INFLUENCE OF FINANCIAL INCLUSION ON THE PERFORMANCE OF SELF-HELP GROUPS IN MALINDI SUB-COUNTY, KENYA

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DECLARATION AND APPROVAL

Declaration by the student

This project is my original work and had not been presented for any award in this or any other university.

Signature……  …… Date:……16/4/2025……

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Approval by the Supervisors

The work stated in this project was done by the applicant while under my supervision, and I thus attest to this fact.

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DEDICATION

This work is dedicated to my beloved mother, Salima Abeid, for her unwavering love, support, and inspiration, which have been the foundation of my academic journey.

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ABSTRACT

The performance of self-help groups (SHGs) is integral to fostering socio-economic development, particularly among marginalized communities. This study investigates the influence of financial inclusion on the performance of SHGs in Malindi Sub-County, Kenya. The purpose of the study was evaluate the effects of access to savings products, credit facilities, money transfer services, and financial education on SHG performance. The research objectives included examining how these components impact membership growth, financial stability, project completion rates, and income generation. The findings are expected to provide insights that enhance financial inclusion and empower SHGs to achieve sustainability. The study is anchored on the Financial Intermediation Theory and the Diffusion of Innovation Theory, which explain the mechanisms through which financial institutions and innovations improve SHG operations. A descriptive survey design guides the research, targeting 3,655 individuals comprising SHG members and governance board officials in Malindi Sub-County. Using a sample size of 357 respondents derived through stratified random sampling, the study ensures representation across rural and urban settings. Data collection employed structured questionnaires and interview guides, refined through a pilot test involving 10% of the sample. Validity and reliability ensured through expert reviews and Cronbach's alpha testing, respectively. The study adheres to ethical considerations, including informed consent, confidentiality, and anonymity. Quantitative data analyzed using descriptive and inferential statistics via SPSS, with findings presented in tables, graphs, and regression models. Qualitative data complemented quantitative insights, offering a comprehensive understanding of the relationship between financial inclusion and SHG performance. Ultimately, the study aimed to inform policy and practical interventions that enhance the socio-economic impact of SHGs in Kenya. This study examined the effect of financial services on the performance of self-help groups in Malindi Sub-County, Kenya. It focused on four key financial services: access to savings products, credit facilities, money transfer services, and financial education. The findings revealed that access to savings products positively influenced financial stability, though affordability and accessibility remained challenges. Credit facilities had a negative impact due to high interest rates and rigid repayment terms. Money transfer services, while widely used, had a limited effect on group performance. Financial education emerged as the most significant factor, enhancing financial management, budgeting, and overall group sustainability. The study concluded that improving financial literacy, offering flexible savings and loan products, and integrating digital financial tools could enhance self-help groups' performance. Recommendations included enhancing financial education programs and making financial services more accessible and affordable.

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LIST OF ABBREVIATIONS AND ACRONYMS

CBK	–	Central Bank of Kenya
DOI	–	Diffusion of Innovation Theory
IDB	–	Industrial Development Bank
KWFT	–	Kenya Women Microfinance Bank
MFI	–	Microfinance Institution
M-PESA	–	Mobile Money Transfer Service by Safaricom
NGO	–	Non-Governmental Organization
OLS	–	Ordinary Least Squares
SACCO	–	Savings and Credit Cooperative Organization
SHG	–	Self-Help Group
SPSS	–	Statistical Package for Social Sciences
VBSP	–	Vietnam Bank for Social Policies
VSLAs	–	Village Savings and Loan Associations

CHAPTER ONE

INTRODUCTION

This chapter presents the background of the study, an overview of marketing strategies, statement of the problem, the objectives of the research (broad and specific objectives), significant of the study, limitation of the study and the scope of the study.

1.1 Background of the Study

The performance of self-help groups (SHGs) plays a pivotal role in fostering economic empowerment, especially for marginalized communities. Financial inclusion, which entails the availability and accessibility of financial services to all members of society, regardless of income or social status, is integral to improving SHG performance. By providing access to savings, credit, money transfer services, and financial education, financial inclusion enhances the capacity of SHGs to undertake income-generating activities, strengthen financial stability, and improve overall socioeconomic welfare. This study explores the influence of financial inclusion on the performance of SHGs, adopting a funnel format that transitions from a global, African, and Kenyan perspective.

Financial inclusion had been a critical focus globally, given its capacity to reduce poverty and inequality. In India, self-help groups, supported by financial inclusion initiatives such as savings accounts and microcredit, have significantly improved women's empowerment and rural development. The Reserve Bank of India facilitated SHG-Bank Linkage programs, enabling millions to access financial services, thereby enhancing SHG performance (Sharma & Kukreja, 2020). These programs underline the necessity of accessible savings products and credit for the growth and sustainability of SHGs.

In Brazil, the government's financial inclusion policies have prioritized digital banking and low-cost financial services to support informal groups. Initiatives such as Caixa Econômica Federal's microcredit schemes have contributed to a steady rise in the performance of self-help and community groups, enabling them to diversify income streams and achieve financial stability (Gomez & Monzón, 2018). Such examples highlight the broader applicability of financial inclusion in empowering collective community efforts.

Bangladesh provides another exemplary case, particularly through its extensive microfinance initiatives spearheaded by institutions like Grameen Bank. By promoting access to credit and financial education, self-help groups in rural areas have enhanced their economic contributions and improved project completion rates (Yunus & Weber, 2017). This success illustrates the transformative potential of tailored financial inclusion measures on SHG performance.

Across Africa, financial inclusion had been a cornerstone of strategies aimed at reducing poverty and promoting community resilience. In Nigeria, the Central Bank of Nigeria's financial inclusion strategy emphasized mobile money services, enabling SHGs to access money transfer facilities at lower costs and with greater reliability. This intervention had strengthened group cohesion and financial independence (Eze & Chibuzo, 2021).

In South Africa, community-based savings groups, supported by programs such as SaveAct, have demonstrated improved financial stability through access to savings products and regular financial education sessions. These initiatives have been instrumental in fostering the growth of SHGs and their capacity to undertake larger-scale economic projects (Khumalo & Tshabalala, 2018). The integration of savings and

education into financial inclusion strategies ensures sustainable SHG performance improvements.

Kenyan financial inclusion experiences provide valuable lessons, particularly in relation to mobile money. M-Pesa had revolutionized SHGs' ability to access and transfer money, significantly reducing transaction costs and improving the reliability of financial operations (Jack & Suri, 2017). This African innovation exemplifies the power of technology in advancing the financial inclusion agenda for SHGs.

In Kenya, self-help groups are an integral part of community-driven development, particularly in rural and semi-urban settings. Access to savings products, facilitated by institutions like Equity Bank, had enhanced the ability of SHGs to mobilize resources and achieve financial stability. For instance, savings accounts have empowered SHG members in Malindi to increase their deposit frequency, resulting in higher savings balances and improved group performance (Mutua & Mwangi, 2020).

Additionally, the availability of credit facilities had been pivotal in strengthening SHG performance in Kenya. Microfinance institutions such as Faulu Kenya have provided affordable loans with flexible repayment terms, enabling SHGs to implement income-generating projects. This financial accessibility had led to notable improvements in membership growth and project completion rates (Njenga & Gichuki, 2019).

Moreover, the proliferation of money transfer services such as M-Pesa and Airtel Money had further facilitated SHG operations in Kenya. These services have significantly reduced the logistical challenges of financial transactions, making it easier for groups to disburse and access funds efficiently (Ndung'u et al., 2018). By addressing key barriers to financial inclusion, Kenya continues to set a regional benchmark for improving SHG performance.

1.2 Problem Statement

Self-help groups (SHGs) in Malindi Sub-County, Kenya, play a significant role in fostering socio-economic development among marginalized communities by providing a platform for collective savings, credit access, and income generation. Despite their potential, the performance of SHGs in Malindi remains suboptimal, with challenges such as low membership growth, inadequate financial stability, and delayed project completions persisting. Limited access to key financial services, including savings products, credit facilities, and reliable money transfer systems, had significantly hindered the operational efficiency and effectiveness of these groups (Njenga & Gichuki, 2019). This gap raises concerns about the alignment of financial inclusion efforts with the specific needs of SHGs in Malindi, a region where economic disparities and financial exclusion remain pervasive.

Access to affordable credit and savings products, which are essential for SHG sustainability, is often restricted in Malindi Sub-County due to limited outreach by formal financial institutions. Most SHGs rely on informal or semi-formal financial services that charge high transaction fees and provide irregular support, thereby undermining their financial stability and growth potential (Mutua & Mwangi, 2020). Additionally, the lack of financial education had exacerbated the problem, as many SHG members struggle with basic financial planning, budgeting, and literacy skills, which are critical for the effective management of group resources (Ndung'u et al., 2018). Without sufficient access to these services, SHGs face significant barriers in achieving their development objectives.

Moreover, technological advancements such as mobile money services have transformed financial inclusion in Kenya, but their impact on SHG performance in Malindi had been inconsistent. While platforms like M-Pesa have enhanced financial

transactions, the high transaction costs and technical challenges often deter SHGs from fully leveraging these innovations (Jack & Suri, 2017). This issue is particularly acute in Malindi, where infrastructural limitations and digital literacy gaps hinder SHGs from accessing and utilizing money transfer services effectively. Consequently, the potential of financial inclusion to improve SHG performance in Malindi Sub-County remains largely unrealized, necessitating targeted interventions to address these persistent challenges.

1.3 Purpose of the Study

The purpose of this study is to examine the influence of financial inclusion specifically access to savings products, credit facilities, money transfer services, and financial education on the performance of self-help groups in Malindi Sub-County, Kenya.

1.3.1 Specific Objectives of the Study

The study would be guided by the following specific research objectives:

i. To examine the effect of access to savings products on the performance of self-help groups in Malindi Sub-County, Kenya.
ii. To determine the effect of access to credit facilities on the performance of self-help groups in Malindi Sub-County, Kenya.
iii. To establish the effect of access to money transfer services on the performance of self-help groups in Malindi Sub-County, Kenya.
iv. To evaluate the effect of financial education services on the performance of self-help groups in Malindi Sub-County, Kenya.

1.4 Research Questions

The study would be guided by the following research questions:

i. How does access to savings products affect the performance of self-help groups in Malindi Sub-County, Kenya?
ii. What is the effect of access to credit facilities on the performance of self-help groups in Malindi Sub-County, Kenya?
iii. To what extent does access to money transfer services influence the performance of self-help groups in Malindi Sub-County, Kenya?
iv. How do financial education services impact the performance of self-help groups in Malindi Sub-County, Kenya?

1.5 Significance of the Study

The study on the influence of financial inclusion on the performance of self-help groups (SHGs) in Malindi Malindi Sub-County, Kenya, is significant as it addresses critical gaps in understanding how access to financial services impacts the sustainability and growth of these groups. SHGs are a cornerstone of socio-economic development, particularly in underserved communities, providing a platform for collective savings, credit access, and income generation. By examining how financial inclusion components such as savings products, credit facilities, money transfer services, and financial education affect SHG performance, this study offers valuable insights into how these groups can be empowered to achieve financial stability, improve project completion rates, and expand their membership base.

For policymakers and financial institutions, the findings of this study provide evidence-based recommendations on designing and implementing inclusive financial services tailored to the unique needs of SHGs in Malindi Sub-County. With financial exclusion

being a significant barrier to community development, the study contributes to the formulation of strategies to enhance the accessibility, affordability, and reliability of financial services. This is particularly crucial in rural and semi-urban areas like Malindi, where traditional banking systems are often inaccessible, and SHGs depend heavily on informal financial networks that may not meet their operational requirements.

For researchers and academicians, the study adds to the existing body of knowledge on financial inclusion and its role in enhancing the performance of community-based groups. It bridges the knowledge gap regarding the specific challenges and opportunities faced by SHGs in Kenya, offering a foundation for further research in similar contexts. Additionally, the study is expected to inform development organizations and non-governmental entities that support SHGs by highlighting effective practices and interventions to improve their performance. Ultimately, this research aims to empower SHGs in Malindi Sub-County to become more self-reliant and effective agents of socio-economic change.

1.6 Scope of the Study

This study focuses on examining the influence of financial inclusion—specifically access to savings products, credit facilities, money transfer services, and financial education—on the performance of self-help groups (SHGs) in Malindi Sub-County, Kenya. The study would target SHGs within the county, exploring how these financial inclusion elements impact key performance indicators such as membership growth, financial stability, project completion rates, and income generation. Utilizing a descriptive research design, the study employed both quantitative and qualitative methods to collect and analyze data, providing a comprehensive understanding of the

relationship between financial inclusion and SHG performance. The research be conducted over an eight-month period, from November to July, ensuring adequate time for data collection, analysis, and reporting.

1.7 Limitation of the study

One limitation of the study is the reliance on self-reported data from self-help group (SHG) members, which may be prone to bias or inaccuracies due to recall challenges or social desirability. To address this, the study ensured anonymity and confidentiality to encourage honest responses, and where possible, triangulate data with financial records and other secondary sources.

Another potential limitation is the geographical scope, as the study is confined to Malindi Sub-County, which may limit the generalizability of findings to other regions with different socio-economic contexts. However, the study provided detailed contextual analysis, allowing stakeholders to adapt the findings to similar settings with comparable characteristics.

Lastly, resource and time constraints within the eight-month timeline could limit the depth of data collection and analysis. To mitigate this, the study adopted efficient sampling techniques and use digital tools for data collection and processing, ensuring timely and high-quality results without compromising the research's integrity.

1.8 Delimitation of the study

This study is specifically delimited to self-help groups (SHGs) operating within Malindi Sub-County, Kenya, and focuses exclusively on four aspects of financial inclusion: access to savings products, credit facilities, money transfer services, and financial education. It does not include other financial services or groups outside the

scope of SHGs. The study used a descriptive research design and collected data primarily from SHG members, avoiding data from individual entrepreneurs or other types of community-based organizations. Additionally, the study is limited to the period between November and July, within which all data collection and analysis were conducted. These boundaries ensure the study remains manageable and focused on its objectives, providing precise insights relevant to SHGs in Malindi Sub-County.

1.9 Assumptions of the Study

The researcher made the following assumptions in the research;

Accuracy of Responses: It is assumed that respondents from the self-help groups (SHGs) in Malindi Sub-County provided accurate and honest information about their access to financial services and their group's performance. This ensures that the data collected reflects the true influence of financial inclusion on SHG performance.

Availability of Financial Services: The study assumes that financial services such as savings products, credit facilities, money transfer services, and financial education are accessible to some extent by the SHGs in Malindi Sub-County, providing a basis for examining their influence on performance.

Representative Sampling: It is assumed that the selected SHGs for the study are representative of the broader SHG population in Malindi Sub-County, enabling the findings to be reflective of the general situation in the region.

Relevance of Variables: The study assumes that the selected variables—savings, credit, money transfers, and financial education—are relevant and sufficient indicators of financial inclusion's impact on SHG performance.

1.10 Operational definition of key terms

Financial Inclusion: The provision of affordable, accessible, and convenient financial products and services, such as savings, credit, and insurance, to individuals and groups who are excluded from the formal financial sector (Demirgüç-Kunt et al., 2018).

Self-Help Groups (SHGs): Community-based groups formed voluntarily by individuals with similar socio-economic goals, primarily focused on collective savings, credit access, and income generation to improve members' livelihoods (Mutua & Mwangi, 2020).

