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FINANCIAL INCLUSIVITY ENABLERS AND PERFORMANCE OF SMALL MEDIUM ENTERPRISES IN UASIN-GISHU COUNTY

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ABSTRACT

Financial inclusivity enablers play a pivotal role in shaping the performance of SMEs across various economies. These enablers encompass a range of initiatives and mechanisms aimed at expanding access to financial services and fostering inclusion among SMEs. The general objective of the study was to establish the effect of financial inclusivity enablers on performance of small medium enterprises in Uasin-Gishu county. The specific objectives included to determine the effect of digital financial services on performance of small medium enterprises in Uasin-Gishu County, to examine the effect of credit access on performance of SMEs in Uasin-Gishu County, to assess the effect of financial literacy programs on performance of SMEs in Uasin-Gishu County and to assess the effect of agent banking on performance of small medium enterprises in Uasin-Gishu County. Theories discussed include the diffusion of innovation theory, credit rationing theory, dynamic capabilities theory and institutional theory. A cross-sectional survey was used as the research design for this investigation. The study focused on SMEs in Uasin-Gishu County that are registered with the Revenue Department under a single business permit. These businesses had less than 20 employees. A stratified proportionate sample strategy was employed by the researcher. The main data was gathered using a standardized questionnaire that included closed-ended questions. Ten percent of the total sample size will be used in the pilot study. A total of 31 participants were selected at random from this pool. To put theories to the test, the study employed inferential statistics. Prior to performing regression, the study performed diagnostic tests to assess the assumptions. Pearson's correlation results indicated that there is a positive and significant relationship between digital financial services, credit access, financial literacy programs, agent banking and performance of SMEs. Managerial recommendations included adopting digital financial services, employee training, strategic borrowing, financial literacy and utilize agent banking. Policy recommendations included to develop digital infrastructure, to improve credit access, to promote financial literacy and to expand agent banking networks.

Key Words: *Digital Financial Services, Credit Access, Financial Literacy, Agent Banking*

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INTRODUCTION

Financial inclusivity enablers play a pivotal role in shaping the performance of SMEs across various economies (Mojambo, Tulung & Saerang, 2020). These enablers encompass a range of initiatives and mechanisms aimed at expanding access to financial services and fostering inclusion among marginalized populations, including SMEs. A burgeoning body of literature underscores the profound impact of financial inclusivity enablers on SME performance, highlighting their potential to drive economic growth, promote entrepreneurship and alleviate poverty (Tole & Koori, 2020).

SMEs around the world rely on financial inclusion, or the idea of making financial services available to everyone. The strong banking system in the US, bolstered by laws like the Community Reinvestment Act (CRA) of 1977, is a key component of financial inclusion (Harun et al., 2021). Banks are obligated by this law to provide loans to low- and moderate-income persons, as well as small enterprises, in the communities they serve. According to Buyinza and Bbaale (2023), SMEs in the US find it easier to acquire banking services and loans, which helps them develop and perform better.

In Kenya, the local perspective of financial inclusivity enablers and the performance of SMEs is deeply intertwined with the evolution of mobile money services, particularly M-Pesa. Launched in 2007 by Safaricom, M-Pesa has revolutionized the country's financial landscape, providing millions of Kenyans, including SME owners, with access to affordable and convenient financial services (Muthaura, 2021). SMEs, often operating in informal sectors and lacking access to traditional banking infrastructure, have benefited immensely from M-Pesa's ability to facilitate payments, savings, and microloans through mobile phones. This has significantly improved the financial inclusivity of SMEs in Kenya, enabling them to overcome barriers such as distance, cost, and bureaucracy associated with traditional banking services (Orore, 2022).

The success of mobile money in Kenya can be attributed to several factors, including widespread mobile phone penetration, innovative business models, and supportive regulatory frameworks. With over 90% of Kenyan adults owning a mobile phone, M-Pesa tapped into a vast market eager for accessible and affordable financial services. Safaricom's strategic partnerships with banks and other financial institutions expanded M-Pesa’s reach, allowing SMEs to access a wide range of financial products and services tailored to their needs (Waihenya, 2022). Moreover, Kenya’s regulatory environment, characterized by progressive policies and collaboration between government agencies and private sector stakeholders, has facilitated the growth and sustainability of mobile money services, contributing to the financial inclusivity of SMEs (Orore, 2022).

In addition to mobile money, Kenya’s financial inclusivity enablers for SMEs include microfinance institutions (MFIs) and SACCOs. These institutions play a crucial role in providing financial services to SMEs, particularly those in rural and underserved areas where traditional banks are often inaccessible (Osabohien et al., 2022). MFIs and SACCOs offer a range of products, including credit, savings, and insurance, tailored to the needs of SMEs. By adopting flexible lending criteria and localized approaches to service delivery, these institutions have become important catalysts for SME growth and development in Kenya (Buyinza & Bbaale, 2023).

Kenya’s supportive regulatory environment has also fostered the growth of fintech startups focused on addressing the financial needs of SMEs. The Central Bank of Kenya’s regulatory sandbox framework, introduced in 2018, provides a conducive environment for fintech innovation by allowing startups to test new products and services in a controlled environment (Yasin et al., 2020). This has led to the emergence of innovative solutions such as digital lending platforms, invoice financing, and supply chain finance, which are tailored to the unique needs of SMEs. By leveraging technology and data analytics, these fintech startups are enhancing financial inclusivity and improving the performance of SMEs in Kenya (Ndirangu & Kimani, 2022).

The government of Kenya has implemented various initiatives to support the financial inclusion of SMEs, including capacity-building programs, entrepreneurship development, and access to markets (Wairimu, 2020). The Youth Enterprise Development Fund (YEDF), for instance, provides financial support and training to young entrepreneurs, enabling them to start and grow their businesses (Ojonta & Ogbuabor, 2021). Similarly, the Women Enterprise Fund (WEF) focuses on providing financial and non-financial support to women-owned SMEs, recognizing the important role that women play in driving economic growth and development in Kenya (Ajayi & Ross, 2020).

Uasin Gishu County, situated in the Rift Valley region of Kenya, boasts a diverse economic landscape anchored primarily in agriculture, trade, and SMEs. SMEs emerge as pivotal drivers of economic growth, employment generation, and income distribution within the county (Wairimu, 2020). The agricultural sector, historically renowned as the backbone of the county's economy, hosts a myriad of SMEs ranging from small-scale farmers to agro-dealers and food processors (Ajayi & Ross, 2020). These SMEs contribute significantly to the value chain, fostering innovation, enhancing productivity, and ensuring food security for both local and national markets (Mojambo et al., 2020).

In tandem with the agricultural sector, trade and commerce form vital pillars of Uasin Gishu’s economic framework, particularly in urban centers like Eldoret. Here, a bustling ecosystem of SMEs thrives, encompassing retail outlets, wholesalers, transportation services and logistics companies (Ndirangu & Kimani, 2022). These enterprises not only cater to the needs of the local populace but also serve as pivotal nodes in regional trade networks, facilitating the flow of goods and services across county borders (Mwaiwa et al., 2022). Moreover, the burgeoning manufacturing sector in Uasin Gishu County presents a fertile ground for SMEs to flourish, especially in segments such as food processing, textiles, and construction materials. Small-scale manufacturers play a pivotal role in value addition, transforming raw materials into finished goods, thereby enhancing the county's industrial capacity and creating employment opportunities in the process. This diversification of the economic base underscores the resilience and adaptability of SMEs in responding to evolving market dynamics and consumer preferences (Ndungo et al., 2023).

