East African Journal of Business and Economics, Volume 6, Issue 1, 2023
Article DOI: https://doi.org/10.37284/eajbe.6.1.1512

East African Journal of Business and Economics
eajbe.eanso.org
Volume 6, Issue 1, 2023
Print ISSN: 2707-4250 | Online ISSN: 2707-4269
Title DOI: https://doi.org/10.37284/2707-4269

EAST AFRICAN NATURE & SCIENCE ORGANIZATION

Original Article

Examining Awareness, Attitudes, and Challenges of Owner Developers Regarding Mortgage Financing Eligibility Terms in GKMA, Uganda

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Article DOI: https://doi.org/10.37284/eajbe.6.1.1512

Date Published:

14 October 2023

Keywords:

Owner-builders, Mortgage financing, Eligibility-terms, Challenges, Attitudes

ABSTRACT

This paper explored how owner-builders in GKMA, Uganda, perceive and access mortgage financing from commercial banks. We employed a descriptive study design including quantitative and qualitative data collection methods using questionnaires with semi-structured open-ended and close-ended questions about mortgage financing to collect data from 400 owner-builders Centenary Bank and House Finance Bank clients. Questionnaire information on basic requirements, awareness, attitudes and challenges was analysed using Likert Scale Mean Scores and correlation statistics using STATA 17. The paper found that owner-builders face high interest rates, cumbersome mortgage processes, poor mortgage product sensitisation, time-consuming phased disbursements, corrupt bank officials, and high initial contributions as significant challenges. The paper suggests policy recommendations to improve access to mortgage financing in GKMA, Uganda. This paper recommends that financial institutions provide more information, support, and flexibility to owner-builders who want to access and manage mortgage financing. The study further suggests that the government and the financial sector work together to improve financial inclusion, literacy, innovation, competition, regulation, and support for low-income households who want to access mortgage financing in Uganda.

APA CITATION

Nakiwala, M., Mukiibi, S., Kiggundu, A. T. & Elias, H. (2023). Examining Awareness, Attitudes, and Challenges of Owner Developers Regarding Mortgage Financing Eligibility Terms in GKMA, Uganda. *East African Journal of Business and Economics*, *6*(1), 456-471. https://doi.org/10.37284/eajbe.6.1.1512

CHICAGO CITATION

Nakiwala, Margaret, Stephen Mukiibi, Amin Tamale Kiggundu and Hailu Elias. 2023. "Examining Awareness, Attitudes, and Challenges of Owner Developers Regarding Mortgage Financing Eligibility Terms in GKMA, Uganda". *East African Journal of Business and Economics* 6 (1), 456-471. https://doi.org/10.37284/eajbe.6.1.1512.

HARVARD CITATION

Nakiwala, M., Mukiibi, S., Kiggundu, A. T. & Elias, H. (2023) "Examining Awareness, Attitudes, and Challenges of Owner Developers Regarding Mortgage Financing Eligibility Terms in GKMA, Uganda", *East African Journal of Business and Economics*, 6(1), pp. 456-471. doi: 10.37284/eajbe.6.1.1512.

Article DOI: https://doi.org/10.37284/eajbe.6.1.1512

IEEE CITATION

M., Nakiwala, S., Mukiibi, A. T., Kiggundu & H., Elias "Examining Awareness, Attitudes, and Challenges of Owner Developers Regarding Mortgage Financing Eligibility Terms in GKMA, Uganda", *EAJBE*, vol. 6, no. 1, pp. 456-471, Oct. 2023.

MLA CITATION

Nakiwala, Margaret, Stephen Mukiibi, Amin Tamale Kiggundu & Hailu Elias. "Examining Awareness, Attitudes, and Challenges of Owner Developers Regarding Mortgage Financing Eligibility Terms in GKMA, Uganda". *East African Journal of Business and Economics*, Vol. 6, no. 1, Oct. 2023, pp. 456-471, doi:10.37284/eajbe.6.1.1512.

INTRODUCTION

Mortgage finance is vital for African housing industry growth, but high rates, collateral demands, limited credit data, and weak legal regulations hinder affordability for low- and middle-income consumers (Atuheire & Karyeija, 2014). Mortgage finance contributes to poverty reduction and economic growth by enabling financial institutions to increase income and expand (Abdulrehman & Nyamute, 2018). Credit access directly impacts UN Sustainable Development Goals (SDGs) like poverty eradication, improved health, education, and reduced inequality. In underprivileged areas, people resort to costly fringe finance providers, such as payday lenders or pawnbrokers, when they lack credit access (Buckley & Malady, 2015; UNSGSA, 2018). In Uganda, only 0.68% of households access mortgage loans from commercial banks, while housing microfinance loans are available to 19.95% through Microfinance Deposit-taking Institutions. Another 7.2% can obtain loans from Micro Finance Institutions, 10.3% from Savings and Credit Cooperatives, leaving 62.3% without access to funds. Accessing mortgages from financial institutions in Uganda remains a challenging process. (Kalema & Kayiira, 2011).

Uganda faces a dire housing shortage, with 2.2 million units needed. Demand for 210,000 units exists in metropolitan areas. If unaddressed, there will be an 8-million-unit backlog by 2030. The yearly requirement is 200,000 units, but builders construct only 60,000 units annually. An under-equipped private sector primarily supplies housing (NDP III, 2018). As Uganda's population grows, the demand for more housing increases, necessitating improved housing supply regulation. According to NDP III, Uganda aims to establish a comprehensive housing finance system, including capitalising the Housing Finance Bank for affordable mortgages.

