Informal Financial Group Services (Ibimina) and Women's Entrepreneurship Development in Rwanda: Evidence from Shyorongi Sector

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Abstract
This study examined the effect of informal financial group services (Ibimina) on women entrepreneurship development in Rwanda, focusing on Shyorongi Sector, Rulindo District. The study was motivated by challenges faced by women entrepreneurs in starting, expanding, and sustaining businesses. A descriptive survey research design was employed, and multiple linear regression analysis was used to examine the relationship between informal financial group services and women entrepreneurship development. The target population comprised 897 women participating in Ibimina in Shyorongi Sector, from whom 90 women were purposively selected. Data were collected using structured questionnaires and analysed using percentages, means, standard deviations, and multiple linear regression. The findings showed that informal financial group services had a positive and significant effect on business start-up (adjusted $R^2 = 0.349$, $F = 25.352$, $p < .001$), business expansion (adjusted $R^2 = 0.116$, $F = 6.966$, $p = .002$), and business sustainability (adjusted $R^2 = 0.081$, $F = 5.004$, $p = .009$). Furthermore, informal financial group services significantly influenced overall women entrepreneurship development (adjusted $R^2 = 0.091$, $F = 10.154$, $p = .002$). Consequently, all four null hypotheses were rejected. The study concludes that Ibimina play an important role in supporting women's entrepreneurial activities. It recommends strengthening financial literacy and savings practices among women participating in Ibimina to enhance their ability to mobilize financial resources and establish sustainable businesses.

Keywords: *Ibimina, informal financial groups, women entrepreneurship, business start-up, business expansion, business sustainability, Rwanda.*

Introduction

Women's entrepreneurship has become an important component of inclusive economic development because women-owned enterprises contribute to household income, employment creation, poverty reduction, and local economic activity (Brush et al., 2009; World Bank, 2022). Despite these contributions, women entrepreneurs continue to face constraints associated with access to finance, markets, productive assets, entrepreneurial capabilities, and business support services (International Labour Organization [ILO], 2023; World Bank, 2022). Access to finance is particularly important because entrepreneurs require financial resources to establish enterprises, acquire productive assets, purchase inventory, manage working capital, and respond to changing market conditions. The financing constraints experienced by women entrepreneurs are not limited to the availability of financial institutions. Gender-related social and economic conditions can also influence women's ability to access, control, and use

financial resources. In Rwanda, evidence on gender and financial inclusion indicates that women continue to balance income-generating activities with substantial household and caregiving responsibilities, while informal savings groups remain an important institutional mechanism through which women save and obtain financial support (Access to Finance Rwanda [AFR], 2023; National Bank of Rwanda [BNR], 2025). These circumstances make community-based financial mechanisms particularly relevant to women's entrepreneurship.

Informal financial groups represent an important component of financial inclusion in developing economies. Such groups commonly enable members to make regular savings, access loans, manage financial shocks, and obtain support from other members. From a financial inclusion perspective, informal groups can complement formal financial institutions by providing financial services to individuals whose needs may not be fully addressed by conventional banking arrangements (Demirgüç-Kunt et al., 2022). Their importance is particularly evident where small entrepreneurs require relatively modest amounts of working capital and may have limited collateral or formal credit histories. In Rwanda, informal financial mechanisms remain significant despite substantial progress in formal financial inclusion. The Rwanda FinScope Survey 2024 reported that financial inclusion had reached 96% of adults**,** while 72% continued to use informal financial mechanisms**.** Approximately 60% of adults reported using informal savings groups, demonstrating that community-based financial arrangements continue to play an important role in the country's financial ecosystem (National Institute of Statistics of Rwanda [NISR], 2024). The same evidence indicates that informal groups do not merely provide financial services; they may also contribute to social capital and community economic development (NISR, 2024). The gender dimension is particularly relevant. The Rwanda FinScope 2024 Gender Thematic Report indicates that informal savings groups continue to serve as an important institutional vehicle for women's savings. The report further indicates that women are more likely than men to use informal groups as a source of borrowing, demonstrating the continuing importance of community-based financial mechanisms for women's access to credit (BNR, 2025). Thus, informal financial groups may provide an accessible channel through which women can mobilize resources for household and entrepreneurial purposes. Rwanda has established a strong policy environment for women's economic empowerment and financial inclusion. Nevertheless, financial inclusion does not automatically translate into successful entrepreneurial outcomes. Access to financial services must be considered alongside the ability to use financial resources productively, manage enterprises, access markets, and respond to business risks (AFR, 2023; World Bank, 2022). Research on gendered financial inclusion in Rwanda has also identified social norms that can affect women's financial decision-making and entrepreneurial activities, including expectations concerning family responsibilities, dependence on family financial support, and perceptions of women's financial management capabilities (AFR, 2023). Within this context, Ibimina are particularly relevant. Ibimina are community-based informal financial arrangements in which members make agreed contributions and participate in collective savings and credit activities. Such groups can provide members with opportunities to accumulate savings, obtain loans, and mobilize financial resources without necessarily relying exclusively on formal financial institutions. The collective nature of these arrangements may also generate social relationships and mutual accountability that encourage regular saving and financial discipline. The potential contribution of Ibimina to women's entrepreneurship is therefore multidimensional. Savings may help women accumulate the initial capital required to establish enterprises, while group-based credit may provide additional resources for purchasing stock, equipment, and other business inputs. Regular participation may also encourage financial discipline and strengthen women's capacity to manage business-related financial needs. However, entrepreneurial development depends on more than financial access. Business knowledge, market conditions, managerial capacity, household responsibilities, infrastructure, and access to business

