EFFECT OF EQUITY BANK'S FINANCIAL MANAGEMENT TRAINING PROGRAMME ON SMALL-SCALE FARMERS' UPTAKE OF CREDIT IN MAKUENI COUNTY

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DECLARATION

This project is my original work and has not been presented for a degree in any other university.

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DEDICATION

This research project is dedicated to my parents Michael Muema and Annunciatta Mwikali.

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ABSTRACT

Kenya's economy depends majorly on agricultural sector. Agriculture contributes 51 percent to gross domestic product and 45 percent of government revenue is derived from this sector. Growth in national economy is highly correlated to growth and development in agriculture. The country targets 10 percent annual economic growth and for this to be achieved small scale farming need to be up to date, innovative and commercially inclined. Financial services also need to be inclusive and meet all Kenyans' investment needs. Small scale farmers should be able to access affordable financial services whenever they need them to finance their farm projects. However 52 percent of small scale farmers in kenya are food insecure. They depend entirely on rainfall and use tradition methods of farming limiting their production.These farmers experience difficulties in obtaining financial services and face limited access to new technology in agriculture. Equity bank in its pursuit of acquiring a sustainable competitive edge has embraced innovation of unique strategies based on empowering small scale farmers with affordable credit and financial management skills. This study aimed at assessing the effectiveness of Equity bank's financial support services on small-scale farmers' uptake of credit. The general objective of the study was to investigate the effectiveness of Equity Bank's financial management training programme on small-scale farmers' uptake of credit. The research targeted a population of small scale farmers in Makueni County. The sample size was 175 farmers. The researcher used simple probability sampling technique to obtain the sample. The instrument of data collection was structured questionnaire, which contained open and closed ended questions. The study used multiple linear regression models for data analysis. The study found that small scale farmers seeking financial services in Makueni County had acquired financial education from Equity Bank. It also found that 91.4 percent of the farmers had borrowed a loan. These loans were from different financial institutions and even informal sources like 'chamas'. This is a clear indication that after farmers where equipped with financial literacy skills majority of them accessed credit services. From the regression analysis the coefficient of Knowledge of bank products was 0.252 .This implies that if all other factors are held constant then a unit increase in bank product would lead to 25.2 percent increase in credit uptake. A unit increase in saving would lead to 13.1 percent increase in credit uptake. Budgeting had a coefficient of 0.555. The implication is that a unit increase in budgeting would increase credit uptake by 55.5 percent Debt management had a coefficient of 0.662. This means that a unit increase in Debt management would lead to 66.2 percent increase in credit uptake. This points out that among the four modules learned debt management contributed the most towards credit uptake. The study recommends that; Government of Kenya through central bank should ensure financial management training is conducted by all financial institutions. Equity bank should extend financial management training programme to all clients of the bank. This will increase credit uptake. The farmers should attend all financial management programme sessions. This will empower them by improving access to farm credit.

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ACRONYMS

AGRA	Alliance for Green Revolution Africa
FAO	Food and Agricultural Organization
GOK	Government of Kenya
IFAD	International Fund for Agricultural Development
MOA	Ministry of Agriculture
OECD	Organization for Economic Cooperation and Development
SPSS	Statistical Package of Social Sciences

OPERATIONAL DEFINITION OF TERMS

Financial Management Training Programme This is Equity Bank’s twelve week course. This course entails education of small scale farmers on bank products, saving skills, budgeting and debt management.

Small Scale Farmers These are individuals who till land and keep livestock in a small piece of land less than two acres.

Uptake of Credit This is the borrowing of a loan from a bank by small-scale farmers for mainly farming purposes.

County This is a geographical subdivision of the country of Kenya envisioned in the 2010 constitution of Kenya as the unit of devolved governance.

Financial Inclusion This is the delivery of financial services at reasonable costs to disadvantaged and low-income people. This leads to access to financial services by all individuals irrespective of the scale of their operations.

Innovation The act of improving an idea. This is done mainly by business to gain a competitive advantage.

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CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

The global demand for food is increasing due to the raising human population. In contrast the production of food is challenged and compromised by changing climate and degradation of land. A billion people in the world are going hungry (Lewis, 2011). Africa is facing a higher risk of food insecurity due to the low financial investment which has hindered small-scale farmers from adopting new technologies therefore not able to improve their production (International Finance Corporation, 2014). In Nigeria 23 percent of the population access financial support from formal institutions, 24 percent from informal and 53 percent are excluded from any form of financial support (Badiru, 2010). According to Financial Access Kenya (2009) 33 percent of Kenyan population is excluded from financial services, 22 percent use formal institutions, 18 percent semi formal and 27 percent informal system. Most farmers who live in rural areas lack financial literacy; they do not have the necessary information on bank products and the lending procedure. For this reason, they are financially excluded (Agnet, 2004).

Ethical Trading Initiative (2005) defines a small scale farmer as one who produces in small volumes in a relatively small plot of land of less than 2 acres, depends mostly on family labor and use less resources compared to large-scale farmers. According to Scott (2013), the world hosts 500 million small-scale farmers. Globally farming has been challenged by increased land subdivision due to increase in population. Due to this small-scale farmers have remained to be the key contributors of economic development in developing countries. These farmers support 2 billion people and find it hard to invest and expand their production. They require

281 billion pounds to finance their farming activities effectively. This amount of money has not been available exposing small scale farmers to greater risks of crop failure unlike large scale farmers who have the ability to embrace new farming technologies.

According to Nwanze (2011), in sub Saharan Africa and Asia small scale farmers provide 80 percent of food consumed. In Nigeria agriculture is a key contributor to gross domestic product but efforts to improve it have been hindered by lack of financial support for small-scale farmers (Badiru, 2010). Small holder farmers in Kenya are perceived as a group of people who cannot afford to utilize finance in a productive way. These farmers cannot afford securities to acquire loan service with most banks finding it more risky lending to them (Mwangi, 2013).

Equity bank in 2011 came up with products and services targeting small scale farmers such as; Financial literacy programme which is aimed at increasing the financial knowledge for small scale-farmers, Kilimo Kisasa Loan (product designed for financing farmers to acquire modern tools, equipments and machinery), Kilimo Supa Loan (product designed to support all categories of farmers by providing working capital also available to agro dealers, agro processors and agricultural traders), Kilimo Biashara Loan (A subsidized product in support of grain, horticulture farmers and agro dealers) to support small-scale farmers.

1.1.1 Farmers Financial Education

Mutua (2010) defines financial literacy as the ability to process information and make informed decisions on personal finance. According to Food and Agricultural Organization (FAO) (2012) financial education is all about making people aware of the need of regular saving, budgeting and debt management. The education should ensure that people understand the worthy of financial institutions and the products available. This aims at giving them confidence to financial services and the ability to ask the right questions, with regard to loans, bank accounts and interest rates.

A big challenge facing smallholder farmers in farm management and expansion is the fact that most of them are not financially literate, meaning they have a high likelihood of making poor financial decisions which could harm not only their farm business but also their families (Mwangi, 2013). According to Xu and Zia (2012), financial education has different implications depending on the levels of income of different countries. In Countries with high income levels like United States, financial education is often perceived as an accompaniment to consumer protection, hence it aims at equipping individuals with the capacity to find their way through a complex collection of financial products and make good financial decisions. However, the role of financial education in low income countries is to increase access to and uptake of financial services. In Kenya, there is a relationship between use of financial services and exposure to financial education. Word of mouth and radio has been rated as the most common source of financial education, with a larger proportion of people receiving information on mobile transactions than on loans, saving and insurance (Xu and Zia, 2012).

According to FAO (2012), seeking financial support from a bank without proper knowledge of income, expenses, assessment of risks and being able to monitor one's farm progress is a recipe for failure in money management. As more financial institutions are reaching down to low income market segments and advanced technology is creating more opportunities to small holder farmers a more holistic approach is needed for small-scale farmers to access and benefit from financial services.

Farmer's financial training programme is therefore an equity bank competitive strategy which is geared towards helping farmers develop financial management skills. It teaches farmers concepts of money and how to manage personal income and farm business wisely. It offers farmers the opportunity to learn basic financial management skills; it consists of four modules namely budgeting, saving, banking services and debt management. It takes duration of twelve weeks with one hour session a week. The curriculum is made to empower farmers with skills which enable them to become informed financial decision-makers, hence be able to plan for and realize their goals. Through financial management training, institutions are better to meet the needs of their customers and gain competitive advantages.

The bank uses learner centered approach in training, concentrating on the eight key practices; Relevance (applicability of the study to the daily experiences of the farmers providing a reason for the learning), Dialogue (conversation among the learners and the facilitators), Engagement (involving learners through group discussions, question and answers and role playing) and Immediacy (learners realizing the usefulness of the new learning).Affirmation is important; the trainer should praise learners for even small attempt. Safety (valuing learner's ideas and contribution so that they do not feel belittled neither ridiculed) and Accountability (what is planned to be taught must be taught and learning needs must be met) are emphasized. Respect (treating learners as equals and acknowledging the experiences and knowledge they contribute in the lesson) must be practiced while training farmers. During the training 20/40/80 rule is observed which means; learners recall 20 percent of what they hear, 40 percent of what they hear and see and 80 percent of what they hear, see and do. (Mwangi, 2012).

1.1.2 Equity Bank Limited

Equity bank as a fiancial institution evolved from a Building Society in October 1984 where it used to provide mortgage to low income earners. In 2004 the bank had grown to a fully fledged Commercial Bank. Today the bank is listed on both Nairobi and Uganda security exchanges; it is a home to over 8 million customers, which is over 52 percent of all bank accounts in Kenya making it the largest bank in respect to customer base in Africa region. It has been able to make its presence in Uganda, South Sudan and Rwanda. Equity Bank's vision is to be the champion of the socio-economic prosperity of the people of Africa. Its mission is to offer inclusive; customer focused financial services that socially and economically empower their clients and other stakeholders. The purpose of the Bank is to transform the lives and livelihoods of the people socially and economically by availing them modern, inclusive financial services that maximize their opportunities.

Equity Bank investing in the society is a key part of its corporate strategy. It is also part of its social responsibility. In 2010 the bank came up with equity group foundation which is a tool to deliver its corporate social responsibility to the society. The bank works with other willing partners in six focus areas which include financial literacy, education, entrepreneurship, agriculture, health and environment where the bank facilitates the infrastructure of delivery. In the banks pursuit to transform smallholder farmers it has taken an active role in promotion of agriculture through various partnerships with farmers and other stakeholders in the agricultural value chain. The partnership between Alliance for Green Revolution Africa (AGRA), International Fund for Agricultural Development (IFAD) and Government of Kenya (GOK) through Ministry of Agriculture (MOA) is designed at accelerating green revolution in Kenya through increased food productivity, market access intervention and support commercialization of agricultural activities. The bank offers subsidized credit services to cater for farm input and free financial management training. The trainings aim at unlocking farmer's access to credit by building farmer's financial knowledge and skills (Mwangi, 2013).This research will investigate the effect of Equity Bank's new product and service of financial training on small-scale farmers' credit uptake.

1.2 Statement of the Problem

Kenya's economy depends majorly on agricultural sector. Agriculture contributes 51 percent to gross domestic product and 45 percent of government revenue is derived from this sector. Growth in national economy is highly correlated to growth and development in agriculture (Government of Kenya (GOK), 2009). The country targets 10 percent annual economic growth and for this to be achieved small scale farming need to be up to date, innovative and commercially inclined. Financial services also need to be inclusive and meet all Kenyans' investment needs. Small scale farmers should be able to access affordable financial services whenever they need them to finance their farm projects (GOK, 2007). However 52 percent of small scale farmers in kenya are food insecure. They depend entirely on rainfall and use tradition methods of farming limiting their production.These farmers experience difficulties in obtaining financial services and face limited access to new technology in agriculture (Tegemeo Institute of Agricultural Policy and Development, 2011). Despite efforts by many financial institutions to address financial challenges encountered by small holder farmers, farmer's financial needs have never been fully met (Rome-based agencies, 2013). Without effective and sustainable interventions towards farming, Kenya remains a net importer of staple food (GOK, 2009). Equity bank has come up with new products and services targeted at smallscale farmers. This innovation aims at supporting the agricultural sector and transforming the lives of smallscale farmers. The purpose of this study was to assess the effectiveness of Equity bank's financial management training programme on small scale farmer's uptake of credit.

1.3 Objectives of the Study

1.3.1 Broad objective

The main objective of this study was to investigate the effectiveness of Equity Bank's financial management training programme on small-scale farmer's uptake of credit.