Savings Products: Financial services that allow individuals or groups to deposit and accumulate funds for future use, often in formal financial institutions like banks or microfinance institutions (Njenga & Gichuki, 2019).

Credit Facilities: Loans or financial services that provide individuals or groups with access to funds to invest in income-generating activities, repayable under specific terms and conditions (Eze & Chibuzo, 2021).

Money Transfer Services: Digital or traditional financial services that enable the transfer of funds between parties, often used for transactions or remittances (Jack & Suri, 2017).

Financial Education: Programs or services aimed at improving individuals' understanding of financial concepts, enabling them to make informed decisions regarding budgeting, saving, and investing (Ndung'u et al., 2018).

Performance of Self-Help Groups: The extent to which SHGs achieve their intended goals, such as membership growth, financial stability, project completion, and income generation (Mutua & Mwangi, 2020).

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter reviews the theoretical literature on marketing strategies on student's enrolment. The chapter also reviews the empirical literature, conceptual framework and research gaps are also covered in this chapter.

2.1 Theoretical Literature

This study is grounded on two key theories: the Financial Intermediation Theory and the Diffusion of Innovation Theory. The Financial Intermediation Theory provides insights into how financial institutions facilitate the accessibility of savings products and credit facilities to self-help groups (SHGs), enhancing their financial stability and performance. On the other hand, the Diffusion of Innovation Theory explains the adoption and utilization of financial innovations, such as mobile money transfer services and financial education programs, within SHGs to improve their operational efficiency and decision-making. These theories are instrumental in understanding the relationship between financial inclusion and the performance of SHGs in Malindi Sub-County, Kenya.

2.1.1 Financial Intermediation Theory

The Financial Intermediation Theory provides a comprehensive framework for understanding how financial systems facilitate economic activities by channeling funds from savers to borrowers, a process mediated by financial institutions such as banks, microfinance institutions, and savings cooperatives. The theory, originally articulated by Diamond (1984), posits that financial intermediaries reduce transaction costs and information asymmetry, enabling more efficient allocation of resources within the economy. These institutions act as a bridge between entities with surplus funds and

those in deficit, ensuring that financial resources are utilized optimally. By doing so, intermediaries play a crucial role in fostering economic growth and stability.

Central to the theory is the concept of risk-sharing and liquidity transformation. Financial intermediaries pool savings from various individuals and provide funds to borrowers, who can utilize the resources for productive investments. This process mitigates the risks associated with direct lending by diversifying assets and liabilities, ensuring that savers can access their funds when needed while borrowers receive long-term financing (Mutua & Mwangi, 2020). In the context of self-help groups (SHGs), financial intermediaries enhance the ability of these groups to mobilize savings and access credit facilities, thereby enabling them to undertake income-generating projects and improve their financial stability.

Moreover, the Financial Intermediation Theory highlights the importance of information dissemination and management in financial transactions. Financial intermediaries are better equipped to gather, process, and disseminate information about borrowers and lenders, reducing the costs and uncertainties associated with these processes (Eze & Chibuzo, 2021). For SHGs in Malindi Sub-County, this means that financial institutions can assess the creditworthiness of groups, provide tailored financial products, and monitor loan utilization effectively. This aspect of the theory underscores the pivotal role of intermediaries in enhancing the performance of SHGs by providing not only financial resources but also the necessary support services.

The evolution of financial systems had further emphasized the role of technology in financial intermediation. Innovations such as mobile banking and digital platforms have expanded the reach of financial intermediaries, allowing them to serve previously excluded populations more effectively. In Kenya, mobile money platforms like M-Pesa have transformed financial intermediation, making it possible for SHGs to access

money transfer services and credit facilities with ease (Jack & Suri, 2017). These technological advancements align with the theory's assertion that intermediaries adapt to changes in the economic environment to enhance their efficiency and inclusivity. For SHGs, the availability of digital financial services reduces transaction costs and improves access to critical financial resources.

Critically, the Financial Intermediation Theory also addresses the challenges of market imperfections, such as information asymmetry and high transaction costs, which hinder financial inclusion. In the case of SHGs, intermediaries can bridge these gaps by offering products like group loans, where the collective creditworthiness of members reduces individual risks (Demirgüç-Kunt et al., 2018). This mechanism ensures that even groups with limited collateral or formal financial history can access the resources needed for growth and sustainability. The ability of intermediaries to customize financial products for SHGs highlights their role in addressing systemic barriers to financial inclusion.

Another significant aspect of the theory is its focus on liquidity management. Financial intermediaries ensure that funds are available for borrowers while maintaining sufficient liquidity to meet the demands of savers. This balancing act is crucial for the sustainability of SHGs, as it ensures they can meet short-term financial needs without compromising long-term goals (Njenga & Gichuki, 2019). By providing savings products with flexible terms, intermediaries enable SHGs to build financial reserves, which can be reinvested in projects or used to cushion against unforeseen economic shocks. This aspect of financial intermediation directly contributes to the resilience and performance of SHGs.

The Financial Intermediation Theory is particularly relevant to developing economies, where financial markets are often underdeveloped, and access to formal financial

services is limited. In such contexts, intermediaries play a transformative role by extending financial inclusion to marginalized groups. For SHGs in Malindi Sub-County, the role of financial intermediaries is evident in their ability to provide access to savings accounts, low-interest credit facilities, and financial education. These services not only enhance the operational efficiency of SHGs but also empower their members to make informed financial decisions, fostering overall economic development (Ndung'u et al., 2018).

One of the critical strengths of the Financial Intermediation Theory is its adaptability to various economic contexts. In Kenya, for instance, the theory explains how microfinance institutions and mobile money services have bridged the financial inclusion gap for SHGs. These intermediaries have adopted innovative approaches to meet the unique needs of SHGs, such as offering group loans with flexible repayment terms and facilitating savings through mobile platforms. This adaptability underscores the relevance of the theory in understanding the dynamics of financial inclusion in Malindi Sub-County and other similar settings (Mutua & Mwangi, 2020).

The theory's emphasis on reducing information asymmetry is particularly significant for SHGs, which often face challenges in accessing credit due to limited financial literacy or lack of collateral. By acting as trusted intermediaries, financial institutions can provide SHGs with the necessary resources while ensuring accountability and transparency in their operations. For example, credit appraisal mechanisms employed by financial intermediaries can help assess the viability of SHG projects, ensuring that loans are allocated effectively and repaid on time (Eze & Chibuzo, 2021). This aspect of the theory highlights its practical application in enhancing SHG performance.

In linking the Financial Intermediation Theory to this study, it becomes evident that intermediaries are central to addressing the financial challenges faced by SHGs in

Malindi Sub-County. The theory provides a framework for understanding how access to savings products, credit facilities, and financial education can improve the performance of SHGs. By facilitating resource mobilization, liquidity management, and risk-sharing, financial intermediaries enable SHGs to achieve their objectives, such as membership growth, financial stability, and successful project completion (Njenga & Gichuki, 2019). The application of this theory in the study underscores its relevance in promoting financial inclusion and empowering SHGs to contribute to local economic development.

In conclusion, the Financial Intermediation Theory offers valuable insights into the mechanisms through which financial institutions support the economic activities of SHGs. By addressing issues such as risk-sharing, liquidity management, and information asymmetry, the theory highlights the critical role of intermediaries in enhancing financial inclusion. In the context of Malindi Sub-County, the theory provides a robust framework for examining how access to financial services impacts SHG performance, making it an essential component of this study. The adaptability and practical relevance of the Financial Intermediation Theory ensure its continued applicability in understanding the dynamics of financial inclusion and SHG empowerment in developing economies.

2.1.2 Diffusion of Innovation Theory

It is particularly useful for analyzing the factors that drive the adoption of financial innovations such as mobile money, digital payment systems, and financial education services, which are critical to enhancing financial inclusion. The theory's adaptability across various contexts makes it highly applicable in understanding how self-help groups (SHGs) adopt and utilize innovations to improve their performance.

Early adopters follow, leveraging the innovations to improve their efficiency or status within the social system. For SHGs in Malindi Sub-County, these categories can explain how certain groups are quick to integrate mobile money platforms or financial education programs, while others take longer due to perceived risks or lack of knowledge (Rogers, 2003; Jack & Suri, 2017). Understanding these adoption dynamics is essential in tailoring financial inclusion strategies that address the unique needs of each SHG.

Similarly, the compatibility of financial education programs with the SHGs' goals of financial stability and resource management facilitates their adoption.

Complexity, on the other hand, measures how difficult the innovation is to understand or use. Financial innovations that are simple and user-friendly are more likely to be adopted quickly. For SHGs in Malindi Sub-County, digital financial services that are intuitive and accessible via mobile phones have higher adoption rates than those requiring advanced technological skills (Eze & Chibuzo, 2021). Trialability and observability also play critical roles. SHGs are more likely to adopt innovations they can experiment with on a small scale before fully committing. The visibility of benefits, such as increased savings or improved financial stability among other groups using the innovation, further accelerates adoption.

The theory also highlights the role of communication channels in the diffusion process. Effective dissemination of information about financial innovations is crucial for encouraging adoption among SHGs. For instance, peer influence and success stories from other SHGs using mobile money or engaging in financial education can inspire others to adopt these innovations. In Malindi Sub-County, local community networks and financial literacy programs are critical in spreading awareness about the benefits of these services (Mutua & Mwangi, 2020). By leveraging trusted communication

channels, financial institutions and development organizations can increase the reach and impact of their initiatives.

Social systems, as described in the Diffusion of Innovation Theory, play a significant role in shaping the diffusion process. The structure of SHGs in Malindi Sub-County, characterized by shared goals and collective decision-making, provides a conducive environment for the diffusion of financial innovations. When influential members within the SHG adopt an innovation, others are more likely to follow, creating a ripple effect. This dynamic aligns with the concept of opinion leaders in the theory, who act as change agents within their social systems (Rogers, 2003). By identifying and engaging these opinion leaders, financial service providers can enhance the adoption of savings products, credit facilities, and financial education programs.

The theory's emphasis on the time dimension also provides valuable insights into the adoption process. While some SHGs may adopt financial innovations rapidly, others may require more time due to factors such as resource constraints or resistance to change. The adoption curve described in the theory, which categorizes adopters into innovators, early adopters, and so on, helps explain the varying rates of adoption. For instance, early adopters among SHGs in Malindi Sub-County might quickly embrace mobile money platforms, while the late majority might wait until the innovation is widely proven and accessible (Ndung'u et al., 2018). This temporal perspective underscores the importance of patience and sustained efforts in promoting financial inclusion.

A critical strength of the Diffusion of Innovation Theory is its applicability to diverse contexts, including the adoption of financial inclusion initiatives in developing economies. In Kenya, the rapid adoption of mobile money services highlights the relevance of the theory in explaining how technological innovations spread and

transform communities. For SHGs, the theory provides a framework for understanding why some groups quickly integrate financial innovations while others lag behind. By addressing barriers such as lack of awareness or perceived complexity, the theory informs strategies to promote wider adoption and utilization of financial services (Jack & Suri, 2017).

Linking the Diffusion of Innovation Theory to this study, it becomes evident that the adoption and utilization of financial innovations are critical to improving SHG performance. The theory provides a robust framework for understanding how SHGs in Malindi Sub-County adopt innovations such as mobile money, credit facilities, and financial education, and how these adoptions influence their operations. For instance, the adoption of mobile money services enhances transaction efficiency and reliability, while financial education programs equip SHGs with the skills needed for effective financial management. By identifying the factors that drive or hinder adoption, the theory informs targeted interventions to enhance financial inclusion and SHG performance (Mutua & Mwangi, 2020).

In conclusion, the Diffusion of Innovation Theory offers valuable insights into the processes through which financial innovations are adopted and utilized by SHGs. By addressing factors such as relative advantage, compatibility, complexity, and communication channels, the theory explains the dynamics of financial inclusion in Malindi Sub-County. Its emphasis on social systems and time further underscores the importance of tailored and sustained efforts in promoting innovation adoption. In the context of this study, the theory provides a comprehensive framework for analyzing how the adoption of financial innovations impacts the performance of SHGs, making it an essential component of the theoretical framework.

2.2 Theoretical Framework

The figure 1 is the representation of the association between the theories and the dependent variable.

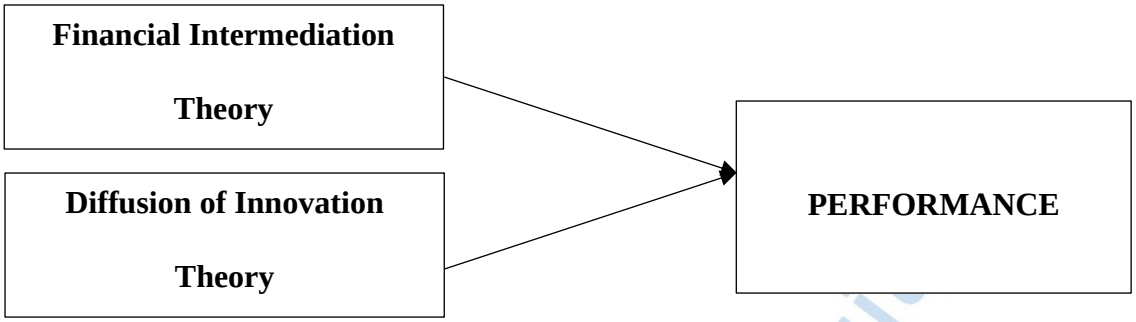

Figure 1: Theoretical Framework

Source: Researcher (2024)

2.3 Empirical Literature

2.3.1 Access to Savings Products

Access to savings products had been a cornerstone of financial inclusion efforts worldwide, significantly influencing the performance of self-help groups (SHGs). In India, the SHG-Bank Linkage Program, initiated by the Reserve Bank of India, had facilitated access to savings accounts for millions of SHGs. This program empowered rural women by enabling them to save regularly, build financial resilience, and access microcredit for income-generating activities. Studies reveal that SHGs with access to formal savings products exhibit higher levels of financial stability, increased membership growth, and successful project completion rates (Sharma & Kukreja, 2020). The consistent ability to save ensures that SHGs have a financial buffer, reducing the risks associated with economic shocks, such as natural disasters or market fluctuations, which are common in rural India.

In Bangladesh, savings products have been central to the success of SHGs supported by microfinance institutions like Grameen Bank. The bank had implemented innovative

savings schemes tailored to low-income individuals, enabling SHGs to accumulate funds and access credit when needed. A study by Yunus and Weber (2017) found that SHGs with access to structured savings programs were more likely to achieve financial independence and expand their income-generating projects. This access not only strengthened the financial position of SHGs but also contributed to broader community development by fostering trust and collaboration among members. Moreover, the ease of deposit collection and low transaction costs have made savings products more accessible, boosting the performance of SHGs.

In Brazil, government-supported savings programs for community groups have enhanced the financial inclusion of marginalized populations. Caixa Econômica Federal, a state-owned financial institution, had played a pivotal role in providing savings products that cater to informal groups, including SHGs. Research indicates that SHGs with access to savings accounts demonstrate higher project completion rates and financial stability compared to those relying on informal mechanisms (Gomez & Monzón, 2018). These findings underscore the importance of integrating savings products into financial inclusion strategies to boost SHG performance globally. In Brazil, the reliability and accessibility of formal savings accounts have enabled SHGs to save consistently and invest in productive activities.