Developing a country's mortgage sector is crucial for growth, supported by policymakers and international organisations like the World Bank. Research on Mortgage Credit Accessibility has found lower homeownership rates, particularly among minorities, highlighting ongoing barriers to accessing this vital wealth-building tool (Goodman, 2017). Uganda's growing housing shortfall raises worries about the high cost of home ownership. The Ugandan government introduced mortgage finance as a viable answer among the different house financing options through the House Finance Bank (Nakiwala et al., 2022). Ugandan financial institutions have stringent mortgage requirements due to the informal setting. They aim to profit without losses from consumers' non-payment of home loan instalments (Nilsson, 2017).

REVIEW OF LITERATURE

Mortgage finance is vital for housing development in high-demand, low-supply areas like developing nations. However, it faces infrastructure, legislation, consumer protection, financial literacy, data privacy, and credit availability (Nakiwala et al., 2022). Home finance accounts for just 10% of all financial transactions despite the high demand for housing in most emerging countries. Economies must improve the housing inventory to compensate for the housing deficit in emerging nations (Datta & Jones, 2012). Scholars found that the small percentage makes financial institutions cautious about providing house loans. Microfinance enterprises offer short-term loans encouraging self-house construction (Tariq, 2012).

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Non-performing loans pose risks for Ugandan banks, driven by inaccurate customer data, improper clientele, and weak financial sector regulations. Enormous provisions for bad loans and eventual write-offs have hampered bank efficiency and led to poor economic performance in many banks (Odeke & Odongo, 2014). African home loan programs were successful and relied on banks rather than markets. African home construction finance is illogical in light of the country's rising economic disparities (Tchana & Zeufack, 2016).

Mortgage defaults came from unpleasant household equity that arose due to growing home expenses in the context of low inflation. Negatively prejudiced families seldom honour their loan arrangements with the lending organisation. (Campbell & Cocco, 2015). To qualify for a mortgage, applicants must provide proof of income, audited accounts, a company profile (for self-employed individuals), and a trustworthy credit history. Essential documentation includes an offer letter, valuation report, property title, and building permit. Poor urban applicants must also submit a bill of quantities for house improvement. A minimum down payment, usually 20% of the home's total cost, is required (Acheampong & Anokye, 2015).

According to Nilsson (2017), unexplored elements influence the demand for housing loans, such as the danger of losing property due to the foreclosure process, the availability of alternative sources of credit, and the affordability of housing prices. The study found that various unexplored factors affect home loan supply, including regulatory conditions, lender transparency, borrower financial knowledge, and abilities. Many owner-developers are reluctant to take out mortgages due to fears of property loss and lender exploitation. Challenges in obtaining mortgages include limited availability, high interest rates, infrequency, cumulative costs, high risk, and low trust.

High commercial bank interest rates have led some African and other countries to enact legislation capping interest rates to protect borrowers. These limits aim to lower loan costs and enhance credit availability. However, interest rate caps have yielded adverse effects in areas where implemented, including reduced intermediation, a shift in bank assets towards government securities, and reduced lending to costly, less creditworthy borrowers requiring extensive bank due diligence. Consequently, many nations have slowed credit growth (Bwire, 2018). A study that sought to investigate the impact of bank-specific factors on interest rates in Uganda's banking financial institutions (BFIs) revealed that bank-specific aspects influence interest rates. Other elements, such as industry-level and indirect macroeconomic indicators, should be studied. Interest rate fluctuations in the banking sector would be significant. However, credit risk does not affect interest rates, liquidity, operational effectiveness, capitalisation, or lending out ratio (Tumwine et al., 2018).

Ghani (2021) examined how Nigeria's government used weak central mortgage banks to fund new housing projects. It identifies the high financial requirements for housing loans as a significant obstacle for low- and middle-income borrowers. In contrast, research done in Ghana titled Housing Financing Strategies for Low-Income Households in Peripheral Cities, Customary Tenure, the two primary barriers that low-income households experience when attempting to secure home finance are significant mortgage repayment-to-income quotients and the inability to get sufficient and robust security (Adade et al., 2022). Microfinance has emerged as a viable method to combat poverty in industrialised nations such as the United States. However, impoverished individuals cannot obtain long-term financial assistance from microfinance firms. The geographical, social, and economic distance between users and providers of financial aid is determined by the supply of financial services (Morduch, 2023). The literature suggests exploring owner-developer understanding, attitudes, and eligibility issues regarding mortgage finance in developing nations.

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Theories Adopted for the Study

This study utilised Likert scales (4-point and 5-point) to gauge Awareness, Attitudes, and Challenges. This choice aligns with the Theory of Measurement in social sciences. Likert scales quantify abstract concepts systematically, representing ordinal measurement (Li, 2013). We ensured construct validity by selecting Owner-builders as respondents while maintaining the Likert scales' reliability. Acknowledging Rensis Likert's historical contribution, we integrated these principles into our methodology, bolstering the study's credibility by aligning with established measurement principles in the social sciences.