1.3.2 Specific Objectives

i. To determine the effect of knowledge of bank products on up- take of farm credit provided by Equity Bank of Kenya.

ii. To determine the effect of savings skills on up- take of farm credit provided by Equity Bank of Kenya.

iii. To establish the effect of budgeting on uptake of farm credit provided by Equity Bank of Kenya

iv. To establish the effect of debt management on uptake farm credit provided by Equity Bank of Kenya

1.4 Research Questions

i. What is the effect of knowledge of bank products on uptake of farm credit offered by equity bank of Kenya?

ii. What is the effect of saving skills on uptake of farm credit offered by equity bank of Kenya?

iii. What is the effect of budgeting on uptake of farm credit offered by equity bank of Kenya?

iv. What is the effect of debt management on uptake of farm credit offered by equity bank of Kenya?

1.5 Justification of the study

According to FAO (2012) the agriculture sector in the world supports over two billion people as a source of employment. In the world agriculture is practiced by 47 percent of world's population living in rural areas with a total of 500 million small holder farms. With the world population being at 7 billion and expected to increase to 9 billion by 2050 there is need to deploy viable strategies to increase agricultural productivity (World Economic Forum, 2013). In the economic pillar of the Kenya's vision 2030 agriculture has been identified key in attaining the economic recovery for wealth and employment creation strategy (GOK, 2007).

Buckles (2013) states that lack of financial knowledge and accessibility to affordable credit services are some of the main factors hindering small holder farmers from obtaining maximum productivity. The financial success of farmers is based not only on accessibility to affordable credit but also to sound financial management skills (Chisasa and Makina, 2012). According to Minishi (2012), the government of Kenya through cooperatives societies has been providing affordable credit to farmers but due to mismanagement and poor leadership most institutions have failed to meet the intended goals.

Thus this study focused on effectiveness of farmer's financial management training in developing countries in a modest attempt to bridge the funding gap and attain appropriate use of agricultural credit. The study was done in an effort to bring to light the influence and give an insight into the effectiveness of farmer's financial management training where Equity Bank Limited was the context of focus. Equity bank was selected after a pilot study conducted on five financial institutions in Makueni County. This included Kenya commercial bank, Barclays bank, Cooperative Bank, K-Rep Bank and Rafiki Microfinance Bank. A questionnaire filled by credit managers in the banks revealed that all the banks were providing financial advisory services to customers at the time of borrowing as a support programme. Equity bank emerged as the only bank providing a class based financial management programme to small scale farmers. This motivated this study to establish the effectiveness of the programme.

The information from the study would help equity bank to measure the effectiveness of farmer's financial training strategy on credit uptake. The study aimed at unfolding new strategies which can be used by banks in an attempt to obtain a competitive advantage. The small holder farmers would use the information to know whether or not the financial training is useful in making sound financial decisions .This should result in farm productivity increment among the small holders. The research institutions would use the information to identify areas for further research, the study concentrates on small holder farmers hence researchers can use the information from the study to compare with other types of enterprise in the agricultural value chain in the agricultural sector. Results obtained from this study if incorporated in policy formulation then Kenya would have policies which strike a balance of benefit to both small holder farmers and credit providers.

1.6 Scope of the Study

The scope of this study lay on investigating the effectiveness of farmer's financial management training strategy by commercial banks in Kenya with a special focus on Equity Bank Limited. The specific area of interest was Makueni County, Kenya. The target respondents were the farmers in the sub-counties as well as credit providers (i.e. Equity Bank) in the area. This was because these respondents were the most conversant with the subject of the study which is the effectiveness of farmer's financial management training strategy by Equity Bank Limited in Makueni County. The researcher believed that this would provide an adequate population and sample for the study and therefore give reliable results and findings.

1.7 Limitations of the study

The major challenge of the research process was securing farmer's time. The data collection exercise coincided with farmers planting time. This forced the researcher to spent extra time and money on the exercise because of farmers' busy schedules. The researcher had to make proper arrangements with the farmers to avail themselves to fill the questionnaires. This included meeting some farmers in common meeting places like shopping centre's and churches for the data collection exercise.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Small-scale farmers face a large number of challenges which include limited financial literacy and access to agricultural credit. Financial literacy can be defined as the ability to use knowledge and skills to manage ones financial resources effectively for life time security. (Jumpstart Coalition for Financial Literacy, 2007). Financial literacy can only be achieved through financial education. This section thus presents a review and assessment of other studies on financial education and uptake of farm credit. The studies provide an insight on small-scale farmer's attitude towards formal borrowing which is important for this study.

2.2 Theoretical Review

Financial education can be summed up as the set of skills and knowledge that allows an individual to make informed and effective financial decisions (Norman, 2010). Agricultural production is an economic activity which is carried out mostly by adults. This activity requires financial management skills, use of modern technology and innovations and individual self control over use of money. Such complexity of Agricultural activity leads to the use of different theories in this study. These theories include; Theory of adult learning, The Theory of Planned Behavior and Diffusion of Innovation Theory.

2.2.1 Theory of Adult Learning

Learning is a lifelong activity. Adult learners can be described as; Lifelong Learners -Adults who have had good experiences of learning and want to continually expand their skills, knowledge and interests. Reluctant Learners -These are adults who have had bad experiences of learning and need a lot of encouragement to learn again. Breaking Barriers Learners-Adults who want to learn more but have barriers to taking part in adult learning such as lack of family support, isolation and poverty. Community Builders -Adults who want to learn with others in order to participate in their community and expand the quality of their relationships and lastly Foundation Learner- Adults who missed out on the schooling, they want to be able to read, write, speak, and listen more effectively and to improve their basic arithmetic skills Brown (2015). Theory of adult Learning involves transformative learning and Knowle's Andragogy.

2.2.1.1 Mezirow's Transformative Learning

Transformative learning is a theory of adult learning which highlights the importance of experience learning. Transformative learning further seeks to facilitate a paradigm shift therefore inducing a far reaching change in learners than other kind of learning Clark (1993). (Mezirow) first proposed his theory of transformative learning in the 1980s. Mezirow defines transformative learning as a process by which individuals frame of references is transformed by making it more inclusive, discriminating, open, emotionally capable of change, and reflective. Transformational learning involves fundamental transformation of the adults' core frames of reference. This is often achieved through response to disorienting situations that challenge adults' previous ways of thinking about the world and prompt them to reflect critically on previously held assumptions. Educators can help stimulate transformative learning by teaching methods that foster critical reflection (Merriam et al., 2007). There are several conditions essential for transformative learning. These conditions are achieved through participant's involvement.

They include Dialogic context (participants having opportunity to share their social, political and cultural history with each other), dissonance and conflict (sharing on beliefs and practices and embracing disagreements as learning opportunities), demonstrations (participating in learning events led by one of the participants) and self assessment and evaluation which entails appraising individuals practices through critique and reflection Saavedras (1996). NewMan (1996) identified five factors facilitators need to use in promotion of transformative learning. These factors include; willingness of facilitators to learn and change themselves while encouraging others to learn. Building a strong relationship with learners based on trust and confidentiality and promoting learner's critical self reflection aimed at identifying, interpreting and getting rid of negative feeling Taylor (1998). Whether in communities or professions, transformative learning is a desirable goal of adult learning. This theory is important in understanding how small scale farmers through learning can transform from subsistence to commercial farming through uptake of farm credit.

2.2.1.2 Knowles's Andragogy and Self-Directedness

Originally used by Alexander Kapp (a German educator) in 1833, Andragogy was developed into a theory of adult learning by Eugen Rosenstock-Huessy and was popularized in the US by American educator Malcolm Knowles. Andragogy is the art and science of helping adults learn (Knowles, 1980). Knowles emphasized that Adult learning programs should accommodate the fundamental aspect that adults are independent, self-directed and are expected to take responsibility for decisions. Andragogy involves self directed learning which entails; diagnosing learning needs, formulating learning needs, identifying human material resources for learning, choosing and implementing appropriate learning strategies and evaluation of learning outcomes Smith (2002).

The theory made the following assumptions about the design of learning: Adults need to know why they have to learn something, learn experientially, adults approach learning as problem-solving, and adults learn best when the topic is of immediate value. The theory indicates that adult learners have experience that could be a resource for their learning. They needed to see an immediate application for their new knowledge (Parker, 2014). This study aims at establishing whether or not small scale farmers have applied knowledge gained from financial training towards solving their financial needs.

2.2.2 Theory of Planned Behavior

Theory of Planned Behavior began as the Theory of Reasoned Action in 1980 to predict and explain all behaviors which individuals have the ability to apply self-control. The key component to this theory is behavioral intent; behavioral intentions are influenced by the attitude that the behavior will have the expected outcome and the subjective evaluation of the risks and benefits of that outcome. The theory states that behavioral achievement depends on both motivation and ability (Ajzen, 1985).

The theory comprises of some constructs that collectively represent a person's actual control over the behavior. These include; Attitudes - This refers to the degree to which a person has a favorable or unfavorable evaluation of the behavior of interest. Behavioral intention - This are the motivational factors that affect a given behavior where the stronger the intention to perform the behavior, the more likely the behavior will be performed. Perceived behavioral control - This refers to a person's perception of the ease or difficulty of performing the behavior of interest.

This theory affirms that consistent behavior needs self control. It points out that individuals will behave in certain way depending on the expected outcome. If they expect a positive outcome then they will be motivated to behave in a particular way. This theory helps to explain factors influencing small scale farmer adoption of bank products. According to this theory, if small scale farmers expect increased productivity by using formal farm credit then they will embrace formal borrowing. If they do not expect increased productivity then they will not embrace formal borrowing.

2.2.3 Diffusion of Innovation Theory

Diffusion of Innovation Theory was developed by E.M. Rogers in 1962; it is one of the oldest social science theories. It originated in communication to explain how, over time, an idea or product gains momentum and diffuses through a specific population. The end result of this diffusion is that people, as part of a social system, adopt a new idea, behavior, or product. The key to adoption is that the person must perceive the idea, behaviour or product as new or innovative. It is through this that diffusion is possible (Rogers, 1995).

Adoption of a new idea, behavior, or product does not happen simultaneously in a social system; rather it is a process whereby some people are quicker to adopt the innovation than others. There are five established adopter categories; Innovators - These are people who want to be the first to try the innovation; they are venturesome and interested in new ideas. Early Adopters - These are people who represent opinion leaders, they are already aware of the need to change and so are very comfortable adopting new ideas. Early Majority - These people typically need to see evidence that the innovation works before they are willing to adopt it. Late Majority - These people are skeptical of change, and will only adopt an innovation after it has been tried by the majority. Laggards - These people are bound by tradition and very conservative. They are very skeptical of change and are the hardest group to bring on board. The limitation of this theory is that it doesn't take into account an individual's resources or social support to adopt the innovation. This creates interest to find out whether or not financial training as a support mechanism can influence the adoption of bank products.

2.3 Empirical Review

This section critically reviews some of the literatures related to financial education and agricultural credit.

2.3.1 A Review of Research in Financial Education

Financial education is the process by which individuals improve their knowledge of financial products. This is achieved through passing of information, which enables people to become more confident, make informed financial decisions and know where to go for financial support (Organization for Economic Co-operation and Development (OECD), 2010. In a study conducted by Cole et al. (2009) on leading theories of low demand for financial services in emerging markets, the study found that financial education programme had modest effects, increasing demand for bank accounts only for those with limited education or financial literacy. In contrast, small subsidies greatly increased demand for bank account. In comparison between small subsidies and financial literacy the study showed that financial trainings had little hope in improving accounts uptake by farmers.

In a similar study by Cole and Shastry (2009) aimed at establishing the effect of education, cognitive ability and financial literacy on financial market participation, the study established that normal school education affected saving behavior. The study also established that financial literacy did not affect individual saving skills. The study was carried out on school graduates. The study found out that those students who graduated prior to introduction of compulsory financial literacy programme in school had identical saving skills as those who graduated after studying financial literacy programme.

Carpena et al. (2011) carried out a study using randomized experiment to unpack the causal mechanism of financial education. The data was collected from 1,200 urban households in India. Approximately half of the sample respondents were clients of microfinance, while the other half were not micro finance clients. The study used a five-week video-based financial education programme in India with modules on savings, credit, insurance and budgeting. The study specifically measured the effect on three distinct dimensions of financial knowledge: Numeracy skills, basic financial awareness and attitudes towards financial decisions. The training was concluded with a follow-up survey consisting of financial literacy questions drawn from topics discussed in the video trainings. The respondents were paid for every correct answer given. The findings of the study pointed out that financial literacy did not immediately enable individuals to differentiate costs and rewards that required high numeracy skills, but it did significantly improve basic awareness of financial choices and attitudes toward financial decisions.

