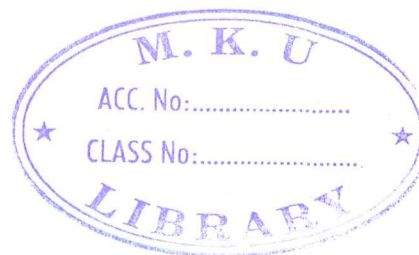


**FACTORS INFLUENCING THE GROWTH OF MICROFINANCE INSTITUTIONS IN
KENYA**

(A Case of K-REP Bank)

BY

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ABSTRACT

The Kenyan microfinance sector began in the late 1960s and has evolved over time to become commercialized, self-sustaining and hugely profitable institutions with over 100,000 clients. Microfinance is also rapidly becoming Kenya's most accessible and affordable financial service. There has been extensive research carried out on the growth of rural credit lending and the subsidized loan lending by non-governmental agencies in Kenya. However, there is little understanding of the factors influencing the success of public and private micro finance institutions. This research study was conducted in order to study the factors that are responsible for the growth of microfinance institutions. The study was guided by the following objectives: to establish the economic factors influencing the growth microfinance institutions in Kenya, to find out the marketing strategies employed by microfinance institutions and how these strategies have impacted on growth of the institutions and to establish how the management structures adopted by the micro finance institutions in Kenya and how they have influenced growth of these institutions. The study adopted a descriptive survey research design to study the factors influencing the growth of the MFIs. Random sampling method was used to obtain a representative sample. The informants for the study were drawn from the employees of MFIs. Data was collected using questionnaires. The findings of the study were hoped to be of benefit to the Association of Microfinance Institutions by shedding light on measures which should be taken to in order to improve delivery of micro finance services in Kenya. The researcher hoped that the study would also benefit managers of MFIs by providing useful data on the factors that influence the growth of their institutions. Based on the findings of the study From the results of this study, it can be recommended that the strategic process should be adopted by all firms not only the MFIs, its importance cannot be overlooked given the adverse effects that can arise if not formulated and implemented properly.

It can also be recommended that all MFIs need to consider all the objectives of market share, profit maximization, product quality and customer satisfaction. Given that the availability of funds is a bigger challenge, firms need to consider an adequate approach to counter the problem