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AN ANALYSIS OF FACTORS AFFECTING SUSTAINABLE RURAL COMMUNITY BANKING AND FINANCING IN KAZUNGULA DISTRICT – SOUTHERN PROVINCE – ZAMBIA

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Abstract:

The research study was carried out in Southern Zambia's Kazungula District. This study's main goal is to find out what influences sustainable rural community banking and financing in Kazungula District. The participants of the exploratory descriptive survey were bankers from local community organizations in the Kazungula district. One (1) quasi-government institution, four (4) non-governmental organizations, three (3) government line ministries, and sixty-three (33) members of sample sizes from thirty (30) community banking groups were included.
Using a non-probability snowballing technique and purposeful sampling, the sample was selected from existing community banking and financing groups and important stakeholder representatives. The study used three main data gathering procedures, including survey questionnaires, interviews with key informants, and a desk assessment of data relevant to the topic, to collect data from both primary and secondary sources. Both quantitative and qualitative methods, including Microsoft Excel and the Statistical Package for Social Sciences (SPSS), were used to examine the data. The data's structure was described using descriptive statistics, including frequency tables, charts, diagrams, and measures of central tendency.
According to the study's findings, population dynamics, socioeconomic factors, cultural factors, and technological factors are some of the other factors. Rural community banking and financing is one strategy that helps rural populations maintain their financial stability because the community banking models being used encourage quick and easy access to financial products, satisfy the needs of the population, and have flexible regulations surrounding them. The study concludes by stating that the primary variables affecting sustainable community banking and financing are demographic dynamics, socioeconomic considerations, as well as cultural and technological elements.
It is advised to do a longitudinal study because the results of this study, which were only conducted in one district, cannot be generalized and are not necessarily definitive. This is because of the aforementioned findings and the study's stance.

Keywords: Rural Financing, Community banking, Financial Inclusion, Sustainability, Gender.

1.0 Introduction

In many ways, communities need a strong financial foundation that may improve their quality of life in order to be sustainable. Based on best practices from other regions and nations, notably Asia, there has been a recent explosion of community banking and financing concepts in Zambia. One of the beneficiaries of the community banking and financing idea, which aims to provide financial inclusion for rural areas, is Zambia's Kazungula rural district. With this context in mind, the study set out to identify the variables influencing sustainable rural community banking and finance in the Kazungula district.

The report presents an outline of the research processes that were used during the research investigation. It aims to fill current gaps in knowledge by using selected literature from previous research projects. The paper outlines the context of the study, the research questions, and the aims. The publication provides an overview of the entire study.
One of the oldest industries in the world is banking. Banking activity dates back to 2000 BC in Assyria and Babylonia, when merchants of the ancient world made loans to farmers and tradesmen carrying products. Later in ancient Greece and the Roman Empire, temple-based lenders offered loans while simultaneously accepting deposits and changing money. The term bank was derived from the French word Banque [17], Old Italian banc, and Old High German banc. It is reported that benches were utilized as workstations or exchange counters by Florentine bankers during the Renaissance, who conducted their business at tables draped in green tablecloths. According to[17], the origins of contemporary banks may be traced back to 1157, when the 'Bank of Venus' was established in Italy. Later, in 1401 and 1407, the 'Bank of Barcelona' and 'Bank of Geneva' were established. In 1694, the 'Bank of Amsterdam' and the 'Bank of England' were established. It is regarded as one of the most ancient units of the modern

banking system. In the 18th century, joint stock firms entered the banking business. During the twentieth century, advances in information and communication technology enabled banks to significantly expand in size and geographic reach.

The banking business in Zambia is studded around commercial trading areas and rail lines. Commercial banks typically serve primarily members of the general public with financial clout, leaving rural populations without access to financing.