It can be noted that Cole and Shastry (2009) study established that financial literacy programme did not impact any saving skills to graduate. This study aims determining the effect of financial literacy training among a different group of individuals (farmers). It is also clear from Carpena et al. 2011 study that financial education does not help individuals to interpret advanced financial information. However the study agreed that financial literacy was crucial in creating awareness of the available bank products. This motivated this study to find out the effect of financial education on credit uptake. Carpena et al. (2011) study used a video based education programme where money was used to motivate learners. This study will be interested in investigating the influence of a class based financial education programme on credit uptake by small scale farmers. Money will not be used to motivate farmers in training but affirmation, acknowledgement of their experiences and involvement through discussions.

Chakrabarty (2011) addressed financial inclusion; the study pointed that Banks and other financial services were expected to mitigate the processes that prevented poor and disadvantaged social groups from gaining access to the financial system. Chakrabarty believed that poor people were bankable and there was tremendous potential for business growth by providing banking services to them. What was needed was an appropriate business and delivery model. In response to that, financial institutions have been coming up with inclusive product and services. What remained a challenge is dissemination of information to relevant clients depending solely on mass media.

Gaurav et al. (2011) carried out an experiment on marketing complex financial products in emerging markets. The study offered an innovative new financial product, rainfall insurance, to randomly selected 600 small-scale farmers in India. The study used a customized financial literacy and insurance education module communicating the need for personal financial management and the usefulness of formal hedging of agricultural production. The study concluded that financial education had a positive and significant effect on rainfall insurance adoption, increasing uptake from 8 percent to 16 percent. A follow up study by Gaurav et al. (2012) investigated whether social interactions affected risk attitudes and adoption of micro insurance. In the study, it was necessary to understand the social context within which risk attitudes were formed and participation decisions were made. The study used micro data of rural farm households from the Indian state of Gujarat. Social interactions were found to significantly affect the risk attitudes of farmers. Farmers who reported getting agricultural information from friends in the same or other villages were 27 per cent less likely to be risk averse than the farmers who did not engage in such interactions. The analysis revealed a significant influence of social interaction on adoption of rainfall insurance. Farmers who got agriculture related information from friends in the same or other villages were 29 per cent more likely to participate in the market for rainfall insurance than those who did not.

Wachira and Kihiu (2012) through a national financial access survey data carried out a study aimed at establishing the Impact of Financial Literacy on Access to Financial Services in Kenya. The study found that financial inclusion among the financially literate lot remains low implying that financial literacy had yet to achieve its intended objectives. The study established that households' access to financial services was not based on levels of financial literacy but rather more factors such as income levels, distance from banks, age, marital status, gender, household size and level of education.

The study however maintained that the probability of a financially illiterate person remaining financial excluded was significantly high and called for increased investment in financial literacy programs to reverse the trend. Chakrabarty (2011) called for financial inclusion especially to the disadvantaged social groups in the society. The study advocated for the use of any possible means to reach out for this category of individuals. Wachira and Kihiu (2012) maintained that financial literacy did not guarantee financial inclusion. However the study recognized the modest contribution of financial literacy towards financial inclusion of financially illiterate persons.

A recent study by Olima (2013) evaluated the effect of financial literacy on personal financial management on Kenya Revenue Authority employees in Nairobi. The study used primary data collected from semi-structured questionnaires. Quantitative data was analyzed using descriptive statistics while qualitative data was analyzed using content analysis. Statistical Packages for Social Scientists was used. The study also used multiple regression analysis to establish the relationship between financial literacy and personal financial management.

The study established that financial literacy impacted to a great extent on the personal financial management among the respondents. The study suggested the need to come up with elaborate and detailed education programs to address the aspects that the respondents were less aware of and less literate on. It can be agreed that the studies by Olima (2013) and Gaurav et al. (2011) pointed the importance of customized programme for specific audience. This study will be interested in finding out whether or not the double growth in rainfall insurance can be replicated in uptake of agricultural credit through financial education.

When studying about the youths in rural areas Onani (2013) argued that financial education programme influenced business growth among youth groups. The researcher carried out a case study of Homabay County. The study population was 54; consisting of 54 youth members drawn from 35 youth groups sampled using stratified sampling from the 4 divisions in the district. Data was collected using questionnaires with structured and unstructured questions and analyzed using statistical package for social sciences and Chi-Square was used to test the hypotheses. The results of the study showed a positive effect of financial education on business growth. Onani's study was supported by Njoroge (2013) from a study which focused on relationship between financial literacy and entrepreneurial success in Nairobi.

The samples were randomly picked from a population of 27,485 small and medium enterprise owners where questions in both financial literacy and business success were asked. The data collected was then analyzed to establish relationship between financial literacy and business success.

In the study highly successful entrepreneurs scored highly in financial literacy and demonstrated high understanding of finance. Njoroge concluded that there was a positive relationship between financial literacy and entrepreneurial success in Nairobi County. It can be argued that the desire to succeed in business needs an entrepreneur to master the basics of financial management. The findings put forward by Onani (2013) and Njoroge (2013) asserts the importance of financial education for financial inclusion and business success. The researchers however failed to bring out clearly if financial skills acquired had any influence on business loan uptake which in turn led to business growth. What is also not known is if financial knowledge can have the same effect of success if applied to small -scale farmers.

Bonaventure et al. (2013) carried out a study to establish why despite recurrent droughts causing deaths and displacement of people from Burundi to neighboring countries 44 percent of the farmers surveyed showed resilience to climate change. In the study, 73 farmers were surveyed in Kirundo region. Analysis of data showed that these farmers were members of well organized local associations, and had learned specific topics such as financial management, processing and storage of agricultural products. A similar study was carried out by Bonventure et al. (2013) on constraints analysis of family agriculture in Kirundo Province Northern of Burundi. In the study 355 farmers were surveyed in all municipalities of the province. From the study two groups of farmers emerged: 42 percent of farmers who were not able to fully exploit their land and another group of 32 percent of farmers with a high agricultural productivity. Results from this study showed that the major problems in the first group included illiteracy and lack of credit which led farmers to borrow from money lenders. Moreover, the main strategy used by the second group to boost their income is the practice of non-agricultural activities which influenced whole production system.

In support of the findings Klapper et al. (2014) carried out a study on financial literacy and its consequences from Russia during the financial crisis .The study established that financial literacy was positively related to formal borrowing. Moreover, individuals with higher financial literacy were significantly less likely to report experiencing a negative income shock and had greater availability of unspent income. In a related study carried out by Lusardi and Tufano (2009) on Debt Literacy in developed countries. The study analyzed a national sample of Americans with respect to their debt literacy. Debt literacy was measured by questions testing knowledge of fundamental concepts related to debt.

The study found that debt literacy was low, only about one-third of the population seems to comprehend interest compounding or the workings of credit cards. Individuals with lower levels of debt literacy tend to transact in high-cost manners, incurring higher fees and using high-cost borrowing. In applying the results to credit cards, the study estimated that as much as one-third of the charges and fees paid by less knowledgeable individuals could be attributed to ignorance. The less knowledgeable individuals also reported that their debt loads were excessive therefore unable to overcome macro economic shocks.

It can be argued that financial literacy could better equip individuals to deal with macroeconomic shocks. Klapper et al. (2014) established that financial literacy did help individuals make informed decisions when borrowing. This enabled them to generate more income therefore less likely to experience negative income shock. What is not understandable in Klapper's findings is the contribution of financial literacy to formal borrowing. In spite of efforts by Bonaventure to demonstrate the effect of financial literacy non farmers' resilience in extreme cases the findings are too general based on the many topics taught. The study did not indicate the specific contribution of financial literacy acquired towards farmer's resilience through credit uptake. Bonventures study on constraints analysis of family agriculture in Kirundo Province Northern of Burundi did not explain whether or not financial education was one of the non-agricultural activities which influenced whole production system.

2.3.2 A Review of Research in Agricultural Credit

In developing countries agricultural credit is important for economic growth .This credit has the ability to improve agricultural production among small-scale farmers. Bolarinwa and Fakoya (2011) conducted a study to investigate the impact of Farm Credit on Farmers Socio-economic Status in Ogun State, Nigeria. The data was collected from 250 farmers both small-scale and large scale. Structured and pre-tested sets of questionnaires were used to collect data. The study established that beneficiaries of formal credit recorded 80,000 tons of cocoa production compared to 21,000 tons of cocoa production recorded by non-credit beneficiaries in the same category.

The study concluded that positive and significant correlation exists between farm production and securing of formal credit. It is certain that credit utilization in the farm enabled farmers to produce more. Farmers earned better income which enabled them to meet their basic needs therefore rated higher on social economic status. Findings from the same study established that only 20 percent of beneficiaries secured formal credit while 80 percent secured informal credit. The study found that the majority of those who accessed formal credit were literate and recommended education to farmers on sources of credit available to them to increase uptake of formal credit. The study considered both small scale and large scale farmer's .This study aims at focusing only on small scale farmers.

A study by Oboh and Ekpebu (2011) argued that farmers did not only suffer from limited access to formal credit but also the loan size granted. The study was conducted to find out the determinants of formal agricultural credit allocation to the farm sector by arable crop farmers in Benue State, Nigeria. Data was obtained from 300 randomly selected loan beneficiaries and analyzed using frequency counts, percentages, t-test and multiple regressions. The study revealed that the size of loan granted to small scale farmers was significantly lower than what was applied for. The study also found that 56 percent of loan granted to small scale farmers in Nigeria was invested directly in the farm activities implying 43 percent was diverted. The study recommended basic training on efficient management of loans to benefitting farmers in order to curtail the high rate of loan diversion.

Mehmood et al. (2012) carried out a study to determine Factors Affecting Delay in repayment of Agricultural Credit in Punjab Province of Pakistan. The study was motivated by the limited productive use of agricultural credit in Pakistan which affected the repayment behavior of farmers and ultimately auction of their lands. The data was obtained from 60 respondents who were selected from a list of defaulters. A structured questionnaire was used to collect necessary information from the respondents as well as from the bank employees regarding actual delay in repayments of these selected clients. The study concluded that lack of debt management skills by farmers and advice by the bank employees as a main cause of delayed payment of agricultural credit. They suggested better capacity building of the borrowers on proper management of debts.

A similar study was carried out by Mehmood et al. (2013) on institutional credit and constraints confronted by farmers in district Kasur of Punjab province. The study used purposive sampling techniques were 60 respondents were selected from the respective branches of United Bank Limited. The data collected was summarized using descriptive statistics. Finally, the study found that lack of guidance, disbursement below actual requirement, delayed disbursement and high interest rate were the major constraints faced by the sample respondents. This affected farm credit repayment. It can be argued that most small-scale farmers recorded to possess low levels of financial literacy could not be in a position to acquire credit services. The few farmers who accessed credit ended up getting lesser amounts as required to accomplish their projects and a proportion of them diverted credit given to other uses. This study found that there is need to build on the findings that an increase in financial literacy can help bridge the funding gap and improve debt management.

Until of late banks have been branded to serve the rich and those permanently employed. This led to financial exclusion of the small-scale farming community. Credit accessibility is a challenge farmers have been dealing with. Olatinwo et al. (2012) advocated for formation of co-operative societies among farmers and government adoption of policies that encourage the credit institutions to grant soft loan for improved agricultural production. This was findings from an Analysis of Rural Farming Households' Access to Credit in Kwara State Nigeria. The study sampled 90 farming households who were interviewed with the aid of well structured questionnaire. The data obtained was analyzed using descriptive statistics and Ordinary Least Square regression analysis. A related study on Economic Analysis of

Floricultural Plants Production in Kwara State, North Central Nigeria was carried out by Olatinwo et al. (2012). The study specifically estimated the returns to farmer's labor and management. It also assessed the determinants of returns to floricultural plant production in the state. Data used for the study was collected from the forty one registered floricultural plant producers in the study area using structured questionnaire. Regression was used for data analysis. The study revealed that inadequate capital to expand the scale of production was identified as the major constraints to floricultural plant production in the study area. The study therefore recommended that farmers be supported by making credit facilities available to them and that people be enlightened on the profitability potential of the enterprise.

Recent studies have been keen to establish the limiting factors to farmer's credit access. Chauke et al. (2013) pursued a study to ascertain the major limiting factors hindering farmer's access to credit in Capricon district of South Africa. A stratified sampling method was used to select 250 smallholder farmers in the study area. Structured questionnaires were developed, pre-tested and used for collecting data from the sampled smallholder farmers. The logistic regression model was employed in the analysis. The study out lined attitude towards risk, distance between lenders and borrowers, perception on loan repayment and lending procedures as some of the main constrains.

