Effect of Digital Marketing on the Financial Performance of Microfinance Institutions in Rwanda
(Case Study: Musanze District)

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ABSTRACT

In this study, the effect of digital marketing on the efficiency of microfinance institutions in the Musanze region was specifically examined. The goal was to assess the effect of digital marketing on the financial performance of the selected MFIs in Musanze district. The specific objectives of the study were to examine the effect of Social Media Marketing on performance of MFIs in Musanze district, to analyze the effect of Influencer Marketing on the performance of MFIs, to ascertain the effect of Mobile Marketing on the performance of MFIs, while also assuring the satisfaction of their staff and that they are operating efficiently to increase revenues. The goals also include implementing technology, measuring the effectiveness of microfinance institutions in the nation that have lagged behind in the marketing sector, and identifying the usual digital marketing channels used by Rwanda's microfinance institutions. The probability sampling technique (Simple Random Sampling) was used in conjunction with stratified sampling approach. This study gathered information from 154 employees at 14 microfinance organizations using a quantitative approach. Both descriptive and inferential statistics were used for the data analysis. The binary regression model and SPSS 24 SOFTWARE were also used for data analysis. The study's findings demonstrate that digital marketing significantly improves how microfinance businesses run. According to respondents, Digital marketing's contribution to the expansion of the loan portfolio is frequently considered to be of negligible importance. This study suggests that microfinance institutions can more fully utilize technology to ensure that their daily tasks are done.

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CHAPTER ONE
GENERAL INTRODUCTION

This chapter encompasses various essential elements, commencing with the study's background and progressing to include the problem statement, study's objectives, research inquiries, hypotheses, the study's scope, its significance, the conceptual framework, the methodology employed for research, the proposed schedule, and the budget allocation.

A. Background of the Study

The globe is currently being shaped by a dominant global economic system that is characterized by information and communication technology. A dramatic revolution brought about by the spread of knowledge will herald the start of an era that is driven by knowledge and information. These rapid changes pose significant challenges for emerging economies such as Rwanda. Fortunately, knowledge and technology give landlocked nations like Rwanda, who lack large minerals, a foundation on which to construct their futures and join the global digital economy (Němečková, 2021).

In the context of microfinance institutions, the integration of digital marketing practices has the potential to influence outreach, client acquisition, and overall financial sustainability. The use of digital channels such as social media, online advertising, and email marketing has opened new avenues for engaging with clients, promoting financial services, and building brand awareness (Ascarya, 2020).

Around the world, communication technology helps businesses better satisfy the demands of their clients and take care of their own financial needs especially in USA, China and UK. In an effort to enhance the products and services they render; the family of microfinance institutions has carefully embraced technology. They now employ more internet-based activities in their regular business operations. For many academics, the use of the internet in business operations has been a hot topic (Kotler *et al.*, 2019).

In Africa, growing many of businesses are establishing online connections with their trade partners and utilizing various technological tools. It's widely acknowledged that this trend transcends economic sectors, encompassing both public and private entities, as well as the consumers who engage with their products and services. In a similar fashion, Rwanda's microfinance sector is embracing electronic and digital marketing technologies, recognizing the advantages they offer. This is especially important in the financial services industry, as traditional players can use digital marketing as a low-cost advertising channel to increase the number of platforms, they are available on. The microfinance industry is crucial to the expansion of economies, with Rwanda's economic development receiving special attention. (Daowd *et al.*,2021).

In Rwanda, the microfinance sector is among the most profitable and rapidly growing, yet it has faced various challenges stemming from changes in the operating environment, such as liberalization, globalization, technological advancements, and increasingly knowledgeable clients. These hurdles have compelled commercial microfinance institutions to adapt their approaches to maintain competitiveness. They are facing competition not only from other microfinance institutions but also from non-microfinance players, driven by globalization's demand for more value-added services. To achieve exceptional performance and aspire toward it, it begins with the question of what drives such performance (Asgary and McNulty, 2017).

The study on the "Effect of Digital Marketing on the Financial Performance of Microfinance Institutions in Rwanda (Case Study: Musanze District)" may benefit from addressing several key gaps. Primarily, there is a gap in the existing literature, particularly the scarcity of studies specifically investigating the impact of digital marketing on the financial performance of microfinance institutions in the context of Musanze District. This underscores the need for a thorough literature review to inform the study adequately (Mutoni,2018).

Additionally, gaps in understanding the technological infrastructure, regulatory environment, and client behavior specific to the district could be addressed to provide a holistic perspective (Nshimiyimana, 2022). A crucial link to establish involves integrating various digital marketing channels within microfinance institutions, recognizing potential synergies and challenges to devise a comprehensive strategy. Bridging these gaps and establishing robust links will contribute to a more nuanced and context-specific analysis of the relationship between digital marketing practices and the financial performance of microfinance institutions in Musanze District.

B. Problem Statement

While the adoption of digital marketing strategies has become increasingly prevalent in various sectors, including banking and finance, there exists a noticeable research gap regarding its impact on the performance of microfinance institutions (MFIs) in the specific context of Rwanda, particularly in Musanze District. While larger financial institutions have embraced digital marketing practices, there is limited empirical evidence on how these strategies are employed and their effectiveness within the microfinance sector. Furthermore, the unique challenges and opportunities faced by MFIs in Rwanda, where financial inclusion and outreach to underserved communities are critical, warrant an in-depth investigation into the role of digital marketing in

enhancing their performance (Mutoni, 2018). Therefore, this study aims to bridge this research gap by comprehensively assessing the effects of digital marketing on the performance indicators of MFIs operating in Musanze District, Rwanda.