development services may also influence entrepreneurial outcomes (ILO, 2023; World Bank, 2022). Despite the importance of informal financial mechanisms in Rwanda, there remains a need for localized empirical evidence on their relationship with women's entrepreneurship. National financial inclusion surveys establish the prevalence of informal financial mechanisms but do not by themselves demonstrate whether participation in such groups contributes to business start-up, expansion, or sustainability. Moreover, relatively little empirical attention has been directed specifically toward the contribution of Ibimina services to women's entrepreneurial development at the sector level. This study therefore examined the effect of informal financial group services (Ibimina) on women's entrepreneurship development in Rwanda, focusing on Shyorongi Sector, Rulindo District**.** Specifically, the study assessed the relationship between informal financial group services and three dimensions of women's entrepreneurship development: business start-up, business expansion, and business sustainability. By focusing on women participating in Ibimina in Shyorongi Sector, the study provides localized evidence concerning the contribution of community-based financial mechanisms to women's entrepreneurial activities.

Conceptual & Theoretical framework

As shown in Figure 1, the conceptual framework illustrates the relationship between informal financial group services and women entrepreneurship development in Rwanda

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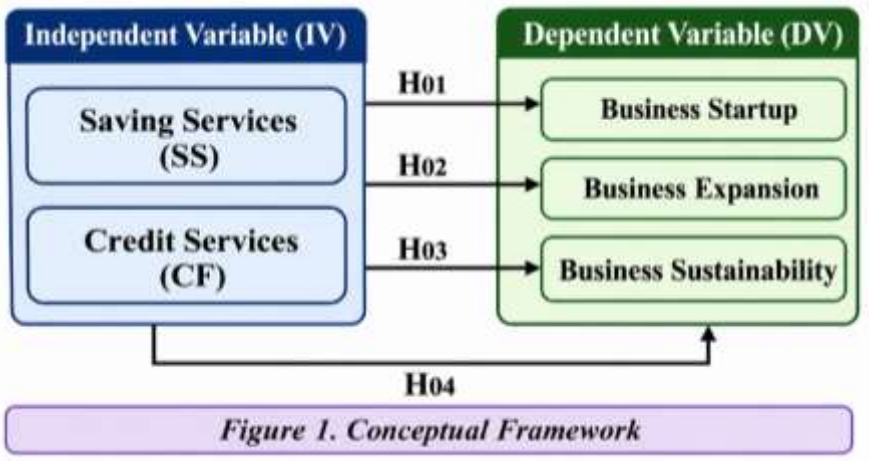


Figure 1. Conceptual Framework

Source: *Researcher's own compilation, 2026.*

The conceptual framework illustrates the expected relationship between informal financial group services and women entrepreneurship development in Rwanda. Informal financial group services, represented by saving services (SS) and credit services (CS)**,** constitute the independent variable, while women entrepreneurship development is the dependent variable, measured through business start-up, business expansion, and business sustainability**.** The framework proposes that access to savings and credit services through informal financial groups may contribute to women's ability to establish, expand, and sustain their businesses. The hypotheses (H01–H04) indicate the relationships tested between informal financial group services and the respective dimensions of women entrepreneurship development.