The study recommended closer relationship between loans officers and farmers and education for farmers in order to change their perception on loans. Farm credit is important for improved farm production and increased farm income. This was revealed after an assessment of Factors Affecting Income Generation from Crop Production under Irrigation in the Limpopo Province of South Africa. The study was carried out by Chauke et al (2014). In the study a sample of 370 small scale farmers practicing irrigation were randomly selected for participation. Data was collected through a pre-tested questionnaire designed to obtain information related to the study objectives. The study revealed that most respondents derived income mostly from tomatoes, garlic and sweet potatoes. The study concluded that farm size and access to credit had significant effect on income from crop production.

A study was carried out by Ayalew et al. (2012) on causes and implications of credit rationing in rural Ethiopia. The paper used Ethiopian data to explore credit rationing in semi-formal credit markets and its effects on farmers' resource allocation and crop productivity. Credit rationing both voluntarily and involuntarily was found to be widespread in the sampled rural villages, largely because of risk-related factors. Political and social networks emerge as key determinants of access to credit among small scale farmers. Significant regional variation emerged as well. In high-potential, surplus producing areas where credit was largely used for agricultural production, eliminating credit constraints was estimated to increase productivity by 11 percent. By contrast, in low-productivity, drought prone areas where loans were rarely used to acquire inputs for crop production, the researchers found no relationship between credit rationing and agricultural productivity. To be effective, efforts to improve agricultural productivity not only needed to increase credit supply, but also explore the reasons for credit rationing.

A similar study was carried out by Ayalewa et al. (2014) in Rwanda. The study aimed at investigating the extent and nature of credit rationing in the semi-formal sector and its impact in Rwanda rural households. The study was based on a large nationally representative survey conducted by the World Bank. Four sampled enumeration areas were drawn from a complete list of enumeration areas provided by the National Institute of Statistics of Rwanda and a three-stage stratified sampling strategy was followed. The study maintained that with elimination of all types of credit constraints in the formal sector credit uptake would increase by 17 percent. Further they argued that access to financial education through listening to radio and membership in a farm cooperative has a major impact on reducing the incidence of credit constraints. The study maintained that expanding access to information in the rural areas seemed to be one of the most promising strategies to improve credit access.

The studies by Chauke et al. (2013) and Ayalewa et al. (2014) established that farm credit was essential for improved crop production and helped identify the factors limiting small scale farmer's access to credit. The studies also listed some solutions to curb this. What could be questioned is how appropriate was radio as a means of financial education? How many small-scale farmers had radios and how often did they listen? This study will investigate whether or not a well planned financial education lessons can be impactful and provide sustainable solution towards farm credit uptake.

2.4 Literature Overview and Research Gaps

Diffusion of innovation theory explains clearly how an idea diffuses overtime through specific population. The major shortcoming of this theory is that it does not consider individual resources and social support in adoption of innovation. This study aims at finding out whether or not Equity banks financial management training as a support programme has effect on adoption of new products and services offered by the bank. Research done in financial education by Carpena et al. (2011) established that financial literacy had little effect on uptake of bank products. Carpena et al. (2011) study used video based financial training programme where money was used to motivate learners. This study investigated the effectiveness of a well planned class based financial training programme. Money is not used to motivate learners but relevance of the programme, engagement of learners and affirmation.

It has been established by Gaurav et al. (2011) that a customized financial training programme among small scale farmers in India doubled the uptake of rainfall insurance. This study aims at finding out whether or not the double growth in rainfall insurance can be replicated in credit uptake by small scale farmers. Studies by Onani (2013) and Njoroge (2013) among business people emphasized that skills gained through financial education showed positive effect on business growth. The researchers however failed to clarify if financial education had any effect on credit uptake which might have influenced business growth. Bonaventure et al. (2013) carried out a study on farmer's resilience despite recurrent drought in Burudi. The findings showed that these farmers had learned topics on financial management, food storage and processing. The findings by Bonaventure et al. (2013) were general based on the many topics taught. This study aims at finding out the specific contribution of financial management training on farmer's resilience through uptake of credit.

Most of the studies on Agricultural credit recommended financial education for improved credit uptake. Bolarinwa and fakoya (2011) study found that agricultural credit had a positive and a significant effect on cocoa production in Nigeria and recommended financial education to farmers to increase uptake of farm credit. Oboh and Ekpebu (2011) found that 43 percent of credit given to small scale farmers was diverted, the study recommended financial education to farmers to increase credit uptake and reduce loan diversion. This study aims at investigating the effectiveness of financial management training on agricultural credit uptake, as recommended by previous studies. Ayalewa et al. (2014) investigated credit rationing in rural households in Rwanda and found that with elimination of all credit constraints formal credit uptake would increase by 17 percent among Rwanda rural households. The study advocated for use of radio to expand financial education. What is not clear in Ayalewa et al. (2014) study is how effective is a radio as a means of financial education .How many farmers own radios and how often do they get time to listen considering their busy schedules. This study therefore aims at examining the effectiveness of a class based financial management training programme on small scale farmer’s credit uptake.

2.5 Conceptual frame work

Figure 2.1 illustrates the conceptual framework; financial education training programme is the independent variable and entails knowledge of bank products, saving skills, budgeting and debt management. Credit uptake is the dependent variable. After thorough review of literature the study found that a relationship exists between financial management training and credit uptake. The four modules taught in financial management training cause a change in credit uptake. The study aimed at determining the levels of influence of knowledge of bank products, saving skills, budgeting and debt management on small scale farmer's credit uptake. Figure 2.1 illustrates how the variables relate.

Independent Variable **Dependent variable**

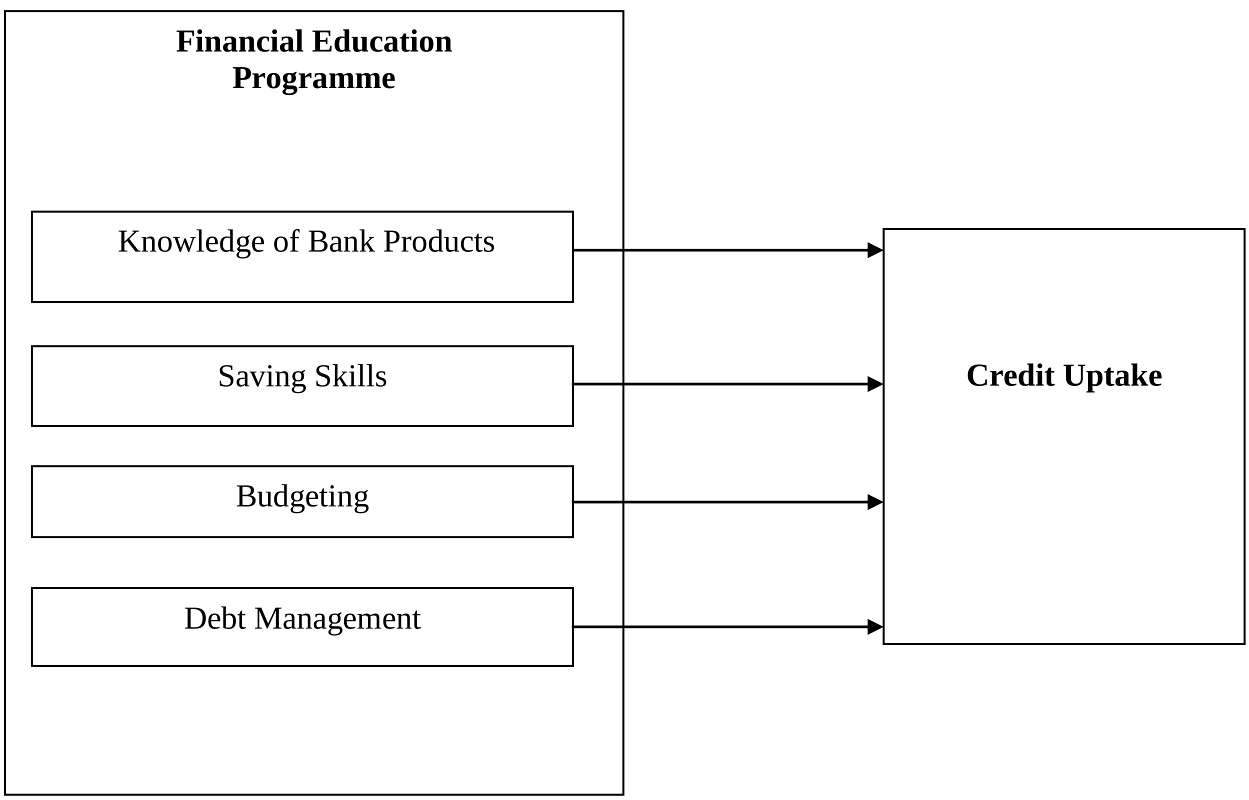

Figure 2.1: Conceptual Frame work. *Source: Author (2014)*

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the methods that were used to help understand and describe the influence of equity banks financial management programme on small-scale farmers' uptake of credit. It covers the research design, population, sampling procedure, data collection methods, pilot testing and data processing and analysis.

3.2 Research Design

Research design is the blueprint for the collection, measurement and data analysis (Kathori, 2004). The study used descriptive research design. This design is relevant to the study as it helped in describing the small scale farmer's state as it exists at that point in time. It provided the study with a clear narration of facts and characteristics concerning farmers who have benefited from Equity Bank's financial literacy programme. It was through this design the study was able to establish the relationship between the research variables. That was the relationship between farmers financial management programme and credit uptake.

3.3 Target Population

The population of interest to the study was the small scale farmers in Makueni County Kenya. Small-scale farmers are those with landholdings between 0.25 and 1.5 hectares (Farm Africa, 2002). The target population was 500 farmers who had benefited from Equity Bank's financial literacy programme. The target population had observable characteristics which the study used to generate results.

3.4 Sampling Frame

A sampling frame denotes the set of all cases from which the sample is actually selected. From the population frame the required number of subjects, respondents, elements, firms are selected in order to make a sample. The study used a population of 500 farmers who have benefited from Equity Bank's financial literacy programme. This population was obtained through collaboration with the Equity Bank's Agriculture Lending Officer where a list of 500 farmers was provided. From the purpose of this study, convenience sampling technique was applied where 35% of the customers seeking services from the bank were sampled. This sampling method was appropriate because the population is homogeneous and the convenience sample units are uniformly distributed. This generated 175 small scale farmers, beneficiaries of financial education.

3.5 Sample and Sampling Technique

The sample size was 175 farmers. This was a representative of the small scale farmers of Makueni County. This sample was selected from a population of 500 farmers using simple convenience sampling. The names of the 500 small scale farmers were listed and a number assigned to each name from 001 to 500. Tippets table of random numbers were then used to select a sample of 175 small scale farmers. The study found this technique appropriate as it gave every small-scale farmers an equal chance of been selected. This eliminated biasness and ensured the entire population was fairly represented therefore providing the study with accurate information.

3.6 Data collection Instruments

Secondary data was obtained from the Bank's records while primary data was collected by use of structured questionnaire. The researcher asked the respondents the same questions in the same sequence and form. Most of the questions were close ended. The questionnaire had two parts. The first part provided information that gave a clear understanding of the sample attribute. The second part provided data to be used on measurement of the research variables.

3.7 Data Collection Procedure

The procedure for data collection involved identification of respondents through financial literacy list. Randomly selected 175 farmers were given questionnaires' to fill. The researcher guided the farmers in understanding the questions. The data was then analyzed.

3.8 Pilot Test

This study entailed two pilot studies. The first was conducted on five banks present in Makueni County. The aim of the pilot study was to establish the agricultural support services offered by the financial institutions. The study identified Equity Bank as a suitable institution for research. The second study pilot study was conducted prior to the data collection exercise. This composed of 10 farmers. It was done to identify the challenges which might be faced in collection of data and prepare ways on how to counter them. It was also used to check the appropriateness of the structured questionnaire and whether some questions need to be modified, deleted or added.

3.9 Data processing and Analysis

After questionnaires were received from field, they were edited then keyed in computer using Excel and SPPS package. The analyst verified the data files for any errors. Data measurements were in percentages and frequencies. Information was presented in distribution tables, pie charts and bar charts. The study used multiple linear regression model for data analysis. This enabled the researcher to establish the relationship between the variables.

Multiple Linear Regression Model

$Y = a + b_1x_1 + b_2x_2 + b_3x_3 + \ldots\ldots\ldots\ldots\ldots b_nx_n$

Where;

Y represents credit uptake

$x_1, x_2, x_3, x_4 \ldots . x_n$ represent knowledge of bank products, saving skills, budgeting and debt management

$b_1, b_2, b_3, b_4 \ldots . b_n$ represent the weights of the independent variables.

