

**THE EFFECTS OF MICROFINANCE INSTITUTIONS ON GROWTH OF
SMALL AND MEDIUM ENTREPRISES IN KENYA: A STUDY OF SMES IN
NAIROBI COUNTY**

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ABSTRACT

The Microfinance industry has become a major backbone in the existence and survival of SMEs in Nairobi County and Kenya at large. Microfinance Institutions (MFIs), as part of their core business, provide loans to SMEs. In addition to these financial services, MFIs also provide non-financial services like business training, financial and business management to help improve the capacity of their clients in managing the loan resources granted to them. The number of MFI institutions that provide microfinance services continues to grow rapidly in Nairobi County. Thus, the development of MFIs in Nairobi County has not been left behind for they have significantly changed the way people in this County view micro credit loans and borrowing for small scale investment. Some of MFIs encountered during the study K-Rep Bank, Faulu Kenya, Kenya Women Finance Trust, Jamii Bora Bank among others. The push towards sustainable institutions and the resulting growth of commercial financing raise some important questions about the true mission of MFIs and how best to expand their outreach programs. These issues were further developed in this study highlighting how the MFIs have really transformed the entrepreneurial growth in Kenya beyond reproach There has massive difference between the few rich people in the County compared to the big masses that are poor, and would actually do with the micro credit loans from the MFIs in the area for entrepreneurial growth., the institutions has improved small and micro enterprises by granting them loans to finance their business, this study is therefore designed to assess the effects of microfinance institution on growth of SMEs in Kenya , A study of SMEs in Nairobi county