Across Africa, savings products have emerged as critical tools for improving the performance of self-help groups. In Nigeria, microfinance banks have introduced innovative savings schemes that cater to SHGs, enabling them to save collectively and access funds for their projects. Eze and Chibuzo (2021) found that SHGs with access to savings accounts in Nigeria exhibited higher levels of financial discipline and improved resource mobilization. These savings products also enhanced the credibility of SHGs, making them eligible for credit facilities from formal financial institutions. The study

further highlighted that savings access significantly reduced dependence on informal savings mechanisms, which are often unreliable and prone to financial mismanagement. In South Africa, community-based savings groups, supported by initiatives like SaveAct, have demonstrated remarkable improvements in financial stability and project implementation. SaveAct's structured savings and credit schemes have provided SHGs with secure platforms for regular savings and resource accumulation. Khumalo and Tshabalala (2018) observed that SHGs participating in such programs experienced enhanced membership growth and project sustainability. The study attributed these outcomes to the disciplined savings culture promoted by SaveAct, which enabled SHGs to build financial reserves and reduce dependency on external funding. The structured nature of these savings products also fostered financial literacy, further improving SHG performance.

In Uganda, Village Savings and Loan Associations (VSLAs) have been instrumental in providing savings solutions to SHGs in rural areas. These associations operate as informal financial institutions, offering members a platform to save and borrow as needed. Research by Namirembe et al. (2020) indicated that SHGs within VSLAs demonstrated increased financial resilience, particularly during economic downturns. Savings access allowed SHGs to accumulate funds that could be reinvested in productive activities, enhancing their income-generating capacity. The study emphasized that consistent access to savings products enabled SHGs to maintain financial stability and improve overall group performance.

In Kenya, access to savings products had significantly influenced the performance of self-help groups, particularly in rural and semi-urban areas. Equity Bank, through its financial inclusion programs, had provided tailored savings accounts to SHGs, enabling them to save collectively and access funds for income-generating projects. Mutua and

Mwangi (2020) observed that SHGs with access to Equity Bank's savings products experienced improved financial stability and membership growth. These savings accounts offered features such as low minimum balances and easy withdrawal processes, making them highly accessible to SHGs. The study concluded that the ability to save consistently contributed to the successful implementation of projects and the overall financial health of SHGs.

In Malindi Sub-County, SHGs have benefitted from savings products offered by microfinance institutions like Faulu Kenya. These institutions have introduced savings schemes designed to cater to the unique needs of SHGs, such as flexible deposit terms and group savings accounts. Njenga and Gichuki (2019) found that SHGs with access to these savings products demonstrated enhanced project completion rates and financial resilience. The study also highlighted that savings access reduced the financial vulnerability of SHGs, enabling them to withstand economic shocks and sustain their operations. This underscores the critical role of tailored savings products in improving SHG performance in Kenya.

Mobile money platforms like M-Pesa have further revolutionized savings access for SHGs in Kenya. These platforms allow SHGs to save securely and access their funds conveniently, even in remote areas. Ndung'u et al. (2018) reported that SHGs utilizing M-Pesa for savings exhibited increased financial discipline and operational efficiency. The study noted that mobile savings services not only reduced transaction costs but also enhanced transparency and accountability within SHGs. By leveraging technology, SHGs in Kenya have been able to optimize their savings practices, leading to improved financial stability and group performance.

2.3.2 Access to Credit Facilities

Access to credit facilities had played a transformative role in enhancing the performance of self-help groups (SHGs) worldwide, enabling them to pursue economic opportunities and achieve sustainability. In the Philippines, microfinance institutions like CARD Bank have developed credit programs tailored to SHGs, focusing on empowering women and marginalized communities. A study by Reyes and Domingo (2020) revealed that SHGs accessing microloans demonstrated increased participation in agricultural and small-scale business activities. The study found that affordable and flexible loan terms significantly improved project completion rates, increased household incomes, and reduced financial vulnerability among members. The findings underscore that credit access is not just a financial enabler but also a tool for social empowerment and economic inclusion.

In Vietnam, rural SHGs have benefitted significantly from government-backed credit schemes. The Vietnam Bank for Social Policies (VBSP) provides subsidized loans to SHGs, particularly in underserved regions. Research by Pham and Bui (2019) highlighted that SHGs with access to these loans experienced notable improvements in productivity, particularly in agriculture and handicrafts. The credit facilities also strengthened the financial stability of SHGs, enabling them to expand their operations and attract new members. The study emphasized that the availability of low-interest loans, coupled with capacity-building programs, helped SHGs overcome challenges associated with limited access to traditional financial services.

In Mexico, SHGs have utilized credit facilities provided by local savings and credit cooperatives to support their operations. These cooperatives offer microloans with favorable terms to rural SHGs, helping them finance small businesses and community projects. Gomez and Cruz (2018) found that SHGs accessing cooperative credit

experienced improved financial performance and increased community engagement. The study also highlighted that credit access reduced reliance on informal lending sources, which often impose high-interest rates and exploitative terms. This shift towards formal credit facilities contributed to the long-term sustainability and success of SHGs in Mexico.

Across Africa, access to credit facilities had proven essential in empowering self-help groups to achieve their financial and social objectives. In Ethiopia, SHGs have benefitted from microfinance institutions like Amhara Credit and Savings Institution (ACSI), which provide group loans tailored to their needs. A study by Tadesse and Hailu (2021) found that SHGs with access to ACSI loans reported improved project success rates and enhanced financial resilience. The study noted that group loans fostered collective responsibility among members, ensuring timely repayments and reducing default risks. Access to credit also enabled SHGs to invest in income-generating ventures, such as livestock and agriculture, which contributed to improved livelihoods.

In Rwanda, the Umurenge Savings and Credit Cooperative (SACCO) program had been pivotal in extending credit to rural SHGs. Through SACCOs, SHGs gain access to affordable loans for various economic activities. Research by Uwitonze et al. (2020) revealed that SHGs using SACCO credit facilities experienced increased financial independence and higher membership growth. The study emphasized that the structured nature of SACCO loans, including clear repayment terms and financial education, improved the operational efficiency of SHGs. These findings highlight the importance of tailored credit products in enhancing SHG performance in Rwanda.

In Tanzania, microfinance institutions such as FINCA have played a significant role in providing credit to SHGs. A study by Msuya and Komba (2019) found that SHGs

accessing FINCA loans demonstrated higher financial stability and diversification of income sources. The research revealed that credit access encouraged SHGs to engage in entrepreneurial ventures, such as retail businesses and farming. Additionally, the provision of credit enhanced group cohesion and accountability, as members collaborated to ensure loan repayment. These outcomes illustrate the critical role of credit facilities in improving SHG performance across Tanzania.

In Kenya, access to credit facilities had significantly influenced the performance of self-help groups, particularly in rural and semi-urban areas. The Kenya Women Microfinance Bank (KWFT) had been instrumental in extending credit to SHGs, enabling them to undertake income-generating projects. Mutua and Mwangi (2020) reported that SHGs with access to KWFT loans exhibited improved project implementation rates and financial stability. The study highlighted that the flexibility of loan terms, such as low-interest rates and extended repayment periods, allowed SHGs to focus on long-term investments. Furthermore, credit access encouraged group savings, fostering a culture of financial responsibility among members.

In Turkana County, SHGs have benefitted from the credit facilities offered by Village Savings and Loans Associations (VSLAs). These associations provide small-scale loans to SHGs, allowing them to invest in livestock and small businesses. Research by Ndung'u and Wambua (2019) found that SHGs utilizing VSLA credit facilities experienced increased income generation and improved livelihoods. The study also noted that access to credit reduced financial exclusion in Turkana, enabling SHGs to sustain their operations and attract new members. These findings underscore the importance of localized credit solutions in supporting SHG performance in marginalized regions.

Mobile credit platforms like Tala and Branch have further revolutionized access to credit for SHGs in Kenya. These platforms provide SHGs with quick and convenient access to small loans, eliminating the need for traditional collateral. A study by Kamau et al. (2018) revealed that SHGs leveraging mobile credit experienced faster project turnaround times and enhanced operational efficiency. The research emphasized that mobile credit not only reduced transaction costs but also improved transparency and accountability within SHGs. These innovations highlight the transformative impact of technology on credit access and SHG performance in Kenya.

2.3.3 Access to Money Transfer Services

Access to money transfer services had significantly influenced the operational efficiency and performance of self-help groups (SHGs) globally, enhancing their ability to manage funds and conduct transactions. In Indonesia, the rise of digital financial platforms like GoPay and OVO had improved financial inclusivity for SHGs, particularly in rural areas. Research by Hartono et al. (2020) found that SHGs using digital money transfer services exhibited increased financial efficiency and reliability in transactions. These platforms enabled SHGs to send and receive funds instantly, facilitating the timely execution of group projects. The study also emphasized that money transfer services reduced transactional costs and the risks associated with cash handling, thereby improving group cohesion and accountability.

In Nepal, remittance services have played a pivotal role in improving SHG performance, as many SHGs rely on funds from migrant workers. According to Gautam and Regmi (2018), access to money transfer services allowed SHGs to consolidate resources from members working abroad, increasing the availability of capital for group activities. The study revealed that reliable money transfer channels, such as

banks and mobile platforms, improved the liquidity of SHGs, enabling them to invest in income-generating ventures and expand their membership base. Moreover, the prompt receipt of funds through formal channels enhanced trust and collaboration among group members.

In Chile, money transfer services have supported the financial activities of SHGs, particularly those focused on agriculture and small-scale enterprises. The introduction of digital wallets and mobile banking services by BancoEstado had enabled SHGs to streamline their financial operations. Research by Rojas and Calderon (2019) showed that SHGs utilizing these services experienced faster fund disbursements and improved financial transparency. These benefits facilitated better financial planning and project implementation, boosting SHG performance. The findings underline the importance of integrating digital money transfer systems into financial inclusion strategies to enhance SHG efficiency.

Across Africa, access to money transfer services had proven critical in improving the financial operations of SHGs by reducing transactional barriers and fostering economic inclusivity. In Ghana, mobile money platforms such as MTN Mobile Money have transformed how SHGs manage their financial transactions. A study by Addo and Koomson (2020) found that SHGs using mobile money services demonstrated higher operational efficiency and increased savings. These platforms allowed SHGs to collect and transfer funds with minimal delays, enhancing their capacity to undertake projects and meet financial obligations. The study further noted that mobile money services reduced transportation costs associated with traditional banking, enabling SHGs to redirect resources toward productive activities.

In Zimbabwe, EcoCash had revolutionized money transfer services for SHGs, particularly in rural areas where formal banking infrastructure is limited. Research by

Mhlanga and Mutsvanga (2018) highlighted that SHGs using EcoCash services experienced greater financial independence and improved accountability. The platform's ability to provide secure, low-cost transactions enabled SHGs to manage their finances more effectively, leading to better project outcomes. The study also observed that access to reliable money transfer services encouraged greater participation in SHGs, as members felt assured of secure fund handling.

In Malawi, the introduction of Airtel Money had facilitated the financial operations of SHGs, particularly in agricultural cooperatives. A study by Banda and Phiri (2019) revealed that SHGs leveraging Airtel Money for financial transactions demonstrated increased trust among members and improved group performance. The study highlighted that digital money transfer services enabled SHGs to disburse loans and collect repayments efficiently, reducing the administrative burden on group leaders. These innovations not only enhanced financial accountability but also strengthened the overall cohesion and functionality of SHGs.

In Kenya, money transfer services have had a transformative impact on the performance of SHGs by facilitating secure and efficient financial transactions. Mobile money platforms like M-Pesa have become a cornerstone of SHG operations, enabling groups to conduct transactions with ease. Ndung'u et al. (2018) found that SHGs utilizing M-Pesa experienced improved financial transparency and faster project implementation. The study noted that mobile money services eliminated the logistical challenges of cash handling, reducing risks such as theft and mismanagement. Additionally, the widespread adoption of M-Pesa had enhanced financial inclusion for SHGs, particularly in rural areas.

In Kisumu County, SHGs have benefitted from Equitel, a mobile banking service offered by Equity Bank. Research by Ochieng and Omondi (2019) highlighted that

SHGs using Equitel experienced greater operational efficiency and financial growth. The platform's integration of money transfer and banking services enabled SHGs to deposit, withdraw, and transfer funds seamlessly. The study emphasized that Equitel's affordability and user-friendly interface encouraged broader adoption among SHGs, leading to improved financial management and group performance.

In Malindi Sub-County, Airtel Money had provided SHGs with an alternative money transfer platform, particularly in areas where M-Pesa penetration is lower. A study by Mutua and Mwangi (2020) revealed that SHGs using Airtel Money demonstrated increased financial reliability and reduced transaction costs. The study noted that the platform's accessibility and secure transactions fostered trust among members, enhancing group cohesion and functionality. These findings underscore the critical role of money transfer services in improving the operational efficiency and financial performance of SHGs in Kenya.

2.3.4 Financial Education Services

Financial education services have emerged as a critical component in enhancing the operational efficiency and sustainability of self-help groups (SHGs) globally. In Cambodia, financial literacy programs implemented by non-governmental organizations (NGOs) have significantly improved the decision-making capacity of SHGs. A study by Sok and Saing (2018) found that SHGs receiving regular financial education exhibited better budgeting practices, increased savings, and higher repayment rates for group loans. The study emphasized that training on basic financial concepts such as budgeting, credit management, and investment planning allowed SHGs to allocate resources more effectively, ultimately enhancing their financial stability and group cohesion.

In Turkey, financial education programs targeting women-led SHGs have had a transformative impact on group performance. Research by Ozdemir and Cinar (2019) revealed that SHGs participating in workshops on financial planning and business development demonstrated improved income-generation activities and higher membership retention rates. The study noted that financial education empowered group leaders to make informed financial decisions, ensuring better management of group funds. This empowerment also fostered confidence among members, promoting active participation and collaboration within SHGs. The findings highlight the importance of financial education in building financially resilient SHGs.

In Sri Lanka, the integration of financial education into microfinance programs had significantly enhanced the economic outcomes of SHGs. A study by Jayawardena and Perera (2020) found that SHGs receiving regular financial training reported increased profitability in small-scale enterprises and improved repayment rates for loans. The study highlighted that financial education on record-keeping and expense management enabled SHGs to monitor their financial health effectively. These improvements in financial literacy not only enhanced group performance but also strengthened the trust between SHGs and financial institutions, ensuring continued access to credit and other financial services.

In Zambia, financial education programs implemented by microfinance institutions have improved the sustainability and performance of SHGs, particularly in rural areas. Research by Chanda and Mumba (2018) found that SHGs receiving training on savings and investment strategies demonstrated increased resource mobilization and better financial accountability. The study emphasized that financial literacy empowered SHGs to plan long-term projects and manage risks effectively, leading to higher membership

growth and operational efficiency. This underscores the critical role of financial education in fostering the resilience of SHGs in low-income settings.

In Senegal, the integration of financial education into community savings groups had significantly enhanced group performance. A study by Diouf and Ndiaye (2020) revealed that SHGs participating in financial literacy workshops reported better management of group funds and higher success rates for income-generating activities. The study highlighted that training on topics such as loan management and business planning equipped members with the skills needed to sustain group operations. These findings demonstrate that financial education is a key enabler of SHG growth and economic empowerment in Senegal.

In Morocco, financial education initiatives targeting SHGs have been instrumental in improving group efficiency and member satisfaction. A study by El Ghazali and Berrada (2019) found that SHGs that underwent financial training exhibited improved financial record-keeping and better access to credit facilities. The study noted that financial education enabled SHGs to meet the requirements of formal financial institutions, thereby strengthening their financial partnerships. Additionally, the increased transparency and accountability fostered by financial literacy training enhanced trust and cohesion among group members, improving overall group performance.