SMEs in Uasin Gishu County face several obstacles that slow their development, even though they make a big impact on the local economy. Some of the most significant obstacles are rising market rivalry, insufficient infrastructure, red tape, and restricted access to capital (Yasin et al., 2020). A number of parties, including the county administration, development groups, banks, and businesses, must work together to remove these obstacles. Uasin Gishu County can unleash the full potential of its SME sector, propelling sustainable economic growth and shared prosperity for its citizens, by creating an enabling environment with streamlined regulations, improved infrastructure, and enhanced access to finance (Wanyonyi & Ngaba, 2021).

Statement of the Problem

Reports from the National Economic Survey (2022) put the number of SMEs in Kenya at 7.4 million. The vast majority of SMEs (98%) are really micro-enterprises with 10 or fewer employees. Median businesses make up a negligible 0.2 percent of all SMEs. SMEs can get access to markets and services through formalization, which includes getting licenses, registering with registrar firms, and complying with legislative obligations including taxes, social security, and labor regulations. In Kenya, SMEs contribute 24% to the GDP, with microenterprises making up 12% and small businesses 11%. Many young people, women, and those with impairments find work in this industry.

Among SMEs, 46% fail in the first year and 34% fail between the second and fifth years, according to statistics from the KNBS (2023) study. Since 2015, the contribution of SMEs to the economy has been dropping, according to the KIPPRA economic survey report (2022). While Mugure (2022) discovered that access to credit greatly impacted company performance, many small businesses struggle to get this financing owing to collateral, lengthy procedures, and other unwelcoming conditions imposed by banks. Ndungo et al. (2023) corroborate this conclusion by writing that SMEs in Kenya have a hard time making it past the launch phase due to financial access issues.

SME Tracker Survey (2023) indicated that SMEs that were operational in 2021, 73% remained operational in June 2023. However, trends across demographics imply some strain among more vulnerable groups such as women and rural businesses. Between October 2022 and June 2023, the percentage of women-owned businesses in operation declined from 74% to 70%, and rural businesses in operation declined from 72% to 69%. Those who had closed cited lack of working capital (46%) and reduced customer demand (24%) as key drivers, with 59% of closed businesses saying they tried to source capital before closing (up from 40% in October 2022). Based on their research, Bunyasi, Namusonge and Bwisa (2022) found that while 80% of Kenyan SMEs experienced a slow growth rate, 20% of those same businesses were unable to cover their operational expenditures. A high growth rate of SMEs is foundational to Kenya Vision 2030, and if this dismal trend of low SMEs growth rate is not addressed quickly, it would impede SMEs' contributions to socioeconomic development and the attainment of this goal.

According to CBK survey report (2022), indicated that 89% of small businesses are negatively impacted cash flow issues. Interestingly, 29% of startups fail due to running out of cash. Understanding how working capital works is vital for small businesses, as nearly 30% fail due to capital depletion, highlighting the importance of managing working capital effectively. The survey report recommended that consistent monitoring of revenue can help businesses identify potential cash flow issues and take proactive steps to avoid running out of money.

The influence of mobile finance on SMEs in Kenya was investigated by Alumasa and Muathe (2021), who uncovered new avenues for obtaining capital. Potentially illuminating the role of knowledge in financial inclusion, Buchdadi et al. (2020) examined the impact of financial literacy on the performance of SMEs with a focus on the mediating roles of access to financing and attitudes towards financial risk. Cheong et al. (2020) provided comparative insights on the relationship between tax structure, loan access, and the performance of SMEs in Malaysia. Credit market access and performance among agro-based firms in the Niger Delta were investigated by Essien and Arene (2023), who brought attention to regional differences and sector-specific issues. To provide possible examples and insights for comparable situations, Fomum and Opperman (2023) zeroed down on financial inclusion and the performance of SMEs in Eswatini. Studying SME owners in Kampala, Uganda, Mpaata et al. (2020) delved into financial literacy and saving habits, providing valuable insights into people's personal financial behaviors. To further understand cultural and geographical differences, Sajuyigbe et al. (2020) looked at how financial literacy and inclusion affected small-scale enterprises in southwest Nigeria.

Despite these valuable contributions, a research gap exists in synthesizing these diverse perspectives into a comprehensive understanding of financial inclusivity enablers and their specific impact on SME performance in the unique context of Uasin-Gishu County, Kenya. This study aimed to fill this gap by providing a nuanced analysis that considers both local dynamics and broader regional trends, contributing to both academic literature and practical policymaking efforts.

Research Objectives

This study established the effect of financial inclusivity enablers on performance of small medium enterprises in Uasin-Gishu County. The study was guided by the following specific objectives:

- To determine the effect of digital financial services on performance of small medium enterprises in Uasin-Gishu County.
- To examine the effect of credit access on performance of small medium enterprises in Uasin-Gishu County.
- To assess the effect of financial literacy programs on performance of small medium enterprises in Uasin-Gishu County.
- To assess the effect of agent banking on performance of small medium enterprises in Uasin-Gishu County.

The study tested the following hypotheses.

- **H_{01}:** Digital financial services have no significant effect on performance of small medium enterprises in Uasin-Gishu County.
- **H_{02}:** Credit access has no significant effect on performance of small medium enterprises in Uasin-Gishu County.
- **H_{03}:** Financial literacy programs have no significant effect on performance of small medium enterprises in Uasin-Gishu County.
- **H_{04}:** Agent banking has no significant effect on performance of small medium enterprises in Uasin-Gishu County.

LITERATURE REVIEW

Theoretical Framework

The Diffusion of Innovation Theory

Sajuyigbe et al. (2020) use Everett Rogers's 1962 Diffusion of Innovation Theory as a foundational paradigm for explaining the social systemic dissemination of novel ideas, goods, and technology. According to this hypothesis, the process of embracing new innovations occurs in a bell-shaped pattern, with pioneers and early adopters at the top and subsequent groups including the early majority, late majority, and laggards. This theory sheds light on the dynamics of acceptance and performance as it pertains to digital financial services (DFS) and its effects on SMEs (Thomas, 2023).

Innovators and early adopters among SMEs are likely to embrace digital financial services swiftly. These are the enterprises characterized by their willingness to take risks and experiment with new technologies (Wu & Huang, 2022). For instance, research by Lee et al. (2021) found that SMEs with proactive attitudes towards technology adoption tend to integrate digital financial services more effectively into their operations. By embracing DFS early on, these SMEs gain a competitive advantage, leveraging innovative financial tools for improved efficiency and decision-making.

The diffusion process among SMEs aligns with the characteristics of the early and late majority outlined in the Diffusion of Innovation Theory. As digital financial services become more established and proven, the early majority of SMEs start adopting them (Simba et al., 2021). This phase is crucial for widespread acceptance and usage of DFS among SMEs. Studies by Kim et al. (2020) emphasize the importance of perceived ease of use and relative advantage in driving adoption among the majority of SMEs. As more SMEs adopt DFS, network effects amplify, leading to increased market penetration and performance improvements (Wu & Huang, 2022).