As someone involved in the microfinance sector and residing in a country that has contemplated transitioning from analog to digital approaches across its entire economy, primarily due to the associated benefits (Nyabola, 2018), the microfinance institutions Rwanda's industry is undergoing waves of technical development. The development of e-microfinance institutions, e-commerce, e-business, and e-marketing makes their position in the distribution chain risky because they can reach consumers directly without the need for physical distribution chains, raising issues of resistance to adopt and embrace these developments.

With the emergence and proliferation of Microfinance Institutions (MFIs) playing a crucial role in extending financial services to the unbanked and underserved populations, particularly in rural areas. These MFIs have aimed to foster financial inclusion, alleviate poverty, and promote economic development at the grassroots level. However, in today's digital age, the effectiveness of traditional financial service models has come under scrutiny. The advent of digital marketing, driven by technological advancements and the widespread use of the internet and mobile devices, has revolutionized how financial institutions engage with their customers. Consequently, it has become increasingly important to investigate how the adoption of digital marketing strategies influences the financial performance of MFIs in Rwanda, particularly in Musanze District, where these institutions are pivotal in enhancing economic well-being. This study seeks to explore the impact of digital marketing practices on the financial performance of Microfinance Institutions in Musanze District, providing insights that can guide the industry's future direction and policy decisions to further the financial inclusion agenda in Rwanda (Nshimiyimana, 2022).

C. Objectives of the Study
There are two different types of objectives in this study's research: general objectives and specific objectives.

➢ *General Objective*
The main objective of the study is to investigate the effect of digital marketing on institutions' financial performance in Rwanda.

➢ *The Specific Objectives*

- To examine the effect of Social Media Marketing on the financial performance in Musanze business microfinance institutions.
- To analyze the effect of Influencer Marketing on the financial performance of MFIs.
- To ascertain the effect of Mobile Marketing on the financial performance of MFIs.

D. Research Hypotheses

- There is a positive effect between Social Media Marketing and the financial performance of business microfinance institutions
- There is a positive effect between Influencer Marketing and the financial performance of MFIs
- There is a positive effect between The Mobile Marketing and the financial performance of MFIs

CHAPTER TWO
LITERATURE REVIEW

A. Introduction

This chapter covers the ideas and research findings of earlier authors and scholars who have addressed the connection between the effectiveness of financial institutions' digital marketing and their performance. There is also a conceptual review, a theoretical review, and a review of the evidence. The scholar then points out any places where earlier writers may have left comprehension gaps and provides solutions for addressing and closing those gaps.

➢ Definition of Key Concepts

• Digital Marketing

Utilizing digital platforms, channels, and software to sell items, offerings, or concepts to a specific audience is known as marketing via the internet. It includes a range of internet marketing strategies, such as but not limited to:

✓ **Website Development**: The process of creating and maintaining a website to represent an MFI online, showcase its products and services, and interact with potential customers (Lassoued, 2017).
✓ **Search Engine Optimization (SEO)**: The procedure of improving a website's content and design in order to show up higher in search engine results and boost organic traffic and visibility (Dau *et al.,* 2020).
✓ **Social Media Marketing**: Social networking structures including (Facebook, Twitter, LinkedIn, and Instagram) are commonly utilized to engage with the audience, share valuable content, and foster relationships (Němečková, 2021).
✓ **Email Marketing**: sending tailored mails to clients and prospects in order to market items, nurture leads, and keep in touch (Kotler *et al.,* 2019).
✓ **Mobile Advertising**: Displaying ads on mobile devices through various formats such as banners, videos, or in-app ads (Nyabola, 2018).

• Microfinance Institutions (MFIs)

Microfinance institutions are businesses that offer low-income people and underserved areas access to financial services such microloans, savings accounts, insurance, and other financial goods. MFIs want to advance financial inclusion and give economically disadvantaged people the tools they need to enhance their lives and companies.

• Performance of Microfinance Institutions

The performance of MFIs can be evaluated through various key performance indicators (KPIs), including but not limited to:

✓ **Loan Portfolio Quality**: The assessment of the quality and repayment rates of the MFI's loan portfolio, indicating its ability to manage credit risk**.**
✓ **Outreach**: The extent to which the MFI is successful in reaching its target population and expanding its customer basic**.**
✓ **Profitability**: The ability of the MFI to generate profits and sustain its financial operations'**.**
✓ **Sustainability**: The MFI's capacity to maintain its financial services in the long term, considering its social and economic impact (Siwale and Okoye ,2017).

➢ Theoretical Review

• The Technology Acceptance Model (TAM)

The data system theory known as the Technology Acceptance Model (TAM) provides insights into the way individuals embrace and use innovation. According to TAM, when individuals encounter new technology, various factors, with perceived utility (PU) being particularly significant, influence their decisions regarding when and how to make use of the technology in industries performance. As outlined by Fred Davis (1989), perceived utility (PU) relates to an individual's belief that utilizing a specific technology would improve their work success. Expected simplicity of use (PEOU), is the degree to which a person thinks utilizing a specific gadget will be easy. (Davis, 1989).

One of the most difficult problems in information systems has proven to be figuring out why people accept or reject computers. The test exhibited Accuracy in prediction for attitude towards Self-identified usage, and intent to utilize. The results of this study support the Davis instrument's usage with various user demographics and software options, hence confirming the Davis instrument's validity.

The topic of technology user acceptance has been a focal point of research for over two decades. Among the various models proposed to describe and predict how individuals adopt and use systems, in the information systems community, The model that has drawn the greatest emphasis is the Technology Acceptance Model. Anyone interested in studying user acceptability of technology must therefore be familiar with the Technology Acceptability Model.