Rural areas' access to finance remains a difficulty, and rural communities remain mostly unserved. According to a study conducted [5] on an assessment of the outreach micro-financing institutions to rural women in Zambia, access to financing for rural communities has remained a challenge due to a variety of factors, including lower literacy levels, poor road and communication infrastructure. Furthermore, over-reliance on government subsidies, a lack of technological infrastructure, and the rural population's unstable financial conditions are attributed to seasonal economic activities such as rain-fed crop farming, small business trading, cultural factors, and over-reliance on external development assistance. Furthermore, microcredits are the primary product given by all microfinance institutions. Some banks also provide savings services, primarily to metropolitan populations. However, the study discovered that none of the institutions provided insurance or remittance transfer services. Rural women require insurance to protect themselves against the unknown. In the absence of uncertainty, poor women will shun potentially profitable but risky behaviors. As a result, they will participate in informal insurance arrangements such as Chilimba (Cooperative Saving Scheme).

(Ibid; P24) stated that "none of the MFIs had tailored products to the needs of the rural population" in an examination of microfinance institution outreach to rural women in Zambia.

Rural population financial needs are complex, in part due to the many challenges that rural communities face, such as inadequate infrastructure, a lack of a robust service industry, and a lack of year-round economic activities that should be able to provide rural communities with sustainable incomes. Most financial inclusion institutions, such as commercial banks, are profit-driven, and since the dissolution of the Lima bank, which had dedicated its operations to financing rural populations, no different products to satisfy those rural lifecycle needs have been produced. There is still more to be done in this regard.

The rural population in Zambia faces credit constraints because they are still barred from accessing financial services provided by the formal banking sector. This is due to the main criteria used by commercial banking and financing institutions in establishing physical offices in a region, one of which is the level of commerce and trading activities. In most cases, rural communities have failed to meet this condition because the predominant form of economic activity in peri-urban and rural areas is small business transactions, such as grocery, shares, crops, and peasant farming. Furthermore, the operating costs for commercial banks in rural areas are expected to be extremely expensive due to the weak socioeconomic infrastructure. Coupled with intermittent electricity supply and poor/non-availability of communication infrastructure, these two make it difficult for formal banks and financial institutions to operate because they rely on electricity and communication infrastructure to provide real-time services, excluding rural areas from their operations. Furthermore, rural areas are distinguished by a lack of alternative/appropriate energy sources as well as security concerns [15].

The aforementioned reasons have had a negative impact on rural communities by limiting their access to financial inclusion programs. The aforementioned issues have resulted in an increase in the number of self-serviced community-led financing projects and the proliferation of individual money lenders.

This is consistent with the 2015 FinScope Survey [7] undertaken under the Financial Sector Development Plan (FSDP), which reaffirmed Zambians' low levels of access to credit, both peri-urban and rural. Furthermore, according to the 2015 FinScope survey, barely one-third of Zambia's adult population had access to a financial service or financial product, and less than 15% of adult Zambians had access to financial services through commercial banks.

Furthermore, just 11.6 percent of women were banked, compared to 17.5 percent of banked men [7]. According to [1,] Zambia had 19 commercial banks, 33 Micro Finance Institutions (MFIs), and 74 other Non-Bank Financial Institutions (NBFIs). According to [15], in his book financing Agriculture and Rural Areas in Sub-Saharan Africa- Progress, Challenges, and the Way Forward, he contends that there have been new products, delivery channels, and new partnerships, as well as a greater focus on savings, providing renewed hope that challenges affecting sustainable rural financing for development will be addressed.

Despite investments and legislative reforms, many rural areas in Zambia lag in providing financial services for business development and agriculture for both peri-urban and rural communities; a challenge that Ibid: P3[15] attempts to magnify.

This research study examined the factors influencing sustainable community banking and financing in the Kazungula district of Zambia's Southern Province, with a focus on rural communities served by the ministries of Local Government and Housing, Agriculture, and Community Development and Social Services. The research study examines the progress made in the change of socioeconomic, political, and cultural factors since the introduction of community financing as a paradigm for sustainable peri-urban and rural development.

1.1 Objectives

The study had three specific objectives which included;

1. The general objective of this study is to investigate the factors affecting sustainable rural community banking and financing in Kazungula District.

While the specific objectives were;

2. To explore factors affecting sustainable rural community banking and financing in Kazungula District.

3. To establish the models that are being used to deliver different rural financing packages in Zambia against the traditional models used in the past.