The researcher then presented these results in a report form.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

This chapter provides data analysis, presentation and interpretation of results of the study as set out in the research methodology. The purpose of the study was to investigate the effectiveness of Equity Bank's financial management training programme on small-scale farmer's uptake of credit. The data was gathered using questionnaire as the research instrument. The questionnaire was designed in line with the objectives of the study. To enhance quality of data obtained, structured and unstructured types of questions were included. A pilot study was carried out to ascertain the viability of the research instruments. The pilot study also aimed at finding out if farmers would cooperate in the data collection activity. The data collected for the study was fed into SPSS version 21.0 and used to compute the ratios used as proxies to measure the effectiveness of Equity Bank's financial management training programme on small-scale farmer's uptake of credit.

4.2 Sample Characteristics

This section outlines and presents findings obtained from the questionnaires filled by the respondents. In order to get the background information of the respondents, demographic data was investigated in the first section of the questionnaire. This data included age, gender, and education level and size of the farm of the respondents.

4.2.1 Response Rate

The study sampled 175 small scale farmers, from the target population of 500 farmers who had benefited from Equity Bank's financial literacy programme. The questionnaire return rate results are shown in Table 4.1.

Table 4.1: Response Rate

Response	Frequency	Percentage
Responded	151	86.3
Not responded	24	13.7
Total	**175**	**100.0**

From the study, 151 out of the sampled 175 administered questionnaires were received and used in this analysis, indicating a response rate of 86.3%. According to Mugenda and Mugenda (2003), a response rate of 50% is adequate for analysis and reporting. The response rate achieved was therefore considered a good representative of the sampled population. The findings can therefore be used for generalization. The response rate largely demonstrates a willingness of the respondents to participate in the study.

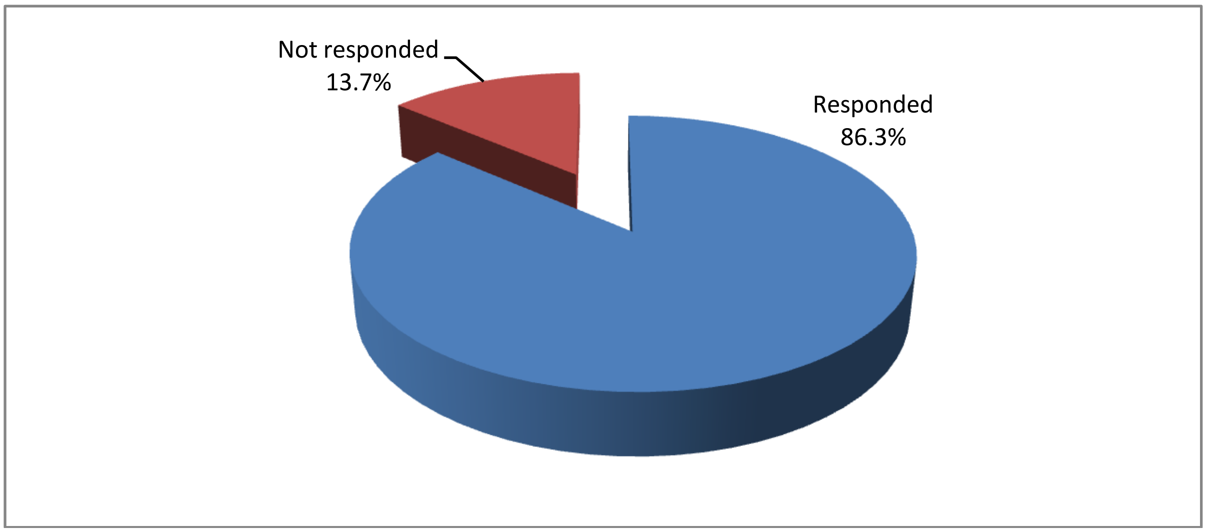

Figure 4.2: Response Rate

4.2.2 Age of the Respondents

This study sought to investigate the composition of the respondents in terms of age brackets. This aimed at understanding how age influenced farmer's willingness to participate in Equity Bank's financial management training programme. Table 4.2 and figure 4.2 show the results of the findings on the age brackets of the respondents.

Table 4.2: Age Brackets of the Respondents

Age Bracket	Frequency	Percent
20-30 years	30	19.9
31-40 years	37	24.5
41-50 years	50	33.1
Above 51	34	22.5
Total	**151**	**100.0**

Table 4.2 shows that majority (33.1%) of the respondents were aged between 41 and 50 years, 24.5% of them indicated that they were aged between 31 and 40 years, 22.5% of the respondents were aged above 51 years, while 19.9% of them were aged between 20 to 30 years of age. Results depicted in table 4.2, show that the respondents were well distributed in terms of age. Farmers of different age groups participated in the training. This indicates that the research provided a blended perspective on the effectiveness of Equity Bank's financial management training programme on small-scale farmer's uptake of credit in Kenya.

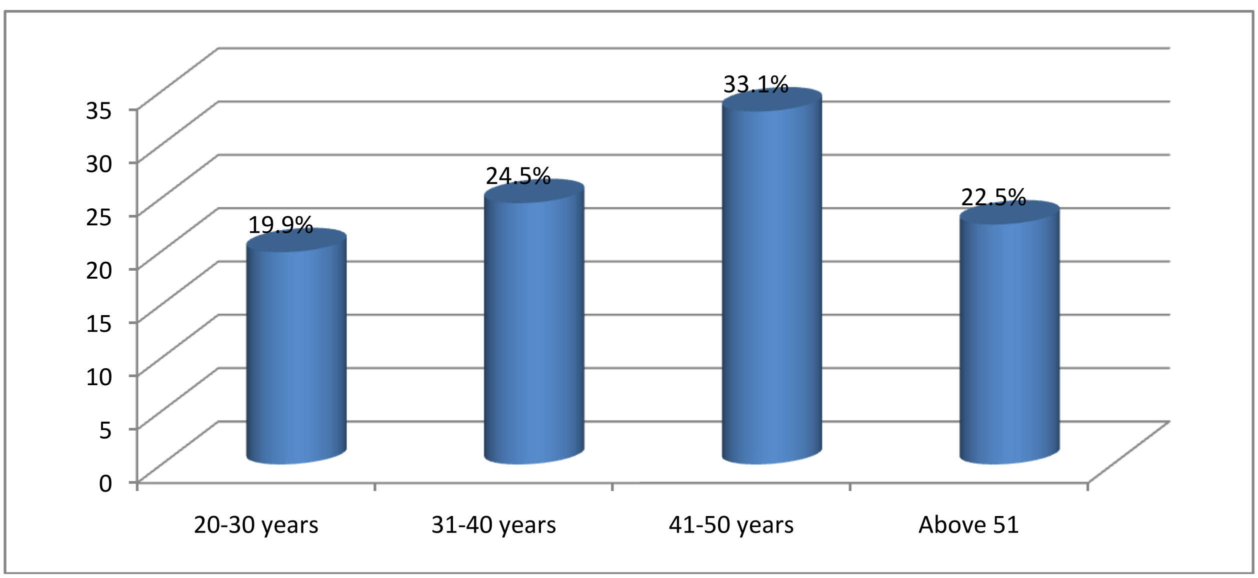

Figure 4.3: Age Brackets of the Respondents

4.2.3 Level of Education

The respondents were asked to indicate their level of education. The target population comprised of farmers with different academic qualifications. This difference could contribute to differences in the responses given by the respondents. The study therefore sought to investigate the education level of the respondents.

Table 4.3: Level of Education

Level of Education	Frequency	Percent
None	23	15.2
Primary Level	77	51.0
Secondary Level	38	25.2
Tertiary Level	13	8.6
Total	**151**	**100.0**

The outcome depicted in table 4.3 show that 51% of the respondents had acquired primary education. 25.2% of the respondents indicated that they had acquired secondary education, 15.2% of them had not acquired any formal education while 8.6% of the respondents indicated that they had acquired tertiary education. These outcomes mean that majority of the respondents had at least primary level of education and hence understood the information sought by this study.

4.2.4 Gender of the Respondents

The respondents sampled comprised male and female farmers of Makueni County. In order to get a balanced objective, they were to indicate their gender by ticking on the spaces provided in the questionnaire. Table 4.4 shows the distribution of the respondents by gender.

Table 4.4: Gender of the Respondents

Gender	Frequency	Percent
Male	46	30.5
Female	105	69.5
Total	**151**	**100**

Accordingly, 69.5% of the respondents were females while 30.5% of them were males. The findings show that small scale farmers seeking financial services from Equity are both male and female members; however the majority of them are females. The findings imply that the views expressed in this research are gender sensitive and can be taken as representative of the opinions of both genders as regards to the effectiveness of Equity Bank's financial management training programme on small-scale farmer's uptake of credit.

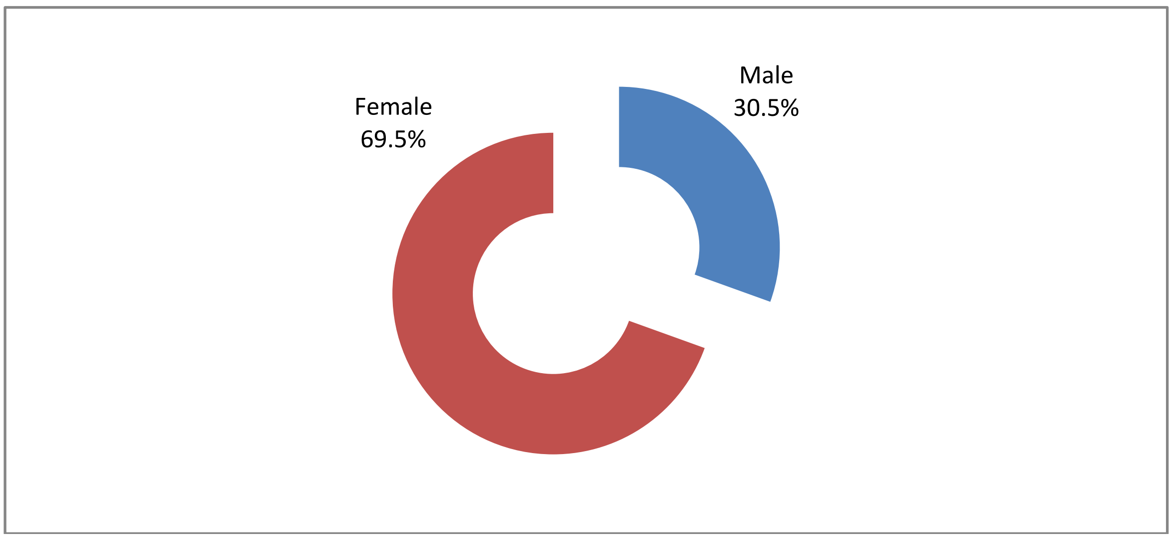

Figure 4.4: Gender of the Respondents

4.2.5 Size of the Farm

The study also sought to establish the sizes of farms possessed by the small scale farmers in the area of the study. The results are as shown by table 4.5 below.

Table 4.5: Size of the Small Scale Farms in Acres

Size of the Farm	Frequency	Percent
0.25	1	.7
0.50	4	2.6
1.00	40	26.5
1.50	18	11.9
2.00	52	34.4
2.50	14	9.3
3.00	19	12.6
3.50	1	.7
4.00	2	1.3
Total	**151**	**100.0**

According to the study, the small scale farms in the area of study were ranging from 0.25 acres to 4.0 acres. From the study, majority (34.4%) of the respondents indicated that their farms were 2.0 acres, 26.5% of them had farms measuring 1.00 acres, 12.6% of the respondents had 3.0 acres in their possession, 11.9% of the respondents owned 1.5acres of land, 9.3% of them owned 2.5 acres of land, 2.6% owned 0.5 acres of land, 1.3% of the respondents had 4.0 acres of land, 0.7% owned 0.25 acres of land while another 0.7% of the respondents also had 3.5 acres of land in their possession. The results imply that the land ownership among majority of the small scale farmers in the area stretches from a small piece of 0.25 acres to 2.0 acres which is a true representation of small scale farming according to Ethical Trading Initiative (2005).

4.3 Empirical Findings

The main objective of this study was to investigating the effect of Equity Bank's financial management training programme on small-scale farmers' uptake of credit where the focus was farmers of Makueni County. To ensure data was collected from the right respondents, the study required respondents to indicate whether they had ever acquired any financial education from Equity Bank, Kenya. The respondents were also required to indicate the modules learned.