In Kenya, financial education services have played a pivotal role in enhancing the performance of SHGs by equipping members with essential financial management skills. In Nakuru County, SHGs participating in training programs offered by Equity Group Foundation reported significant improvements in financial planning and budgeting. Research by Mutua and Mwangi (2020) revealed that SHGs receiving financial literacy training demonstrated higher savings rates and better investment

decisions. The study emphasized that these skills enabled SHGs to optimize their resources, ensuring the successful implementation of income-generating projects and enhancing group sustainability.

In Kisii County, SHGs have benefitted from financial education programs delivered by Faulu Kenya, a microfinance institution. A study by Nyachae and Atieno (2019) found that SHGs receiving training on loan management and financial record-keeping exhibited improved repayment rates and reduced financial mismanagement. The study highlighted that financial education empowered group leaders to monitor group funds effectively, fostering accountability and trust among members. These improvements contributed to the growth and stability of SHGs, underscoring the importance of financial literacy in promoting group performance.

In Mombasa County, the introduction of financial education workshops by Kenya Women Microfinance Bank (KWFT) had enhanced the operational efficiency of SHGs. Research by Ndung'u and Wambua (2018) found that SHGs participating in these workshops demonstrated increased financial discipline and better decision-making skills. The study noted that training on topics such as savings mobilization and expense tracking enabled SHGs to achieve financial stability and expand their activities. These findings highlight the transformative impact of financial education services on the performance of SHGs in Kenya.

2.4 Conceptual Framework

This framework is grounded in the premise that financial education equips SHG members with essential financial skills, enabling better resource management, informed decision-making, and improved group outcomes (Mutua & Mwangi, 2020).

Additionally, mediating factors, such as member commitment, group dynamics, and external support, may influence the strength of this relationship.

The independent variable, financial education services, encompasses various components that enhance SHG members' financial knowledge and skills. These include participation in financial training, which involves attending workshops or programs aimed at improving members' understanding of budgeting, saving, and investment practices. Research shows that SHGs with members who actively participate in financial education programs exhibit better financial decision-making and operational efficiency (Ndung'u et al., 2018). Another critical component is the knowledge of budgeting practices, which enables members to allocate and manage group funds effectively. Financial literacy improvement further equips members with the ability to understand and apply financial concepts in group activities, fostering better resource utilization and financial accountability (Nyachae & Atieno, 2019). Lastly, skills in financial planning enable SHGs to set realistic financial goals and develop strategies for achieving them, thereby enhancing group sustainability.

The dependent variable, performance of self-help groups, is evaluated based on key indicators such as membership growth, financial stability, project completion rate, and income generation. Membership growth reflects the ability of an SHG to attract and retain members, a sign of its credibility and operational success (Mutua & Mwangi, 2020). Financial stability indicates the group's capacity to manage resources sustainably, ensuring the continuity of operations and the ability to meet financial obligations. Project completion rate measures the success of planned activities, highlighting the group's efficiency and capability to achieve objectives. Lastly, income generation assesses the group's ability to create economic benefits for its members, a core purpose of SHGs (Nyachae & Atieno, 2019).

Mediating factors play a crucial role in influencing the relationship between financial education services and SHG performance. Member commitment determines the extent to which SHG members apply the skills and knowledge gained from financial education programs. Groups with highly motivated members who embrace financial literacy are more likely to experience improved outcomes (Ndung'u et al., 2018). Group dynamics, including trust, collaboration, and accountability among members, also affect the implementation of financial skills. Positive group dynamics foster better coordination and resource management, enhancing overall performance. Additionally, external support from financial institutions, government agencies, or non-governmental organizations can amplify the benefits of financial education services by providing resources, mentorship, or technical assistance (Nyachae & Atieno, 2019).

The conceptual framework posits that access to financial education services directly impacts SHG performance through the development of essential financial skills. For example, SHGs with members trained in budgeting and planning are better equipped to allocate resources efficiently, ensuring the successful completion of projects and enhancing financial stability (Mutua & Mwangi, 2020). Moreover, the framework acknowledges the role of mediating factors in strengthening or weakening this relationship. For instance, external support from microfinance institutions can provide SHGs with additional tools and resources to complement financial education, boosting group performance (Ndung'u et al., 2018). Conversely, poor group dynamics may limit the effectiveness of financial education, hindering the translation of knowledge into actionable improvements.

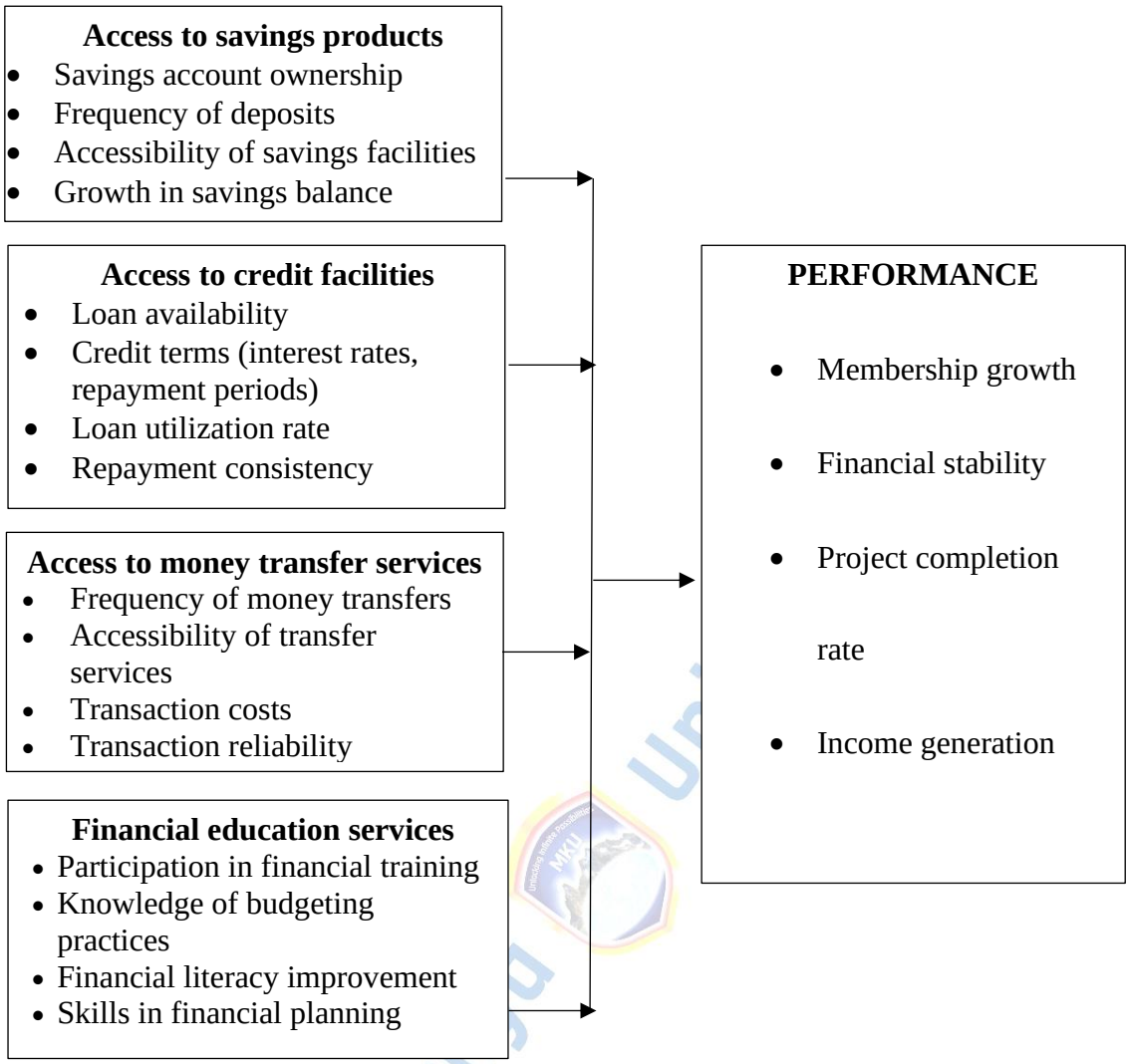

Figure 2: Conceptual Framework

Source: Research (2024)

2.5 Research Gaps

While previous studies have highlighted the importance of savings products in improving the performance of self-help groups (SHGs), they often focus on individual savings rather than group-based financial models. For instance, Sharma and Kukreja (2020) emphasize the role of savings accounts in fostering financial stability for SHGs in India, but there is limited insight into how savings accessibility impacts collective decision-making and project outcomes in a Kenyan context. Furthermore, most studies

assume uniform accessibility to savings products across regions without addressing disparities in rural areas like Malindi Sub-County, where infrastructural and institutional barriers persist (Mutua & Mwangi, 2020). This gap necessitates an investigation into how tailored savings products can address the unique challenges faced by SHGs in Kenya.

The impact of credit access on SHG performance had been extensively documented globally, yet there is insufficient exploration of how cultural and economic contexts influence credit utilization. For example, Tadesse and Hailu (2021) explore the benefits of group loans in Ethiopia, emphasizing collective responsibility in repayments. However, these studies rarely address how credit terms, such as interest rates and repayment periods, affect SHG sustainability in marginalized regions. In Kenya, while institutions like KWFT offer credit to SHGs, the extent to which these facilities address specific financial constraints in regions like Malindi remains unclear (Njenga & Gichuki, 2019). This study addressed how localized credit solutions can enhance SHG operations in Kenya's rural settings.

The literature on money transfer services highlights the efficiency and cost-effectiveness of digital platforms in enhancing SHG performance (Ndung'u et al., 2018). However, most studies, such as those by Mhlanga and Mutsvanga (2018) in Zimbabwe, primarily focus on the technical aspects of money transfer services and fail to explore their social impact, such as trust-building within SHGs. Moreover, existing research rarely considers the challenges associated with digital literacy and infrastructure in regions like Malindi Sub-County. Addressing this gap requires an understanding of how these factors influence SHG adoption and usage of money transfer services, which is critical for improving financial inclusivity and performance.

While financial education is widely recognized as a driver of SHG performance, studies often lack a focus on its long-term impact. For instance, Ozdemir and Cinar (2019) document the short-term gains of financial literacy programs in Turkey, such as improved record-keeping and budgeting skills. However, these studies do not evaluate how sustained financial education impacts SHG growth and innovation over time. In Kenya, the impact of financial education on the scalability of SHGs, especially in semi-urban areas like Malindi, remains underexplored (Ndung'u & Wambua, 2018). This research addressed how continuous financial education services can influence SHG sustainability and adaptability in dynamic economic environments.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

While previous studies have highlighted the importance of savings products in improving the performance of self-help groups (SHGs), they often focus on individual savings rather than group-based financial models. For instance, Sharma and Kukreja (2020) emphasize the role of savings accounts in fostering financial stability for SHGs in India, but there is limited insight into how savings accessibility impacts collective decision-making and project outcomes in a Kenyan context. Furthermore, most studies assume uniform accessibility to savings products across regions without addressing disparities in rural areas like Malindi Sub-County, where infrastructural and institutional barriers persist (Mutua & Mwangi, 2020). This gap necessitates an investigation into how tailored savings products can address the unique challenges faced by SHGs in Kenya.

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3.1 Research Design

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3.2 Area of Study

This study is conducted in Malindi Sub-County, located on the eastern coastline of Kenya, within Kilifi County. The area lies approximately 120 kilometers northeast of Mombasa, bordered by the Indian Ocean to the east. Its physical location includes diverse landscapes ranging from sandy beaches and coral reefs to rural hinterlands with semi-arid conditions. Malindi town, the county's urban center, serves as a hub for trade, tourism, and administrative activities, while the rural areas are predominantly agricultural, supporting small-scale farming and fishing. This geographical diversity provides a rich context for analyzing the performance of self-help groups (SHGs) across urban and rural settings.

3.3 Target Population

The study's target population (as summarized in Table 1) comprises 3,655 individuals in Malindi Sub-County, Kenya, consisting of 3,645 members from 199 self-help groups (SHGs) and a 10-member centralized governance board instituted by the Malindi Sub-County government to oversee and permit SHG activities (Mutua & Mwangi, 2020). Including both SHG members and the governance board ensures a comprehensive perspective on the determinants of SHG performance and the regulatory framework shaping their operations (Ndung'u & Wambua, 2018). This dual approach enables a detailed investigation of how financial inclusion affects SHG performance in the region (Nyachae & Atieno, 2019).

Table 1: Target Population

Category	Number of Individuals	Description
Self-Help Group (SHG) Members	3,645	Members drawn from 199 SHGs in Malindi Sub-County

Governance Board	10	Centralized board overseeing and permitting SHG activities
Total	**3,655**	

Source: Researcher (2025)

3.4 Sampling Procedures and Sample Size

3.4.1 Sampling Procedures

This study employed a combination of sampling techniques to ensure representation from both the self-help group (SHG) members and the governance board overseeing their operations. A census sampling approach were used to include all the 10 members of the centralized governance board in Malindi Sub-County, ensuring that their perspectives and contributions to SHG performance are comprehensively captured. Census sampling is appropriate for the governance board due to the small population size, which allows for full participation without requiring further sampling.

For the 3,645 SHG members, the sample size were determined using the Krejcie and Morgan (1970) table, which provides guidance for calculating a representative sample size based on a given population. Based on this table, a population of 3,645 SHG members requires a sample size of approximately 347 respondents.

3.4.2 Sample Size

To select these 347 respondents, the study adopted stratified random sampling to ensure proportional representation of SHGs from both rural and urban areas within Malindi Sub-County. Stratification was based on geographical location (urban vs. rural), as the operational dynamics and financial inclusion experiences of SHGs may vary between these settings. Within each stratum, members were randomly selected to participate in the study, ensuring that each member had an equal chance of inclusion.

The total sample size for this study was therefore 357 respondents, comprising 347 SHG members and 10 governance board members. Below is a sample table (Table 1) outlining the corresponding sample sizes for the study:

Table 2: Sample Size

Category	**Target Population**	**Sample Size (n)**	**Sampling Approach**
Self-Help Group (SHG) Members (Urban & Rural)	3,645	347	Stratified Random Sampling
Governance Board Members	10	10	Census (All Included)
Total	**3,655**	**357**	—

Source: Researcher (2025)

3.5 Construction of Research Instruments

The construction of research instruments for this study was guided by the study objectives and tailored to capture data from both the self-help group (SHG) members and the governance board overseeing their operations. The primary research instruments included structured questionnaires and interview guides. These instruments were designed to ensure comprehensiveness, clarity, and relevance to the study variables, while adhering to established research methodologies (Creswell & Creswell, 2018).

A questionnaire was developed for the SHG members to collect quantitative data on key variables such as access to savings products, credit facilities, money transfer

services, financial education, and their overall impact on group performance. The questions were primarily close-ended to facilitate data standardization and statistical analysis (Kothari, 2004). The questionnaire included Likert-scale items to measure perceptions of financial inclusion and its effect on SHG performance, as well as demographic and operational details of the respondents. Pilot testing was conducted with a small sample of SHG members to ensure reliability and validity.

Semi-structured interview guides were developed for the governance board members to capture qualitative insights into their roles, challenges, and perspectives on SHG performance. Open-ended questions allowed for in-depth discussions and exploration of the governance framework and its alignment with financial inclusion strategies (Bryman, 2016). The interview guide was pre-tested with experts in SHG management to refine the questions for clarity and relevance.

