ABSTRACT

This study was about customer loyalty and micro-finance institutions in Rwanda. A case of RIM limited, Kigali Agency. The study was conducted to examine the factors which influence the growth of Micro-finance institutions, investigate the factors which influence customer loyalty to a particular micro-finance, analyses the relationship between customer loyalty and growth of microfinance institutions, and explore possible strategies that can be adopted by micro-finance institutions to reduce customer turnover. Using the self administered questionnaire and face to face interviews guided by the questionnaire, data were collected from 80 respondents composed of four administrators, nine loans officers, three accountants, three supervisors and 61 clients. Data were analyzed mainly quantitatively with some qualitative approach as well. Descriptive statistics such as tables and charts, frequency counts and percentages were used. Objective three was analyzed using Pearson product moment correlation with the help of research hypothesis and cross-referencing with the literature review was done to ascertain the findings. It was found out that there is a significant relationship between customer loyalty and growth of micro-finance institutions in Kigali as was ascertained by the correlation value ($r_{xy}$)= 0.75. The study concluded by establishing a number of reasons as obtained from the responds confirming these findings. The study recommended that MFIs should demand collateral security equaling to the financial value of the loan given.