The Lien, Title, and Intermediate theories guide mortgage finance. According to the Lien theory, the mortgager acquires only the lien on the property submitted as security. At the same time, in the event of a foreclosure, the mortgagor retains both equitable and legal property titles. When the mortgagor entirely repays the mortgage, the lender's claim on the property ends. The title hypothesis, on the other hand, holds that the legal Title to the property is passed to the mortgagee until the mortgagor pays off the mortgage (Nakiwala et al., 2022). According to proponents such as Richard R. Powell, a mortgage transaction is regarded as a transfer of legal Title from the mortgagor (borrower) to the mortgagee (lender) in jurisdictions embracing this approach until the loan is entirely repaid (Szypszak, 2019). We employ the Title theory in this study because financial institutions in Uganda prefer this way of mortgage offers to an economy with a sizeable informal business setting.

MATERIALS AND METHODS

Research Methodology

The paper adopted a descriptive survey research design to explore owner-builders ideas and thoughts on mortgage financing eligibility terms and evaluate the underlying cause of limited access to mortgage finance in Uganda. Bank clients called owner-builders with access to mortgage financing from Housing Finance Bank and Centenary Bank are considered primary respondents by 2020. The choice of these two financial institutions out of the ten prominent banks in the Ugandan banking industry is because they are local banks that aim at an inclusive way to offer mortgages to Ugandans. Since the exact population is not known, using a formula for cross-sectional studies, Kish (1965) discussed that the sample size can be determined using the formula $\mathrm{N} = \mathrm{Z}^2 * \frac{P(1-P)}{\partial^2}$

Where N denotes the essential sample size, Z represents the standard score (1.96), equal to a 95% confidence level, and indicates the study's 5% margin of error or accuracy. Due to the absence of data on owner developers who have accessed mortgages in Uganda, the researcher used a conservative P of 50%. $\mathrm{N} = 1.96^2 * \frac{0.5(1-0.5)}{0.5^2} = 384$

An estimate of 384 rounded off to 400 owner developers after adjusting for a non-response rate of 15%. Sampling is a method that enables researchers to conclude a community based on findings from a subgroup of people without closely examining each individual (Sharma, 2017). Using a 50% proportion for both banks, the researcher identified 400 respondents to complete the questionnaires. The questionnaires were uploaded online using the Kobo toolbox and then shared with research assistants using the Ordinary Data Toolbox (ODK). This toolbox made the data collection a self-administered method, which helped eliminate several errors resulting from the misinterpretation of questions. The research explicitly selected respondents using systematic sampling at 20-minute intervals when clients walked to the banks' credit section. Using a systematic probability sampling technique, we picked 18 to 19 respondents from 11 branches of HFB and 9 to 10 respondents from 21 branch units of Centenary Bank around GKMA. We use descriptive data analysis to understand the study's respondents' underlying characteristics. We analyse and discuss owner developer awareness, attitudes and challenges of mortgage financing eligibility terms using Likert Scale Mean Scores (LSMS). LSMS provides a measure of central tendency for the data set, indicating the overall

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opinion of the Owner-builders concerning mortgage financing issues (Amin, 2020). For this case, an LSMS is the average of the numerical values assigned to each response option on the scale. We also conducted correlation analysis to understand the relations between variables.

RESULTS AND DISCUSSION

In this section, we present the demographic features of Owner-builders, preferred house financing options, and basic mortgage requirements to access mortgages and discuss the awareness, attitudes, and challenges using Likert Scale Mean Scores (LSMS).

Table 1 shows the analysis of bank clients' social-demographic status (n=400), revealing notable patterns. Male clients dominate HFB (62%) and Centenary Bank (64%), while female representation is comparatively lower. The 41-50 age group constitutes a significant portion of clients, with the 18-30 age group being less represented. Married individuals comprise a substantial ratio of clients, and most are employed as Civil Servants or Entrepreneurs/Business Persons, indicating diverse economic backgrounds. A significant proportion holds at least a Bachelor's degree or higher, and most clients have household sizes ranging from 3 to 6 members. These findings provide valuable insights into banks' targeted marketing and service strategies.

Table 1: Social-demographic status of bank clients (n=400).

Variable	Category	HFB	Centenary bank	n	%
Gender	Females	79	75	154	38.00
	Males	121	125	246	62.00
	Others			0	0.00
Age group	18-30	23	19	42	10.5
	31-40	52	64	116	29.0
	41-50	75	70	145	36.25
	51-60	34	26	60	15.0
	Above 60	16	21	37	10.2
Marital status	single	24	48	72	18.00
	Married	140	123	264	66.00
	Divorced	26	25	50	12.50
	Widowed	10	4	14	3.50
Occupation	Students	2	4	6	1.50
	Entrepreneurs/Business Persons	74	86	160	40.00
	Civil Servants	80	78	158	39.50
	Pensioners	12	18	30	7.50
	Others	32	14	46	11.50
Education level	PhD	20	15	35	8.75
	Masters	72	65	137	34.25
	Bachelor's Degree	79	81	160	40.00
	S.6 Certificate	22	37	59	14.75
	S.4 Certificate	2	1	3	0.75
	Primary Level	1	1	2	0.50
	Not Educated	4	0	4	1.00
Household size	1	10	20	30	7.50
	2	31	39	70	17.50
	3	41	43	84	21.00
	4	44	39	83	20.75
	5	37	20	57	14.25
	6	14	17	31	7.75
	more than 6	23	22	45	11.25

Source: Field data

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All 400 owner-developer respondents answered the question regarding ranking the housing option they have used before to pursue decent housing. *Table 2* shows that Owner-builders in Uganda explore multiple housing finance options. Some options, like money lenders, pose higher risks due to their exorbitant interest rates. Owner-builders favour money lenders for their quick loan accessibility. Specifically, 26.38% of participants chose mortgages as a financing option. This result is so because the study aimed at interviewing owner-developers with knowledge about mortgage financing but does not indicate that mortgages are widely available and accessible in Uganda. These results confirm Nilsson's (2017) study, whose results denoted that Ugandans use more than one house financing option to achieve decent house construction.