Credit Rationing Theory

The 1981 credit rationing idea put out by Andrew Weiss and Joseph Stiglitz offers valuable insights into the dynamics of credit access for SMEs. SMEs often encounter difficulties in obtaining sufficient credit to support their operations and growth aspirations, despite their potential contribution to economic development (Alumasa & Muathe, 2021). This phenomenon can be elucidated through the lens of credit rationing theory, which emphasizes the presence of information asymmetries and moral hazard problems in credit markets (Tole & Koori, 2020).

Information asymmetry plays a crucial role in credit access for SMEs. Lenders may lack sufficient information about the creditworthiness and viability of small businesses, leading to uncertainty about the risks associated with lending to them (Fanta & Mutsonziwa, 2021). As a result, lenders may adopt cautious lending practices, either by limiting the amount of credit extended to SMEs or by charging higher interest rates to compensate for the perceived risk. This cautious approach effectively constitutes credit rationing, wherein SMEs face constraints in accessing the credit they need to fund their operations and expansion initiatives (Alumasa & Muathe, 2021).

Dynamic Capability Theory

Sajuyigbe et al. (2020) use Everett Rogers's 1962 Diffusion of Innovation Theory as a foundational paradigm for explaining the social systemic dissemination of novel ideas, goods, and technology. According to this hypothesis, the process of embracing new innovations occurs in a bell-shaped pattern, with pioneers and early adopters at the top and subsequent groups including the early majority, late majority, and laggards. This theory sheds light on the dynamics of acceptance and performance as it pertains to DFS and its effects on SMEs (Thomas, 2023).

Financial literacy programs serve as a mechanism through which SMEs can develop and strengthen their dynamic capabilities. By enhancing the financial knowledge and skills of entrepreneurs and managers, these programs empower SMEs to better understand their financial positions, assess risks, and identify opportunities for growth and innovation (Alumasa & Muathe, 2021). According to Fanta and Mutsonziwa (2021), dynamic capabilities encompass not only the ability to sense and seize opportunities but also the capacity to transform existing resources and routines. Financial literacy programs facilitate this transformation by equipping SMEs with the necessary tools and knowledge to effectively manage their financial resources and adapt to changing market conditions (Ndirangu & Kimani, 2022).

Institutional Theory

Prominent figures in the field of institutional theory include Meyer and Rowan (1977), DiMaggio and Powell (1983), and Scott (1995). They posit that organizations are influenced by the wider institutional environment in which they operate. This environment consists of norms, rules, regulations, and practices that shape organizational behavior and outcomes. In the context of agent banking, institutional theory provides a framework for understanding how the institutional environment affects the adoption and effectiveness of agent banking services (Bapat, 2022).

Agent banking represents an institutional innovation in the financial services sector, aimed at extending banking services to underserved areas and populations. According to Institutional Theory, the adoption and diffusion of innovations are influenced by the institutional environment (Bapat, 2022). In the case of agent banking, the regulatory framework, government policies, and industry norms play a crucial role in shaping the extent to which agent banking is adopted and utilized by SMEs. Regulatory support and clear guidelines can encourage financial institutions to invest in agent banking networks, thereby increasing access to financial services for SMEs (Fanta & Mutsonziwa, 2021).

Empirical Literature Review

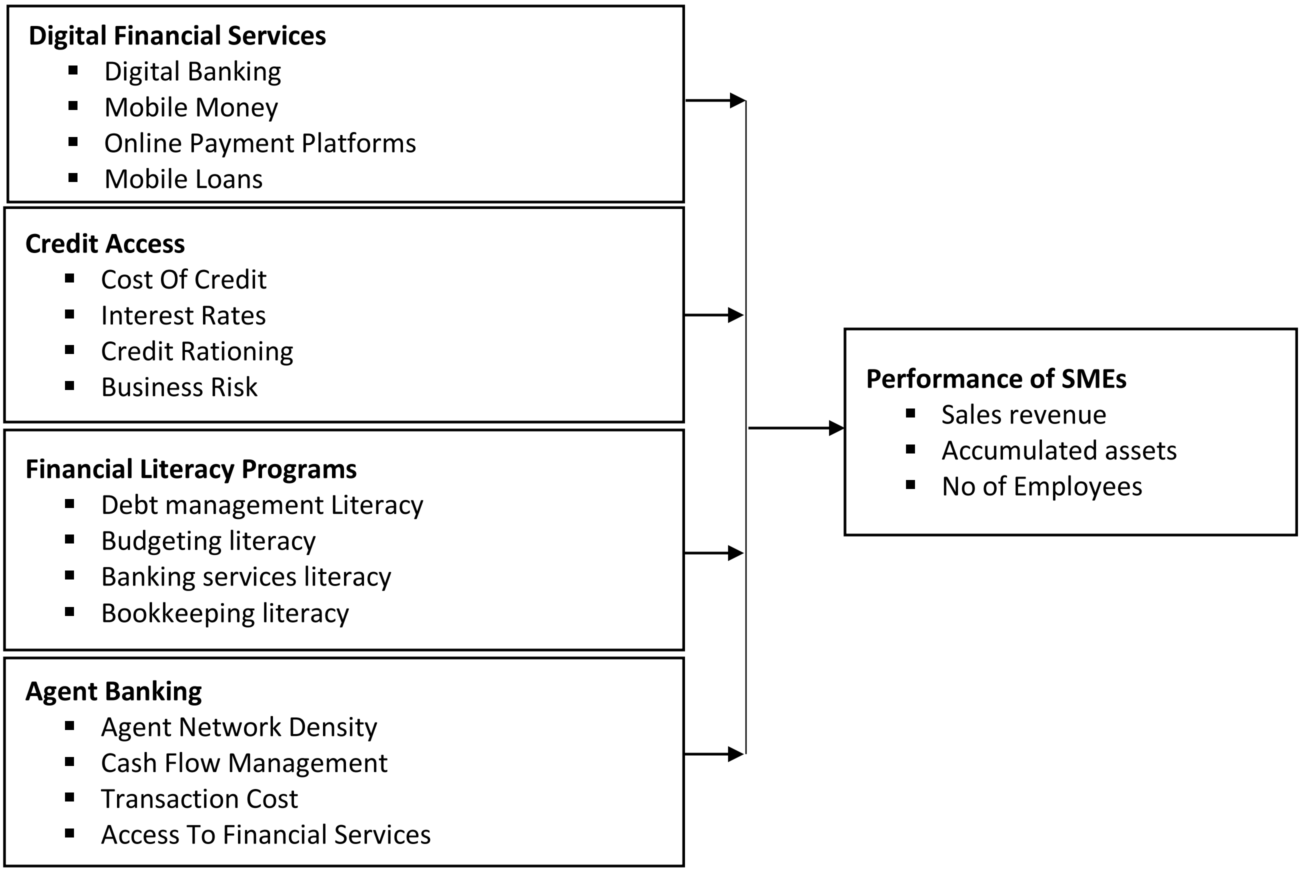
Research by Isa-Olatinwo, Uwaleke, and Ibrahim (2022) examined how digital financial services (DFS) affected the bottom lines of publicly listed commercial banks in Nigeria. Banks' earnings-per-share (EPS) are the dependent variable in this study. As a stand-in for DFS, the quantity of ATM and POS transactions serves as the main independent variable. Finding a correlation between the two factors is the study's overarching objective. The research relied on previously collected data. Annual reports of the targeted banks and the Central Bank of Nigeria were used to gather data for the period 2012–2020. The research analysed the data using descriptive and inferential statistics. The study found that DFS significantly impact the earnings per share of Nigerian banks on a marginal level. This means that DFS contributes to the financial success of banks. To sum up, the rise of electronic banking has improved the efficiency of the banking sector by making financial transactions easier to access and by bringing services closer to consumers. Accordingly, the research concludes that commercial banks' financial performance may be improved if bank management prioritized digital banking.