Methodology

The study employed a quantitative descriptive survey design to examine the relationship between informal financial group services and women's entrepreneurship development in Shyorongi Sector, Rulindo District, Rwanda. A quantitative approach was appropriate because

the study sought to measure respondents' perceptions of financial group services and statistically examine their relationship with selected dimensions of entrepreneurship development (Creswell & Creswell, 2018). The target population consisted of 897 women participating in Ibimina in Shyorongi Sector**.** A sample of 90 women was selected for the study. The sample size was determined using Yamane's formula at a 10% margin of error, while purposive sampling was used to identify women who participated in Ibimina and therefore had direct experience with the financial services examined in the study. Primary data were collected using a structured questionnaire. The instrument consisted of items measuring informal financial group services and women's entrepreneurship development. Informal financial group services were operationalized primarily through savings and credit services, while entrepreneurship development was measured using indicators of business start-up, business expansion, and business sustainability. Items were measured using a five-point Likert scale ranging from 1 = strongly disagree to 5 = strongly agree. The questionnaire was pilot-tested before the main survey to improve clarity and identify potential weaknesses in the measurement instrument. Content validity was assessed through expert review and alignment of questionnaire items with the study objectives and conceptualization of the variables.

The collected data were coded and analyzed using Statistical Package for the Social Sciences (SPSS). Descriptive statistics, including frequencies, percentages, means, and standard deviations, were used to summarize respondents' characteristics and responses to the study variables. Multiple linear regression analysis was employed to assess the relationship between informal financial group services and women's entrepreneurship development. Separate regression models were used to assess the relationship between informal financial group services and business start-up, business expansion, and business sustainability, while an overall model examined the relationship between informal financial group services and women's entrepreneurship development. Statistical significance was evaluated at the 5% level of significance, with p-values below .05 interpreted as statistically significant. Regression results were interpreted using the adjusted coefficient of determination (Adjusted R^2), F-statistic, and significance level. The study followed basic ethical principles of social research. Participation was voluntary, respondents were informed about the purpose of the study, and confidentiality and anonymity were maintained. The information collected was used exclusively for academic purposes.

Results and discussion

The findings indicated that the largest proportion of respondents were women aged 30–40 years (45.6%)**.** Regarding educational attainment, 58.9% had secondary education, while approximately 60% reported operating their own businesses. These characteristics indicate that a substantial proportion of the respondents were economically active women with direct involvement in entrepreneurial activities. The participation of women who were already engaged in business activities is particularly relevant to the study because entrepreneurship development encompasses not only the establishment of businesses but also their subsequent expansion and sustainability. The descriptive results indicate generally positive perceptions of Ibimina services. Savings services recorded an overall mean of 4.05**,** while credit services recorded a mean of 3.89. These results indicate that respondents generally agreed that participation in Ibimina enabled them to save and access credit. The findings are consistent with national financial inclusion evidence showing that informal savings groups remain widely used in Rwanda. According to the Rwanda FinScope Survey 2024, approximately 60% of adults reported using informal savings groups, while 72% continued to use informal financial mechanisms generally (NISR, 2024). The continued importance of informal groups suggests that such mechanisms remain relevant even as formal financial inclusion expands.

The findings are also consistent with the gender-specific evidence from Rwanda. The FinScope 2024 Gender Thematic Report indicates that informal savings groups continue to serve as an important institutional vehicle for women to save, while informal groups remain an important source of borrowing for women (BNR, 2025). The relatively high mean score for savings services in the present study therefore reinforces the broader national evidence concerning the importance of community-based savings arrangements. The respondents reported positive outcomes across the three dimensions of entrepreneurship development. The mean scores were 4.39 for business start-up, 4.43 for business expansion, and 4.47 for business sustainability.

These results suggest that women participating in Ibimina generally perceived their financial group participation as relevant to their entrepreneurial activities. The findings are consistent with the broader financial inclusion literature, which emphasizes the importance of access to appropriate financial services in enabling individuals and small entrepreneurs to mobilize resources for productive activities (Demirgüç-Kunt et al., 2022). However, the descriptive findings should not be interpreted as demonstrating that Ibimina alone caused these entrepreneurial outcomes. Women's entrepreneurship is influenced by multiple financial and non-financial factors, including business skills, market opportunities, household responsibilities, access to information, and the wider economic environment (ILO, 2023; World Bank, 2022).