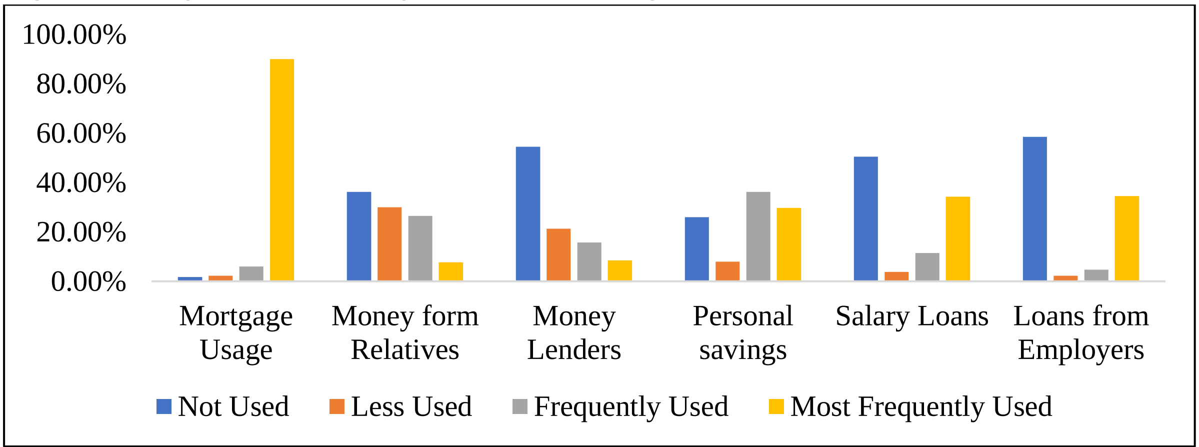
Table 2: Ranking of House Financing Options Used by Owner-builders

Financing option ever used	Freq.	Percentages
Mortgages	393	26.38
Personal savings	296	19.87
Relatives	255	17.11
Salary loans	198	13.29
Money lenders	182	12.21
Loans from employers	166	11.14
Total	1490	100

Source: Field data

Based on the choice of the sample of Owner-builders that participated in this study, *Figure 1* below shows that participants most frequently used mortgages. These respondents could give distinct opinions about the mortgage eligibility criteria and its challenges. *Figure 1* shows an analysis of funding sources for mortgage financing and other financial needs; notable patterns emerge from the data. Most respondents indicated they most frequently used mortgages (90.00%) for financing. However, this doesn't mean a preference for this method in Uganda, considering the sample selection bias of the respondents. A substantial proportion of respondents frequently used personal savings (36.25%) and salary loans (11.50%) as sources of funds. Money from relatives (7.25%) and loans from employers (4.75%) were less frequently employed, suggesting that while familial support plays a role, it is relatively less common than other sources. A substantial number of respondents reported not using money lenders (54.50%) for financing, indicating a level of caution or aversion to this source. This analysis highlights the prevalent use of mortgages and the diversity of funding sources employed by Ugandans, shedding light on the financial strategies employed in accessing mortgage financing and managing other financial needs.

Figure 1: Bar graph for the usage of house financing options



Source: Field data

Article DOI: https://doi.org/10.37284/eajbe.6.1.1512

Table 3 below indicates that most (57.51%) owner developers in GKMA acquired mortgages they had to repay within 5-10 years. A total number of (29.26%) owner-developers received mortgages and had to repay them within 11-15 years. Only (13.23%) of owner developers repaid their mortgages for the most extended 16-20 years.

Table 3: Periods owner developers acquired mortgages

Mortgage period (years)	Frequency	Per cent %	Cumulative %
5-10	226	57.51	57.51
11-15	115	29.26	68.77
16-20	52	13.23	100
Total	393	100	

Source: Field data

Table 4 below shows the interest rate at which owner-builders access mortgages in Uganda, based on the data from the survey. The interest rate is a crucial factor that affects the affordability and profitability of mortgage financing for owner-builders in Uganda (Bah et al., 2018). The table reveals that the frequency of accessing mortgages at different interest rates varies from 8% to 24%, with an average of 21%, meaning that owner-builders access mortgage financing at different rates. From the survey, the people who got the mortgages at 8% interest rates worked with financial institutions.

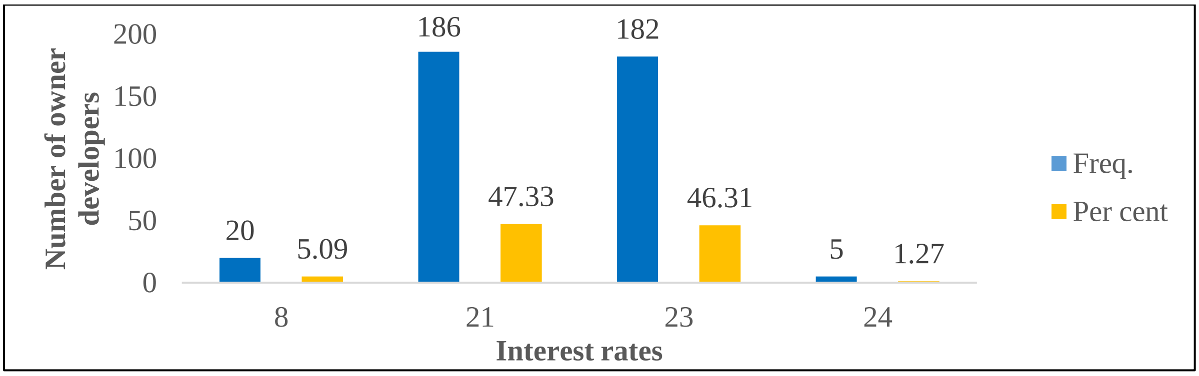
Table 4: Interest rates at which Owner-builders access mortgages in Uganda