In a recent study, Ojonta and Ogbuabor (2021) looked at how non-farm home companies in Nigeria fared when it came to access to financing and the overall stock of input products. This study takes a different approach compared to previous research by utilizing multinomial logit regression on the 2018 General Household Survey. According to the statistics, non-farm home enterprises in urban areas had a relatively smoother process in securing finance compared to their rural counterparts. Although it can be challenging for non-farmhouse enterprises in Nigeria to secure loans, the data clearly show that credit availability has a significant and positive impact on the overall stock of input supply. In order to keep the money from going missing and to boost the profitability of businesses that aren't farm-based, we suggested, among other things, that loans to these types of businesses be closely watched.

In a recent study conducted by Yakob, Yakob, and Rusli (2021), the focus was on exploring the correlation between financial literacy and the performance of SMEs in Malaysia. The survey included the participation of 200 managers and owners of SMEs, who provided the statistical data. Having a strong understanding of financial matters greatly influences the performance of SMEs, as evidenced by the findings of a comprehensive regression analysis. With a thorough grasp of financial matters such as debt, savings, takaful, insurance, and investments, managers and owners who are financially literate are more capable of guiding their firms towards success. Research conducted outside of Malaysia has yielded similar findings. Examining the connection between financial literacy and the performance of SMEs in Malaysia holds significance due to the various cultural, cognitive, legal, commercial, and political variations in the country. Financial literacy is crucial for SMEs because individuals often have varying responses to identical circumstances. In addition, this study broadens the scope of the RBV and enhances the coherence of the current statistics on SME performance by examining SMEs from their own standpoint.

To investigate how agent banking helps Kenyan commercial banks maintain their competitive advantages, Mwaiwa, Kwasira, Boit, and Chelule (2022) relied on the Bank Led hypothesis. Using a census-style methodology, the research aims to reach department heads and branch managers at commercial banks in Nairobi County. According to the results, agent banking is directly proportional to long-term competitive advantage. The regression model also showed that, at the 5% level of significance, agent banking was a major factor in the competitive advantage of the commercial bank. However, this would decrease to a considerable extent with the help of bank rules, which contribute to keeping banks stable and safe. Bank regulation has a substantial impact on agent banking, which is favorably associated with long-term competitive advantage. The research concludes that commercial banks might gain a competitive edge by investigating agent banking. For top-tier commercial banks to keep up with technology usage, they need to set aside funds for agent banking services. Strategy, competitive advantage, commercial banks, baking agents, retail agents, and bank regulation.

Conceptual Framework



Independent Variables **Dependent Variable**

Figure 1: Conceptual Framework

METHODOLOGY

The researchers used a cross-sectional survey approach for this investigation. With a cross-sectional survey, the researcher gathered information from several SMEs in Uasin Gishu County all at once. All SMEs in Uasin-Gishu County that had less than 20 workers and were registered with the Revenue Department under a single business permit were the focus of this research. As of December 2023, there were 1300 SMEs according to the data of the Uasin-gishu county revenue department. This study used all SMEs in Uasin-Gishu County that were registered with the Revenue Department under a single business permit and had fewer than 20 workers as its sampling frame. The researcher utilized stratified proportional sampling approach. A total of 306 SMEs were chosen for the study based on the sample size calculation, which was done using Yamane's method (1967).

The main data were gathered using a structured questionnaire with closed-ended questions. A 5-point Likert scale was used to develop these questions. Secondary data collection involved document analysis of governmental documents and reports, scholarly journal articles, and pertinent industry reports.

Inconsistent quantitative data was removed, and any data that is not filled out completely will be discarded. The next steps involved cleaning, editing, and coding the questions. Descriptive statistics in conjunction with SPSS V.28, were both used to analyze the data. To put theories to the test, the study employed inferential statistics. The validity of the independent variables in the model was confirmed by comparing the computed F statistic with the tabulated F statistic. To further establish the entire model's significance, a crucial p value of 0.05 was employed. To further determine the criticality of the particular variable, a simple P estimate was utilized. The study hypotheses that have been provided were tested using a multiple regression. Based on the results of the regression, the researcher estimated the following statistical models to describe the performance of SMEs:

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$

Y = Dependent Variable (Performance of SMEs)

'**B_0** = Constant

X_1 = Digital Financial Services

X_2 = Credit Access

X_3 = Financial Literacy Programs

X_4 = Agent Banking

ε = error term

RESULTS AND DISCUSSIONS

Descriptive Results

This section presents the descriptive findings. The analysis in the study utilized percentages, frequencies, mean values, and standard deviations. The results indicated the respondents' reactions to different assertions in the surveys using a scale ranging from strongly agree to strongly disagree. This section provides an overview of the descriptive findings for the dependent variable.

Digital Financial Services

The study sought to determine the effect of digital financial services on performance of small medium enterprises in Uasin-Gishu County. The findings presented in Table 1 illustrates the perceived impact of various digital financial services on SMEs based on a sample of 280 respondents. The analysis of the mean scores and standard deviations of the given statements provides insightful implications regarding the adoption and utility of digital financial services in enhancing SME operations.

The statement "Mobile money usage is associated with improved cash flow management for SMEs" received the highest mean score (M = 4.1929) with a relatively low standard deviation (SD = .62098), indicating a strong consensus among respondents that mobile money significantly enhances cash flow management for SMEs. This suggests that mobile money services are crucial in facilitating efficient financial operations within SMEs, likely due to the convenience and accessibility they offer. Similarly, "Mobile loans contribute to the growth and expansion of SMEs' also received a high mean score (M = 4.1750) and the lowest standard deviation (SD = .60590) among the statements. This strong agreement suggests that mobile loans are considered vital for the development and scaling of SMEs, likely by providing them with much-needed capital and financial flexibility.

The statement "Online payment platforms are crucial for expanding the market reach of SMEs" scored a mean of 4.1393 with a standard deviation of .60927, indicating a significant perceived importance of online payment platforms in extending the market reach of SMEs. This finding aligns with the growing trend of digital transactions and e-commerce, which enables SMEs to access a broader customer base beyond geographical limitations.