4. To assess the policy environment governing community banking and financing.

1.2 Research Questions

1. What are the factors affecting Sustainable rural community banking and Financing?
2. What models of rural financing are workable in Zambia?

3. What policies and strategies are in place governing the sustainable rural financial inclusion environment?

2.0 Materials and Methods

The study employed a sequential exploratory mixed method methodology. This strategy is justified by the fact that it allowed for the collecting and analysis of qualitative data first, followed by the acquisition and analysis of quantitative data, and finally the integration of the two independent sets of data strands [2]. The methodology encompassed the research's underpinnings as well as how data was obtained, analyzed, and interpreted. The methodology is a synthesis of both primary and secondary data, as well as the research approach used.

2.1 Research Design: The study was a sequential exploratory mixed methods inquiry of the elements affecting rural community banking and financing, spanning from access to finance, financial intermediaries, and the overall expansion of the rural banking and financing strategies being pursued. The study focused on rural residents who were members of organized community savings and loan associations. The study employed three primary data gathering methodologies, including important beneficiary questionnaires. important informant interviews were conducted with important service providers such as Non-Governmental Organizations, Government line Ministries, and key implementing agencies, as well as a desk assessment of study data. A literature review was done to identify additional similar research findings on the subject. Furthermore, the review of the literature provided an overview of the factors that have affected sustainable rural banking and financing under study in terms of historical developments in the field of rural community banking and financing, the philosophy behind rural financing, and how, over time, the concept of community self-help group banking and financing has had long-term impacts in the lives of rural dwellers, as well as how, in some cases, the concept has helped to develop a sustainable rural banking and financing system. Survey questionnairs were utilized to collect data at the group level on the factors influencing sustainable community banking and financing, group governance, dynamics and formations, and both positive and negative repercussions at the community and household levels. To augment surveys, key informant interviews, focused group talks, and participant observations were done.

2.2 Population Description: The research was carried out in the Kazungula district chiefdoms of Chief Sekute and Nyawa, which had estimated populations of 68,265 individuals [5]. The study's subjects were taken from existing members of community savings and loans groups in the two chiefdoms of Kazungula district, as well as from the key implanting agency, non-governmental organizations, and government line Ministries.

Community Saving organizations, also known as Village Savings and Loan Groups, Chilimba lending and saving organizations, government agencies, and Ministries and Non-Governmental Organizations operating in Kazungula District comprised the research population.

The study captures a sufficiently representative segment of low-income peri-urban and rural populations by employing a more balanced profile of subjects' occupational demographics such as age, family size, and amount of decision-making or responsibility regarding filial responsibilities.

2.3 Sampling techniques: A randomized sample of respondents was used for purposeful sampling operations. That is, the researcher selects a group of sampling units or respondents at random who have relevant features to the research issue. [2] Purposive or judgmental sampling, according to Saunders, M, allows a researcher to use judgment to select examples that will best enable them to answer the research questions and satisfy the study objectives. This type of sample is frequently employed when working with small samples, such as in case study research, and when the researcher selects instances that are particularly instructive. This contributed to the provision of relevant information and the resolution of research questions; it also ensured diversity in the research. The survey data was disaggregated by age, gender, and leadership credentials among the targeted populations.

2.4 Sampling Frame: The research study did not assume that the entire population needed to be studied, but rather chose to collect data from a chosen population because it provided a valid alternative, surveying the entire population became impractical due to budget and time constraints, and there was an urgency for quick delivery of results. As a result, the study's target population was carefully selected from among members of community banking and finance groups, non-governmental organizations, government agencies, and government line ministries.