The interest rate at which Owner-builders access mortgages %	Freq.	Per cent
8	20	5.09
21	186	47.33
23	182	46.31
24	5	1.27
Total	393	100.00

Source: Field data

Figure 2 below shows that the majority of the participant owner-builders (186) acquired mortgages at (21%) interest rate followed by (182) owner-builders who received mortgages at (23%) interest rate. Only (5) owner-builders acquired mortgages at (24%) interest rate, and (20) owner-builders who indicated that they received their mortgages as employees of banks earned mortgages at (8%).

Figure 2: Different rates owner developers access mortgages in GKMA Uganda



Source: Field data

From Table 5 below, most of the owner developers in Uganda strongly agree or agree with nine of the basic requirements for mortgage accessibility, such as a completed mortgage application form with passport photos and valid NIN to the mortgage offered to be worth 80 per cent of the fair market worth of the collateral security presented. The owner-builders disagree

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that holding a current/savings account and a financial card is complex. They indirectly agree that having an account and financial card with the financial institution is one of the conditions one must fulfil before one can access a mortgage. These requirements are consistent with the literature review by Acheampong and Anokye (2015), reflecting the standard expectations and preferences of low-income households seeking mortgage financing.

Table 6 reveals essential relationships in the context of mortgage accessibility. Holding a current/savings account positively correlated with completing the mortgage application process with valid identification (correlation coefficient = 0.239, $p < 0.01$). Age eligibility (not exceeding 55 years during the mortgage) is positively correlated with financial institutions charging high-interest rates (correlation coefficient = 0.136, $p < 0.05$). Conversely, the complexity of incurring mortgage-related fees is negatively associated with the requirement for borrowers to make a 20 to 30 per cent contribution (correlation coefficient = -0.383, $p < 0.01$). Offering mortgages through phased disbursements positively correlates with applicant residency within the bank's area of operation (correlation coefficient = 0.210, $p < 0.01$). These insights highlight age, income verification, and geographic location's importance in mortgage accessibility, aligning with Nilsson's 2017 research on demographic and financial factors in mortgage eligibility.

Table 7 summarises awareness variables regarding mortgage services and conditions set by financial institutions and reveals vital insights. Notably, a significant portion of respondents demonstrated a high awareness (Very Highly Aware, VHA) of alternative house financing sources apart from mortgages, with 3.74 on the awareness scale. Additionally, respondents expressed various levels of awareness regarding mortgage-related aspects. Many were aware that the mortgage processing period could extend beyond 21 days (3.17 on the awareness scale), indicating a substantial level of awareness. Similarly, many respondents were aware of the fees incurred by mortgagors for property valuation, BOQs, Title search/caveat, and architectural/structural plans (3.52 on the awareness scale). Awareness of conditions such as the necessity of a caveat for loan disbursement and the financial institution's practices in recovering interest and handling delinquent borrowers varied among respondents.

Table 8 provides insights into the relationships among factors influencing awareness of house financing sources apart from mortgages. There is a positive correlation between the awareness of other financing sources and the recognition that the mortgage processing period takes more than 21 days (correlation coefficient = 0.304, $p < 0.01$). Awareness of property valuation, BOQs, Title search/caveat, and architectural/structural plan fees incurred by the mortgagor positively correlates with the understanding that loan disbursement requires a property caveat (correlation coefficient = 0.531, $p < 0.01$). The awareness of life insurance coverage limited to natural, accidental death, and job loss positively correlates with the common occurrence of bribing banking officers to acquire a mortgage (correlation coefficient = 0.413, $p < 0.01$). These correlations highlight the interconnectedness of various factors influencing awareness of house financing options. The results of this study are similar to Bah et al. (2018a) in that you both identified some common challenges mortgage borrowers face, such as high cost, long processing time, strict eligibility criteria, and risk of default. However, this study focused on mortgage financing services while covering various financial topics and issues. In contrast, our study focused on the awareness and knowledge of house developers and did not explore the Islamic aspect of mortgage financing.

Table 9 reveals a prevailing negative attitude among owner-developers in Uganda towards mortgage financing. Most respondents agreed or agreed with statements reflecting scepticism about mortgage service ease, availability, and affordability. Specifically, they strongly disagreed that accessing housing mortgage financing services in Uganda was easy, indicating a challenging perception. Moreover, they strongly

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concurred that Uganda’s mortgage interest rates were high and the mortgage process was cumbersome. On the contrary, owner-developers displayed a more favourable attitude towards alternative house financings like savings, loans from friends or relatives, or other forms of credit. They believed these alternatives were superior to mortgages, readily available, and more accessible to Ugandans. This preference aligns with previous research highlighting a low demand for mortgage financing in developing countries due to its inflexibility. However, respondents also acknowledged some benefits of mortgage financing, such as enabling them to acquire a decent house in GKMA and providing comfort through mortgage insurance.