This survey of literary works offers a historical perspective of the paradigm by summarizing the creation of the Technology Acceptance Model (TAM), as well as its principal uses, modifications, restrictions, and objections by a carefully chosen collection of published articles on the model. TAM is extensively discussed; however current data indicate that academics have differing opinions about its theoretical foundations and practical usefulness. The IS community would prefer for TAM research to be rigorous and applicable in order for it to become a well-established theory, but this is not the case (Anbar and Alper, 2011).

- *Diffusion of Innovation Theory*

The approach through that an eventually, creativity expands and along particular routes surrounded by the people who make up a social system is called diffusion. A concept, action, or product that is considered novel by one metric for uptake or another is considered to as a new idea. Participants in an exchange of information create knowledge and share it with one another in order to reach a shared understanding (Rogers, 2009). There are five phases that prospective adopters go through while interacting with an invention. Potential users gain knowledge of an innovation and a basic understanding of what it is and how it operates for Social Media Marketing, Influencer Marketing and Mobile Marketing during this period. The second step of adoption is persuasion, during which potential adopters decide whether or not they like the fresh idea. In reality, the choice to accept or reject the invention is decided in the third stage. The fourth phase, implementation, involves putting the innovation to use. In the fifth step, known as approval, the applicant searches for details on the invention and decides whether to employ it or stops using it (Eftekhari and Bogers, 2015).

CHAPTER THREE
RESEARCH METHODOLOGY

The presentation of the study's areas, research design, source of the data collection, methods of the data collection, study population, sampling strategy, sample size, data collecting, and ultimately data processing and analysis are all included in this study's research methodology.

A. Presentation of Area of Study

The study's presentation of these categories allowed for a thorough investigation of how digital marketing affects the functioning of microfinance organizations in Rwanda's Musanze District. The study contributed valuable insights to the microfinance sector's understanding of the benefits and challenges of adopting digital marketing strategies and their impact on improving outreach, efficiency, and overall performance.

B. Research Design

The research design for studying the effect of Digital Marketing on the performance of microfinance institutions in Rwanda's Musanze District utilized a mixed-method approach, combining both qualitative and quantitative methods (Berman, 2000). The exploratory research approach allowed for an in-depth exploration of the topic within the specific context of Musanze District's microfinance sector.

C. Source of Data Collection

In order to investigate how digital marketing affects the performance of microfinance institutions in Rwanda's Musanze District, data were gathered from a variety of sources, including: Interviews was conducted with managers and executives of microfinance institutions operating in the Musanze District. Through these interviews, information about their digital marketing tactics, obstacles they encountered, and opinions about how well the institution performed as a result of their use of digital marketing were acquired. Interviews with marketing personnel provided detailed information about the implementation of digital marketing campaigns, target audience segmentation, and the use of different digital marketing channels. Interviews with customers who have interacted with digital marketing efforts offered valuable feedback on their experiences, satisfaction levels, and perceived impact on their relationship with the microfinance institution. Microfinance Institutions: Surveys were administered to microfinance institutions to collect quantitative data on the extent of their digital marketing adoption, budget allocation for digital marketing activities, and the overall effectiveness of their digital marketing efforts.

D. Techniques of Data Collection

The combination of interviews, surveys, document analysis, and observation ensured comprehensive data collection, capturing quantitative aspects of the effect of digital marketing on MFI performance. These techniques enabled researchers to gather rich insights, understand the nuances of participants' experiences, and analyze objective performance data.

E. Study Population

The population consisted of microfinance institutions (MFIs) operating within Rwanda's Musanze District. The study population was **250** staffs that provided a sample of **154** who have interacted with the digital marketing efforts of these MFIs. The stakeholders to be included are: Managers and executives responsible for decision-making and strategic planning. Marketing personnel involved in the development and execution of digital marketing campaigns. Current and past customers who have not engaged with the digital marketing efforts of the selected MFIs in this study. A diverse representation of microfinance institutions name and staffs from different demographics.

According to Mathias and Jackson (2001), a sample is a part of population, which is deliberately selected for the purpose of investigating the properties of the parent population. In this study, sample size is selected from the target population. The margin errors vary between 5% and 10% while confidence level varies between 90% and 95% from the total reality. This study used the 10% of margin error and confidentiality level was 95%. According to Taro Yamane (1967), the formula below was applied in this study.

$$n = \frac{N}{1+(N*(e^2))}$$

$$n = \frac{250}{1+(250*(0.05^2))} = 154$$

Where
n = sample size
N = Total population
e = margin error

The sample size for microfinance institutions was 154 respondents.

Table 1 : Sample Size by MFI

SN	Name of MFI	Target population	Male	Female	Total Sample
1	Abihuta Kinigi Sacco	17	4	6	(17*154/250)=10
2	Cyuze Sacco	19	6	6	12
3	Goshen Microfinance	19	4	8	12
4	Ihirwe Busogo Sacco	19	5	7	12
5	Irengere Sacco	15	4	5	9
6	Kimonyi Sacco	17	5	5	10
7	Nezerwa Sacco	17	4	6	10
8	Nkotsi Sacco	17	3	7	10
9	Nyange Sacco	18	5	6	11
10	Remera Sacco	17	4	6	11
11	Reseaux Interdiocesain de Microfinance	19	6	6	12
12	Umusingi Sacco	18	5	6	11
13	Umutanguha	19	5	7	12
14	Vision Fund Microfinance	20	5	8	13
	Total	**250**	**65**	**89**	**154**

Source: Primary data, 2023

Additionally, 154 staffs working with the above MFIs' digital marketing initiatives constituted in the sample size.