2.5 Sampling Size: The sample size is determined mostly by how precise one wants their survey data to be and how closely their results should match those of the total population. Two factors influence data accuracy. The first is the margin of error, which is the difference between the respondents' opinions and those of the overall population. Second, the confidence level indicates how frequently the proportion of the population falls within the margin of error. In this research, the study population was calculated using the formula adapted from William G Cochrane’s writings on classic sampling techniques of 1953**[7].**

Sample size: Z^2 x p (1-p)
e^2

____

1+ (Z^2 x p (1-p)
e^2N

Key

Infinity population S= Z^2 x P (1-P)/M^2
Required population S= (S)/1+[(S-1)/N
S= sample
Z= z score
P= population proportion
M= Margin of error

Data

P= 0.5 confidence level= 85% Margin of error= 5% (0.05)
Z score= 1.44

S= Z^2 x P(1-P)/M^2
= $(1.44)^2$ x 0.5(1-0.5)/ $(0.05)^2$
= 2.0736 x 0.25/0.0025
=207.36

S= (S)/1+[(S-1)/N
= 2017.36/ 1+ [(207.36-1)] 750
=207.36/1.2751467
=163

Sample size = 163

The study population comprised one hundred and sixty-three (163) respondents from thirty (30) community (village) savings and loans associations comprising fifteen (15) of the total composition of average twenty-five (25) group members as follows;

Table 1 – Sample Size

#	Name of the group	# of Respondents
1	Liyoyelo	28
2	Chikulupililo	27
3	Chuma Kwesheka	27
4	Mosi-O-Tunya	27
5	Community Savings and Credit Organisation	27
6	Lilato	27
	Grand Total	**163**

The research study also sought key informant interviews from the following organizations: one (1) government agency, the Rural Finance Expansion Programme (RUFEP), four (04) non-governmental organizations, SOS Children's Villages Zambia through its Family Strengthening Programme, Response Network, FINCA, and three (03) government ministries, the Ministry of Local Government through the Kazungula district council, the Ministry of Community Development, and the Ministry of Social Welfare. This provided an opportunity for important informants to convey their perspectives and opinions on major challenges in community banking and financing. The in-depth interviews also allowed the researcher to collect data that went beyond what was planned in the interview schedule.

The study team also conducted two (2) focused group conversations with leaders of the six community banking and financing groups in order to get insight into the factors that have influenced the sustainability of community banking and financing organizations.

2.6 Data collection techniques: Data was gathered using a combination of methods, including observation, structured and unstructured interviews, focused group discussions, and a case study. The study gathered information from both primary and secondary sources. Primary data sources were questionnaires distributed to sample participants, key informant interviews, and focus group talks, and the data obtained was qualitative. Secondary data can be found in the form of statistics, project documents, review reports, books, assessments, and journals.

Policy instruments relevant to sustainable Community financing were gathered from the research study's target Non-governmental organizations (NGOs), major line ministries, and government agencies. Secondary data sources were utilized for their convenience because processed data simplifies analysis and interpretation of outcomes.

Data collection was both qualitative and quantitative in order to maximize the validity of the results. Qualitative approaches were employed for in-depth interviews with key informants, while quantitative methods were used to collect data from members of community loans and saving groups via surveys.

2.7 Data Analysis Techniques: The research findings were examined using both quantitative and qualitative methodologies because the data obtained was both quantitative and qualitative. Following the treatment of the conceptual framework, an empirical qualitative analysis was performed to provide answers to the research questions set by the researcher as the backdrop of the study.

Statistical Package for Social Sciences (SPSS) and Microsoft Excel were used to characterize the structure of data using descriptive statistics such as frequency tables, charts, and diagrams. Qualitative secondary data gathered from various documents and key informants was compared using statistical tools of range and standard deviation to examine similarities and differences in various factors affecting community rural financing, from which frequencies were generated for description and interpretation.

The study's findings were presented using a descriptive-analytic narrative to provide a more detailed understanding of key issues affecting sustainable community financing for rural finance groups and how they impact household and community economy among the rural populations in Kazungula District.

2.8 Sampling Methods: Due to a constrained time frame for data collection/analysis and both human capital and monetary resources, the study was limited to the district of Kazungula at the researcher's convenience. Data for the study was gathered at several levels, including:

2.8.1 Institutional level for key stakeholder informants; Rural Finance Expansion Program (RUFEP), the government of Zambia's main implementing agency on financial inclusion, Ministry of Agriculture, Ministry of Local Government through Kazungula district council and Zambia National Farmers Union (ZNFU), four (4) Non-Governmental Organizations, and Beneficiary level - one hundred and sixty-three (163) members of community banking groups, and thirty (30) community banking and financing groups.