Respondents also acknowledged the importance of digital banking in facilitating easier access to credit for SMEs, as reflected in the mean score of 4.0357 (SD = .76585). The relatively higher standard deviation here indicates more variation in responses, possibly due to differing levels of access to digital banking services or varying degrees of experience among SMEs. "SMEs utilizing online payment platforms experience improved customer satisfaction" received a mean score of 4.1000 (SD = .68050), suggesting that digital payment systems not only enhance operational efficiency but also contribute to a better customer experience. This is likely due to the convenience and security of online transactions, which can increase customer trust and satisfaction.

The statement "Mobile money platforms contribute to the financial inclusion of SMEs" had a mean score of 4.0643 and a standard deviation of .64714, reflecting a consensus that mobile money platforms are instrumental in integrating SMEs into the financial system. This finding underscores the role of mobile financial services in bridging the gap for SMEs that might otherwise be excluded from traditional banking systems. Finally, "Utilizing digital banking services is crucial for enhancing SME competitiveness" and "Access to mobile loans positively influences the investment decisions of SMEs" received mean scores of 3.8464 (SD = .90478) and 3.9750 (SD = .65808) respectively. While these scores are slightly lower compared to other statements, they still indicate a strong belief in the importance of digital banking and mobile loans in bolstering SME competitiveness and informing their investment choices.

In conclusion, the findings from Table 1 reveal a broad consensus on the positive impact of digital financial services on various aspects of SME operations, from cash flow management and market reach to financial inclusion and customer satisfaction. The relatively high mean scores across all statements, coupled with low to moderate standard deviations, suggest that digital financial services are widely regarded as essential tools for the growth, expansion, and competitive advantage of SMEs.

These findings align with the study conducted by Wu and Huang (2022) conducted a study on the effects of digital finance and financial restriction on financial performance. Their research focused on China's new energy firms. It remains uncertain whether digital banking aligns with China's new energy development goals, given the significant investment and financing challenges the country faces. Using the generalized moment method, this study examines panel data from 157 listed new energy companies in China, along with the digital finance index developed by the Peking University Institute of Digital Finance, to explore the impact of digital finance and financial constraints on a company's bottom line. The findings show that digital financing has the potential to enhance the financial performance of innovative energy companies. However, financial constraints pose a significant obstacle to achieving the same level of improvement. The significance of digital finance is further undermined by financial constraints. The following is also demonstrated through a diverse analysis. Small businesses and non-state-owned organizations will be particularly impacted by the promotion effects of digital money. Another important consideration is that larger companies tend to be more adversely affected by financial constraints. This study raises important policy considerations and provides insights into how digital finance can support the growth of the new energy sector.

Table 1: Digital Financial Services

Statements	**N**	**Mean**	**Std. Dev**
Digital banking facilitates easier access to credit for SMEs	280	4.0357	.76585
Utilizing digital banking services is crucial for enhancing SME competitiveness	280	3.8464	.90478
Mobile money usage is associated with improved cash flow management for SMEs	280	4.1929	.62098
Mobile money platforms contribute to the financial inclusion of SMEs	280	4.0643	.64714
Online payment platforms are crucial for expanding the market reach of SMEs	280	4.1393	.60927
SMEs utilizing online payment platforms experience improved customer satisfaction	280	4.1000	.68050
Mobile loans contribute to the growth and expansion of SMEs	280	4.1750	.60590
Access to mobile loans positively influences the investment decisions of SMEs	280	3.9750	.65808
Valid N (listwise)	**280**		

Credit Access

The analysis of the findings presented in Table 2 reveals several important insights regarding credit access and its implications for small and medium-sized enterprises (SMEs). The statements evaluated reflect the significant impact of various credit-related factors on the operational and financial performance of SMEs. Firstly, the statement "The cost of credit significantly impacts the operational costs of my SME" has a mean score of 3.8464 with a standard deviation of 0.85172. This indicates that respondents generally agree that the cost of credit is a notable factor affecting their operational expenses. The relatively high mean score suggests a widespread recognition of the burden that credit costs impose on SMEs.

Secondly, the statement "Borrowing costs have affected the profitability of my SME" yielded a higher mean score of 4.2107 and a lower standard deviation of 0.71484. This finding implies a strong consensus among respondents that borrowing costs are a critical determinant of profitability. The lower standard deviation signifies less variability in responses, indicating a strong agreement on this issue across the surveyed SMEs.

The influence of interest rate fluctuations is also evident from the statement "Fluctuations in interest rates influence my SME's decision to take on credit," which has a mean score of 4.1143 and a standard deviation of 0.56271. The high mean score coupled with the lowest standard deviation in the dataset suggests that interest rate volatility is a uniformly significant factor affecting credit decisions among SMEs.

Furthermore, the statement "Lower interest rates would facilitate the expansion plans of my SME" received a mean score of 3.9429 with a standard deviation of 0.91402. This indicates that while there is general agreement that lower interest rates would support expansion efforts, there is more variability in responses compared to other statements, reflecting differing views on the extent to which lower rates would impact expansion plans.

Credit rationing appears to be a considerable barrier to growth, as evidenced by the statement "Credit rationing has impeded the growth prospects of my SME," which has a mean score of 3.9107 and the highest standard deviation of 1.09212. The relatively high mean score points to a general recognition of credit rationing as a growth impediment, while the higher standard deviation suggests diverse experiences and perceptions regarding the severity of this issue.

Lastly, the importance of mitigating business risk to secure favorable credit terms is highlighted by the statement "Mitigating business risk is a priority for my SME in securing favorable credit terms," which has a mean score of 4.0250 and a standard deviation of 0.73525. The high mean score reflects a strong emphasis on risk management among SMEs to obtain better credit conditions, and the moderate standard deviation indicates a consistent prioritization of this aspect across the sample.

Overall, the findings underscore the critical role of credit access in the operational and financial viability of SMEs. High borrowing costs, interest rate fluctuations, and credit rationing are significant concerns, while lower interest rates and effective risk mitigation strategies are seen as essential for supporting expansion and securing favorable credit terms. These insights highlight the need for policies and interventions aimed at improving credit access and affordability for SMEs to foster their growth and sustainability.

The results are in agreement with the study by Aguwamba and Ekienabor (2020) who looked at how bank loans affected the expansion of small businesses in Nigeria. In order to examine data gathered between 1995 and 2012, the research used the OLS regression method. Results showed that bank loans helped small businesses expand. The research showed that there is a robust and favorable correlation between SMEs' performance and their access to finance. Similarly, Adelekan, Eze, and Majekodunmi (2020) used correlation analysis to report similar findings in a Nigerian backdrop. The results of the existing literature assessment on the impact of deposit money banks' loan availability on the performance of SMEs were contradictory. Positive relationships have been shown by certain studies (Dalhat & Hassan, 2021; Abosede, Hassan & Oko-Oza, 2022; Bashir & Ondigo, 2022). In light of previous studies that found a negative correlation for example, Oluitan (2021), Imafidon and Itoya (2022), Ubesie et al. (2022), and Owolabi and Nasiru (2021) more investigation is required. Not to mention that prior research in this area mostly ignored microfinance institutions and took place outside of Nigeria's Kwara administration.