Effect of Informal Financial Group Services on Business Start-Up

The regression analysis showed that informal financial group services had a statistically significant relationship with business start-up. The model produced an Adjusted R^2 of 0.349**,** $F = 25.352$**,** and $p < .001$**.** The model therefore explained approximately 34.9% of the variation in business start-up. Since the p-value was below the 5% significance level, the regression relationship was statistically significant. The relevant null hypothesis was consequently rejected. This finding suggests that savings and credit services provided through Ibimina are significantly associated with women's ability to establish businesses. One possible explanation is that regular savings enable women to accumulate initial capital, while access to group-based credit can supplement accumulated savings when additional start-up capital is required.

The finding is particularly relevant given the evidence that informal financial mechanisms remain widely used in Rwanda. FinScope 2024 indicates that informal groups continue to provide financial services and contribute to community economic development (NISR, 2024). The present study extends this national evidence by demonstrating a statistically significant relationship between informal financial group services and business start-up among women in Shyorongi Sector.

Effect of Informal Financial Group Services on Business Expansion

The regression model examining business expansion produced an Adjusted R^2 of 0.116**,** $F = 6.966$**,** and $p = .002$. The result indicates that informal financial group services jointly explained approximately 11.6% of the variation in business expansion. The p-value of .002 indicates that the relationship was statistically significant at the 5% level. Accordingly, the relevant null hypothesis was rejected. The finding suggests that participation in Ibimina may assist women entrepreneurs in obtaining resources required to expand existing businesses. Credit can provide working capital for purchasing additional stock, acquiring equipment, or increasing the scale of business operations. Savings can also provide internally accumulated funds that reduce dependence on external borrowing.

Nevertheless, the relatively low adjusted R^2 indicates that informal financial group services explain only part of the variation in business expansion. This finding is important because it prevents an overly broad interpretation of the role of Ibimina. Business expansion is likely to

depend on several additional factors, including demand, competition, managerial skills, market access, business experience, and access to formal financial services.

Effect of Informal Financial Group Services on Business Sustainability

The regression model for business sustainability produced an Adjusted R^2 of 0.081, $F = 5.004$, and $p = .009$. The results indicate that informal financial group services explained approximately 8.1% of the variation in business sustainability. Although the explanatory power was relatively modest, the overall model was statistically significant. The relevant null hypothesis was therefore rejected. This finding indicates that Ibimina services are significantly associated with the sustainability of women-owned businesses. However, the relatively low explanatory power demonstrates that financial group services are only one component of business sustainability. Factors such as profitability, business management, customer demand, competition, operating costs, entrepreneurial experience, and economic shocks may also influence whether a business survives over time. This interpretation is consistent with the broader literature on women's entrepreneurship, which emphasizes that access to finance should be accompanied by entrepreneurial capabilities and an enabling business environment (ILO, 2023; World Bank, 2022).

Overall Effect of Informal Financial Group Services on Women's Entrepreneurship Development

The overall regression model produced an Adjusted R^2 of 0.091, $F = 10.154$, and $p = .002$. The results indicate that informal financial group services had a statistically significant overall relationship with women's entrepreneurship development. The model explained approximately 9.1% of the variation in women's entrepreneurship development. Although this explanatory power is relatively modest, the statistically significant F-test indicates that the model provides evidence of a significant relationship between informal financial group services and women's entrepreneurship development. Accordingly, the overall null hypothesis was rejected. Where the original SPSS output confirms the reported coefficient of $\beta = .318$, $p = .002$, the result may additionally be interpreted as indicating a positive and statistically significant relationship between informal financial group services and women's entrepreneurship development. The coefficient should, however, be reported only after verification against the original regression output. The relatively low Adjusted R^2 is substantively important. It suggests that Ibimina services contribute to women's entrepreneurship development but do not provide a complete explanation of entrepreneurial outcomes. Other factors not included in the model may account for a substantial proportion of the observed variation.