The sample size was determined using non-probability approaches for the first two tiers. Non-Governmental Organizations were purposefully sampled because they are few and not all are pursuing community financial inclusion projects. The beneficiaries and community banking and financing groups were identified at the first level through their respective community banking and financing organizations.

The sample was then identified among the community/village using a snowball sampling technique. A snowballing strategy was chosen because community members in rural settings are too mobile, and also because communities in Kazungula have a tendency to temporarily shift from the upper lands to the lower lands for economic reasons during different seasons.

3.0 Results and Discussions

3.1 Regulations, Policy Environment, and Strategy on Community Banking and Financing: The research investigation indicated that the banking and financial services Act CAP 387 of the laws of Zambia [9] is the fundamental regulatory framework that specifies out the licensing of banks and financial institutions, as well as the following operationalization of licenses and monitoring of license holders. The central bank is the primary regulating body for all banking and financial institutions in Zambia. The banking and financial services Act CAP 387 of Zambian legislation gives the central bank of Zambia its jurisdiction.

3.1.1 National Financial Sector Development (FSD) Policy: Recognizing the importance of the finance sector, Zambia embarked on the development of a National Financial Sector Development (FSD) Policy [12] to help the sector grow and modernize. The Policy aspires to create a well-developed and equitable financial system that facilitates efficient resource mobilization and investment for long-term economic development. The Policy follows Zambia's first and second Financial Sector Development Plans (FSDPs), which were implemented in two five-year cycles from 2004 to 2009 and 2010 to 2015. The FSDPs represented the Government's vision as well as a comprehensive strategy to fix inadequacies in the Zambian financial system by focusing on five key pillars: Legal reforms and corporate governance, payment systems, market efficiency and contractual savings, financial education, and access to finance and financial markets are all examples of these.

With the expiration of FSDP II in June 2015, the government recognized the need for a comprehensive national policy to accelerate Zambia's development toward an inclusive, stable, and competitive financial sector. The Policy is the result of extensive consultations between the government and other financial sector stakeholders, and it encompasses key facets of the sector that would contribute to national objectives of economic development and poverty reduction by providing credit to economic agents via the flow of funds from savers to borrowers (intermediation), providing access to financial services, and facilitating international capital flows. supply of effective payment systems for financial transactions, advancement in the efficiency of investments, and maintenance of macroeconomic stability.

In line with Vision 2030 and the Seventh National Development Plan, the National Financial Sector Development Policy 2017 seeks to deepen and grow the financial sector sufficiently to address challenges and shortcomings identified during and after the implementation of the first and second Financial Sector Development Plans. As a result, the Policy acts as a guidance for the government, corporate sector, civil society organizations (CSOs), and development partners as they work to strengthen the financial sector.

3.1.2 National Financial Inclusion Strategy (NFIS): The National Financial Inclusion Strategy (NFIS) establishes a road map for accelerating financial inclusion [13] in Zambia by outlining a series of concrete, delimited, and sequenced measures for a wide variety of stakeholders. Increased financial inclusion has been proved in numerous countries to contribute to wealth creation, economic growth, and long-term development. The Republic of Zambia's government identified the need for a comprehensive National Financial Inclusion Strategy to accelerate Zambia's progress toward inclusive, stable, and competitive financial sector development. The plan was created to build on the achievements of Zambia's first and second Financial Sector Development Plans (FSDPs), which were implemented in two successive five-year cycles from 2004 to 2009 and 2010 to 2014.

The NFIS's aim is "to achieve universal access and usage of a broad range of quality and affordable financial services that meet the needs of both individuals and enterprises."

This means that the strategy's priority is on ensuring that every sector of Zambian society has access to fundamental financial services, regardless of social or economic position, gender, or level of education. Access to and use of a diverse range of high-quality, low-cost financial goods and services would create prospects for better living conditions. It provides a platform for low-income populations to borrow, save, invest, and make payments.

Furthermore, it enables consumers to plan and better manage their finances, allowing them to smooth consumption and safeguard their loved ones and valuables from unanticipated disasters or crises.

