

**AN ANALYSIS OF FACTORS INFLUENCING THE GROWTH AND DEVELOPMENT
OF MICROFINANCE INSTITUTIONS
(A CASE STUDY OF THIKA TOWN)**

BY

BORO SALOME NJERI

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Abstract

The objective of the project was to determine the factors influencing the growth and development of microfinance institutions in Thika town. The specific objectives of the study was to establish the trends of micro finance in Thika town ,to establish the factors that has enhanced the growth and development of microfinance in Thika town, to investigate on the factors that inhibits the growth and development of microfinance institutions in Thika town. The target population was microfinance institutions in Thika town and its environs, the study used a sample size of 30 executives. The study established institutions have been growing over years while the risks factors that microfinance institutions faced were operational risks, economic risks, liquidity risk and the credit risk. Based on the findings it was recommended that microfinance institutions need to move away from the 'microenterprise era' and enter 'micro financial services era' where emphasis is put not simply on providing credit on flexible terms but rather on providing savings as well as insurable facilities.