3.6 Testing for Piloting, validity and reliability

3.6.1 Piloting

A pilot test was conducted using 10% of the sample size, amounting to approximately 36 respondents. The purpose of the pilot test is to evaluate the reliability, validity, and clarity of the research instruments and ensure that they effectively capture the required data (Creswell & Creswell, 2018). This pre-testing phase was also identified and addressed any ambiguities, inconsistencies, or challenges in administering the instruments. The justification for using 10% of the sample size is based on standard research practice, where 10% is considered an adequate proportion for testing the effectiveness of research instruments (Kothari, 2004). This proportion ensures a manageable number of participants while providing sufficient feedback to refine the instruments.

To maintain the integrity of the study, respondents who participate in the pilot test was not included in the actual data collection. This ensures that their feedback does not influence the primary data set and eliminates any potential biases arising from prior exposure to the research instruments. Insights gained from the pilot test was used to make necessary adjustments, such as rephrasing questions, refining response options, or improving the overall structure of the instruments, to enhance data quality and reliability. This approach ensures that the instruments are robust and capable of addressing the study objectives comprehensively.

3.6.2 Reliability of the Research Instruments

3.6.3 Validity of the Research Instruments

A valid instrument accurately measures the concept in question. By adhering to the characteristics of self-evident measures, the validity of questionnaire be observed. These measures show the extent to which the instruments measure what they are meant to measure, which is classified as validity of face and content.

3.6.4 Establishing Credibility of the Research Instruments

3.7 Data Collection Methods and Procedures

The manner of questionnaire administration be by drop and pick method whereby the respondents be given the questionnaire. The respondents be given one week to respond to the questions after which they be picked. The time allowed for the respondents to fill out the questionnaire enhance the response rate.

3.8 Data Analysis Methods

The information that had been gathered be examined to see whether or not there are any gaps, inaccuracies, omissions, or other types of irregularities.

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

Where: Y = Organizational Performance

X_1 = Access to savings products

X_2= Access to credit facilities

X_3 = Access to money transfer services

X_4 = Financial education services

β_0 = Constant. It defines the level of credit rating without the inclusion of predictor variables.

β_1, β_2, β_3,β_4 = Regression Co-efficients for the predictor variables.

ε = Unexplained Variation i.e. error term

3.9 Ethical Consideration

While previous studies have highlighted the importance of savings products in improving the performance of self-help groups (SHGs), they often focus on individual savings rather than group-based financial models. For instance, Sharma and Kukreja (2020) emphasize the role of savings accounts in fostering financial stability for SHGs in India, but there is limited insight into how savings accessibility impacts collective decision-making and project outcomes in a Kenyan context. Furthermore, most studies assume uniform accessibility to savings products across regions without addressing disparities in rural areas like Malindi Sub-County, where infrastructural and institutional barriers persist (Mutua & Mwangi, 2020). This gap necessitates an

investigation into how tailored savings products can address the unique challenges faced by SHGs in Kenya.

The impact of credit access on SHG performance had been extensively documented globally, yet there is insufficient exploration of how cultural and economic contexts influence credit utilization. For example, Tadesse and Hailu (2021) explore the benefits of group loans in Ethiopia, emphasizing collective responsibility in repayments. However, these studies rarely address how credit terms, such as interest rates and repayment periods, affect SHG sustainability in marginalized regions. In Kenya, while institutions like KWFT offer credit to SHGs, the extent to which these facilities address specific financial constraints in regions like Malindi remains unclear (Njenga & Gichuki, 2019). This study addressed how localized credit solutions can enhance SHG operations in Kenya's rural settings.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSIONS

4.0 Introduction

While previous studies have highlighted the importance of savings products in improving the performance of self-help groups (SHGs), they often focus on individual savings rather than group-based financial models. For instance, Sharma and Kukreja (2020) emphasize the role of savings accounts in fostering financial stability for SHGs in India, but there is limited insight into how savings accessibility impacts collective decision-making and project outcomes in a Kenyan context. Furthermore, most studies assume uniform accessibility to savings products across regions without addressing disparities in rural areas like Malindi Sub-County, where infrastructural and institutional barriers persist (Mutua & Mwangi, 2020). This gap necessitates an investigation into how tailored savings products can address the unique challenges faced by SHGs in Kenya.

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Gichuki, 2019). This study addressed how localized credit solutions can enhance SHG operations in Kenya's rural settings.

4.1 Response Rate

While previous studies have highlighted the importance of savings products in improving the performance of self-help groups (SHGs), they often focus on individual savings rather than group-based financial models. For instance, Sharma and Kukreja (2020) emphasize the role of savings accounts in fostering financial stability for SHGs in India, but there is limited insight into how savings accessibility impacts collective decision-making and project outcomes in a Kenyan context. Furthermore, most studies assume uniform accessibility to savings products across regions without addressing disparities in rural areas like Malindi Sub-County, where infrastructural and institutional barriers persist (Mutua & Mwangi, 2020). This gap necessitates an investigation into how tailored savings products can address the unique challenges faced by SHGs in Kenya.

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4.2 Demographic Study

This section presents key demographic attributes of the respondents, starting with gender distribution.

4.2.1 Gender

The study findings indicate that the majority of the respondents, 218 (65.3%), were male, while 116 (34.7%) were female. This suggests that men are more actively involved in self-help groups in Malindi Sub-County compared to women. The study revealed that this gender disparity could be attributed to socio-economic and cultural factors, such as traditional gender roles, financial decision-making patterns, and differences in access to financial resources.

Table 3: Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	218	65.3	65.3	65.3
	Female	116	34.7	34.7	100.0
	Total	334	100.0	100.0	

Source: Field Data (2025)

4.2.2 Age

The study findings indicate that the majority of the respondents, 135 (40.4%), were aged between 36 and 45 years, followed by 91 respondents (27.2%) who were above 45 years. Additionally, 84 respondents (25.1%) fell within the 26–35 years age bracket, while the youngest group, below 25 years, accounted for only 24 respondents (7.2%). The study revealed that most self-help group members are middle-aged and older individuals, suggesting that financial inclusion initiatives are more embraced by individuals with greater financial responsibilities and long-term economic goals

Table 4: Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	below 25 years	24	7.2	7.2	7.2
	26 - 35 years	84	25.1	25.1	32.3
	36 - 45 years	135	40.4	40.4	72.8
	Above 45 years	91	27.2	27.2	100.0
	Total	334	100.0	100.0	

Source: Field Data (2025)

4.2.3 Years have you worked in the self-help groups

The study findings indicate that the majority of the respondents, 132 (39.5%), had been members of self-help groups for 3 to 5 years, followed by 110 respondents (32.9%) who had participated for 1 to 3 years. Additionally, 68 respondents (20.4%) had been members for more than 5 years, while 24 respondents (7.2%) had joined the groups less than a year ago. The study revealed that a significant proportion of members (72.4%) had been in self-help groups for at least three years

Table 5: Years have you worked in the self-help groups

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 1 year	24	7.2	7.2	7.2
	1 - 3 years	110	32.9	32.9	40.1
	3 - 5 years	132	39.5	39.5	79.6
	more than 5 years	68	20.4	20.4	100.0
	Total	334	100.0	100.0	

Source: Field Data (2025)

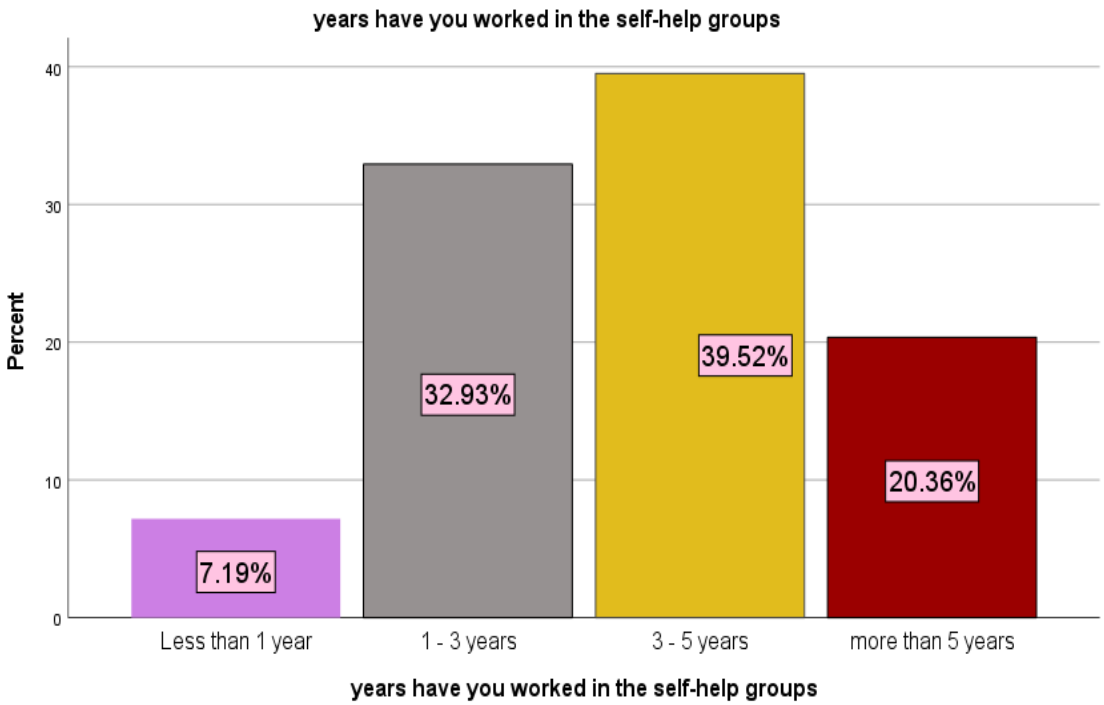

Figure 3: Years have you worked in the self-help groups

Source: Field Data (2025)

4.3 Effect of access to savings products on the performance of self-help groups

The study revealed that the highest-rated aspect was the reliability of savings products, with a mean of 4.0749 and a standard deviation of 1.33010, indicating that most self-help groups had consistent access to reliable savings options. This suggests that financial institutions provide savings products that are dependable for group members.

The study further revealed that the affordability of savings products had a mean of 3.4701 and a standard deviation of 1.46961, while the accessibility of savings accounts to group members had a mean of 3.3802 and a standard deviation of 1.33638. These findings indicate a moderate level of agreement among respondents, with some groups facing challenges in affordability and accessibility. The study found out that the extent to which savings products meet the financial needs of self-help groups had the lowest

mean score (3.2545) with a standard deviation of 1.38998, suggesting that while savings products are available, they do not fully address the diverse financial needs of all groups. Additionally, the flexibility of savings options for group operations had a mean of 3.5988 and a standard deviation of 1.45011, showing that while some groups find the savings products adaptable, others experience limitations in flexibility.

Furthermore, the study revealed that the impact of group savings on financial stability had a mean of 3.3922 with a standard deviation of 1.47412, while the ability to plan for long-term goals had a mean of 3.2156 with a standard deviation of 1.36062. These findings suggest that while access to savings products contributes to financial stability, their effectiveness in supporting long-term financial planning is perceived as less significant.

Table 6: Effect of access to savings products on the performance of self-help groups

	N	Minimum	Maximum	Mean	Std. Deviation
Our group had consistent access to reliable savings products.	334	1.00	5.00	4.0749	1.33010
The savings products offered to our group are affordable.	334	1.00	5.00	3.4701	1.46961
The savings accounts available are easily accessible to group members.	334	1.00	5.00	3.3802	1.33638
The savings products meet the financial needs of our group.	334	1.00	5.00	3.2545	1.38998
Savings options provided by financial institutions are flexible for group	334	1.00	5.00	3.5988	1.45011

operations.					
Our group's savings have positively influenced financial stability.	334	1.00	5.00	3.3922	1.47412
Access to savings products had enhanced the ability of our group to plan for long-term goals.	334	1.00	5.00	3.2156	1.36062
Valid N (listwise)	334				

Source: Field Data (2025)

4.4 Effect of access to credit facilities on the performance of self-help groups

The study sought to determine the effect of access to credit facilities on the performance of self-help groups in Malindi Sub-County, Kenya. The findings reveal varying perceptions regarding affordability, accessibility, interest rates, repayment terms, and the overall impact of credit facilities on self-help group performance.

The study revealed that the lowest-rated aspect was access to affordable credit facilities, with a mean of 2.3892 and a standard deviation of 1.51806, indicating that many self-help groups struggle to access credit at reasonable costs. This suggests that financial institutions may not be offering credit products tailored to the financial capabilities of self-help groups.

The study further revealed that the availability of reasonable interest rates on credit facilities had a mean of 2.7246 and a standard deviation of 1.72828, while the favorability of repayment terms had a mean of 2.7305 with a standard deviation of 1.72575. These findings indicate that although some groups find the interest rates and

repayment terms manageable, a significant portion of respondents view them as unfavorable, which could limit their ability to effectively utilize credit.

The study found out that access to credit had improved the group's ability to finance income-generating activities, as indicated by a mean of 3.1138 and a standard deviation of 1.72917. This suggests that credit facilities have a moderate impact on helping self-help groups invest in projects and enhance their financial standing. The study further revealed that credit facilities contribute to financial stability during difficult periods, with a mean of 3.0359 and a standard deviation of 1.79051. This indicates that while some groups have successfully used credit as a financial buffer, others may struggle with repayment burdens, limiting its long-term benefits, the study found out that the loan application process was rated at a mean of 3.0329 and a standard deviation of 1.76778, reflecting mixed experiences among respondents. Some groups may find the process straightforward, while others encounter bureaucratic hurdles that hinder their access to funds, the study revealed that the use of credit facilities for developmental projects had a mean of 2.5928 with a standard deviation of 1.59638, suggesting that while some groups have utilized credit for growth, others have faced

The study found out that while credit facilities play a role in enhancing the performance of self-help groups, barriers such as high interest rates, strict repayment terms, and affordability concerns limit their full potential.

Table 7: Effect of access to credit facilities on the performance of self-help groups

	N	Minimum	Maximum	Mean	Std. Deviation
Our group had access to affordable credit facilities.	334	1.00	5.00	2.3892	1.51806
The interest rates on available credit facilities are reasonable.	334	1.00	5.00	2.7246	1.72828
The repayment terms for loans are favorable to our group.	334	1.00	5.00	2.7305	1.72575
Access to credit had improved the group's ability to finance income-generating activities.	334	1.00	5.00	3.1138	1.72917
Credit facilities help our group sustain financial stability during difficult periods.	334	1.00	6.00	3.0359	1.79051

The loan application process is simple and accessible to group members.	334	1.00	5.00	3.0329	1.76778
Our group had benefitted from using credit facilities for developmental projects.	334	1.00	5.00	2.5928	1.59638
Valid N (listwise)	334				

Source: Field Data (2025)

4.5 Effect of access to money transfer services on the performance of self-help groups

The study sought to establish the effect of access to money transfer services on the performance of self-help groups in Malindi Sub-County, Kenya. The findings highlight the extent to which self-help groups utilize money transfer services and the impact of these services on financial management, operational costs, and overall group performance. The study revealed that the most frequently used aspect of money transfer services was transactional usage, with a mean of 2.8503 and a standard deviation of 1.77615. This suggests that while some groups actively utilize these services for financial transactions, others may still rely on traditional methods.