The overall goal is "to provide a framework that will lead to the development of a stable, resilient, competitive, and inclusive financial sector that contributes to economic growth and broad-based wealth creation," and specific objectives sit within a structure that integrates strategies for improving access, enhancing usage and quality, and raising the standard of living for all Zambians.

3.2 Factors Affecting Sustainable Community Banking and Financing: The research study identified population, socioeconomic, cultural, and technological aspects as influencing rural community banking and finance. During interviews with Mr. Mutinta Munkombwe and Mr. Stephen Kalunga Chikate, both district community development officers from the ministry of community development and social services, one of the factors identified was population. The study revealed that the membership of the study ranged from fifty-year-olds and above, which poses a challenge because the majority of the membership is old and not in their prime adolescence.

Because gender power relations are at work, the majority of the membership is female, which has an impact on the sustainability of community banking. The male gender has not fully embraced this banking and finance concept. The research study also found a low level of participation among young people aged 18 to 25. According to the Ministry of Community Development, low participation by these two key population groups (young people and men) has hampered the growth of community banking because no innovation or zeal has been demonstrated. This has also hampered the commercialization of community banking because they are viewed as mere women's clubs.

The study also looked at the socioeconomic elements that influence sustainable community banking and finance. The research investigation found that the majority of the members were peasant farmers with poor household income and low education levels, or none at all, throughout the four focused group talks that were held. This has had an impact on the viability of community-led banking and financial services. The bulk of members are illiterate and lack comprehension and technical knowledge of community banking and financing operations, objectives, and mission.

The study looked at the cultural elements that influence sustainable community banking and finance. This was revealed during interviews with community banking groups, officers from government line ministries and departments, such as the socio-economic planner at Kazungula district council in the ministry of local government and housing, the district Agriculture officer, the district community development officer, and the district livestock and fisheries officer. The study also revealed that aspects such as a lack of education, local regulations, and conflicting traditions were factors. The study also revealed that religion and social organizations have harmed its sustainability, given that the promotion of these community banking and financing groups is done by foreign entities under the guise of international non-governmental organizations, the United Nations system via the United Nations Development Programme (UNDP) and the International Fund for Agricultural Development (IFAD). Because some of these programs are seen as alien, participation is poor. SILC and Village Bank models are regarded as foreign and in opposition with traditional models such as the Chilimba, which have existed for centuries.

The survey also indicated that technological innovation has had an impact on the viability of community banking and financing. For example, during an interview with RUFEP, it was revealed that most rural and remote areas remained unserviced due to a lack of the most recent technological advancements in financial markets, such as low usage of mobile money platforms for individual or group banking and other financial products, implying that these areas remain unserviced and have no access to available financial products. [See Appendix for Chart 1].

The purpose of the study was to examine the viability of the various community banking models by assessing the benefits of membership to a community-banking group in the sampled areas. The research study revealed that 76.6% of the sampled population thought it was safer to keep money in cash boxes than in commercial banking systems. The sampled population also revealed that, unlike the commercial banking sector, which had high interest rates and service charges, the community banking system attracted lower interest rates in the form of shares, as 20% of the sampled population indicated.

Positive interest rates on deposits were also mentioned as a benefit of community banking. This, according to the selected population, enables community banking to be viable because members are assured significant returns on their savings. It is worth noting that with the community banking model, the interest is greater than 3% of the member's savings, and in some cases, it can reach up to 25%, which is a significant difference from commercial banking systems, where the interest on savings, particularly fixed deposits, can only reach 8%, while savings accounts do not earn any interest.

3.3 Models of community-led banking systems Practiced in Zambia: The research study revealed that there are four models of community banking being practiced in Zambia, the four are predominantly used in the Kazungula district, these are;

1) Village Savings and Loans Associations (VSLA)
2) Savings and Lending Communities (SILC)
3) Village Banks (VBs)
4) Chilimba

The study found that while traditional community banking techniques, such as rotating savings and credit associations (ROSCAs), can provide a chance to save, they do not allow savers to receive interest on their deposits in the same way that a formal account would. Village banking and loan associations, as well as savings and lending communities, are the most popular community financing and banking types.

