

Topic

ENHANCING ACCESS TO MORTGAGE FINANCING SERVICES FOR HOUSE DEVELOPERS IN GKMA UGANDA: A STUDY OF AWARENESS, ATTITUDES, CHALLENGES AND MODELS

Abstract

Mortgage eligibility terms continue to deter many Ugandans from accessing house finance services from financial institutions. This study investigates the dynamics of mortgage financing services for house developers (HDs) in the Greater Kampala Metropolitan Area (GKMA), Uganda. The study employed a mixed-methods approach integrating quantitative and qualitative data from surveys and interviews conducted with HDs and bank credit professionals. The researcher administered 400 questionnaires to house developers (HDs) affiliated with House Finance Bank and Centenary Bank, employing a systematic sampling method. Additionally, we conducted six key informant interviews with bank professionals from the same institutions to supplement the data collection process. Descriptive statistics and logistic regression models are applied to analyse factors impacting HDs' likelihood of acquiring a mortgage while investigating supply-side actors' perspectives on mortgage financing in GKMA. The logistic regression models underscore the significant influence of HDs' awareness, attitudes, and challenges on their access to long-term housing loans. Notably, the logistic regression models for HD awareness, attitudes, and challenges yield statistically significant results, with chi-square values of 66.506, 84.287, and 73.317, respectively, and p-values of 0.000. Moreover, the study identifies barriers and opportunities within the mortgage financing system for HDs in GKMA. Recommendations are proposed to enhance mortgage finance accessibility, including measures to reduce interest rates, enhance terms' accessibility, and address corruption concerns. Bank professionals exhibit a nuanced understanding of mortgage financing in GKMA, advocating for governmental and regulatory cooperation to enhance mortgage affordability and availability. Recommendations for policy and practical interventions aim to improve access to inclusive and affordable housing finance mortgage solutions for house developers (HDs) in the Greater Kampala Metropolitan Area (GKMA). Tailored suggestions target policymakers, financial institutions, house developers, and other stakeholders. Emphasis is placed on streamlining mortgage processing times, subsidising processing fees for low-income developers, and increasing awareness of the benefits of the mortgage system. Furthermore, measures to combat bribery within the mortgage process are proposed to improve efficiency, transparency, and customer satisfaction.