Table 2: Credit Access

Statements	N	Mean	Std. Dev
The cost of credit significantly impacts the operational costs of my SME	280	3.8464	.85172
Borrowing costs have affected the profitability of my SME	280	4.2107	.71484
Fluctuations in interest rates influence my SME's decision to take on credit	280	4.1143	.56271
Lower interest rates would facilitate the expansion plans of my SME.	280	3.9429	.91402
Credit rationing has impeded the growth prospects of my SME.	280	3.9107	1.09212
Mitigating business risk is a priority for my SME in securing favorable credit terms	280	4.0250	.73525
Valid N (listwise)	**280**		

Financial Literacy Programs

The analysis of the findings presented in Table 3 revealed significant insights into the impact of financial literacy programs on the financial management and performance of SMEs. The statements evaluated indicate the critical role of various financial literacy skills in enhancing the stability, profitability, and overall financial health of SMEs. Firstly, the statement "Improved debt management skills lead to better financial stability for my SME" has a mean score of 4.2679 with a standard deviation of 0.48972. This high mean score suggests a strong agreement among respondents that proficient debt management is crucial for maintaining financial stability. The low standard deviation indicates a consensus on this view, reflecting the importance of debt management across the surveyed SMEs.

Secondly, the statement "Proficiency in debt management contributes to enhanced profitability within my SME" yielded a mean score of 4.1464 and a standard deviation of 0.63074. The high mean score highlights the perceived impact of debt management skills on profitability, while the slightly higher standard deviation suggests some variability in how respondents experience this relationship. The importance of effective budgeting practices is underscored by the statement "Implementing effective budgeting practices leads to improved financial performance for my SME," which has a mean score of 4.0821 and a standard deviation of 0.79675. This indicates a general agreement that budgeting practices are key to financial performance, though there is more variability in responses, reflecting different levels of implementation and effectiveness of these practices among SMEs.

Furthermore, the statement "Better budgeting skills result in more efficient resource allocation within my SME" has a mean score of 3.9179 with a standard deviation of 0.95997. While there is a positive sentiment towards the role of budgeting skills in resource allocation, the higher standard deviation points to a wider range of experiences and opinions on this matter. The statement "Knowledge of banking services leads to better financial decision-making within my SME" received a mean score of 4.2429 and a standard deviation of 0.52700. This high mean score suggests that respondents believe strongly in the value of banking knowledge for making sound financial decisions. The low standard deviation indicates consistent agreement on the importance of banking services knowledge.

Similarly, the statement "Optimal utilization of banking services contributes to increased competitiveness for my SME" yielded a mean score of 4.0929 and a standard deviation of 0.66555. The results reflect a general consensus on the competitive advantage gained through effective use of banking services, though there is some variability in responses.

Proficiency in bookkeeping is also highlighted as important, with the statement "Proficiency in bookkeeping leads to better financial transparency within my SME" receiving a mean score of 4.1321 and a standard deviation of 0.54250. The high mean score indicates a strong belief in the value of bookkeeping skills for financial transparency, with a relatively low standard deviation suggesting consistent views among respondents.

Lastly, the statement "Effective bookkeeping is essential for achieving long-term financial goals within my SME" has a mean score of 3.8357 and the highest standard deviation of 1.25359. While the mean score shows a general agreement on the importance of bookkeeping for long-term goals, the high standard deviation indicates significant variability in opinions, possibly reflecting different levels of understanding or implementation of effective bookkeeping practices.

Overall, the findings emphasize the pivotal role of financial literacy programs in enhancing various aspects of financial management within SMEs. Improved debt management, effective budgeting, comprehensive knowledge of banking services, and proficient bookkeeping are all seen as crucial elements contributing to financial stability, profitability, resource allocation, decision-making, competitiveness, and long-term goal achievement. These insights suggest that investment in financial literacy programs can substantially benefit SMEs, promoting their growth and sustainability in a competitive market.

The study concurs with Buchdadi, Sholeha, and Ahmad (2020) examined the effect of financial literacy on SMEs' performance by utilizing financial risk mindset and availability to funding as intermediate factors. According to this study, SMEs' performance was positively impacted by having a financial risk mindset, having access to money, and being financially literate. This study found that financial literacy was associated with better SME performance, but that access to capital and attitude toward financial risk also had a mediating role. The descriptive statistics also show that the SME manager is clueless when it comes to financial market and bank products. These kinds of results show how important it is for the government to do something to improve the education of managers at SMEs in the areas of banking, risk management, and capital market products.

The findings are also in agreement with Tuffour et al. (2022) who explored the impact of managers' financial literacy on the non-financial and financial performance of SMEs in La Nkwantanang Madina Municipality, Ghana. In order to gather primary data, two hundred small-scale managers were asked to fill out standardized questionnaires. The data was analyzed using a structural equation model. The results demonstrated that financial literacy has a substantial impact on the performance of businesses in several domains. The three facets of financial literacy knowledge, attitude, and awareness are positively correlated with both financial and non-financial success. Individual characteristics such as age, education level, and experience do not correlate with monetary performance when tax is used as a tool for small company regulation. As a result, small company owners and managers should take part in capacity development programs to learn more about personal finance.

Table 3: Financial Literacy Programs

Statements	N	Mean	Std. Dev
Improved debt management skills lead to better financial stability for my SME.	280	4.2679	.48972
Proficiency in debt management contributes to enhanced profitability within my SME.	280	4.1464	.63074
Implementing effective budgeting practices leads to improved financial performance for my SME.	280	4.0821	.79675
Better budgeting skills result in more efficient resource allocation within my SME.	280	3.9179	.95997
Knowledge of banking services leads to better financial decision-making within my SME.	280	4.2429	.52700
Optimal utilization of banking services contributes to increased competitiveness for my SME.	280	4.0929	.66555
Proficiency in bookkeeping leads to better financial transparency within my SME.	280	4.1321	.54250
Effective bookkeeping is essential for achieving long-term financial goals within my SME.	280	3.8357	1.25359
Valid N (listwise)	**280**		

Agent Banking

The analysis of the findings in Table 4 highlights the significance of Agent Banking on various financial aspects of small and medium-sized enterprises (SMEs). The responses indicate the perceived impact of Agent Banking networks and services on financial performance, accessibility to financial services, cash flow management, transaction costs, and overall financial decision-making within SMEs.

Firstly, the statement "A denser Agent Banking network impacts the financial performance of my SME" has a mean score of 4.1036 with a standard deviation of 0.79424. This high mean score suggests a strong belief among respondents that a well-established Agent Banking network positively influences their financial performance. The moderate standard deviation reflects some variability in opinions, indicating differing experiences with the density of Agent Banking networks. The statement "Increased Agent Banking presence leads to improved accessibility to financial services for my SME" yielded a mean score of 4.1929 and a low standard deviation of 0.49218. The high mean score indicates a general consensus that the presence of Agent Banking significantly enhances accessibility to financial services. The low standard deviation suggests consistent agreement across the respondents, emphasizing the importance of Agent Banking for financial service accessibility.

Regarding cash flow management, the statement "Utilizing Agent Banking services improves cash flow management" has a mean score of 3.8821 and a standard deviation of 0.98576. The mean score indicates a positive perception of the role of Agent Banking in improving cash flow management, though the higher standard deviation points to a wider range of experiences and opinions among the respondents.