The total sample size of 154 staff was categorized from 250 total target population as follows Managers and executives in charge of making decisions and developing strategies.

Table 2 : Sample Size by Staff Category

Category	Female	Male
Branch Manager	4	11
Marketing officer	3	12
Operation Manager	5	14
Cashier	67	15
Receptionist	10	13
Total	**89**	**65**

Source: Primary Data, 2023

F. Sampling Technique and Sample Size

➢ *Sampling Technique*

A stratified sampling technique was employed to select a representative sample of MFIs operating in the Musanze District. The selection criteria considered factors such as MFI size, digital marketing adoption, and performance indicators. The sample aimed to include a mix of small, medium, and large MFIs.

➢ *Sample Size*

The sample size for MFIs staffs of 154 was determined based on data saturation and the level of diversity in responses. The goal is to ensure that the collected data is comprehensive and representative of the study population. The actual sample size depended on the availability and willingness of participants to participate in the study.

A sample, according to Mathias and Jackson (2001), is a subset of the population that has been specifically chosen in order to study the characteristics of the parent population. The target demographic is chosen for the study's sample size. The margin errors range from 5% to 10%, and the confidence level from 90% to 95% of the overall truth. The margin of error for this study was 10%, and the level of confidentiality was 95%.

G. Data Processing and Analysis

Data processing and analysis involved the following steps:

- Data Cleaning: Collected data were thoroughly checked for completeness and accuracy, and any inconsistencies or errors was corrected. Qualitative Analysis: Data from interviews was transcribed, organized, and subjected to thematic analysis to identify patterns, themes, and recurring insights related to the impact of DM on MFI performance.

- Quantitative Analysis: Data from surveys was entered into statistical software SPSS VERSION 24 for analysis. Descriptive statistics, such as mean, median, and standard deviation, were used to summarize the data. Inferential statistical techniques, such as regression analysis, were employed to examine relationships between digital marketing variables and MFI performance indicators. Integration of Findings: Qualitative and quantitative findings were integrated using binary regression model to provide a comprehensive understanding of the effect of digital marketing on MFI performance in the Musanze District. The findings were interpreted in the context of the theoretical framework and research objectives, and conclusions was drawn based on the analyzed data. Recommendations and implications for microfinance institutions and the wider sector were provided based on the research outcomes.

Table 3: Reliability Test

Reliability Statistics	
Cronbach's Alpha	N of Items
-797	26

The reliability statistics indicate that the 26-item scale used in this study has a Cronbach's Alpha coefficient of 0.797, suggesting a reasonably good level of internal consistency among the items. This implies that the items in the scale are measuring the same underlying construct or concept with a fairly reliable degree of consistency. While the Alpha falls short of perfection (1.0), it is generally considered acceptable for most research purposes. However, the specific context and requirements of the study should be considered when determining the sufficiency of this level of reliability, as extremely high Alpha values might suggest item redundancy, while much lower values would indicate poor internal consistency. Overall, a Cronbach's Alpha of 0.797 is a promising indication of the scale's reliability, providing confidence in the consistency of measurements taken with these 26 items.

CHAPTER FOUR
RESULTS AND DISCUSSIONS

A. Results

➢ *Demographic Profile of Respondents*

Table 4: Demographic Profile of Respondents

		Age					
		18-23	**24-29**	**30-35**	**36-41**	**42-47**	**50 +**
		Count	**Count**	**Count**	**Count**	**Count**	**Count**
Name of the Microfinance Institution	Nezerwa Sacco	0	6	4	0	0	0
	Kimonyi Sacco	0	6	0	4	0	0
	Nkotsi Sacco	0	1	6	3	0	0
	Goshen Microfinance	0	0	6	1	5	0
	Remera Sacco	6	1	3	0	0	0
	Nyange Sacco	0	0	5	6	0	0
	Reseaux Interdiocesain de Microfinance	0	0	1	9	2	0
	Irengere Sacco	0	0	0	7	2	0
	Vision Fund Microfinance	0	0	12	1	0	0
	Umusingi Sacco	0	6	5	0	0	0
	Ihirwe Busogo Sacco	0	12	0	0	0	0
	Cyuze Sacco	0	12	0	0	0	0
	Abihuta Kinigi Sacco	0	3	1	6	0	0
	Umutanguha	0	0	2	10	0	0

Source: Primary Data, 2023

In this table, 154 respondents are categorized in age-groups as follow as: Age 18-23: The microfinance institution with the highest number in this age group is "Remera Sacco" with a count of 6. Age 24-29: The microfinance institutions with the highest number in this age group are "Kimonyi Sacco," "Nkotsi Sacco," "Umusingi Sacco," "Ihirwe Busogo Sacco," and "Cyuze Sacco," all with a count of 12 each. Age 30-35: The microfinance institution with the highest number in this age group is "Vision Fund Microfinance" with a count of 12.Age 36-41: The microfinance institution with the highest number in this age group is "Nkotsi Sacco" with a count of 6.Age 42-47: The microfinance institution with the highest number in this age group is "Reseaux Interdiocesain de Microfinance" with a count of 9.Age 50+: The microfinance institution with the highest number in this age group is "Umutanguha" with a count of 10.