Table 4.6: Whether the Respondents acquired Financial Education from Equity Bank

Response	Frequency	Percent
Yes	148	98.0
No	3	2.0
Total	**151**	**100.0**

From the study, majority (comprising of 98.0%) of the respondents unanimously indicated that they had acquired financial education from Equity Bank as compared to 2.0% of those who responded that they had never acquired any financial education from Equity Bank. This is a clear indication that majority of the small scale farmers seeking financial services in Makueni county had acquired financial education from Equity Bank. The results are further shown in Figure 4.4.

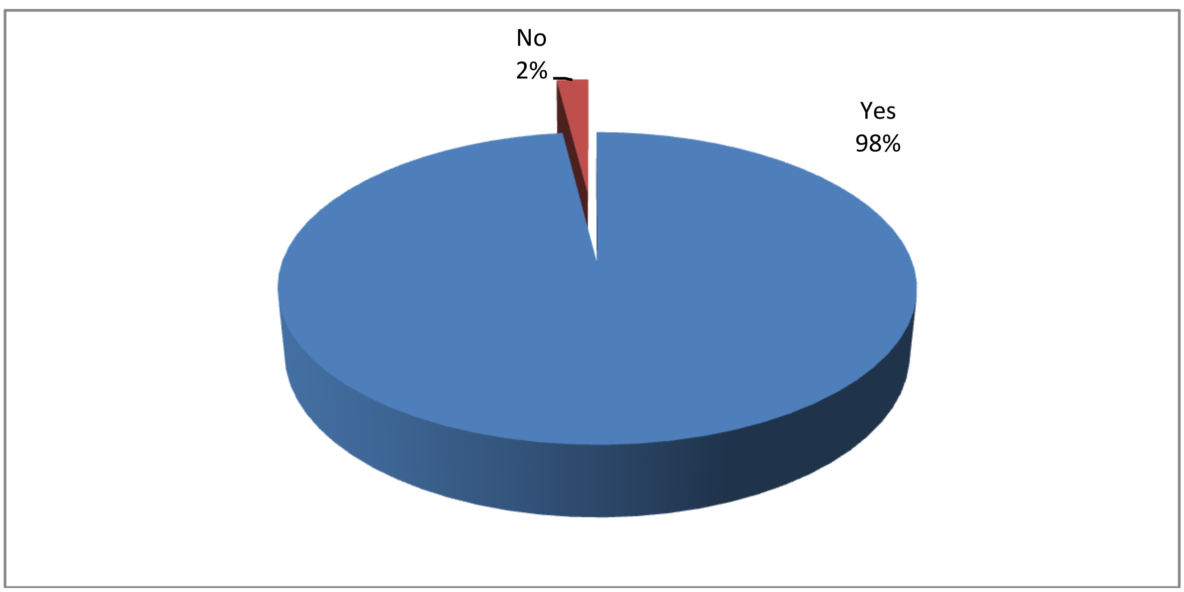

Figure 4.5: Whether the Respondents acquired Financial Education from Equity Bank

The study further required the respondents to indicate the various areas of financial literacy learned through the Banks financial management training programme. The results are as depicted in Table 4.7.

Table 4.7: The Modules of Financial Literacy Learned

Areas of Financial Literacy Taught	Yes		No	
	Frequency	Percentage	Frequency	Percentage
Budgeting	128	86.7	20	13.3
Savings	114	76.9	46	30.8
Debt management	102	69.2	148	100
Knowledge of bank products	34	23.1	46	30.8

According to the results in Table 4.7, majority of the respondents (shown by 86.7%) had acquired budgeting skills, followed by 76.9% of those who learned how to save , then 69.2% of the respondents acquired training on debt management, while a small proportion of the respondents (shown by 23.1%) were equipped with training on bank products. This shows that farmers were selective on which modules they were interested in learning. Majority of the farmers were interested in gaining knowledge on how to budget, how to save and managing their debts. A few farmers were interested to know other products and services offered by the bank. This indicates that farmers prioritize gaining knowledge which contributes directly in meeting their immediate needs.

4.3.1 Knowledge of Bank Products

One of the specific objectives of the study was to determine the effect of knowledge of bank products on uptake of farm credit offered by Equity Bank of Kenya. Respondents were required to rate how knowledge of available bank products influenced their borrowing. Table 4.8 shows the results obtained from the study.

Table 4.8: Rating of knowledge of bank products

Bank	Frequency	Percent
Very helpful	10	11.5
Helpful	25	28.8
Less helpful	27	31.0
Not helpful	25	28.7
Total	**87**	100.0

From the results depicted in Table 4.8, majority of the respondents shown by 31.0 % indicated that knowledge of bank products was less helpful on uptake of farm credit, as compared to 28.8% of those who indicated that it was helpful.28.7% indicated it was not helpful while 11.5 % indicated it was very helpful.

4.3.2 Saving Skills

The study aimed at determining the effect of saving skills on uptake of farm credit offered by Equity Bank of Kenya. Respondents were required to rate how saving skills gained through financial education training influenced their borrowing. Table 4.9 shows the results obtained from the study.

Table 4.9: Rating Saving Skills

Bank	Frequency	Percent
Very helpful	6	6.9
Helpful	12	13.8
Less helpful	40	46.0
Not helpful	29	33.3
Total	**87**	100.0

Majority of the respondents (shown by 46.0%) indicated that saving skills was less helpful towards influencing their borrowing. Further, 33.3% of them indicated that it was not helpful, 13.8% of the respondents indicated that it was helpful, while another 6.9% indicated that it was very helpful. From the study, majority of the respondents indicated that borrowing was less influenced by saving skills which implies that saving skills was not a key contributor towards uptake of farm loans.

4.3.3 Budgeting

To determine the influence of budgeting on uptake of farm credit, Respondents who had borrowed from equity bank were required to indicate whether they had a budget.

Table 4.10: Whether the Respondents had a Personal Budget

Response	Frequency	Percent
Yes	63	72.4
No	24	27.6
Total	**87**	**100.0**

On whether the respondents had personal budgets, 72.4% of the respondents indicated that they had a personal budget while 27.6% of the respondent’s did not have personal budgets. This is a clear indication that majority of the respondents had practiced budgeting from personal level hence could account for the finances in their possession.

Table 4.11: Rating budgeting

Bank	Frequency	Percent
Very helpful	24	27.6
Helpful	35	40.2
Less helpful	20	23.0
Not helpful	8	9.2
Total	**87**	100.0

Majority of the respondent 40.2% indicated that debt management was helpful towards influencing their borrowing. Further, 27.6% of them indicated that it was very helpful, 23.0% of the respondents indicated that it was less helpful, while another 9.2% indicated that it was not helpful. From the study, majority of the respondents indicated that borrowing was greatly influenced by budgeting skills.

4.3.4 Debt Management

The last objective of the study was to establish the effect of debt management on uptake of farm credit provided by Equity Bank of Kenya.The study sought to ascertain whether knowledge on debt management had any influence on farm loan borrowed. The results are as shown in Table 4.12.

Table 4.12: Rating on debt management

Bank	Frequency	Percent
Very helpful	33	37.9
Helpful	36	41.4
Less helpful	14	16.1
Not helpful	4	4.6
Total	**87**	100.0

From the results depicted in Table 4.12, majority of the respondents shown by 41.4 % indicated that debt management was helpful on uptake of farm credit, 37.9% of them indicated that it was very helpful. 16.1% indicated it was less helpful while 4.6 % indicated it was not helpful. These results imply that majority of the respondent’s loan uptake was influenced by debt management.

4.3.5 Up- Take of Farm Credit

The study aimed at determining the effect of farmers’ financial management training programme on up- take of farm credit provided by Equity Bank of Kenya. In order to establish this, respondents were required to provide data on; last loan borrowed, where it was borrowed, amount borrowed, purpose of loan and what inspired their borrowing.

Table 4.13: Whether the Respondents had Borrowed Loan in the Previous Two Years

Response	Frequency	Percent
Yes	138	91.4
No	13	8.6
Total	**151**	**100.0**

The study sought to establish whether the respondents had borrowed loan in the previous two years. Accordingly, 91.4% of the respondents indicated that they had borrowed loan in the previous two years while 8.6% of them indicated that they had not borrowed loan in the previous two years.

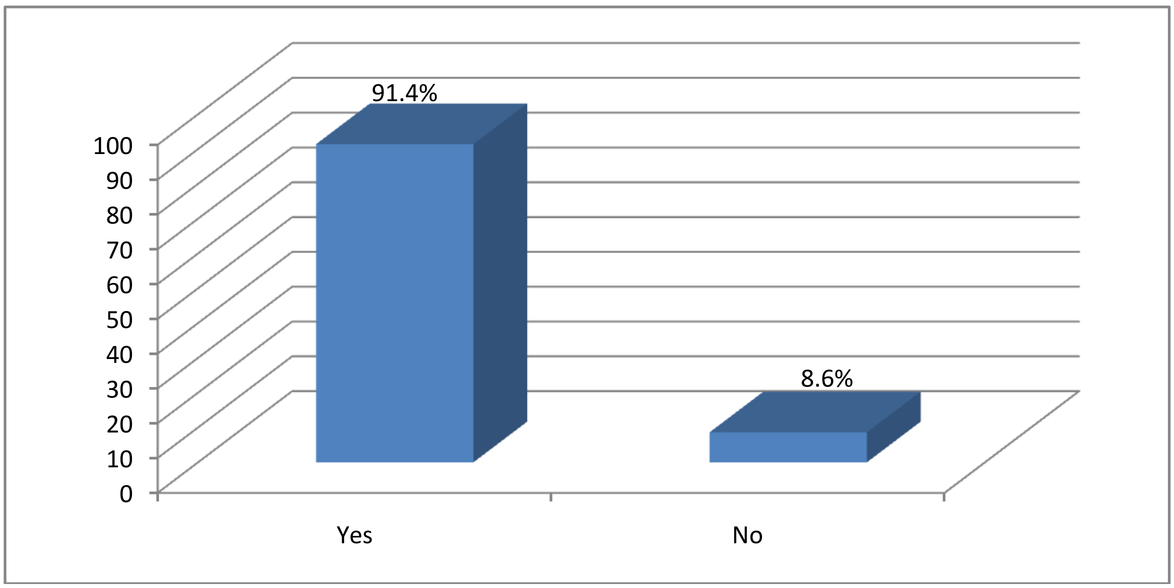

Figure 4.6: Whether the Respondents had Borrowed Loan in the Previous Two Years

The study further sought to establish the various institutions and sources where the respondents borrowed their loans in the previous two years. Table 4.14 shows the results.

Table 4.14: Institutions where the Respondents Borrowed Loans

Bank	Frequency	Percent
Equity	87	57.6
K-Rep	16	10.6
KCB	4	2.6
KWFT	16	10.6
Chama	15	9.9
None	13	8.6
Total	**151**	100.0

From the results depicted in Table 4.14, 57.6% of the respondents indicated that they borrowed their loans from Equity Bank, 10.6% of them borrowed loans from and K-Rep Bank and KWFT in each case, 9.9 of the respondents borrowed loans from chamas while 2.6% of them borrowed from KCB. It is also worth noting that 8.6% of the respondents had not borrowed loan in the previous two years.

The respondents were further required to indicate the loan amount borrowed from the Bank in the previous two years. The results are shown in Table 4.15.

Table 4.15: Amount of Loan Borrowed

Amount (in KShs.)	Frequency	Percent
5,000-10,000	22	14.6
11,000-20,000	26	17.2
21,000-30,000	35	23.2
31,000-40,000	23	15.2
Above 41,000	32	21.2
Not applicable	13	8.6
Total	**151**	**100.0**

From the results shown in table 4.15, 23.2% of the respondents indicated that they had borrowed between KShs. 21,000 and KShs. 30,000, 21.2% of them had borrowed more than KShs. 41,000, 17.2% of the respondents indicated that they borrowed between KShs. 11,000 and KShs. 20,000, 15.2% borrowed KShs. 31,000 to KShs. 40,000, while 14.6% of them had borrowed between KShs. 5,000 and KShs. 10,000. 8.6% comprised of those who had not borrowed loan from the Bank.

Table 4.16: The Purpose of the Loans Borrowed

Purpose	Frequency	Percent
Farming	76	50.3
School fees	35	23.2
Business	26	17.2
Others	1	0.7
N/A	13	8.6
Total	**151**	**100.0**

On the purpose of the loan acquired, 50.3% of the respondents indicated that they had borrowed a loan for farming purpose, 23.2% acquired loans for school fees purposes, 17.2% borrowed to cater for business needs, while 0.7% of the respondents had borrowed a loan for other purposes. The results show that the respondents had acquired loans for various reasons with farming being the key purpose as indicated by the figure 4.6 below.