The statement "Effective cash flow management facilitated by Agent Banking leads to better financial stability for my SME" received a mean score of 4.0964 with a standard deviation of 0.72437. This high mean score suggests that respondents generally agree on the importance of Agent Banking in achieving better financial stability through improved cash flow management. The moderate standard deviation reflects some variability in responses, indicating different levels of effectiveness experienced by SMEs. Lower transaction costs are seen as beneficial, as indicated by the statement "Lower transaction costs lead to increased efficiency in financial transactions for my SME through Agent Banking," which has a mean score of 4.1607 and a standard deviation of 0.74720. The high mean score suggests a strong belief in the efficiency gains from lower transaction costs facilitated by Agent Banking. The moderate standard deviation indicates some variability in how respondents experience these benefits.

The statement "Savings on transaction costs due to Agent Banking directly contribute to improved bottom-line performance for my SME" has a mean score of 3.9536 with a standard deviation of 0.94735. This finding indicates a positive perception of the direct impact of cost savings on the bottom-line performance, though the higher standard deviation suggests varied experiences among respondents. Finally, the statement "Improved access to financial services leads to better financial decision-making within my SME" yielded a mean score of 3.8107 and the highest standard deviation of 1.18981. While the mean score indicates general agreement on the positive impact of improved financial service access on decision-making, the high standard deviation points to significant variability in experiences and opinions among SMEs, possibly due to different levels of access and utilization of Agent Banking services.

In summary, the findings highlight the critical role of Agent Banking in enhancing financial performance, service accessibility, cash flow management, transaction efficiency, and decision-making within SMEs. A denser Agent Banking network and increased presence are seen as beneficial, particularly in terms of improving access to financial services and reducing transaction costs. However, the variability in responses suggests that while the overall impact is positive, the extent of benefits may vary among SMEs depending on their specific circumstances and experiences with Agent Banking services.

These findings confirm previous studies by Dianga (2022) who noted that commercial banks have been able to increase their market share and profits by making themselves more available to the public through the deployment of agent banking. Banks' bottom lines benefit when they use agency banking, according to the results of this study. With the help of agency banking, banks are able to contact more people and provide them with more services than they could before. Given that just one-third of the country's commercial banks have adopted an agent banking approach, Dianga urges other financial institutions to do so. Implementing agency banking allows banks to improve their financial performance by tapping into clients' withdrawals and deposits, which are crucial for collecting transactional money.

Table 4: Agent Banking

Statements	**N**	**Mean**	**Std. Dev**
A denser Agent Banking network impacts the financial performance of my SME.	280	4.1036	.79424
Increased Agent Banking presence leads to improved accessibility to financial services for my SME.	280	4.1929	.49218
Utilizing Agent Banking services improves cash flow management	280	3.8821	.98576
Effective cash flow management facilitated by Agent Banking leads to better financial stability for my SME.	280	4.0964	.72437
Lower transaction costs lead to increased efficiency in financial transactions for my SME through Agent Banking	280	4.1607	.74720
Savings on transaction costs due to Agent Banking directly contribute to improved bottom-line performance for my SME.	280	3.9536	.94735
Improved access to financial services leads to better financial decision-making within my SME.	280	3.8107	1.18981
Valid N (listwise)	**280**		

Performance of SMEs

The analysis of the findings presented in Table 5 provides significant insights into the factors influencing the performance of small and medium-sized enterprises (SMEs). The responses reflect the perceived impact of access to credit, financial technology, government initiatives, financial literacy programs, microfinance, and affordable financing on various aspects of SME performance.

Firstly, the statement "Access to credit facilities has facilitated our SME in expanding its market reach and increasing sales revenue" has a mean score of 3.8393 with a standard deviation of 1.26402. This suggests that respondents generally agree that access to credit is beneficial for market expansion and revenue growth, although the high standard deviation indicates considerable variability in experiences and opinions among SMEs regarding the extent of this benefit. The statement "The utilization of financial technology (FinTech) solutions has contributed to the growth of our SME's sales revenue" yielded a mean score of 4.1786 and a standard deviation of 0.85314. The high mean score indicates a strong positive perception of the role of FinTech in driving sales revenue growth. The moderate standard deviation suggests that while most respondents view FinTech favorably, there are varying degrees of its impact experienced by different SMEs.

Participation in government-sponsored financial inclusion initiatives is also perceived positively, as indicated by the statement "Participation in government-sponsored financial inclusion initiatives has played a significant role in enhancing our SME's accumulated assets," which has a mean score of 4.0786 and a standard deviation of 0.69373. The high mean score and relatively low standard deviation reflect a strong and consistent belief that these initiatives significantly contribute to asset accumulation within SMEs.

The accessibility of financial literacy programs is highlighted as particularly impactful, with the statement "The accessibility of financial literacy programs has enabled our SME to effectively manage and grow its accumulated assets" receiving the highest mean score of 4.3536 and the lowest standard deviation of 0.52191. This indicates a very strong and consistent agreement among respondents on the crucial role of financial literacy programs in asset management and growth.

Regarding microfinance options, the statement "The availability of microfinance options has enabled our SME to increase its workforce, enhancing productivity and performance" has a mean score of 3.7571 and a standard deviation of 1.16318. While there is a general agreement on the positive impact of microfinance on workforce expansion and productivity, the high standard deviation suggests significant variability in experiences, indicating that the benefits of microfinance are not uniformly realized across all SMEs. Lastly, the statement "Access to affordable financing options has supported our SME in hiring and retaining skilled employees" received a mean score of 4.0964 with a standard deviation of 0.85592. This finding shows that respondents believe affordable financing is crucial for attracting and retaining skilled employees, with a moderate standard deviation reflecting some variability in how SMEs experience this support.

Overall, the findings underscore the multifaceted impact of various financial supports and initiatives on the performance of SMEs. Access to credit, FinTech solutions, government initiatives, financial literacy programs, microfinance, and affordable financing are all seen as critical factors contributing to different dimensions of SME growth and performance. However, the variability in responses highlights that while these factors are generally beneficial, the extent of their impact can differ significantly among SMEs, suggesting a need for tailored approaches to maximize their effectiveness.

Table 5: Performance of SMEs

Statements	N	Mean	Std. Dev
Access to credit facilities has facilitated our SME in expanding its market reach and increasing sales revenue	280	3.8393	1.26402
The utilization of financial technology (FinTech) solutions has contributed to the growth of our SME's sales revenue	280	4.1786	.85314
Participation in government-sponsored financial inclusion initiatives has played a significant role in enhancing our SME's accumulated assets	280	4.0786	.69373
The accessibility of financial literacy programs has enabled our SME to effectively manage and grow its accumulated assets	280	4.3536	.52191
The availability of microfinance options has enabled our SME to increase its workforce, enhancing productivity and performance	280	3.7571	1.16318
Access to affordable financing options has supported our SME in hiring and retaining skilled employees.	280	4.0964	.85592
Valid N (listwise)	**280**		

Table 6: Correlations Analysis

		DFS	CA	FLP	AB	PS
DFS	Pearson Correlation	1	.739**	.467**	.492**	.731**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	280	280	280	280	280
CA	Pearson Correlation	.739**	1	.369**	.464**	.691**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	280	280	280	280	280
FLP	Pearson Correlation	.467**	.369**	1	.696**	.587**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	280	280	280	280	280
AB	Pearson Correlation	.492**	.464**	.696**	1	.669**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	280	280	280	280	280
PS	Pearson Correlation	.731**	.691**	.587**	.669**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	280	280	280	280	280

