

**THE IMPACT OF SERVICE QUALITY TO  
FINANCIAL PERFORMANCE IN MICRO  
FINANCE INSTITUTIONS IN UVA PROVINCE**

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## **ABSTRACT**

Micro financing is one of the most powerful tools for combating with poverty. Microfinance is a means of the struggle against poverty in developing countries through financing activities that generate incomes for poor households. Most of people in developing countries have been given access to formal financial services through microfinance programs.

In the competitive environment all micro financial institution are trying to increase their level of profitability through providing quality of services as a competitive strategy. This study was examined how the services quality impact to increase customer satisfaction and how customers satisfaction impact to increase financial performance.

The purpose of the study was to identify the impact of service quality on financial performance of the micro financial institutions using the two micro financial institutions selected in Uva province.

The researcher used primary data as well as secondary data for analyzing the research questions the primary data were collected administering queers to randomly selected 60 customers. When presenting and analyzing the primary data, the researcher used chart and graphic as well as Correlation analysis, Regression analysis and Hypothesis testing. And also researcher analyzed secondary data collected from bank annual reports, central bank report to find out quantitative impact of the performance.

Finding of the study revealed that there was positive relationship between service quality and financial performance. And also service quality of loan has higher positive correlation (0.267) than other independent variables.

**Key words:** Micro finance, Micro financial institution, service quality, Customer satisfaction and financial performance