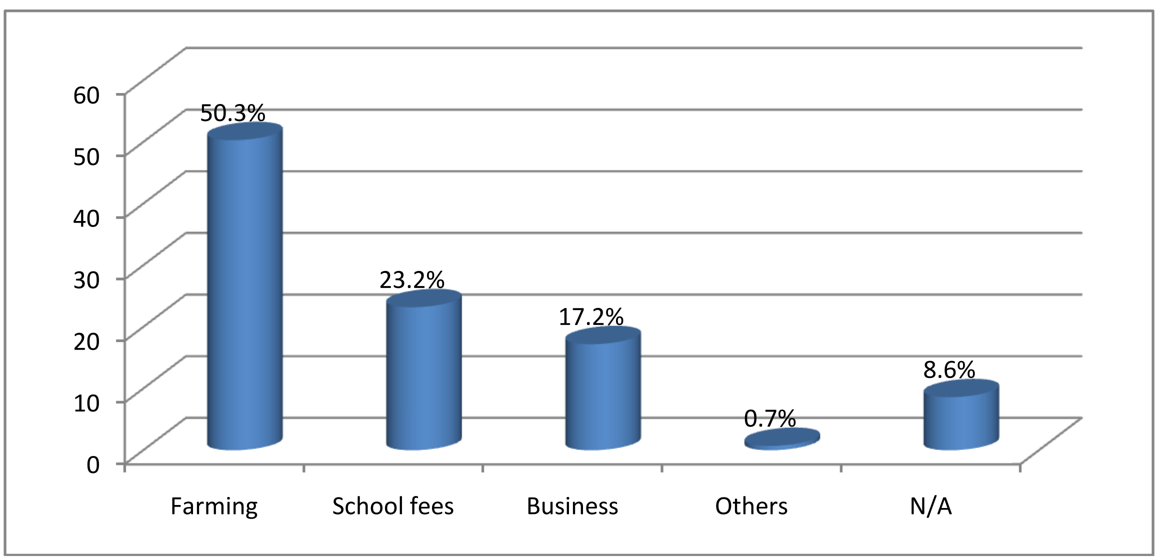

Figure 4.7: The Purpose of the Loans Borrowed

There are various reasons that motivate people to seek credit services from financial institutions. In this regard, the study was keen to measure the contribution of financial education training on farmer's uptake of credit; respondents were required to indicate the factors that influenced them to borrow loans from the bank. The results are as shown in Table 4.17.

Table 4.17: Factors Influencing People to Borrow a Loan

Factor	Frequency	Percent
Peer influence	12	7.9
Own initiative	32	21.2
Knowledge from financial education	85	56.3
Others	9	6.0
Didn’t borrow	13	8.6
Total	**151**	**100.0**

From the results shown in Table 4.17, majority (56.3%) of the respondents indicated that knowledge from financial education influenced them to borrow loans, 21.2% of them indicated that it was their own initiative that influenced them to borrow loans, 7.9% of the respondents indicated that peer influence motivated them to borrow loans, while 6.0% of the respondents indicated that they were influenced by other factors to borrow loans.

Table 4.18: Whether the Amount borrowed was used for the Intended Purpose

Response	Frequency	Percent
Yes	116	76.8
No	22	14.6
N/A	13	8.6
Total	**151**	**100.0**

The respondents were also required to indicate whether the amount borrowed was used for the intended purpose. From the results, 76.8% of the respondents indicated that indeed the amount borrowed was used for the intended purpose as compared to 14.6% of those who indicated that the amount borrowed was not used for the intended purpose.

The study further sought to establish the helpfulness of Equity Bank’s financial literacy programme. The results are as shown in Table 4.19.

Table 4.19: Rating the Equity Banks Financial Literacy Programme

Rating	Frequency	Percent
Very helpful	69	45.7
Helpful	36	23.8
Less helpful	36	23.8
Not helpful	10	6.6
Total	**151**	**100.0**

Accordingly, 45.7% of the respondents rated Equity Bank's financial literacy programme as very helpful, 23.8% indicated that Equity Bank's financial literacy programme was helpful, 23.8% indicated that the Equity Bank's financial literacy programme less helpful while 6.6% of the respondents indicated that the Equity Bank's financial literacy programme was not helpful.

4.3.6 Inferential Analysis

The study sought to complement the descriptive analysis by carrying out an inferential statistics analysis. This involved carrying out a multiple regression analysis. Multiple regression analysis was used to determine the predictive power of the factors on the credit uptake in Makueni County. The researcher applied the statistical package for social sciences (SPSS) to code, enter and compute the measurements of the multiple regressions for the study.

The coefficient of determination was carried out to measure how well the statistical model was likely to predict future outcomes. The coefficient of determination, R^2 is the square of the sample correlation coefficient between outcomes and predicted values. As such it explains the extent to which changes in the dependent variable can be explained by the change in the independent variables or the percentage of variation in the dependent variable (credit uptake) that is explained by all the four independent variables (knowledge of bank products, saving skills, budgeting and debt management).

Table 4.20: Coefficient of Determination Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.792 (a)	.627	.303	.125

The four independent variables that were studied (knowledge of Bank products, saving skills, budgeting and debt management) explain only 62.7% of the credit uptake as represented by the R^2.This implies that changes in the independent variables accounted for 62.7% of the changes in the dependent variable. The researcher further conducted a multiple regression analysis so as to identify the factors that affect credit uptake. Multiple regressions is a statistical technique that allows the study to predict a score of one variable on the basis of their scores on several other variables. The main purpose of multiple regressions is to learn more about the relationship between several independent or predictor variables and a dependent or criterion variable. The researcher applied the statistical package for social sciences (SPSS) to code, enter and compute the measurements of the multiple regressions for the study.

Table 4.21: Coefficients of Multiple Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.329	.291		1.131	.012
	Bank products	.170	.069	.252	1.010	.034
	Saving skills	.185	.085	.131	.606	.030
	Budgeting	.204	.088	.555	2.329	.004
	Debt management	.201	.067	.662	2.983	.022

Dependent Variable: credit uptake

All coefficients were significant at 5 percent level of significance.

The regression equation, $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \alpha$ become:

$$Y = 0.329 + 0.252X_1 + 0.131X_2 + 0.555X_3 + 0.662X_4$$

Where Y is the dependent variable credit uptake, X_1 is the knowledge of bank products, X_2 is saving skills, and X_3 is budgeting and X_4 debt management. In addition, β_0 is constant, $\beta_{1,}$ $\beta_{2,}$ $\beta_{3,}$ $\beta_{4,}$ and β_5 are coefficients of determination while α is the error term which is assumed to be 0.

From the regression equation established, taking all the factors (knowledge of bank products, saving skills, budgeting and debt management) constant at zero, the success of credit uptake would be 0.329. Further, if all the other variables are kept constant, a unit increase in knowledge of Bank products will lead to 25.2 percent increase in credit uptake. A unit increase in saving skills will lead to a 13.1 percent increase in credit uptake; a unit increase in budgeting will lead to a 55.5 percent increase in credit uptake, while a unit increase in debt management will lead to a 66.2 percent increase in credit uptake. These results imply that debt management contribute more to the credit uptake followed by budgeting then knowledge of bank products while savings contributes the least to credit uptake.

4.3.7 Discussion of Findings

The discussion of findings is in relation with the objectives of the study. The study aimed at determining the effect of financial management training programme on uptake of credit provided by equity bank of Kenya. The training programme entails four modules which included knowledge of bank products, saving skills, budgeting and debt management. In this programme 23.1 percent of the respondents learned bank products. The study established that Knowledge of bank products was positively related to uptake of farm credit. This implies that financial education training programme provided support in adoption of bank product (farm credit). This confirms the shortcoming of diffusion of innovation theory which does not consider individual and social support in adoption of innovation.

The study sought to establish the effect of saving skills on uptake of farm credit. Findings of this study revealed that saving skills had a positive relationship with formal borrowing. This is in support of Bonaventure et al. (2013) who pointed that, farmers who had learned saving skills among other topics in Burudi showed resilience irrespective of drought. This is also in consistence with Klapper et al. (2014) findings on financial literacy and its consequences in Russia during financial crisis. The study found that individuals with saving skills were significantly less likely to report experiencing negative income shock. The findings of this study revealed the contribution of saving skills towards farmer's resilience through formal borrowing. This study clarifies Bonaventure et al. (2013) and Klapper et al. (2014) studies by providing the specific contribution of saving skills towards formal borrowing. The study also confirms that saving skills acquired through the training programme enabled small-scale farmers to demonstrate resilience during financial crisis.

The findings of this study established that budgeting way a key contributor to credit uptake. Budgeting skills obtained through financial literacy training were useful in proper utilization of finance. These skills enable individuals to control personal expenses which gave farmers confidence to embrace formal borrowing. Findings of this study build on Onani (2013) and Njoroge (2013) who conducted a study on the influence of financial education on business growth. The studies pointed the importance of financial education on business success. Findings of this study provide the contribution of budgeting towards business success. It can be argued that budgeting skills gained through financial education influenced credit uptake which led to business success. The findings of this study affirm that budgeting is essential in not only uptake of credit but also on farm business success.

The last objective of the study was to determine the effect of debt management on uptake of farm credit provided by equity bank of Kenya. The study found that debt management was the greatest contributor towards credit uptake. It can be argued that farmers who gained knowledge on debt management were more confident towards borrowing. These farmers believed that they were capable of repaying their debts on time therefore borrowed the most. This is supported by Mehmood et al. (2012) study which pointed that capacity building to farmers on debt management would reduce delayed repayment of loans, which led to auctioning of farmers land therefore introducing fear towards formal credit. Findings of this study also support Oboh and Ekpebu (2011) who in a study found that 43 percent of credit given to farmers was misused which led to farmers in ability to repay their loans. The study recommended financial education to equip farmers with debt management skills which in turn gave farmers confidence to increase their borrowing.

The study found that almost all farmers had borrowed a loan. These loans were from different financial institutions and even non formal sources like ‘chamas’. This is a clear indication that after farmers where equipped with financial literacy skills majority of them accessed credit services. Most of the farmers borrowed an average of ksh 30,000 which was used mainly for farming activities. This implies that financial education plays a major role in small-scale farmer’s uptake of credit. This is in conformity with Gaurav et al. (2011) findings which revealed that financial education had a positive influence on uptake of rainfall insurance and could be replicated on uptake of farm credit. Findings of this study indicated that a class based financial education programme had a positive effect on credit uptake. The findings of the study do not support Ayalewa et al. (2014) findings. Ayalewa’s study maintained that use of radios was one of the promising strategies to improve knowledge of bank products and credit uptake in rural households. The findings of this study established that knowledge of bank products, saving skills, budgeting and debt management had a positive effect on uptake of farm credit offered by equity bank of Kenya.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The objective of this study was to investigate the effectiveness of Equity Bank's financial training programme on up- take of credit by small scale farmers. Section 5.2 provides the summary of the research report, Section 5.3 provides the conclusion that have been made from this research and section 5.4 focuses on research recommendations as well as area suggested for further research.

5.2 Summary

For Kenya to achieve the targeted 10 percent annual economic growth; small-scale farmers need to embrace commercial farming and financial institutions need to be inclusive. Most small-scale farmers are food insecure. This is contributed by the low financial investment which has hindered them from adopting new technologies. Equity bank in its pursuit of acquiring a sustainable competitive edge has embraced innovation of unique strategies based on empowering small scale farmers with affordable credit and financial management skills. This study aimed at assessing the effectiveness of Equity bank's financial support services on small-scale farmers' uptake of credit. The general objective of the study was to investigate the effectiveness of Equity Bank's financial management training programme on small-scale farmers' uptake of credit.

The research targeted a population of small scale farmers in Makueni County. The sample size was 175 farmers. The researcher used simple probability sampling technique to obtain the sample. The instrument of data collection was structured questionnaire, which contained open and closed ended questions. The study used multiple linear regression models for data analysis. The study established that majority of farmers in Makueni county owned small pieces of land ranging between 0.25 acres to 2.0 acres. From literature reviewed, small holder farmers produce in small volumes in a relatively small plot of land of less than 2 acres. Money has not been available exposing small scale farmers to greater risks of crop failure unlike large scale farmers who have the ability to embrace new farming technologies. Due to the small portions of land they possess and their little output these farmers cannot afford the securities to acquire loan service with most banks finding it more risky lending to them.

The study found that small scale farmers seeking financial services in Makueni County had acquired financial education from Equity Bank. The various modules of financial literacy taught during the training programme included budgeting, savings, debt management and knowledge of bank products in that order. The findings point out that financial literacy significantly improves basic awareness of financial choices and attitudes toward financial decisions. The study also found that respondents had practiced budgeting from personal level hence could account for the finances in their possession.