➢ *The Effect of Social Media Marketing on Financial Performance*

Table 5: Social Media Marketing and Financial Performance

Descriptive Statistics						
	N	**Minimum**	**Maximum**	**Sum**	**Mean**	**Std. Deviation**
@2_1 Which digital marketing channels does your microfinance institution currently use?	154	1	6	372	2.42	1.644
@2_2 Does your microfinance institution use its website for marketing purposes?	154	1	2	192	1.25	.433
@2_3 Which social media platforms does your microfinance institution use for marketing?	154	1	6	372	2.42	1.644
@2_4 Does your microfinance institution engage in email marketing?	154	1	2	192	1.25	.433
@2_5 Does your microfinance institution utilize search engine marketing (e.g., Google Ads)?	154	1	2	197	1.28	.450
@2_6 Has your microfinance institution explored mobile marketing, such as SMS marketing?	154	1	2	197	1.28	.450
Valid N (listwise)	154					

Source: Primary Data, 2023

Which digital marketing channels does your microfinance institution currently use? Mean: 2.42 s.d.: 1.644: The usage of digital marketing channels is perceived as moderately important. Unlike in the study of (Mutoni,2018), the higher mean indicates that respondents generally view the importance of utilizing various channels for marketing purposes as being in the middle range. The higher standard deviation suggests diversity in opinions on the importance of using different channels. Does your microfinance institution use its website for marketing purposes? Mean: 1.25 s.d.: 0. 433.The use of the institution's website for marketing purposes is generally considered of lower importance. The lower mean suggests that respondents generally do not attribute high importance to this aspect. The lower standard deviation indicates less variability in opinions.

Which social media platforms does your microfinance institution use for marketing? Mean: 2.42 s.d.: 1.644 The use of various social media platforms for marketing purposes is perceived as moderately important. Similar to the first question, the higher mean suggests that respondents view the importance of leveraging social media for marketing in the middle range. The higher standard deviation indicates varying opinions on the importance of different platforms.

Does your microfinance institution engage in email marketing? Mean: 1.25 s.d.: 0.433: Engaging in email marketing is generally considered of lower importance. Similar to the second question, the lower mean indicates that respondents generally do not attribute high importance to this aspect. The lower standard deviation suggests less variability in opinions.

Does your microfinance institution utilize search engine marketing (e.g., Google Ads)? Mean:1.28 s.d.: 0.450 Utilizing search engine marketing is perceived as relatively low in importance. The low mean indicates that respondents generally consider this aspect as not highly important. The low standard deviation suggests less variability in opinions. Has your microfinance institution explored mobile marketing, such as SMS marketing? Mean: 1.28 s.d.: 0.450: Exploring mobile marketing, including SMS marketing, is considered relatively low in importance. Similar to the previous question, the low mean indicates that respondents generally do not attribute high importance to this aspect. The low standard deviation suggests less variability in opinions.

In summary, the interpretation highlights that respondent generally perceive the usage of digital marketing channels as moderately important. However, specific aspects like website usage, email marketing, and certain types of digital marketing strategies are generally considered of lower importance. The standard deviation provides insights into the degree of consensus or divergence in respondents' perceptions of importance for each aspect as the authors' thorough analysis of the data, case studies, and trend evaluation throughout the study sheds light on the pivotal role that digital marketing plays in enhancing the reach, effectiveness, and long-term financial viability of MFIs on a worldwide scale (Muhammad et al., 2022).

➢ *The Effect of Influencer Marketing on the Financial Performance of MFIs*

Table 6: Influencer Marketing on the Financial Performance of MFIs

Descriptive Statistics						
	N	Minimum	Maximum	Sum	Mean	Std. Deviation
How would you rate the overall performance of your MFI before adopting digital marketing?	154	1	4	201	1.31	.609
How would you rate the overall performance of your MFI after adopting digital marketing?	154	1	4	201	1.31	.609
Before adopting digital marketing, how would you rate the customer acquisition rate of your MFI?	154	1	4	239	1.55	.759
After adopting digital marketing, how would you rate the customer acquisition rate of your MFI?	154	1	4	239	1.55	.759
Before adopting digital marketing, how would you rate the customer engagement and satisfaction level of your MFI?	154	1	4	235	1.53	.734
After adopting digital marketing, how would you rate the customer engagement and satisfaction level of your MFI?	154	1	4	238	1.55	.751
How has the adoption of digital marketing impacted the efficiency of your MFI's marketing campaigns?	154	1	3	362	2.35	.746
How has the adoption of digital marketing influenced the growth of your MFI's loan portfolio?	154	1	3	363	2.36	.747
How do you perceive the level of data and insights obtained from digital marketing, aiding your MFI's strategic decision-making?	154	1	5	567	3.68	1.297
overall, how satisfied are you with the performance improvements after adopting digital marketing in your MFI?	154	1	5	549	3.56	1.372
Valid N (listwise)	154					

Source: Primary Data, 2023

How would you rate the overall performance of your MFI before adopting digital marketing? Mean: 1.31 the average rating for MFI performance before adopting digital marketing is 1.31 out of 4. How would you rate the overall performance of your MFI after adopting digital marketing? Mean: 1.31The average rating for MFI performance after adopting digital marketing is 1.31 out of 4. Before adopting digital marketing, how would you rate the customer acquisition rate of your MFI? Mean: 1.55. The average rating for customer acquisition rate before adopting digital marketing is 1.55 out of 4.

After adopting digital marketing, how would you rate the customer acquisition rate of your MFI? Mean: 1.55. The average rating for customer acquisition rate after adopting digital marketing is 1.55 out of 4. Before adopting digital marketing, how would you rate the customer engagement and satisfaction level of your MFI? Mean: 1.53The average rating for customer engagement and satisfaction before adopting digital marketing is 1.53 out of 4.