The Village Savings and Loans Association (VSLA) model is a highly standardized type of savings organization that is frequently used in Zambia (Ksoll et al. 2016). The VSLA model seeks to solve rural and, in some cases, urban communities' access to financing by building platforms for easy access to savings and loans. The VSLA model was created as a self-governing mechanism comprised of 15 to 25 male and female members who save money fortnightly for a calendar year of 12 months. This model is also a social fund that serves as a buffer or insurance against misfortunes such as funerals, natural disasters, and so on.

The group is self-governing and governed by a constitution and specific rules and regulations that govern the members' behavior. This model is totally based on the member's contributions to savings and the interest rates obtained from the member's loans.

3.4 Saving and internal lending communities (SILC): This is one of the community banking and finance models. This is a comprehensive, savings-led community banking and financing model aimed at rural areas, with the goal of assisting group members in managing community banking and finance activities. This is accomplished through increasing the technical capacity of group members in group governance and financial management. It was first used by Catholic Relief Services in Zambia. This concept is intended to create a platform for sustainable rural community banking and financing, with the goal of encouraging group members to build financial reservoirs without accruing debts or paying excessive interest rates.

The village banking concept of microfinance is a self-help revolution that defies established gender roles and encourages neighbors to save money and start new businesses or expand current ones. This, in turn, helps to inculcate a financial management mentality at the individual, family, and community levels. The village banking approach has been reverted in Zambia by the ministry of community development and social services' department of community development. Apart from the traditional ways of self-start-ups, they have added the provision of start-up funding.

The Chilimba financing approach is another type of community funding. To increase revenues, this technique is quite popular in urban areas, particularly among marketeers whose trading firms have relatively low profit margins. **[See Appendices for Chart 2]**

The main issues that members of community banking and financing groups experience, according to 45% of respondents, are loan repayment difficulties. This is because loans are not reinvested in viable firms, but rather diverted to other social sectors, such as the payment of children's school fees or the purchase of family foodstuffs.

Another factor cited was a lack of awareness of community banking operations and financing group laws; it was also discovered that acquaintance with group leaders contributed to difficulty in repaying loans. It was also shown that the same members had problems and were inconsistent in repaying loans. 25% of respondents said they had difficulty purchasing stock. This was due to a lack of standardized governance and operational norms for community-based banking and financing organizations. **[See Tables 2 and 3 in the Appendices]**

3.4 Solutions to challenges to Sustainable Rural Community Banking and Financing: The research project included two (2) focused group conversations with seven (7) randomly selected members of community banking and financing groups. The focused group discussions with community financing groups recommended some solutions to the challenges encountered; they indicated that for the community banking and financing initiatives to be sustainable, they needed to be aligned to address socio-economic empowerment in that the platform should be an avenue where its profits are used to empower more members through the use of special funds such as shares to undertake group-based social business. The FGD also highlighted that the models should be reinvented to adapt to the cultural and social variables affecting their sustainability, ensuring self-reliance among members.

4.0 Recommendations

4.1 Government should create a supportive institutional environment that promotes accessible and affordable

sustainable rural community banking services: According to the findings of the study, there has been a significant growth in the number of rural residents participating in community banking and finance activities. As a result, it is suggested that the central government establish increased financial control and accountability mechanisms and structures to ensure the trust of all rural community banking and financing participants. This must involve increasing the central bank's regulatory function over rural banking initiative operators in order to protect the interests of both providers and consumers. Furthermore, market-based approaches to rural banking activities should be supported by creating a forum for all participants to connect and collaborate; this means giving support for the building of rural financial and banking infrastructure.

4.2 Development of rural banking sector infrastructure: The central government, through relevant ministries such as the Ministries of Commerce, Trade and Industries (MCTI), Agriculture (MOA), Livestock and Fisheries (MLF), Community Development and Social Services (MCDSS), National Planning (MNP), and Finance (MOF). The Ministries, in collaboration with non-state actors and international organizations, should facilitate the development of rural community banking and financing infrastructure to broaden outreach in rural areas, including focusing on effective banking systems (payments, collateral management, weather index insurance, etc.) and supporting demand-driven skill development in partnership with the private sector.