The study further revealed that the security and reliability of money transfer services had a mean of 2.7186 and a standard deviation of 1.59912. This indicates that although some respondents find these services secure, others may have concerns regarding fraud, delays, or transaction failures. The study found out that the reduction of operational costs through money transfer services had a mean of 2.4731 and a standard deviation of 1.61753, demonstrating that while digital transactions have the potential to lower costs,

some groups may not experience significant savings due to transaction fees or network accessibility issues.

The study revealed that the enhancement of financial transparency through money transfer services had a mean of 2.4042 and a standard deviation of 1.58866. This finding suggests that while digital platforms can improve accountability, some self-help groups may still struggle with record-keeping or misuse of funds. The study further found out that the ease of use of digital money transfer platforms among group members had a mean of 2.5509 and a standard deviation of 1.64274. This highlights mixed experiences, where some groups find digital platforms convenient, while others encounter challenges related to digital literacy or accessibility, the study revealed that group efficiency due to reliable money transfer services had the lowest mean of 2.3263 and a standard deviation of 1.53383, indicating that many groups may not yet fully leverage these services to improve their operational effectiveness. Similarly, the impact of money transfer services on financial cohesion had a mean of 2.3593 and a standard deviation of 1.59662, suggesting that while some groups benefit from seamless transactions, others may face barriers such as inconsistent access or limited awareness.

The study found out that while money transfer services have the potential to enhance the performance of self-help groups, factors such as digital accessibility, transaction costs, and security concerns limit their full adoption.

Table 8: Effect of access to money transfer services on the performance of self-help groups

	N	Minimum	Maximum	Mean	Std. Deviation
Our group frequently uses money transfer services for transactions.	334	1.00	5.00	2.8503	1.77615
The money transfer services we use are secure and reliable.	334	1.00	5.00	2.7186	1.59912
Using money transfer services reduces the operational costs of our group.	334	1.00	5.00	2.4731	1.61753
Access to money transfer services enhances the financial transparency of our group.	334	1.00	5.00	2.4042	1.58866
Digital money transfer platforms are easy to use for group members.	334	1.00	5.00	2.5509	1.64274
Our group's efficiency had improved due to reliable money	334	1.00	5.00	2.3263	1.53383

transfer services.					
The availability of money transfer services had increased the financial cohesion of our group.	334	1.00	5.00	2.3593	1.59662
Valid N (listwise)	334				

Source: Field Data (2025)

4.6 Effect of financial education services on the performance of self-help groups

The study sought to evaluate the effect of financial education services on the performance of self-help groups in Malindi Sub-County, Kenya. The findings provide insights into how financial training programs impact financial decision-making, budgeting, record-keeping, and overall financial management within self-help groups.

The study revealed that financial education programs have contributed to improved financial decision-making skills among self-help groups, with a mean of 3.2156 and a standard deviation of 1.84739. This indicates that while many respondents found financial education beneficial in making informed financial choices, variations in training effectiveness and accessibility may exist. The study further revealed that the relevance of training sessions to the financial needs of self-help groups had a mean of 3.1198 and a standard deviation of 1.84636. This suggests that while some training programs align with group requirements, others may not fully address their specific financial challenges.

The study found out that financial education had enhanced budgeting abilities among group members, as indicated by a mean of 3.0479 and a standard deviation of 1.82676. This demonstrates that while financial literacy had improved budgeting skills for many groups, some members may still struggle with effective financial planning. Additionally, the study revealed that learning financial record-keeping techniques had a

mean of 3.0898 and a standard deviation of 1.81693. This finding suggests that financial education had helped many groups adopt better bookkeeping practices, although some members may require further training or support in maintaining accurate financial records. The study further found out that the capacity to plan and execute projects successfully was enhanced by financial education, with a mean of 3.1916 and a standard deviation of 1.83045. This indicates that financial training had a positive effect on project planning and management, though variations in training effectiveness may still exist among different groups.

Moreover, the study revealed that financial education had positively influenced the ability of self-help groups to manage savings, with a mean of 2.5629 and a standard deviation of 1.65326. While this score is relatively lower compared to other aspects, it suggests that financial literacy plays a role in improving savings culture but may require reinforcement to achieve stronger impacts, the study found out that the overall financial management of self-help groups had improved due to financial education programs, as indicated by a mean of 3.3413 and a standard deviation of 1.43224. This finding highlights the significance of financial literacy in strengthening group financial practices, leading to better sustainability and operational efficiency, the study found out that financial education services play a crucial role in enhancing the financial performance of self-help groups.

Table 9: effect of financial education services on the performance of self-help groups

	N	Minimum	Maximum	Mean	Std. Deviation
Financial education programs have improved our group's financial decision-making skills.	334	1.00	5.00	3.2156	1.84739
The training sessions we attend are tailored to the financial needs of our group.	334	1.00	5.00	3.1198	1.84636
Financial education had enhanced our ability to budget effectively.	334	1.00	5.00	3.0479	1.82676
Our group members have benefitted from learning financial record-keeping techniques.	334	1.00	5.00	3.0898	1.81693
The programs attended have improved our capacity to plan and execute projects successfully.	334	1.00	5.00	3.1916	1.83045
Financial education had positively influenced our ability to manage group savings.	334	1.00	5.00	2.5629	1.65326
Our group's overall	334	1.00	5.00	3.3413	1.43224

financial management had improved due to financial education programs.	
Valid N (listwise)	334

Source: Field Data (2025)

4.7 performance

The study sought to assess the overall performance of self-help groups in Malindi Sub-County by examining key indicators such as financial stability, membership growth, project completion, income-generating activities, leadership effectiveness, participation, and financial obligations. The study revealed that the financial stability of self-help groups had significantly improved over the past year, as indicated by a mean score of 3.3892 and a standard deviation of 1.71848. This suggests that while many groups have experienced financial growth, stability levels vary across different groups, possibly due to differences in financial management practices and access to resources.

The study further revealed that membership in self-help groups had steadily increased over time, with a mean of 3.2096 and a standard deviation of 1.73234. This implies that self-help groups continue to attract new members, likely due to perceived financial and social benefits. However, membership growth may be influenced by factors such as economic conditions, group reputation, and the effectiveness of financial inclusion initiatives. The study found out that self-help groups have been successful in completing planned projects within expected timelines, as reflected by a mean of 3.5749 and a standard deviation of 1.74984. This indicates that many groups have achieved efficiency in project execution, though some may encounter delays due to financial or logistical constraints.

The study revealed that income-generating activities initiated by self-help groups have contributed to improved livelihoods among members, with a mean of 3.2455 and a standard deviation of 1.75176. This suggests that while many members have benefited economically, variations in profitability and sustainability of these activities exist. The study further found out that the effectiveness of group leadership in managing resources to meet objectives received a mean score of 2.8563 with a standard deviation of 1.46131. This indicates that while some groups have strong leadership structures, others may face challenges in resource management, potentially affecting overall performance, the study revealed that consistent participation in group activities and decision-making processes among members had a mean of 2.7156 and a standard deviation of 1.40567. This suggests that while participation is present, some groups may struggle with member engagement, which could impact overall cohesion and effectiveness, the study found out that self-help groups face challenges in consistently meeting their financial obligations, including loan repayments and operational expenses, as reflected by a mean of 2.5150 and a standard deviation of 1.28683. This finding indicates that while some groups effectively manage their finances, others may experience difficulties in maintaining financial discipline, possibly due to limited access to financial resources or poor financial planning.

Table 10: performance

	N	Minimum	Maximum	Mean	Std. Deviation
The group's financial stability had significantly improved in the last year.	334	1.00	5.00	3.3892	1.71848
Membership in the group had steadily increased over time.	334	1.00	5.00	3.2096	1.73234
The group successfully completes its planned projects within the expected timelines.	334	1.00	5.00	3.5749	1.74984
Income-generating activities initiated by the group have improved the members' livelihoods.	334	1.00	6.00	3.2455	1.75176
The group's leadership effectively manages resources to meet its objectives.	334	1.00	5.00	2.8563	1.46131
Members consistently participate in group activities and decision-making processes.	334	1.00	5.00	2.7156	1.40567
The group regularly meets its financial obligations, including	334	1.00	5.00	2.5150	1.28683

loan repayments and operational expenses.	
Valid N (listwise)	334

Source: Field Data (2025)

4.8 Inferential statistics

4.8.1 Regression

The study revealed that the model had an R-value of 0.572, indicating a moderate positive correlation between financial inclusion factors and the performance of self-help groups. This suggests that the independent variables collectively have a meaningful relationship with the dependent variable. The study further revealed that the R Square (R^2) value was 0.327, meaning that 32.7% of the variation in the performance of self-help groups is explained by financial education services, access to credit facilities, access to savings, and money transfer services. This indicates that while financial inclusion significantly contributes to group performance, other external factors not included in this model may also play a role. The study found out that the Adjusted R Square was 0.319, slightly lower than the R^2 value. This suggests that if additional independent variables were added to the model, they might contribute only marginally to explaining the variation in self-help group performance, the study revealed that the standard error of the estimate was 6.17116, which provides an indication of how much the actual values of self-help group performance deviate from the predicted values. A lower standard error would indicate a better model fit. The study further found out that the R Square change was 0.327, with an F-change value of 39.913 and 4 degrees of freedom (df1 = 4). This implies that the predictor variables significantly contribute to explaining the variance in self-help group performance.

Table 11: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics		
					R Square Change	F Change	df1
1	.572[a]	.327	.319	6.17116	.327	39.913	4

a. Predictors: (Constant), Financial education services, Access to credit facilities, Access to savings, Money transfer services

Source: Field Data (2025)

4.8.2 ANOVA

The study revealed that the regression sum of squares was 6,080.098, which represents the portion of variation in the performance of self-help groups that is explained by financial education services, access to credit facilities, access to savings, and money transfer services. The study further revealed that the residual sum of squares was 12,529.390, indicating the unexplained variation in self-help group performance due to factors not included in the model. The total sum of squares was 18,609.488, representing the total variability in the dataset.

The study found out that the mean square for regression was 1,520.024, while the mean square for residuals was 38.083. The high value of the regression mean square compared to the residual mean square suggests that the independent variables significantly influence self-help group performance. The study also revealed that the F-statistic was 39.913, with a significance level (p-value) of 0.000. Since the p-value is less than 0.05, this indicates that the overall regression model is statistically significant, meaning that financial inclusion factors (financial education services, access to credit facilities, access to savings, and money transfer services) collectively have a meaningful impact on the performance of self-help groups.

Table 12: ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.

1	Regression	6080.098	4	1520.024	39.913	.000[b]
	Residual	12529.390	329	38.083		
	Total	18609.488	333			

a. Dependent Variable: Performance

b. Predictors: (Constant), Financial education services, Access to credit facilities, Access to savings, Money transfer services

Source: Field Data (2025)

4.8.3 Coefficients

While previous studies have highlighted the importance of savings products in improving the performance of self-help groups (SHGs), they often focus on individual savings rather than group-based financial models. For instance, Sharma and Kukreja (2020) emphasize the role of savings accounts in fostering financial stability for SHGs in India, but there is limited insight into how savings accessibility impacts collective decision-making and project outcomes in a Kenyan context. Furthermore, most studies assume uniform accessibility to savings products across regions without addressing disparities in rural areas like Malindi Sub-County, where infrastructural and institutional barriers persist (Mutua & Mwangi, 2020). This gap necessitates an investigation into how tailored savings products can address the unique challenges faced by SHGs in Kenya.

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Gichuki, 2019). This study addressed how localized credit solutions can enhance SHG operations in Kenya's rural settings.

The study found out that access to credit facilities had a negative and statistically significant effect on self-help group performance (B = -0.238, p = 0.000). This indicates that an increase in access to credit facilities is linked to a 0.238-unit decrease in performance. The negative impact suggests that challenges such as high-interest rates, strict repayment terms, and loan mismanagement may hinder the effectiveness of credit in enhancing self-help group performance. The study also revealed that money transfer services had a positive but statistically insignificant effect on performance (B = 0.034, p = 0.361). This suggests that while access to money transfer services might facilitate group transactions and improve financial efficiency, its effect on performance is not strong enough to be considered statistically meaningful in this study.

Table 13: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	16.091	1.842		8.738	.000
	Access to savings	.126	.056	.106	2.269	.024
	Access to credit facilities	-.238	.037	-.298	-6.438	.000
	Money transfer services	.034	.038	.043	.914	.361
	Financial education services	.297	.033	.428	8.880	.000

Source: Field Data (2025)

4.8.4 Reliability

The study revealed that the Cronbach's Alpha coefficient was 0.88, indicating a high level of reliability. This suggests that the survey items used to measure financial inclusion and self-help group performance were internally consistent and produced reliable responses. The study further found out that the Cronbach's Alpha based on standardized items was 0.87, which is very close to the original coefficient, confirming the robustness of the measurement scale. Since the general rule of thumb is that a Cronbach's Alpha above 0.7 is considered acceptable, and values above 0.8 indicate strong reliability, the findings suggest that the research instrument used in this study was highly reliable for analyzing the impact of financial inclusion on self-help groups in Malindi Sub-County.

Table 14: Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.88	.87	5

Source: Field Data (2025)

4.8.5 ANOVA with Friedman's Test

The study revealed that the Friedman's Chi-Square value was 98.695, with a significance level of 0.000, indicating that there were statistically significant differences in the responses across the measured items. This suggests that financial inclusion factors—such as access to savings, credit facilities, money transfer services, and financial education—had varying impacts on self-help groups' performance. The

study further found out that Kendall's coefficient of concordance (W) was 0.061, which reflects a weak agreement among respondents regarding the ranking of financial inclusion variables. This suggests that while financial inclusion factors were significant in influencing group performance, respondents had differing perceptions of their relative importance.

Table 15: ANOVA with Friedman's Test

		Sum of Squares	df	Mean Square	Friedman's Chi-Square	Sig
Between People		24009.263	333	72.100		
Within People	Between Items	8331.613[a]	4	2082.903	98.695	.000
	Residual	104450.387	1332	78.416		
	Total	112782.000	1336	84.418		
Total		136791.263	1669	81.960		

Grand Mean = 20.9527

a. Kendall's coefficient of concordance W = .061.

Source: Field Data (2025)

4.8.6 Correlations

While previous studies have highlighted the importance of savings products in improving the performance of self-help groups (SHGs), they often focus on individual savings rather than group-based financial models. For instance, Sharma and Kukreja (2020) emphasize the role of savings accounts in fostering financial stability for SHGs in India, but there is limited insight into how savings accessibility impacts collective decision-making and project outcomes in a Kenyan context. Furthermore, most studies assume uniform accessibility to savings products across regions without addressing disparities in rural areas like Malindi Sub-County, where infrastructural and institutional barriers persist (Mutua & Mwangi, 2020). This gap necessitates an investigation into how tailored savings products can address the unique challenges faced by SHGs in Kenya.