According to Chakrabarty (2011) banks and other financial institutions are expected to mitigate the processes that prevented poor and disadvantaged social groups from gaining access to the financial services. The study established that 91.6% of the respondents who attended financial management training had borrowed loan in the previous two years. Majority of loan amounts borrowed from the bank were ranging between KShs. 21,000 and KShs. 40,000, the loans borrowed were intended for various purposes where majority of the respondents had borrowed for farming purpose, others acquired loans for school fees, business needs, while a small proportion of them had borrowed for other purposes.

The study found that various aspects motivated farmers to seek credit services from financial institutions. The key influencing factor was knowledge from financial education with 56.5 percent, 21.2 percent was by their own initiative, and others were peer influence among other factors. The study ascertained that the amount borrowed was used for the intended purpose. The results also showed that Equity Bank's financial literacy programme was helpful to small scale farmers.

From the inferential analysis, the four independent variables that were studied (knowledge of bank products, saving skills, budgeting and debt management) explain only 62.7% of the credit uptake. In addition, debt management contributed more to the credit uptake followed by budgeting then knowledge of bank products while savings contributes the least to the credit uptake. It is clear that positive and significant correlation exists between financial management programme and agricultural credit uptake.

5.3 Conclusions

The study concludes that, financial services to small scale farmer are paramount. Small-scale farm enterprises particularly those of poor regions need a range of enabling and sustainable financial services in order to effectively exploit abundant resources in their areas and fulfill their productive potential. These services are provided through both formal and informal institution. The study also concludes that financial literacy leads to improved credit uptake by farmers. It also enables banks to gaining competitive advantage by increasing customer base and increasing profit through interest charged on loans. Findings from the study points out that Short-term credit play an important role in meeting the agricultural needs of small scale farmers. This leads to increased productivity and income to farmers. Farmer's financial management training programme was established as an effective tool towards credit uptake.

5.4 Recommendations

The study recommends that; Government of Kenya through central bank should ensure financial management training is conducted by all financial institutions. This will help clients to gain financial management skills thus improve access to financial services. Equity bank should extend financial management training programme to all clients of the bank. This will increase credit uptake. Farmers should attend all financial management programme sessions. This will enable them to gain financial management skills and access to farm credit.

This study has explored the effectiveness of Equity Bank's financial management training programme on small-scale farmer's uptake of credit. The study established that knowledge of bank products, saving skills, budgeting and debt management are the major factors affecting credit uptake. Further research should investigate effectiveness of Equity Bank's financial management training programme on repayment of credit borrowed by farmers. This will pave way for new policies in Kenya which empower farmers.

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APPENDICES

Appendix I: Request to go to field

Albertina Nthenya Muema,
P.O.Box 4,
Sultan Hamud.
15th January 2015.

The Office of the Director,
Board of Post Graduate Studies,
South Eastern Kenya University.

Dear Sir/ Madam

RE: Request for approval to proceed for data collection.

I am a student at South Eastern Kenya University -Wote Campus, by the name Albertina Nthenya Muema ,Reg No D61/WTE/20217/2012.I have completed my course work in Master of Business Administration –Strategic Management and I have successfully presented my research proposal. I therefore request for approval to proceed for data collection.

Yours Faithfully

Albertina Nthenya Muema

Appendix II: Approval to go to field

SOUTH EASTERN KENYA UNIVERSITY

OFFICE OF THE DIRECTOR

BOARD OF POST GRADUATE STUDIES

P.O. BOX 170-90200
KITUI, KENYA
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TEL: 020-4213859 (KITUI)
020-2531395 (NAIROBI)

Our Ref: /D61/WTE/20217/2012 Date: Wednesday, January 28, 2015

Albertina N. Muema
Reg. No. D61/WTE/20217/2012
Master of Business Administration
C/O Dean, School of Business and Economics

Dear Albertina,

RE: MASTER OF BUSINESS ADMINISTRATION RESEARCH PROJECT

This is to acknowledge receipt of your Master Proposal document.

Following a successful presentation of your Master Proposal, the School of Business and Economics in conjunction with the Directorate, Board of Post graduate Studies (BPS) have approved that you proceed on and carry out your research data collection in accordance with your approved proposal.

During your research work, you will be closely supervised by Dr. Kennedy N. Ocharo and Mr. Zablon Evusa. You should ensure that you liase with your supervisors at all times.

The Board of Postgraduate Studies wishes you well and a successful research data collection as a critical stage in your Master of Business administration.

Wanjala

Prof. Cornelius Wanjala
Director, Board of Postgraduate Studies

Copy to: Deputy Vice Chancellor, Academic, Research and Students Affairs
Dean, School of Education
Chairman, Department of Business & Entrepreneurship
Dr. Kennedy N. Ocharo
Mr. Zablon Evusa
BPS Office - To file

Appendix III: **Questionnaire**

Part A: Background Information of the small scale farmer:

1. Age:

20-30 years ( ) 31-40 years ( ) 41-50 years ( ) Above 51 ( )

2. Education level:

None ( ) Primary Level ( ) Secondary Level ( ) Tertiary Level ( )

3. Gender :

Male ( ) Female ( )

4. Size of your farm in acres………………

Part B: Access to financial literacy:

5. Have you ever acquired any financial education from Equity bank Kenya?

Yes [ ] No [ ]

6. From the list below tick the modules learned?

Budgeting [ ] Savings [ ] Dept management [ ] Bank Products [ ]

7. How would you rate knowledge of bank products on uptake of farm credit?

Very helpful [ ] Helpful [ ] Less helpful [ ] Not helpful [ ]

8. How would you rate saving skills on uptake of farm credit?

Very helpful [ ] Helpful [ ] Less helpful [ ] Not helpful [ ]

9. Do you have a personal budget

Yes [ ] No [ ]

10. How would you rate budgeting on uptake of farm credit?

Very helpful [ ] Helpful [ ] Less helpful [ ] Not helpful [ ]

11. How would you rate debt management on uptake of farm credit?

Very helpful [ ] Helpful [ ] Less helpful [ ] Not helpful [ ]

Uptake of Agricultural Credit

12. Have you borrowed loan for the last two years?

Yes [ ] No [ ]

13. If yes, where did you get the loan from? ....

14. How much did you borrow?

5,000-10,000 [ ] 11,000-20,000 [ ] 21,000-30,000 [ ] 31,000-40,000 [ ]

Above 41,000 [ ]

15. What was the purpose of the loan?

Farming [ ] School fees [ ] Business [ ] Others [ ]

16. What inspired you to borrow?

Peer influence [ ] Own initiative [ ] Knowledge from financial education [ ]

Others [ ]

17. Was the amount borrowed used for the intended purpose?

Yes [ ] No [ ]

18. How would you rate Equity Banks financial literacy programme?

Very helpful [ ]   Helpful [ ] Less helpful [ ] Not helpful [ ]

THANK YOU

Appendix IV: List of Small Scale Farmers

List of Small Scale Farmers	
Nicodemus Muithya Mutua	Rosalia Mumbua Muli
Jacinta Kanza Mutua	Paul Musembi Mainga
Jane nzembi Muli	Stellamaris Musila Paul
Mwangangi Mulu Waita	Kamene Mwaluko Kaloki
Peter Masila	Monica Sela Mutuku
Kimani Matundu	Esther Ndinda Muthoka
Margaret nduku mutulili	Phoeb Munyilu Mutunga
Kimami Matundu	Mwanzia Songe
Anna Mbithe Ndonye	Elizabeth Nduku Ndetei
Mwathani Syengo	Kathesya Mutua Kanyasya
Charles Mutua	Mutua Nzivo
Francisca Mueni Musau	Christina Nzivila Maurice
Elizabeth Muthoki Babu	Mary Munini Mgwenze

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WOTE BRANCH

Purity Mueni Kioko	Nicholas Mutungi Mativo
John Muli Nyamai	Christina Mwikali Muthenya
Annastacia Mukonyo Mutulili	Martha Ndila Philiph
Felix Mulatya Mutua	Stella Mbithe Thomas
Teresia Syoweu Mutuku	Mwethya Munyoki Ngolo
Elizabeth Nduku Ndetei	Jacinta Kalekye Dishon
Anthony Mwisya Kimeu	Benson Matei Nganda
Peter Nzyoki Mativo	Bibiana Kalekye Mwangangi
Josephine Mueni Joseph	Rhoda Ndanu Musyoki
Cyrus Mwendwa Nzioki	Syundia Mutua
Regina Mueni Mutulili	Mumbua Ndeti
Jane Mwikali Mutinda	Eliud Kyengo Ndambuki
Francis Kasyali Ndavi	Felister Mueni Musyoki
Ruth Mwikali Nzivo	Clara Mwikali Nzive
Faith Nthenya Munyao	Daniel Muthoka John
Kioko Mumina	Damaris Wasya Muia

Benson Kitula Nzimi	Florence Kavata Mutinda
Florence Nthenya Kyama	Patricia Mbelita Wambua
Winnie Ndungwa Kivuva	Regina Mutheu Mwanzia
Damaris Ndila Maluki	Mirriam Mwongeli Ngei
Rose Martha Kitoli	Loise Muviti Masai
John Mutua Muindi	Leoniter Salome
Felister Mutindi Mutunga	Abadinego Nthiwa
David Mwanzia Sila	Annah Ndunge Mauye
Judith Ndunge Lelu	Catherine Mulaa Munyao
Anna Mwende Andrew	Helen Mwikali Wambua
Petronilla Kalekye Makuyu	Musyoka Dominic
Rose Martha Kitoli	Phylles Mutheu Ngolo
Philace Katungwa Maweu	Agnes Wayua Mutunga
Faith Mwende Kisamwa	Minoo Ngwili
Joseph Maweu	Alexander Mutuku
Eunice Ndulu Mutinda	Faith Nzilani Nyamai

Judith Nthenya Kilonzo	Jane Mbithe Munyao
Sylvia Ngondu Mutua	Leo Kitavi Kisyula
Nicholas Mulwa Mutiso	Mutinda Ngwili Muema
Jeniffer Mumbua Matheka	Brigita Ndeto Kiuluku
Patricia Nzisa Muathe	John kaloki Mbithi
Daudi Wambua	Eldelguinn Mutindi Ndolo
Christine Mwikali Kingoo	Agnes Ngina Mainga
Penina Wanza Mboka	Cyrus Musee
Francisca Wayua Malika	Elizabeth Nduku Wambua
John Mutua Maingi	Winfred Mumo Wambua
Dorcas Wavinya Kimet	James Kavaya Mutuva
Eunice Mwikali Makau	Joyce Mumbua Ndunga
Ruth Munyiva Mathuva	John Kaula Mativo
Christina Ndaki Tulo	Patricia Nduku Kasyoki
Titus Kivuva Mainga	Florida Mueni Mutungwa
Prisca Kavata mulei	Pius Nthege Mulinge

Mbula Mutinda	Jaminah Selenge Ngumbau
Rael Ndanu Kiluu	Joyce Koli Musyoki
Eunice Mundie Muthwa	Bernard Wambua Nzola
Winfred Wavinya Mutavuta	Milcah Mbinya Ndeto
Christopher Musyoki	Cecilia Mutindi Ndaka
Christina Mutave Ngulumbu	Jackline Kanini Ndivo
Mbenya Kivesi Kimeu	Phoeb Mwalimu Maingi
Christine Mumbua Malonza	Daniel Mutiso Muuo
Kyalo Ileli	Rosaidah Nthenya Mateu
Catherine Munoo Kithome	Emaculate Kavinya Mukunuu
Agnes Muthini Michael	Monica Wayua Kamunya
Mwikali Kitonga	Samson Mathayo Kitulu
Titus Musyoki	Zippora Ndunge Sammy
Agnes Mulike Muia	Mary Katulu Kyalo
Hellen Mwikali Wambua	Gladys Mutindi Bernard
Agnes Mutunge Kithome	Colleta Mutungwa Kasyoka

Jonathan Mumo Kithuku	Patrick Maandu Kisilu
Virginiah Mukii Kithokoi	Janet Mwethya Muthama
Simon Ndetei Kavyu	Stellamaris Kanini Wambua
Christine Muthoki Mbithe	Patricia Kamanthe Muendo
Dominic Mutie Kitheka	Elizabeth Kavindu Kimuya
Helen Kathini Kinyoo	Peter Kioko Mbithi
Benjamine Mutisya Mbindyo	Janet Kanini Charles
Jackline Munee Nyamai	Josphine Kalondu Kingoo