

**FACTORS AFFECTING EQUITABLE ACCESS TO FINANCIAL SERVICES IN
DEVELOPING COUNTRIES**

(A CASE STUDY OF KAMKUNJI CONSTITUENCY, KENYA)

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ABSTRACT

Availability and usage are measured by the extent of utilisation as well as the size of bank credit and bank deposits, relative to the Gross Domestic Products (GDP) of a country. An inclusive financial system should have as many users as possible which gives an indication of how much the financial system has penetrated among its users (Sarma, 2007). In many developing countries, economic development is skewed towards a few rich people and regions while the larger population and regions are left out. The challenge for financial institutions is how to address the concerns of unbanked and under banked customers as well as provide them with products that meet their needs within the context of the structure of each financial institution and the regulatory environment (Jacob & Tescher, 2005). New approaches are needed to capture the market including new ways of thinking about product and service offerings. Formal financial institutions can turn this market into a profitable venture in the long term (Prahalad & Hart, 2002). Financial inclusion is key to realization of economic goal not only in Kenya but also globally. Given that little study has been done on factors affecting equitable access to financial services in Kenya and in particular Kamukunji Constituency the study seeks to bridge the gap by undertaking a study on the same. The proposed study will adopt a descriptive design. A random sample within the constituency was targeted and a semi-structured questionnaire administered. Quantitative data collected was analyzed by the use of descriptive statistics using Statistical Package For Social Science software (SPSS) and presented through percentages, means, standard deviations and frequencies. The information will be displayed by use of bar charts, graphs & pie charts and in prose-form. The study found out that interest rates have a significant negative effect on equitable access to financial services, the study also indicated that costs of finance have a significant negative effect on equitable financial access. This study concludes that interest rates and financial costs have a crucial role in the quest for equitable financial access and the financial sector regulators can help greatly in intervening on these variables.