The impact of credit access on SHG performance had been extensively documented globally, yet there is insufficient exploration of how cultural and economic contexts influence credit utilization. For example, Tadesse and Hailu (2021) explore the benefits of group loans in Ethiopia, emphasizing collective responsibility in repayments. However, these studies rarely address how credit terms, such as interest rates and repayment periods, affect SHG sustainability in marginalized regions. In Kenya, while institutions like KWFT offer credit to SHGs, the extent to which these facilities address specific financial constraints in regions like Malindi remains unclear (Njenga & Gichuki, 2019). This study addressed how localized credit solutions can enhance SHG operations in Kenya's rural settings.

indicating that challenges such as high-interest rates and unfavorable repayment terms may hinder the financial success of self-help groups. Additionally, money transfer services showed a weak and insignificant correlation with performance ($r = -0.092$, $p = 0.093$), implying that while money transfer services facilitate financial transactions, they do not significantly impact overall group performance. On the other hand, financial education services had the strongest positive correlation with performance ($r = 0.487$, $p = 0.000$), demonstrating that groups with higher financial literacy were more likely to make informed financial decisions, improve budgeting, and enhance their financial management practices. Furthermore, the study found that access to savings was positively correlated with financial education ($r = 0.195$, $p = 0.000$), suggesting that financially literate groups were more likely to utilize savings products effectively.

Table 16: Correlations

		Access to savings	Access to credit facilities	Money transfer services	Financial education services	Performance
Access to savings	Pearson Correlation	1	0.103	-.149**	.195**	.152**
	Sig. (2-tailed)		0.061	0.006	0.000	0.005
	N	334	334	334	334	334
Access to credit facilities	Pearson Correlation	0.103	1	0.041	-.165**	-.356**
	Sig. (2-tailed)	0.061		0.456	0.003	0.000
	N	334	334	334	334	334
Money transfer services	Pearson Correlation	-.149**	0.041	1	-.250**	-0.092
	Sig. (2-tailed)	0.006	0.456		0.000	0.093
	N	334	334	334	334	334
Financial education services	Pearson Correlation	.195**	-.165**	-.250**	1	.487**
	Sig. (2-tailed)	0.000	0.003	0.000		0.000
	N	334	334	334	334	334
Performance	Pearson Correlation	.152**	-.356**	-0.092	.487**	1
	Sig. (2-tailed)	0.005	0.000	0.093	0.000	
	N	334	334	334	334	334

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

Source: Field Data (2025)

4.9 Discussion of Findings

4.9.1 Effect of Access to Savings Products on the Performance of Self-Help Groups

While previous studies have highlighted the importance of savings products in improving the performance of self-help groups (SHGs), they often focus on individual savings rather than group-based financial models. For instance, Sharma and Kukreja (2020) emphasize the role of savings accounts in fostering financial stability for SHGs

in India, but there is limited insight into how savings accessibility impacts collective decision-making and project outcomes in a Kenyan context. Furthermore, most studies assume uniform accessibility to savings products across regions without addressing disparities in rural areas like Malindi Sub-County, where infrastructural and institutional barriers persist (Mutua & Mwangi, 2020). This gap necessitates an investigation into how tailored savings products can address the unique challenges faced by SHGs in Kenya.

The impact of credit access on SHG performance had been extensively documented globally, yet there is insufficient exploration of how cultural and economic contexts influence credit utilization. For example, Tadesse and Hailu (2021) explore the benefits of group loans in Ethiopia, emphasizing collective responsibility in repayments. However, these studies rarely address how credit terms, such as interest rates and repayment periods, affect SHG sustainability in marginalized regions. In Kenya, while institutions like KWFT offer credit to SHGs, the extent to which these facilities address specific financial constraints in regions like Malindi remains unclear (Njenga & Gichuki, 2019). This study addressed how localized credit solutions can enhance SHG operations in Kenya's rural settings.

Dupas and Robinson (2013), who found that access to savings products enhances financial security by enabling self-help groups to accumulate capital, finance group activities, and respond to financial emergencies. Furthermore, Demirgüç-Kunt et al. (2018) emphasized that savings products provide a foundation for long-term investments, allowing groups to expand their income-generating activities and achieve financial sustainability.

However, despite the benefits of savings, the study also found challenges related to affordability and accessibility. The mean scores for affordability (M = 3.47, SD = 1.47)

and accessibility (M = 3.38, SD = 1.33) suggest that while some groups benefit from savings services, others face barriers that limit their ability to save effectively. These findings highlight the need for more flexible savings options that cater to the specific financial needs of self-help groups, such as low-minimum balance savings accounts, mobile savings platforms, and higher interest rates on group deposits to encourage long-term saving.

4.9.2 Effect of Access to Credit Facilities on the Performance of Self-Help Groups

While previous studies have highlighted the importance of savings products in improving the performance of self-help groups (SHGs), they often focus on individual savings rather than group-based financial models. For instance, Sharma and Kukreja (2020) emphasize the role of savings accounts in fostering financial stability for SHGs in India, but there is limited insight into how savings accessibility impacts collective decision-making and project outcomes in a Kenyan context. Furthermore, most studies assume uniform accessibility to savings products across regions without addressing disparities in rural areas like Malindi Sub-County, where infrastructural and institutional barriers persist (Mutua & Mwangi, 2020). This gap necessitates an investigation into how tailored savings products can address the unique challenges faced by SHGs in Kenya.

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specific financial constraints in regions like Malindi remains unclear (Njenga & Gichuki, 2019). This study addressed how localized credit solutions can enhance SHG operations in Kenya's rural settings.

or that the interest rates on available credit facilities were reasonable (M = 2.72, SD = 1.72). Additionally, respondents expressed concerns about the repayment terms, with a mean score of 2.73 (SD = 1.72), suggesting that the terms were not favorable for self-help groups.

These findings contrast with studies such as Karlan and Zinman (2011), which found that access to microfinance credit enhances economic empowerment by providing capital for small enterprises. However, the findings align with research by Bateman (2010), who cautioned that microfinance credit, when characterized by high-interest rates and strict repayment conditions, can lead to financial distress and over-indebtedness. The study's results suggest that instead of benefiting from credit, self-help groups may be struggling with repayment burdens, which negatively impact their financial performance. To address these challenges, policymakers and financial institutions should consider introducing lower-interest loans, flexible repayment plans, and credit facilities tailored to the specific financial cycles of self-help groups. Additionally, providing financial education on credit management could help groups make informed borrowing decisions and mitigate the risks associated with excessive debt.

4.9.3 Effect of Access to Money Transfer Services on the Performance of Self-Help Groups

The study sought to establish whether access to money transfer services influenced the performance of self-help groups. The results showed that money transfer services had a

weak and statistically insignificant correlation with performance (r = -0.092, p = 0.093), suggesting that while these services are widely used, they do not necessarily contribute significantly to improving group performance. Respondents moderately agreed that money transfer services were secure and reliable (M = 2.71, SD = 1.60) and that they reduced operational costs (M = 2.47, SD = 1.62). However, they were less convinced that these services enhanced financial transparency (M = 2.40, SD = 1.59) or improved financial cohesion within the group (M = 2.36, SD = 1.60).

These findings challenge prior research by Jack and Suri (2014), which suggested that mobile money services enhance financial inclusion by making transactions faster and more secure. The weak relationship observed in this study may be due to several factors. First, while mobile money services facilitate transactions, they do not directly generate income or improve financial management unless integrated with savings, credit, or investment options. Second, self-help groups may face challenges such as high transaction fees, unreliable network coverage, and limited digital literacy, which reduce the effectiveness of money transfer services in improving group performance.

To maximize the benefits of money transfer services, financial institutions should work on reducing transaction costs, improving service reliability, and providing training on digital financial literacy to help self-help groups use these platforms more effectively.

4.9.4 Effect of Financial Education Services on the Performance of Self-Help Groups

The study also aimed to evaluate the impact of financial education services on self-help groups, and the findings revealed that financial education had the strongest positive effect on performance. The correlation analysis showed a significant positive

relationship (r = 0.487, p = 0.000), indicating that financial education is a critical factor in enhancing the financial performance of self-help groups. The mean scores further support this conclusion, as respondents strongly agreed that financial education improved financial decision-making skills (M = 3.22, SD = 1.85) and enhanced their ability to budget effectively (M = 3.05, SD = 1.83). Additionally, they acknowledged that financial education programs improved their capacity to plan and execute projects successfully (M = 3.19, SD = 1.83) and positively influenced their ability to manage group savings (M = 3.34, SD = 1.43).

These findings are consistent with studies by Lusardi and Mitchell (2014), who found that financial education enhances individuals' ability to manage savings, credit, and investments effectively. Similarly, Atkinson and Messy (2013) emphasized that self-help groups that receive financial training are better equipped to plan and implement financial projects successfully. The strong relationship between financial education and performance suggests that training programs are essential for the long-term sustainability of self-help groups. Therefore, policymakers and financial institutions should prioritize expanding financial education programs, ensuring that they are accessible, relevant, and tailored to the specific needs of self-help groups.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

While previous studies have highlighted the importance of savings products in improving the performance of self-help groups (SHGs), they often focus on individual savings rather than group-based financial models. For instance, Sharma and Kukreja (2020) emphasize the role of savings accounts in fostering financial stability for SHGs in India, but there is limited insight into how savings accessibility impacts collective decision-making and project outcomes in a Kenyan context. Furthermore, most studies assume uniform accessibility to savings products across regions without addressing disparities in rural areas like Malindi Sub-County, where infrastructural and institutional barriers persist (Mutua & Mwangi, 2020). This gap necessitates an investigation into how tailored savings products can address the unique challenges faced by SHGs in Kenya.

The impact of credit access on SHG performance had been extensively documented globally, yet there is insufficient exploration of how cultural and economic contexts influence credit utilization. For example, Tadesse and Hailu (2021) explore the benefits of group loans in Ethiopia, emphasizing collective responsibility in repayments. However, these studies rarely address how credit terms, such as interest rates and repayment periods, affect SHG sustainability in marginalized regions. In Kenya, while institutions like KWFT offer credit to SHGs, the extent to which these facilities address specific financial constraints in regions like Malindi remains unclear (Njenga & Gichuki, 2019). This study addressed how localized credit solutions can enhance SHG operations in Kenya's rural settings.

5.1 Summary of Findings

The study sought to assess the influence of financial services on the performance of self-help groups in Malindi Sub-County. The findings from each objective are discussed below:

5.1.1 Effect of Access to Savings Products on the Performance of Self-Help Groups

The study established that access to savings products positively influenced the performance of self-help groups. The majority of respondents agreed that their groups had consistent access to reliable savings products (M = 4.07, SD = 1.33), which provided financial security and stability. The availability of savings options also allowed self-help groups to accumulate funds for future investments and emergencies. However, challenges related to affordability and accessibility were identified. While many groups had access to savings products, some respondents indicated that the savings options were not always affordable (M = 3.47, SD = 1.47) and that financial institutions did not always provide convenient and flexible savings solutions (M = 3.38, SD = 1.33). Additionally, the study found that although saving helped groups plan for long-term goals (M = 3.21, SD = 1.36), some groups faced difficulties in accessing their savings due to bureaucratic banking procedures.

A correlation analysis revealed a statistically significant positive relationship (r = 0.152, p = 0.005) between access to savings and the performance of self-help groups. This suggests that groups with better access to savings products were more likely to achieve financial stability and complete their planned projects.

5.1.2 Effect of Access to Credit Facilities on the Performance of Self-Help Groups

The study found that access to credit facilities had a negative effect on the performance of self-help groups. The correlation analysis showed a significant negative relationship between access to credit and performance (r = -0.356, p = 0.000), indicating that groups

that relied heavily on credit struggled to maintain financial stability. Respondents expressed concerns about the affordability of credit, with many noting that the interest rates on available credit facilities were high (M = 2.72, SD = 1.72) and that repayment terms were often unfavorable (M = 2.73, SD = 1.72). Due to these challenges, some groups found it difficult to finance income-generating activities through loans (M = 3.11, SD = 1.72).

Additionally, the study revealed that while credit facilities had the potential to help groups sustain financial stability during difficult times (M = 3.03, SD = 1.79), many groups faced difficulties in meeting loan repayment deadlines, which further weakened their financial position. This indicates that although credit can be a useful financial tool, stringent lending conditions, high costs, and rigid repayment structures negatively impact the ability of self-help groups to benefit from borrowing.

5.1.3 Effect of Access to Money Transfer Services on the Performance of Self-Help Groups

The study found that access to money transfer services had a weak and statistically insignificant relationship with the performance of self-help groups (r = -0.092, p = 0.093). Despite being widely used, money transfer services did not directly contribute to improving financial stability or operational efficiency among self-help groups. Respondents indicated that their groups frequently used money transfer services for transactions (M = 2.85, SD = 1.77), suggesting that digital financial platforms play an important role in facilitating financial interactions. However, concerns were raised regarding the reliability and security of these services (M = 2.71, SD = 1.60). Some respondents also pointed out that while money transfer services provided convenience, they did not significantly reduce operational costs (M = 2.47, SD = 1.62) or enhance financial transparency (M = 2.40, SD = 1.59).

Additionally, money transfer services were not seen as a major driver of financial efficiency, with respondents indicating that their group's efficiency had not significantly improved due to digital payment systems (M = 2.32, SD = 1.53). These findings suggest that while mobile and digital money transfer platforms are useful for transactions, they do not significantly impact the financial sustainability or overall performance of self-help groups unless integrated with other financial management strategies.

5.1.4 Effect of Financial Education Services on the Performance of Self-Help Groups

Among the four financial services studied, financial education services had the most significant positive influence on the performance of self-help groups. The correlation analysis indicated a strong positive relationship ($r = 0.487$, $p = 0.000$) between financial education and group performance, suggesting that groups that received financial training performed better in terms of financial management, budgeting, and project implementation.

Respondents reported that financial education programs had improved their group's financial decision-making skills (M = 3.21, SD = 1.85) and enhanced their ability to budget effectively (M = 3.05, SD = 1.83). Additionally, financial literacy training helped members develop essential record-keeping skills (M = 3.08, SD = 1.82) and improved their capacity to plan and execute projects successfully (M = 3.19, SD = 1.83). Moreover, respondents indicated that financial education programs had a direct positive impact on savings management (M = 2.56, SD = 1.65), enabling groups to allocate resources more efficiently. The study also found that groups that received financial training had improved overall financial management (M = 3.34, SD = 1.43),

allowing them to achieve greater financial stability and meet their financial obligations more effectively.

5.2 Conclusions of the Study

The study concluded that access to savings products enhances financial stability among self-help groups. However, affordability and accessibility challenges limit their full utilization. Flexible and tailored savings options are needed to better meet group financial needs.

The study concluded that access to credit negatively affected self-help groups due to high interest rates and unfavorable repayment terms. While credit aids income generation, poor loan management leads to financial instability. Financial literacy is essential for effective credit utilization.

The study concluded that money transfer services had a limited impact on group performance. While they improve transaction convenience, they do not significantly enhance financial transparency or reduce operational costs. Their effectiveness depends on integration with broader financial strategies.

The study concluded that financial education had the most positive impact on self-help groups. It improved budgeting, record-keeping, and financial decision-making, enhancing overall financial stability. Financial literacy is crucial for effective savings and investment management.

5.3 Recommendations of the study

The study recommended that financial institutions develop more affordable and flexible savings products tailored to the needs of self-help groups. Additionally, financial literacy programs should be enhanced to improve savings culture and management among group members.

The study recommended that lenders offer lower interest rates and more favorable loan repayment terms to enhance credit accessibility. Self-help groups should also undergo financial training to improve loan management and mitigate the risks of financial instability.

The study recommended that financial service providers improve the affordability and efficiency of money transfer services. Integrating digital financial tools with self-help group operations can enhance transparency and reduce transaction costs.

The study recommended that stakeholders invest in regular and comprehensive financial education programs. These should focus on budgeting, savings, credit management, and investment strategies to strengthen the financial sustainability of self-help groups.

