress on financial inclusion from reaching an end point. These are important strategies as despite the existence of financial services, urban and peri-urban populations such as those in Chamazi and Mbagala continue to experience practical barriers against frequent, affordable and welfare-enhancing usage.

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