

## ABSTRACT

Microcredit is espoused to play an important role in national growth and rural development, yet its uptake by rural farmers has remained low. This study was carried out in Soroti District of Uganda to determine factors that influence credit utilization among members of Savings and Credit Cooperative Organizations (SACCO). The study objectives were to; (i) establish the relationship between intrapersonal factors like self-interest, rationality, decision making and credit utilization among SACCO members. (ii) Examine the mediating role of social norms on the borrowers' perceived behavioral control over credit utilization intention; and, (iii) explore the perceptions of SACCO members towards credit utilization in Soroti District. A mixed methods research design involving a questionnaire survey, key informant interviews and focus group discussions was used to obtain data from respondents. Results showed that self-interest, rationality and decision making were positively and significantly influenced credit utilization ( $p > 0.05$ ). Attitudes and perceived behavioral control significantly influenced the efficacy of credit utilization intention ( $p > 0.05$ ), while social norms had no significant effect. Instead, social norms significantly mediated the relationship between perceived behavioral control and credit utilization intention. Social networks, trading, financial literacy, loan appraisal, production, uncertainty, gender aspects, interest rate, loan recovery mechanisms, loan monitoring, credit planning, sticking to the business planning and credit history were also important factors in explaining perceptions towards credit utilization. Therefore, SACCO members need training on the importance of decision making, self-interest, rationality, attitudinal change so that they can invest credit in productive activities on sustainable basis by increasing their level of confidence. More emphasis on social capital formation which can be strengthened through clearly defined roles and responsibilities among different actors and provision of incentive packages such as salaries for board members to reduce on cases of fraud and corruption among SACCO officials.