Table 10 unveils that the belief that acquiring a decent house without a mortgage from the bank is challenging positively correlated with the view that other house financing options are better than mortgages (correlation coefficient = 0.533, $p < 0.01$). The perception that other house financing options are readily available and accessible to Ugandans correlated positively with the belief that it is easy to access housing mortgage financing services in Uganda (correlation coefficients ranging from 0.529 to 0.767, $p < 0.01$). Conversely, the belief that mortgage interest rates in Uganda are high is negatively correlated with several other attitudes (correlation coefficients ranging from -0.244 to -0.492, $p < 0.01$), indicating that high-interest rates influence attitudes towards mortgages. Additionally, the perception that the mortgage process is cumbersome positively correlated with the view that mortgage product sensitisation was lacking (correlation coefficient = 0.420, $p < 0.01$). These correlations offer insights into how attitudes towards various aspects of housing mortgages are interconnected. The results agree with Nilsson (2017), who indicated that both studies found a negative attitude towards mortgage financing among potential borrowers and house developers in Uganda. However, the study results also disagree with Nilsson’s results. This study also found a positive attitude towards other house financing options and some aspects of mortgage financing among house developers in GKMA.

Table 11 shows owner-developer views concerning their challenges while accessing mortgages. Owner-developers ranked all the ten factors on a four-point scale as challenging. Owner-developers ranked three of the most difficult variables: 20% to 30% own contribution for a mortgage, corrupt bank officials and the 2% mortgage processing fees. The study results suggest that owner-developers find mortgage eligibility terms set by financial institutions challenging for them to access mortgages. However, because of the need for house financing, owner-developers do their best to meet the set eligibility terms.

Table 12 reveals that the presence of corrupt banking officers negatively correlated with several mortgage-related challenges, such as paying mortgage processing fees, providing verifiable sources of income, paying for valuation reports, preparing bills of quantities, securing an approved architectural plan, and proving property ownership (correlation coefficients ranging from -0.475 to -0.025, $p < 0.01$), suggests that perceived corruption within banking institutions is a significant barrier to meeting these requirements. Additionally, challenges like the limiting mortgage period and the need for audited books of account are positively correlated (correlation coefficient = 0.144, $p < 0.01$), indicating their collective impact on hindering mortgage accessibility.

Comparing the study results with scholars like Usman and Lizam (2016), Rolnik (2019), and Mohd and Usman (2015), we can note some similarities and differences in their findings and perspectives. These scholars offer various views on mortgage challenges globally and suggest solutions. However, they recognise implementation complexities and emphasise the need for more research and ongoing stakeholder discussions. The results of this study agree with Nilsson’s (2017) work in that several issues challenge owner-developers when it comes to accessing mortgages in Uganda.

Article DOI: https://doi.org/10.37284/eajbe.6.1.1512

Table 5: Basic Requirements for Accessibility of mortgage financing by housing developers in Uganda

Basic requirements for Mortgage accessibility	SA (5)	A (4)	U (3)	D (2)	SD (1)	Total	LSMS
Hold a current/savings account and a financial card is complex	105	348	105	244	125	927	2.32
Completed mortgage application form with passport photos and valid national identification number (NIN)	29	210	69	392	725	1425	3.56
Eligible adults not over 55 years of age at the time of the mortgage.	10	124	252	552	525	1463	3.66
Financial institutions charge high-interest mortgage rates.	0	0	6	416	1470	1892	4.73
The mortgagor (borrower) incurs the mortgage processing fees, property valuation, BOQs, Title search/ caveat, architectural/structural plan, and insurance fees.	0	2	24	604	1200	1830	4.58
Verifiable sources of income and audited books of account.	1	6	21	592	1205	1825	4.56
A client pays 20 to 30 per cent contribution before getting a mortgage.	1	6	24	772	975	1778	4.45
Clients are offered mortgages through phased disbursements.	1	4	36	796	930	1767	4.42
The applicant must be a resident within the bank's area of operation.	3	26	87	800	775	1691	4.23
The mortgage offered is worth 80 per cent of the fair market worth of the collateral security presented.	1	14	75	844	780	1714	4.29

Key: 1 – 1.8 = Strongly disagree (SD),1.9 – 2.6 = Disagree (D), 2.7 – 3.4 = Uncertain (U), 3.5 – 4.2 = Agree (A), 4.3 – 5.0 = Strongly Agree (SA)

Source: Field data

Table 6: Correlation matrix of Basic Requirement variables

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1. Hold a current/savings account and a financial card is complex	1.000									
2. Completed mortgage application form with passport photos and valid national identification number (NIN)	0.239	1.000								
3. Eligible adults not over 55 years of age at the time of the mortgage.	0.136	0.743	1.000							
4. Financial institutions charge high-interest mortgage rates.	-0.031	-0.365	-0.300	1.000						
5. The mortgagor (borrower) incurs the mortgage processing fees, property valuation, BOQs, Title search/ caveat, architectural/structural plan, and insurance fees.	0.015	-0.383	-0.335	0.463	1.000					
6. Verifiable sources of income and audited books of account	-0.075	-0.192	-0.210	0.320	0.411	1.000				
7. A client pays 20 to 30 per cent contribution before getting a mortgage.	0.002	-0.060	-0.060	0.064	0.240	0.452	1.000			
8. Clients are offered mortgages through phased disbursements.	-0.045	-0.048	-0.070	0.210	0.220	0.369	0.356	1.000		
9. The applicant must be a resident within the bank's area of operation	-0.118	0.203	0.217	-0.067	0.110	0.150	0.195	0.288	1.000	
10. The mortgage offered is worth 80 per cent of the fair market worth of the collateral security presented	-0.099	0.171	0.107	0.022	0.097	0.344	0.197	0.337	0.458	1.000

