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**The Role of Centenary Bank Microfinance Loans in Alleviating Poverty in Mbale District:  
A Case Study of Busano and Wanale Sub-counties**

This study was to assess the role of Centenary Bank microfinance loans in alleviating poverty in Mbale District using Busano and Wanale Sub-Counties as case studies. The objectives of the study were to examine the loan characteristics offered by Centenary Bank and how they alleviate poverty in Busano and Wanale Sub-Counties, Mbale District; to assess the contribution of microfinance towards alleviating poverty in Busano and Wanale Sub-Counties; and to assess the relationship between Micro finance loans and poverty alleviation. This study used a case study design where both quantitative and qualitative approaches were applied. The respondents were randomly selected after systematically sampling from among the clients and purposely for staff members. Staff of Centenary Bank was purposively selected since they were few. The quality of instruments was ensured by measuring the validity and reliability of the instruments. After data was collected, it was coded, edited, interpreted and presented using graphs, charts and tables in computer programmes like the Statistical Package for the Social Sciences (SPSS) and Microsoft excel. According to the research findings, respondents believed that loan periods offered to them did not support their efforts to improve their incomes and investments. It was revealed that Centenary Bank as a microfinance/commercial Bank over charges its clients for financial services especially credit. Respondents revealed that they were having low cash flow potentials which would not enable them to qualify for bigger loans. Thus, 77.2 percent were generally in disagreement with the assertion that loan sizes offered by Centenary microcredit extension system improved their income. This implies that Centenary bank has not provided relatively appropriate loan sizes to the people of Wanale and Busano Sub-counties. Through interviews with some clients and staff, it was revealed that the loan periods given did not eradicate poverty as they were not supporting business growth as most clients' businesses were found to be small and incomes could not meet their expenses like education, medical, feeding and acquisition of valuable assets. Clients were not able to easily pay back the loans offered to them by Centenary Bank. It has been revealed that lack of savings and capital makes it difficult for many poor people to undertake productive employment generating activities. There is a strong positive relationship between Centenary bank Microfinance loans and poverty alleviation in Mbale as revealed by Pearson correlation coefficient as  $r = 0.808$ ,  $p = 0.05$ . The coefficient of determination ( $r^2$ ) being 80.8% means that Centenary bank microfinance loans contributes 80.8% towards poverty alleviation among the communities and the difference of 17.2% is contributed by other factors. The researcher, therefore, recommends that Centenary Bank should always try to provide loans on time to the clients so as to ease the running of their investments. The interest rates charged should also be checked by Centenary bank. The whole Centenary Bank Management should adopt Client Relationship Management so as to keep in touch with the ever-changing customer needs. Loan officers need to be empowered so as to enable them deal with the clients entirely.

Key words: Microfinance, Poverty, Bank, Centenary