Table: Summary of Regression Results for Informal Financial Group Services and Women Entrepreneurship Outcomes

Dependent Variable	Adjusted R^2	F-statistic	p-value	Decision	Interpretation
Business Start-up	0.349	25.352	< .001	Significant	Significant influence
Business Expansion	0.116	6.966	.002	Significant	Significant influence
Business Sustainability	0.081	5.004	.009	Significant	Significant influence

The significance level was set at 5% ($\alpha = .05$). Since all p-values are below .05, the regression models are statistically significant. The adjusted R^2 values indicate that informal financial group services explain 34.9% of the variation in business start-up, 11.6% in business expansion, and 8.1% in business sustainability.

Summary of Hypothesis Testing

Hypothesis	Statistical result	Decision
Informal financial group services have no significant effect on business start-up	Adjusted $R^2 = .349$; $F = 25.352$; $p < .001$	Reject H_0
Informal financial group services have no significant effect on business expansion	Adjusted $R^2 = .116$; $F = 6.966$; $p = .002$	Reject H_0
Informal financial group services have no significant effect on business sustainability	Adjusted $R^2 = .081$; $F = 5.004$; $p = .009$	Reject H_0
Informal financial group services have no significant effect on women's entrepreneurship development	Adjusted $R^2 = .091$; $F = 10.154$; $p = .002$	Reject H_0

The Summary of Hypothesis Testing indicates that all four null hypotheses were rejected because the reported p-values were below the 5% significance level. Specifically, informal financial group services (Ibimina) had a statistically significant positive influence on business start-up (Adjusted $R^2 = .349$, $F = 25.352$, $p < .001$), business expansion (Adjusted $R^2 = .116$, $F = 6.966$, $p = .002$), and business sustainability (Adjusted $R^2 = .081$, $F = 5.004$, $p = .009$).
Similarly, the overall model for women entrepreneurship development was statistically significant (Adjusted $R^2 = .091$, $F = 10.154$, $p = .002$). Therefore, the findings provide empirical evidence that participation in Ibimina is significantly associated with women's entrepreneurial development in Shyorongi Sector, particularly by supporting business start-up, expansion, and sustainability.

Conclusion

The study concludes that informal financial group services through Ibimina have a positive and statistically significant relationship with women's entrepreneurship development in Shyorongi Sector. The results demonstrate significant relationships between informal financial group services and business start-up, business expansion, and business sustainability.
The strongest explanatory power was observed in the business start-up model, where informal financial group services explained 34.9% of the variation. This suggests that community-based savings and credit arrangements may be particularly relevant to women seeking to mobilize initial capital for business establishment. The effects on business expansion and sustainability were statistically significant but comparatively modest. This indicates that access to informal financial services is important but insufficient by itself to explain longer-term entrepreneurial outcomes. Women's entrepreneurial development is likely to depend on a combination of financial access, business skills, market opportunities, managerial capacity, social conditions, and the broader economic environment. The findings therefore support the view that Ibimina constitute an important component of Rwanda's financial inclusion ecosystem and can contribute to women's entrepreneurial activities. However, their contribution should be complemented by interventions that strengthen women's financial literacy, business management capabilities, market access, and links to appropriate formal financial services.

Recommendations

First, organizations and local authorities supporting women's economic empowerment should strengthen financial literacy and savings-management training among Ibimina members. Such training can improve members' capacity to plan savings, evaluate borrowing decisions, manage cash flows, and distinguish productive borrowing from consumption-related borrowing.

Second, Ibimina should strengthen their internal credit-management systems, including transparent lending procedures, appropriate loan limits, clear repayment arrangements, and effective record keeping. Such measures can improve the ability of members to use group credit productively while reducing risks associated with excessive borrowing.

Third, financial support should be combined with entrepreneurship and business-development training. Women entrepreneurs may benefit from training in bookkeeping, costing, pricing, inventory management, marketing, customer relations, and business planning. This recommendation follows the finding that financial group services explain only part of the variation in business expansion and sustainability.

Fourth, stronger linkages between Ibimina and formal financial institutions should be encouraged. Such linkages could allow successful women entrepreneurs to gradually access broader financial products and services as their enterprises grow. This is consistent with Rwanda's broader financial inclusion agenda, which seeks to expand access to financial services while improving the ability of households and entrepreneurs to use financial products effectively (NISR, 2024). Finally, future studies should examine additional determinants of women's entrepreneurship development, including entrepreneurial skills, market access, business experience, household responsibilities, digital financial services, formal credit access, and social norms. Longitudinal research could also provide stronger evidence concerning how participation in Ibimina influences the growth and survival of women-owned businesses over time.

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