Source: Field data

Article DOI: https://doi.org/10.37284/eajbe.6.1.1512

Table 7: Awareness of mortgage services and conditions set by financial institutions for one to acquire a mortgage

Awareness variables	VHA (4)	HA (3)	LA (2)	NA (1)	Total	LSMS
Are you aware of other sources of house financing apart from mortgages?	1196	294	2	2	1494	3.74
The mortgage processing period takes more than 21 days.	720	354	182	11	1267	3.17
Valuation of property, BOQs, Title search/ caveat, and architectural/structural plan fees incurred by the mortgagor	876	516	14	2	1408	3.52
Loan disbursement cannot go on without putting a caveat on the property presented to the financial institution as collateral.	900	477	24	4	1405	3.51
The financial institution gives three notices to a borrower finding trouble paying the agreed monthly loan instalment before the bank's auctioneer auctions the property to recover its funds.	864	465	48	5	1382	3.46
Life insurance only covers natural, accidental death and job loss.	632	636	52	4	1324	3.31
Bribing banking officers to acquire a mortgage is common.	820	516	36	5	1377	3.44
Financial institution tries to recover their interest as soon as the client starts paying back the mortgage instalments.	568	501	154	14	1237	3.09
The issue of reducing the principle to clear the loan is very common.	548	450	176	25	1199	3.00
Organisational status where one works is a significant determinant in accessing a mortgage loan	524	567	104	28	1223	3.06
Key: 1 – 1.75 = Not Aware (NA), 1.76 – 2.50 = Less Aware (LA),2.60 – 3.25 = Highly Aware (HA), 3.26 – 4.00 = Very Highly Aware (VHA)						

Source: Field data

Table 8: Correlation matrix of awareness variables

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1. Are you aware of other sources of house financing apart from mortgages?	1.000									
2. The mortgage processing period takes more than 21 days.	0.304	1.000								
3. Valuation of property, BOQs, Title search/ caveat, and architectural/structural plan fees incurred by the mortgagor	0.224	0.569	1.000							
4. Loan disbursement cannot go on without putting a caveat on the property presented to the financial institution as collateral.	0.209	0.465	0.531	1.000						
5. The financial institution gives three notices to a borrower finding trouble paying the agreed monthly loan instalment before the bank's auctioneer auctions the property to recover its funds.	0.206	0.489	0.498	0.523	1.000					
6. Life insurance only covers natural, accidental death and job loss.	0.130	0.285	0.333	0.404	0.399	1.000				
7. Bribing banking officers to acquire a mortgage is common.	0.121	0.328	0.375	0.341	0.413	0.424	1.000			
8. Financial institution tries to recover their interest as soon as the client starts paying back the mortgage instalments.	0.005	0.017	0.118	0.220	0.174	0.442	0.249	1.000		
9. The issue of reducing the principle to clear the loan is very common	0.039	0.001	0.141	0.153	0.294	0.359	0.283	0.704	1.000	
10. Organisational status where one works is a significant determinant in accessing a mortgage loan	0.007	-0.063	0.063	0.083	0.077	0.394	0.127	0.623	0.615	1.000

Source: Field data

Article DOI: https://doi.org/10.37284/eajbe.6.1.1512

Table 9: Attitudes of housing developers towards mortgage financing services.

Attitudes of housing developers toward house financing options	SA (5)	A (4)	U (3)	D (2)	SD (1)	Total	LSMS
Without a mortgage from the bank, acquiring a decent house is challenging in GKMA	410	508	24	190	88	1220	3.05
Other house financing options are far better than house mortgages (like savings, salary loans, loans from money lenders, sale of assets, etc.) mortgages	455	740	114	142	15	1466	3.67
Other house financing options are readily available to Ugandans than mortgages	435	588	285	160	10	1421	3.55
Other house financing options are more readily accessible to Ugandans than mortgages	465	520	285	130	17	1417	3.54
It is easy to access housing mortgage financing services in Uganda.	445	560	258	124	23	1410	3.53
The mortgage interest rates in Uganda are high.	1430	444	6	1	0	1881	4.70
The mortgage process is very cumbersome.	1270	560	15	2	0	1847	4.62
Mortgage Product sensitisation was lacking, and it was not easy to read documents to completion before one could sign them.	1135	660	18	0	2	1815	4.53
The phased disbursements are very time-consuming for a housing developer constructing a house.	870	852	30	4	1	1757	4.39
Mortgage insurance gives some comfort to the mortgagee.	605	872	147	22	1	1647	4.12
Key: 1 – 1.8 = Strongly disagree (SD),1.9 – 2.6 = Disagree (D), 2.7 – 3.4 = Uncertain (U), 3.5 – 4.2 = Agree (A), 4.3 – 5.0 = Strongly Agree (SA)							