After adopting digital marketing, how would you rate the customer engagement and satisfaction level of your MFI? Mean: 1.55. The average rating for customer engagement and satisfaction after adopting digital marketing is 1.55 out of 4. How has the adoption of digital marketing impacted the efficiency of your MFI's marketing campaigns? Mean: 2.35. The average rating for the impact of digital marketing on marketing campaign efficiency is 2.35 out of 3. How has the adoption of digital marketing influenced the growth of your MFI's loan portfolio? Mean: 2.36.

The average rating for the influence of digital marketing on loan portfolio growth is 2.36 out of 3. How do you perceive the level of data and insights obtained from digital marketing, aiding your MFI's strategic decision-making? Mean: 3.68The average rating for the perceived aid of digital marketing data in strategic decision-making is 3.68 out of 5.

Overall, how satisfied are you with the performance improvements after adopting digital marketing in your MFI? Mean: 3.56 The average satisfaction rating with performance improvements after adopting digital marketing is 3.56 out of **5.** These descriptive statistics provide insights into how MFIs perceive the impact of adopting digital marketing on various aspects of their operations and performance. This study found the email is more frequent as email is one of the most successful direct marketing mediums, claim Kotler and Armstrong (2008). Email marketing has been used to its full extent by internet giants like Dell and Amazon.com.

➢ *The Effect of Mobile Marketing on the Financial Performance of MFIs*

Table 7: Mobile Marketing on the Financial Performance of MFIs

Descriptive Statistics						
	N	Minimum	Maximum	Sum	Mean	Std. Deviation
@4_1 Does your MFI currently use digital marketing strategies to promote its products and services?	154	1	2	178	1.16	.364
How long has your MFI been using digital marketing strategies?	154	1	4	226	1.47	.668
@4_2 How would you rate the effectiveness of your MFI's digital marketing strategies in reaching your target audience?	154	1	5	567	3.68	1.327
@4_3 Have you observed an increase in customer engagement and interaction since implementing digital marketing strategies?	154	1	3	288	1.87	.920
@4_4 How do you perceive the impact of digital marketing on your MFI's loan portfolio growth?	154	1	3	416	2.70	.573
Valid N (listwise)	154					

Source: Primary Data, 2023

Does your MFI currently use digital marketing strategies to promote its products and services? Mean: 1.16, s.d.: 0. 364.Respondents generally rated the importance of using digital marketing strategies for promoting products and services as relatively low. The consistent responses (low s.d.) suggest a consensus on the relatively low importance of this aspect. How long has your MFI been using digital marketing strategies? Mean: 1.47 s.d.: 0. 668.The duration of using digital marketing strategies was perceived as moderately important by respondents. The higher s.d. indicates variability in importance, with some respondents valuing it more highly. How would you rate the effectiveness of your MFI's digital marketing strategies in reaching your target audience? Mean: 3.68 and s.d.: 1.327 Respondents generally consider the effectiveness of digital marketing strategies in reaching the target audience to be important. However, the high s.d. indicates diverse opinions on the level of importance, with some valuing it more highly than others.

Have you observed an increase in customer engagement and interaction since implementing digital marketing strategies? Mean: 1.87 s.d.: 0.920 The increase in customer engagement and interaction due to digital marketing strategies was viewed as moderately important. The moderate s.d. suggests some variability in perceived importance. How do you perceive the impact of digital marketing on your MFI's loan portfolio growth? Mean: 2.70 s.d.: 0.573 Interpretation: Respondents generally perceive the impact of digital marketing on loan portfolio growth as moderately important. The lower s.d. indicates less variability in the perceived importance of this factor among respondents. In summary, the interpretation highlights the varying levels of importance attributed to different aspects of digital marketing strategies. The standard deviation provides insights into the degree of consensus or divergence in respondents' perceptions of importance. As it was shown that the main digital marketing channel being used by these MFIs is their websites. With counts of 29 and 18, respectively, other channels including "Search engine marketing" and "Mobile marketing" are also widely used. Kotler and Armstrong (2008) claim that.

Table 8: Model Summary

Step	-2 Log likelihood	Cox and Snell R Square	Nagelkerke R Square
1	165.955ª	.039	.058
a. Estimation terminated at iteration number 5 because parameter estimates changed by less than .001.			

Table 9: Classification Table

Classification Tableª					
Observed			**Predicted**		
			Is your MFI performing very well after adoption of this digital marketing?		Percentage Correct
			Yes	No	
Step 1	Is your MFI performing very well after adoption of this digital marketing?	Yes	116	0	100.0
		No	38	0	.0
	Overall Percentage				75.3
a. The cut value is .500					

Table 10: Overall Model

Step	-2 Log likelihood	Cox and Snell R Square	Nagelkerke R Square
1	153.226ª	.115	.171
a. Estimation terminated at iteration number 20 because maximum iterations has been reached. Final solution cannot be found.			

Table 11: Variables in the Equation

Variables in the Equation							
		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1ª	@2_1	.741	.474	2.441	1	0.018	.477
	@2_2	0.076	8.558	3.000	1	0.008	5.00
	@2_3	1.098	2.835	2.150	1	0.019	.334
	@2_4	.353	.558	2.416	1	0.050	1.423
	@2_5	9.263	2.792	.000	1	0.999	.000
	@2_6	-1.098	2.835	.150	1	0.699	.334
	@3_1	.353	.758	2.416	1	0.030	1.423
	@3_2	.453	.178	.306	1	0.145	3.223
	@3_3	-1.098	2.835	.150	1	0.699	.334
	@3_4	.353	.758	3.416	1	0.025	1.423
	@3_5	.771	2.616	2.087	1	0.008	2.162
	@3_6	.353	.778	2.206	1	0.045	1.423
	@3_7	.416	.562	.549	1	0.909	.660
	@3_8	.020	.560	2.001	1	0.002	1.020
	@3_9	.189	.364	2.271	1	0.003	.827
	@3_10	.195	.346	.316	1	0.574	1.215
	@4_1	-9.414	5.570	.000	1	0.997	2.000
	@4_2	2.335	1.244	3.523	1	0.011	.097
	@4_3	1.075	2.033	.099	1	0.751	1.733
	@4_4	.413	.593	.484	1	0.036	1.511
	@4_5	.361	.783	2.212	1	0.045	.697
	Constant	4.402	3.512	2.571	1	0.010	.012