**. Correlation is significant at the 0.01 level (2-tailed).

Key: DFS-Digital Financial Services: CA-Credit Access: FLP- Financial Literacy Programs: AB-Agent Banking: PS-Performance of SMEs

Regression Analysis

Table 7: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.835[a]	.697	.692	.13740

a. Predictors: (Constant), Agent Banking, Credit Access, Financial Literacy Programs, Digital Financial Services

b. Dependent Variable: Performance of SMEs

Table 8: Overall Analysis of Variance (ANOVA)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.919	4	2.980	157.831	.000[b]
	Residual	5.192	275	.019		
	Total	17.111	279			

a. Dependent Variable: Performance of SMES

b. Predictors: (Constant), Agent Banking, Credit Access, Financial Literacy Programs, Digital Financial Services

Table 9: Multiple Regression (Coefficients)

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.360	.163		2.213	.028
	Digital Financial Services	.277	.043	.334	6.417	.000
	Credit Access	.222	.043	.260	5.174	.000
	Financial Literacy Programs	.123	.044	.133	2.802	.005
	Agent Banking	.303	.051	.292	5.978	.000

a. Dependent Variable: Performance of SMEs

$Y = 0.360 + 0.277X_1 + 0.222X_2 + 0.123X_3 + 0.304X_4$

Y = Dependent Variable (Performance of SMEs)

'$\mathbf{B_0}$ = Constant

X_1 = Digital Financial Services

X_2 = Credit Access

X_3 = Financial Literacy Programs

X_4 = Agent Banking

ε = error term

CONCLUSIONS AND RECOMMENDATIONS

Based on the findings, the study concluded that digital financial services have a significant effect on performance of small medium enterprises in Uasin-Gishu County. The study concluded that digital banking facilitates easier access to credit for SMEs. Utilizing digital banking services is crucial for enhancing SME competitiveness. Mobile money usage is associated with improved cash flow management for SMEs. Mobile money platforms contribute to the financial inclusion of SMEs. Online payment platforms are crucial for expanding the market reach of SMEs. SMEs utilizing online payment platforms experience improved customer satisfaction. Mobile loans contribute to the growth and expansion of SMEs. Access to mobile loans positively influences the investment decisions of SMEs.

Based on the findings, the study concluded that credit access has a significant effect on performance of small medium enterprises in Uasin-Gishu County. The study concluded that the cost of credit significantly impacts the operational costs of my SME. Borrowing costs have affected the profitability of my SME. Fluctuations in interest rates influence my SME's decision to take on credit. Lower interest rates would facilitate the expansion plans of my SME. Credit rationing has impeded the growth prospects of my SME. Mitigating business risk is a priority for my SME in securing favorable credit terms.

Based on the findings, the study concluded that financial literacy programs have a significant effect on performance of small medium enterprises in Uasin-Gishu County. The study concluded that improved debt management skills lead to better financial stability for my SME. Proficiency in debt management contributes to enhanced profitability within my SME. Implementing effective budgeting practices leads to improved financial performance for my SME. Better budgeting skills result in more efficient resource allocation within my SME. Knowledge of banking services leads to better financial decision-making within my SME. Optimal utilization of banking services contributes to increased competitiveness for my SME. Proficiency in bookkeeping leads to better financial transparency within my SME. Effective bookkeeping is essential for achieving long-term financial goals within my SME.

Based on the findings, the study concluded that agent banking has a significant effect on performance of small medium enterprises in Uasin-Gishu County. The study concluded that a denser Agent Banking network impacts the financial performance of my SME. Increased Agent Banking presence leads to improved accessibility to financial services for my SME. Utilizing Agent Banking services improves cash flow management. Effective cash flow management facilitated by Agent Banking leads to better financial stability for my SME. Lower transaction costs lead to increased efficiency in financial transactions for my SME through Agent Banking. Savings on transaction costs due to Agent Banking directly contribute to improved bottom-line performance for my SME. Improved access to financial services leads to better financial decision-making within my SME.

To enhance the performance of SMEs in Uasin-Gishu County, both managerial and policy recommendations are crucial.

- From a managerial perspective, the adoption and utilization of digital financial services should be a priority for SMEs. Managers should encourage the use of mobile money, online payment platforms, and digital banking to improve cash flow management and expand market reach.
- Investing in training programs to boost employees' proficiency in these digital tools is essential, ensuring that all staff can effectively leverage these services for better business performance. Furthermore, exploring partnerships with fintech companies can help integrate advanced digital solutions into SME operations, facilitating improved access to credit and financial services.
- Regarding credit access, managers should adopt strategic borrowing practices, carefully considering the impact of borrowing costs and interest rates on profitability. Negotiating better terms with lenders and seeking lower interest rates can significantly aid expansion plans. Implementing robust risk management practices to secure favorable credit terms is also vital. This involves maintaining a good credit rating and effectively managing operational risks.
- Financial literacy programs are another critical area for managerial focus. Continuous financial education for managers and staff is necessary, covering topics such as debt management, budgeting, and bookkeeping to enhance financial stability and decision-making. Encouraging the optimal utilization of available banking services will ensure better resource allocation and competitive advantage for SMEs.
- For agent banking, managers should leverage these services to improve cash flow management and financial accessibility, leading to better financial stability and reduced transaction costs. Integrating agent banking into daily operations can contribute to overall business efficiency and performance.
- From a policy perspective, supporting the development of robust digital infrastructure is essential to ensure reliable access to digital financial services for SMEs. This includes improving internet connectivity and mobile network coverage. Policymakers should create an enabling regulatory environment that encourages the growth of digital financial services, focusing on data protection and transaction security.
- To improve credit access, policies aimed at reducing borrowing costs for SMEs, such as offering subsidized interest rates or creating special credit facilities, are recommended. Establishing credit guarantee schemes can also reduce the risk for lenders, making it easier for SMEs to access credit.
- Promoting financial literacy through national campaigns targeted at SMEs can improve their understanding of financial management, debt management, and budgeting. Integrating financial literacy into educational curricula at

various levels ensures future entrepreneurs are equipped with essential financial skills.

- Expanding and supporting agent banking networks, especially in rural and underserved areas, is crucial for improving financial inclusion for SMEs. Providing incentives for agent banking operators, such as tax breaks or grants for setting up new service points, can facilitate this expansion.

Areas for Further Research

The study aimed to establish the effect of financial inclusivity enablers on performance of small medium enterprises in Uasin-Gishu county. This thesis, however, focused only on four specific areas of financial inclusivity enablers: digital financial services, credit access, financial literacy programs, financial literacy programs and agent banking. Additional research is necessary to investigate additional dimensions of financial inclusivity enablers. Additional research is advised to determine the statistically relevant moderating variables and so enhance the impact of financial inclusivity enablers on performance of small medium enterprises in Uasin-Gishu county. Further investigation should be conducted in other counties to facilitate a comparative analysis of the data obtained in this research.

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