5.4 Recommendations for further studies

The study recommended further studies on the long-term impact of financial inclusion on self-help group sustainability. Future research should assess how continued access to financial services influences the growth, stability, and resilience of these groups over time.

The study recommended further studies on the role of government policies in enhancing financial access for self-help groups. Investigating policy effectiveness, regulatory challenges, and possible interventions can provide insights into improving financial inclusion strategies.

The study recommended further studies on the influence of digital financial services on group performance and participation. Research can focus on mobile banking, fintech solutions, and their accessibility, adoption rates, and impact on financial decision-making within self-help groups.

LIST OF REFERENCES

APPENDICES

Appendix I: Introduction

Mariam Sharif Alwy,

P.O. BOX, 342-01000

THIKA.

Dear Respondent,

REF: REQUEST FOR DATA COLLECTION

I am now pursuing a Master's Degree in Business Administration, Finance Option at Mount Kenya University. I'm working on a project titled "INFLUENCE OF FINANCIAL INCLUSION ON THE PERFORMANCE OF SELF-HELP GROUPS IN MALINDI Sub-COUNTY, KENYA" Please complete the accompanying questionnaire to assist me in gathering the required data for this research. I guarantee that the information you submit be kept private and only be used for academic reasons.

Please accept my heartfelt gratitude.

Yours faithfully,

Mariam Sharif Alwy

Appendix II: Consent Form

Dear Participant,

I'd like to ask you to take part in a research project called (**INFLUENCE OF FINANCIAL INCLUSION ON THE PERFORMANCE OF SELF-HELP GROUPS IN MALINDI** Sub-**COUNTY, KENYA.**): I'm writing my master's project while I'm enrolled at Mount Kenya University's (MASTER OF BUSINESS ADMINISTRATION) program. The investigational goal of the study is to: (**The purpose of this study is to examine the influence of financial inclusion on the performance of self-help groups in Malindi** Sub-**County, Kenya.)**

It is entirely up to you whether or not you take part in this study. You may choose not to answer any questions at all or leave them blank. Beyond the dangers associated with daily living, there are no recognized risks associated with involvement. Your comments be kept private and anonymous. The results of this study's data be kept confidential and only given as a combined total. Your specific responses to this questionnaire only be known by the researchers. You won't directly gain anything by taking part in this study. However, you could find it fascinating to discuss the difficulties raised in the study, and it might also be helpful to the industry and to customers or other people in the future who have similar worries.

Please provide the most accurate responses you can to the questionnaire's questions if you accept to take part in this experiment. The completion time should be about seven minutes. To allow me to finish the project report, please return the questionnaire as soon as feasible.

Please contact the Ethics Review Committee, Mount Kenya University. P.O Box 342-01000-Thika. Email: cgsr@mku.ac.ke. Tel: 254709153000, if you have any inquiries concerning your rights as a study participant.

I appreciate your help with this crucial project.

CONSENT

I've read, understand, and have had a chance to ask questions about the material presented. I am aware that my participation is entirely optional and that I may stop at any moment, for any

reason, and without incurring any fees. I am aware that a copy of this permission form be sent to me. I freely consent to participate in this research.

Participant's signature _____ Date _____

Investigator's signature _____ Date _____

Appendix III: Questionnaire

SECTION A: Background information

SECTION B: Access to savings products

1. What is your level of agreement with the following statements on the effect of budget and cash management on organization performance? (Scale: 1=Strongly Disagree, 2=Disagree, 3-Neutral, 4=Agree, 5=Strongly Agree).

statements	1	2	3	4	5
Our group had consistent access to reliable savings products.					
The savings products offered to our group are affordable.					
The savings accounts available are easily accessible to group members.					
The savings products meet the financial needs of our group.					
Savings options provided by financial institutions are flexible for group operations.					
Our group's savings have positively influenced financial stability.					
Access to savings products had enhanced the ability of our group to plan for long-term goals.					

SECTION C: Access to credit facilities

2. What is your level of agreement with the following statements on the effect of dividend decision on organization performance? (Scale: 1=Strongly Disagree, 2=Disagree, 3-Neutral, 4=Agree, 5=Strongly Agree).

statements	1	2	3	4	5
Our group had access to affordable credit facilities.					
The interest rates on available credit facilities are reasonable.					
The repayment terms for loans are favorable to our group.					
Access to credit had improved the group's ability to finance income-generating activities.					
Credit facilities help our group sustain financial stability during					

difficult periods.					
The loan application process is simple and accessible to group members.					
Our group had benefitted from using credit facilities for developmental projects.					

SECTION D: Access to money transfer services

3. What is your level of agreement with the following statements on effect of liquidity decision on organization performance? (Scale: 1=Strongly Disagree, 2=Disagree, 3-Neutral, 4=Agree, 5=Strongly Agree).

statements	1	2	3	4	5
Our group frequently uses money transfer services for transactions.					
The money transfer services we use are secure and reliable.					
Using money transfer services reduces the operational costs of our group.					
Access to money transfer services enhances the financial transparency of our group.					
Digital money transfer platforms are easy to use for group members.					
Our group's efficiency had improved due to reliable money transfer services.					
The availability of money transfer services had increased the financial cohesion of our group.					

SECTION E: Financial education services

1. What is your level of agreement with the following statements on effect of investment decision on organization performance? (Scale: 1=Strongly Disagree, 2=Disagree, 3-Neutral, 4=Agree, 5=Strongly Agree).

statements	1	2	3	4	5
Financial education programs have improved our group's					

financial decision-making skills.					
The training sessions we attend are tailored to the financial needs of our group.					
Financial education had enhanced our ability to budget effectively.					
Our group members have benefitted from learning financial record-keeping techniques.					
The programs attended have improved our capacity to plan and execute projects successfully.					
Financial education had positively influenced our ability to manage group savings.					
Our group's overall financial management had improved due to financial education programs.					

SECTION F: Organization Performance

2. What is your level of agreement with the following statements Organization Performance? (Scale: 1=Strongly Disagree, 2=Disagree, 3-Neutral, 4=Agree, 5=Strongly Agree).

statements	1	2	3	4	5
The group's financial stability had significantly improved in the last year.					
Membership in the group had steadily increased over time.					
The group successfully completes its planned projects within the expected timelines.					
Income-generating activities initiated by the group have improved the members' livelihoods.					
The group's leadership effectively manages resources to meet its objectives.					
Members consistently participate in group activities and decision-making processes.					
The group regularly meets its financial obligations, including loan repayments and operational expenses.					

Thank you

Appendix IV: ERC Letter

Mount Kenya University

REF: **MKU/ISERC/4835** Date: 05 March 2025
TO: **MARIAM SHARIF ALWY**
REG: **MBA/2018/22957**

Dear Sir/Madam,

RE: INFLUENCE OF FINANCIAL INCLUSION ON THE PERFORMANCE OF SELF-HELP GROUPS IN MALINDI SUB-COUNTY, KENYA

This is to inform you that **Mount Kenya University** has reviewed and approved your above research proposal. Your application approval number is **3557.** The approval period is **05/03/2025 - 04/03/2026.**

This approval is subject to compliance with the following requirements;

i. Only approved documents including informed consents, study instruments, MTA will be used
ii. All changes including amendments, deviations and violations are submitted for review and approval by **Mount Kenya University**
iii. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to **Mount Kenya University** within 72 hours of notification
iv. Any changes, anticipated or otherwise that may increase the risks or affect the safety or welfare of study participants and others or affect the integrity of the research must be reported to **Mount Kenya University** within 72 hours
v. Clearance for export of biological specimens must be obtained from relevant institutions
vi. Submission of a request for renewal of approval at least 60 days prior to expiry of the approval period. Attach a comprehensive progress report to support the renewal
vii. Submission of an executive summary report within 90 days upon completion of the study to **Mount Kenya University**

Prior to commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology and Innovation (NACOSTI) https://research-portal.nacosti.go.ke and also obtain other clearances needed.

Yours sincerely,

Dr. Alfred Owino, PhD
Chairman, Mount Kenya University ISERC

MOUNT KENYA UNIVERSITY
ETHICS REVIEW COMMITTEE
P. O. Box 342 - 01000,
THIKA

MOUNT KENYA UNIVERSITY P.O. Box 1943-00902, KAREN-NAIROBI 06 MAR 2025 DIRECTOR Graduate Studies RECEIVED

Appendix V: Introduction Letter

Mount Kenya University

DIRECTORATE OF GRADUATE STUDIES

MBA/2018/22957

6th March, 2025

National Commission for Science Technology & Innovation (NACOSTI)
Off Waiyaki Way, Upper Kabete,
P.O Box 30623- 00100
NAIROBI, KENYA

Dear Sir/Madam,

RE: MARIAM SHARIF ALWY – REGISTRATION NO. MBA/2018/22957

The purpose of this letter is to introduce the above named student who is pursuing **Master of Business Administration** in the department of **Accounting and Finance** in the school of **Business and Economics.**

The title of the research is **"Influence of Financial Inclusion on the Performance of Self-Help Groups in Malindi Sub-County, Kenya."** It has been cleared by the University's Ethics Review Committee (Certificate attached) and now has to proceed to the field to collect data between **March, 2025 and May, 2025.**

Any assistance accorded to the student will be highly appreciated.

Thank you.

Mount Kenya University
P.O. Box 342-01000, THIKA
Office of the Director
Graduate Studies

Dr. Samuel M. Karenga, PhD
Director, Graduate Studies
Enc.

Appendix VI: NACOSTI Authorization

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

Ref No: 593725

Date of Issue: 13/March/2025

RESEARCH LICENSE

This is to Certify that Ms....ALWY MARIAM SHARIF of Mount Kenya University, has been licensed to conduct research as per the provision of the Science , Technology and Innovation Act, 2013 (Rev. 2014) in Kilifi on the topic : Influence of Financial Inclusion on the Performance of Self-Help Groups in Malindi, Kilifi County, Kenya for the period ending : 13/March/2026.

License No: NACOSTI/P/25/39289

593725

Applicant Identification Number

Director General
NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Verification QR Code

NOTE: This is a computer generated License. To verify the authenticity of this document, Scan the QR Code using QR scanner application.

Appendix VII: Field Authorization

COUNTY GOVERNMENT OF KILIFI
Department of Finance and Economic Planning

Email: government@kilifi.go.ke
Website: www.kilifi.go.ke

Finance and Economic Planning
P. O. Box 519-80108 Kilifi
Kenya.

When replying please quote:
REF: CGK/MLD/FEP/RESEARCH/GEN/64/VOL.IV/56

24th March, 2025

MARIAM SHARIF ALWY
MOUNT KENYA UNIVERSITY
MBA/2018/22957

RE: RESEARCH AUTHORIZATION

This office is in receipt of your letter dated **21ST March, 2025** and a copy of your research license from NACOSTI Ref: **593725** of License Number **NACOSTI/P/25/39289** dated **13th March, 2025** requesting for authority to carry out research on *"Influence of Financial Inclusion on The Performance of Self-Help Groups in Malindi, Kilifi County, Kenya"*.

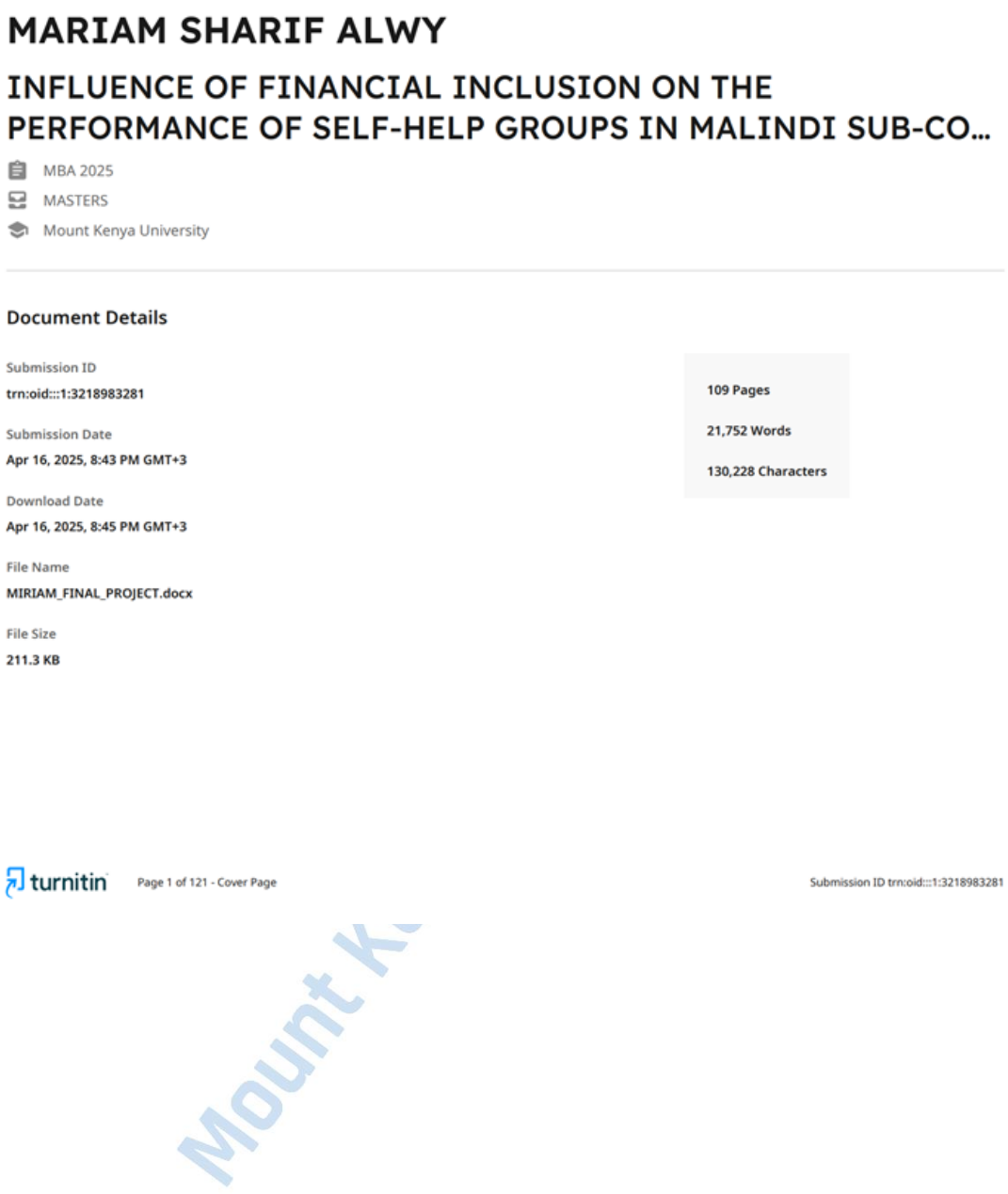
Permission is hereby granted to carry out the research for the period ending **13th March, 2026** as requested.

You are kindly advised to deposit a copy of the final research report to this office.

COUNTY GOVERNMENT OF KILIFI
FINANCE AND ECONOMIC PLANNING
24th March, 2025
P.O.BOX 519-80108
KILIFI, KENYA

Yaye Shosi Ahmed
CECM
Department of Finance and Economic Planning
Kilifi

Appendix VIII: Similarity Index



MARIAM SHARIF ALWY

INFLUENCE OF FINANCIAL INCLUSION ON THE PERFORMANCE OF SELF-HELP GROUPS IN MALINDI SUB-CO...

MBA 2025

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Mount Kenya University

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