Source: Field data

Table 10: Correlation matrix of attitude variables

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1. Without a mortgage from the bank, acquiring a decent house is challenging in GKMA	1.000									
2. Other house financing options are far better than house mortgages (like savings, salary loans, loans from money lenders, sale of assets, etc.) mortgages	0.533	1.000								
3. Other house financing options are readily available to Ugandans than mortgages	0.733	0.642	1.000							
4. Other house financing options are more readily accessible to Ugandans than mortgages	0.680	0.529	0.743	1.000						
5. It is easy to access housing mortgage financing services in Uganda.	0.678	0.445	0.605	0.767	1.000					
6. The mortgage interest rates in Uganda are high.	-0.492	-0.244	-0.342	-0.325	-0.325	1.000				
7. The mortgage process is very cumbersome.	-0.426	-0.230	-0.294	-0.342	-0.296	0.459	1.000			
8. Mortgage Product sensitisation was lacking, and it was not easy to read documents to completion before one could sign them.	-0.111	-0.087	-0.101	-0.067	-0.063	0.232	0.420	1.000		
9. The phased disbursements are very time-consuming for a housing developer constructing a house.	0.024	0.021	0.031	0.007	0.042	0.093	0.262	0.304	1.000	
10. Mortgage insurance gives some comfort to the mortgagee.	0.313	0.236	0.327	0.281	0.240	-0.012	0.063	0.197	0.203	1.000

Source: Field data

Article DOI: https://doi.org/10.37284/eajbe.6.1.1512

Table 11: Challenges faced by Ugandans in accessing mortgage financing in Uganda

Challenges Faced by housing developers to access mortgage financing in Uganda	VCH (4)	CH (3)	FCH (2)	NCH (1)	Total	LSMS
Corrupt banking officers	8	182	147	1008	1345	3.36
Payment of mortgage processing fees of 2% of the loan amount	12	106	594	548	1260	3.15
Proving verifiable source(s) of income	168	168	168	368	872	2.18
Paying for valuation report of property used as collateral.	180	170	174	308	832	2.08
Preparing Bills of quantities for the house in case of construction	181	164	150	348	843	2.11
20% to 30% own contribution of the mortgage	18	38	33	1408	1497	3.74
The limiting loan mortgage period.	72	184	387	428	1071	2.68
Audited books of account.	143	174	204	408	929	2.32
Securing an approved architectural plan for the house in case of construction	144	174	216	388	922	2.31
Proof of property ownership, genuine land title or copy of the certificate of property to be purchased or developed.	182	178	189	264	813	2.03
Key: 1 – 1.75 = Not challenging (NCH), 1.76 – 2.50 = Fairly challenging (FCH), 2.60 – 3.25 = Challenging (CH), 3.26 – 4.00 = Very challenging (VCH)						

Source: Field data

Table 12: Correlation matrix of challenge variables

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1. Corrupt banking officers	1.000									
2. Payment of mortgage processing fees of 2% of the loan amount	-0.475	1.000								
3. Proving verifiable source(s) of income	-0.439	0.848	1.000							
4. Paying for valuation report of property used as collateral	-0.396	0.803	0.875	1.000						
5. Preparing Bills of quantities for the house in case of construction	-0.442	0.814	0.895	0.899	1.000					
6. 20% to 30% own contribution of the mortgage	-0.025	0.169	0.115	0.136	0.163	1.000				
7. The limiting loan mortgage period	-0.396	0.684	0.739	0.642	0.672	0.144	1.000			
8. Audited books of account	-0.458	0.820	0.856	0.795	0.821	0.117	0.830	1.000		
9. Securing an approved architectural plan for the house in case of construction	-0.488	0.823	0.872	0.834	0.848	0.099	0.784	0.925	1.000	
10. Proof of property ownership, genuine land title or copy of the certificate of property to be purchased or developed	-0.435	0.775	0.836	0.835	0.859	0.129	0.659	0.811	0.845	1.000

Source: Field data

Article DOI: https://doi.org/10.37284/eajbe.6.1.1512

CONCLUSIONS AND RECOMMENDATIONS

Study Conclusion

In summary, the correlation matrices examining basic requirements, awareness, attitudes, and challenges in Uganda's mortgage landscape reveal the complexity of factors influencing mortgage accessibility. Owner-developers' preference for alternative housing financing options due to perceived difficulties like mortgage processing, high interest rates, and cumbersome procedures signals the need for policy interventions. These correlations underscore the importance of financial literacy, trust in financial institutions, and awareness in shaping mortgage-related attitudes and behaviours. A comprehensive approach involving financial education, regulatory enhancements, and awareness campaigns is required to create a more accessible mortgage market in Uganda.

Policy Recommendation From This Paper

Financial institutions must proactively enhance mortgage accessibility by offering clear guidance on financing options for owner-developers and ensuring transparent and equitable mortgage terms. They should adopt customer-focused approaches, encompassing flexible repayment terms, reduced interest rates, and early repayment incentives.

Government intervention is pivotal to enhancing housing affordability and accessibility. To address this, the government should promote financial inclusion and literacy among low-income households, empowering them to explore alternative financing sources. Encouraging innovation and competition among banks and financial institutions will result in more flexible and affordable mortgage financing products. Additionally, robust regulation and supervision of the banking sector are essential to prevent corruption, fraud, and malpractice. These combined efforts will ensure that owner-developers can access and manage mortgage financing options sustainably and responsibly, ultimately increasing housing accessibility for all.

ACKNOWLEDGMENTS

The Uganda Government funded this work through the Makerere University Research Initiative (MAKRIF).

The European Union under the HEED-Inter Africa scholarship fund facilitated me in getting a conducive place to study and write.

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