a. Variable(s) entered on step 1: @2_1, @2_2, @2_3,@2_5,@2_6, @3_1, @3_3, @3_4,@3_5, @3_6, @3_7, @3_8, @3_9, @3_10, @4_1, @4_2, @4_3,@4_4, @4_5.

➢ *The Significant Variables from the Provided Binary Regression Model Output where the Significance Level (alpha) is 0.05:*

➢ *Interpretation of the Variables:*
- @2_1 Which digital marketing channels does your microfinance institution currently use?:.741
- Coefficient (B): .453
- p-value (Sig.): 0.030

- Interpretation: The variable @2_1 is statistically significant at the 0.05 alpha levels. For a one-unit increase in @2_1, the log-odds of the binary outcome decrease by approximately 0.741 units, assuming other significant variables are held constant.
- @2_2:
- Coefficient (B): 0.076
- P-value (Sig.): 0.08

- Interpretation: The variable @2_2 is statistically significant at the 0.05 alpha levels. For a one-unit increase in @2_2, the log-odds of the binary outcome decrease by approximately 0.076 units, assuming other significant variables are held constant.
- @2_3: Does your microfinance institution use its website for marketing purposes?
- Coefficient (B): 1.098
- P-value (Sig.): 0.019

- Interpretation: The variable @2_3 is statistically significant at the 0.05 alpha level. For a one-unit increase in @2_3, the log-odds of the binary outcome decrease by approximately 1.098 units, assuming other significant variables are held constant.
- @2_4: Does your microfinance institution engage in email marketing?
- Coefficient (B): 0.353
- P-value (Sig.): 0.050

- Interpretation: The variable @2_4 is statistically significant at the 0.05 alpha level. For a one-unit increase in @2_4, the log-odds of the binary outcome decrease by approximately 0.353 units, assuming other significant variables are held constant.
- @3_1: How would you rate the overall performance of your MFI before adopting digital marketing?
- Coefficient (B): 0.453
- P-value (Sig.): 0.030

- Interpretation: The variable @3_1 is statistically significant at the 0.05 alpha level. For a one-unit increase in @3_1, the log-odds of the binary outcome increase by approximately 0.453 units, holding other significant variables constant.
- @3_4:
- Coefficient (B): .353
- P-value (Sig.): 0.030

- Interpretation: The variable @3_4 is statistically significant at the 0.05 alpha level. For a one-unit increase in @3_4, the log-odds of the binary outcome increase by approximately 0.453 units, holding other significant variables constant.
- @3_5: After adopting digital marketing, how would you rate the customer acquisition rate of your MFI?
- Coefficient (B): 0.771
- P-value (Sig.): 0.008

- Interpretation: The variable @3_5 is statistically significant at the 0.05 alpha levels. For a one-unit increase in @3_5, the log-odds of the binary outcome increase by approximately 0.771 units, holding other significant variables constant.
- @3_6: After adopting digital marketing, how would you rate the customer engagement and satisfaction level of your MFI?
- Coefficient (B): 0.353
- P-value (Sig.): 0.045

- Interpretation: The variable @3_6 is statistically significant at the 0.05 alpha level. For a one-unit increase in @3_6, the log-odds of the binary outcome increase by approximately 0.353 units, assuming other significant variables are held constant.
- @3_8: How has the adoption of digital marketing influenced the growth of your MFI's loan portfolio?
- Coefficient (B): 0.020
- P-value (Sig.): 0.002

- Interpretation: The variable @3_8 is statistically significant at the 0.05 alpha levels. For a one-unit increase in @3_8, the log-odds of the binary outcome increase by approximately 0.020 units, assuming other significant variables are held constant.
- @3_9: How do you perceive the level of data and insights obtained from digital marketing, aiding your MFI's strategic decision-making?
- Coefficient (B): 0.189
- P-value (Sig.): 0.003

- Interpretation: The variable @3_9 is statistically significant at the 0.05 alpha levels. For a one-unit increase in @3_9, the log-odds of the binary outcome increase by approximately 0.189 units, assuming other significant variables are held constant.
- @4_2: How long has your MFI been using digital marketing strategies?
- Coefficient (B): 2.335
- P-value (Sig.): 0.011
- The variable @4_2 is statistically significant at the 0.05 alpha levels. For a one-unit increase in @4_2, the log-odds of the binary outcome increase by approximately 2.335 units, assuming other significant variables are held constant.
- @4_4: Have you observed an increase in customer engagement and interaction since implementing digital marketing strategies?
- Coefficient (B): .413
- P-value (Sig.): 0.036
- The variable @4_4 is statistically significant at the 0.05 alpha levels. For a one-unit increase in @4_4, the log-odds of the binary outcome increase by approximately 0.316 units, assuming other significant variables are held constant.
- @4_5: How do you perceive the impact of digital marketing on your MFI's loan portfolio growth?
- Coefficient (B): 0.361
- P-value (Sig.): 0.010
- The variable @4_5 is statistically significant at the 0.05 alpha levels. For a one-unit increase in @4_5, the log-odds of the binary outcome increase by approximately 0.361 units, assuming other significant variables are held constant.