4.4 Support product innovation and delivery of new financial products in rural areas: In collaboration with the private sector and non-governmental organizations, the central government should encourage, facilitate, and provide a variety of financial products and services in rural areas, such as microinsurance and electronic transactions (banking, savings, and withdrawals via platforms such as mobile money platforms). As revealed in the study, the usage of technology will reduce risks such as the safekeeping of banked money.

4.5 Need for further study: More research is needed, particularly to determine the best strategies to improve the sustainability of rural community banking and financing. Furthermore, with sufficient resources, it is recommended that the study be expanded or integrate other districts to discover whether geographical location has an impact on the development of the community banking sector, as well as which models best suit a given geographical region.

5. Conclusion

In conclusion, the research study revealed that rural community banking and financing is one method that promotes financial sustainability for rural populations, because community banking and financing models promote easy and timely access to financial products, meet the needs of the population in terms of regulations surrounding operations, and it is self-governing with leadership drawn from within its membership. The community banking and financing model is also being created to handle the financial needs of the rural population, with an emphasis on increasing household income and reducing poverty. It also boosts agricultural production and productivity, as agriculture, livestock, and fisheries are the mainstays of rural populations.

It can thus be concluded that factors influencing sustainable community financing include population dynamics, socioeconomic factors, and cultural factors, and the four models currently operationalized in Zambia are Chilimba, Savings and internal lending communities, Village banks, and Village savings and loans associations.

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7. Statement of No Conflict of Interest

The authors declare that there is no conflict of interest in this paper.

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9. Appendices

Chart 1: Benefits of the Village Banking Model

Source: Data collected from members of community banking in Kazungula district.

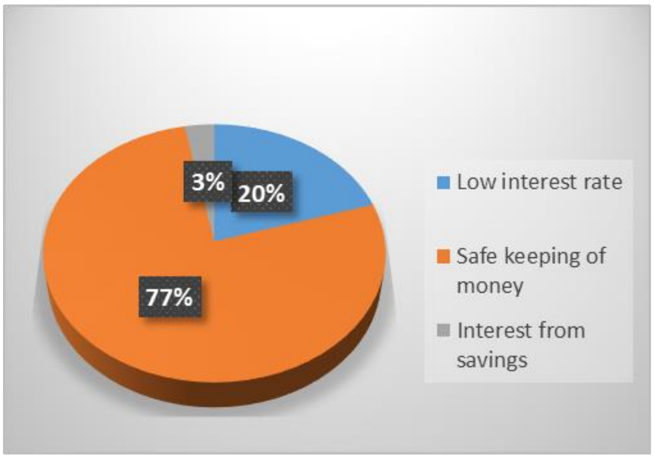

Chart 2: Challenges of Rural Community Banking and Financing Groups

Source: *Data collected from respondents in Kazungula District.*

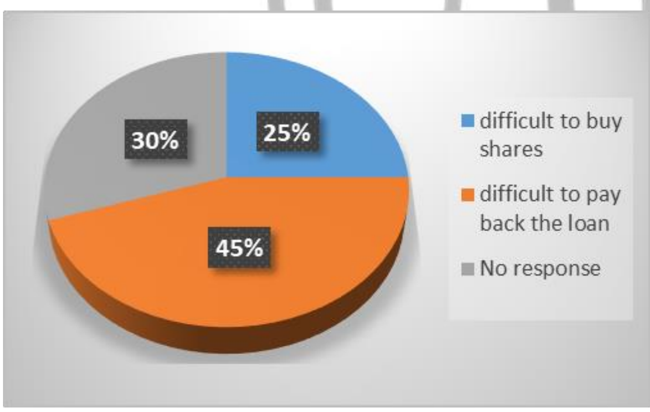

Table 2: How is the group Governed?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes - Through written constitution	90	100.0	100.0	100.0

Source: *Data collected from members of community banking in Kazungula district*

Table 3: Are there laid down processes when applying for membership?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	90	100.0		100.0

Source: Data collected from members of community banking in Kazungula district