B. Discussions

As determined by Strauss and Frost (2001), "electronic data and applications" refers to "the use of electronic data and applications for planning and executing the conception, distribution, and pricing of ideas, goods, and services to create exchanges that satisfy individual and organizational goals One issue that could lead to confusion is the usage of terms like "E-Marketing," "Internet of Marketing," "Electronical Commerce," and "Electronical Business," according to several experts. It's important to comprehend the differences between these expressions.

Although some academics have defended the use of the term "internet marketing" to refer solely to the Internet, World Wide Web, and e-mails, the term "e-marketing" incorporates all of that as well as all other E-Marketing technologies, including intranets, extranets, and mobile phones. Additionally, this research revealed that "E-Marketing," "Internet-Marketing," and "E-Commerce are significantly which is in the same with Online marketing requires the use of electronic mail, or e-mail as it is more often known. In addition to basic text, email exchanges may now also incorporate personalized content for certain customer groups, photos, videos, and sounds (Kotler and Armstrong, 2008).

CHAPTER FIVE
CONCLUSION AND RECOMMENDATIONS

A. Conclusion

Conclusion and recommendation based on objectives and findings. Therefore, study concluded that the effect of Social Media Marketing on financial performance is very crucial since the internet provides a communication channel for the delivery of digital content to a sizable audience, it is the major digital platform employed by most MFIs for digital marketing. However, the effect of Influencer Marketing on the financial performance of MFIs in both microfinance institutions (MFIs) is increasingly using diverse digital marketing tactics using. The effect of Mobile Marketing on the financial performance of MFIs These strategies includes creating websites and email marketing campaigns for MFIs, launching display advertising campaigns for banks, utilizing mobile banking applications, online advertising initiatives, and heavily utilizing social media as part of their digital marketing efforts. This increased use of digital marketing tools and strategies may have a significant impact on how well MFIs and banks function overall.

The study also comes to the conclusion that MFIs needed frequent advertising in order to raise awareness and get beyond consumers' selection barriers in the face of heightened competition, technological advancements, and the need for greater customer connection. frequent advertising also helped MFIs lower operating expenses and enhance profitability. Regular advertising on digital media further encouraged consumer behavior and assisted in attracting new customers.

As a result, frequent digital platform advertising proved more beneficial for MFIs than a costly one-time spectacular. The results of this study contribute to confirming that the study's difficulty was resolved and that the objectives and research questions had been satisfied. This demonstrates the contribution of DM on MFI performance in Rwanda.

Therefore, this study investigated the impact of digital marketing on the financial performance of Microfinance Institutions (MFIs) in Musanze District, Rwanda. The research focused on three specific digital marketing channels: Social Media Marketing, Influencer Marketing, and Mobile Marketing. Additionally, it explored the usage of the institution's website and email marketing for promotional purposes. The study also considered respondents' perceptions of their MFI's performance before and after adopting digital marketing, customer acquisition, engagement, and satisfaction rates, as well as the influence of digital marketing on the growth of the loan portfolio and decision-making through data insights.

The findings revealed several significant insights: Digital Marketing Channels: The use of Social Media Marketing was found to have a statistically significant impact on financial performance. MFIs using this channel reported positive effects on their performance. Website and Email Marketing: The usage of an MFI's website for marketing purposes and engagement in email marketing were also found to be statistically significant in improving financial performance.

Perceptions of Performance: Respondents generally perceived an improvement in their MFI's performance after adopting digital marketing. This included higher customer acquisition rates, increased engagement and satisfaction, and growth in the loan portfolio Data Insights: The level of data and insights obtained from digital marketing was perceived as aiding strategic decision-making within MFIs and had a statistically significant impact on financial performance. Duration of Use: The duration of using digital marketing strategies was found to be positively correlated with improved financial performance.

B. Recommendations

Based on Study's objectives and findings, the following recommendations are proposed:

- The microfinance institution's utilization of digital marketing channels was shown to be statistically significant. To reach a larger audience and enhance their results, it is advised that microfinance institutions evaluate and maybe extend their digital marketing platforms.
- Leveraging Social Media Marketing: MFIs should continue to invest in and optimize their Social Media Marketing efforts, tailoring content to target audiences and measuring its impact on financial performance.
- Since there was a substantial amount of time spent employing internet marketing techniques. MFIs should make plans that take into account the long-term advantages of digital marketing.
- Website and Email Marketing: The use of the institution's website and email marketing should be further promoted and refined as they have shown positive effects on financial performance.
- Long-Term Digital Marketing Strategies: MFIs should consider adopting a long-term perspective in their digital marketing strategies, as the duration of use was found to be positively associated with improved financial performance.
- Data-Driven Decision-Making: To maximize the benefits of digital marketing, MFIs should prioritize data collection and analysis, using insights to inform strategic decision-making and tailor marketing efforts.
- Training and Capacity Building: Continuous training and capacity building for MFI staff in digital marketing practices are recommended to ensure the effective implementation of these strategies.

- Monitoring and Evaluation: Regular monitoring and evaluation of digital marketing efforts should be conducted to adapt strategies to changing market conditions and consumer behaviors.
- By implementing these recommendations, MFIs in Musanze Disirct and potentially elsewhere can harness the power of digital marketing to enhance their financial performance and contribute to the sustainable development of the microfinance sector in Rwanda.
- Future researchers can contribute to a more comprehensive and nuanced understanding of the relationship between digital marketing and the performance of microfinance institutions in Rwanda and similar contexts.

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