

**FINANCIAL INCLUSION AND GROWTH OF DEPOSIT-TAKING SACCOS IN
EASTERN REGION, KENYA**

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Degree of Master of Business Administration (Finance Option) of South Eastern
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DECLARATION

This research is my original work and has not been presented for an award in any other university.

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DEDICATION

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TABLE OF CONTENTS

Declaration	ii
Acknowledgement	iii
Dedication	iv
Table of Contents	v
List of Tables	ix
List of Figures	xi
List of Appendices	xii
Abbreviations and Acronyms	xiii
Operational Definition of Terms	xiv
Abstract	xvi

CHAPTER ONE

1.0 Introduction	1
1.0 Introduction.....	1
1.1 Background.....	1
1.1.1 Financial Inclusion.....	8
1.1.2 Growth of Deposit Taking SACCOS.....	10
1.1.3 Deposit Taking SACCOS in Eastern Region.....	11
1.2 Statement of the Problem.....	13
1.3 Objectives of the Study.....	14
1.3.1 General Objective	14
1.3.2 Specific Objective	14
1.4 Research Hypotheses	15
1.5 Significance of the Study	15
1.6 Limitations of the Study.....	16
1.7 Scope of the Study	17
1.8 Assumption of the Study.....	17

CHAPTER TWO

2.0	Literature Review	18
2.0	Introduction.....	18
2.1	Theoretical Framework.....	18
2.1.1	Financial Inclusion Theory	18
2.1.2	The Financial Intermediation Theory	20
2.1.3	Agency Theory.....	22
2.2	Financial Inclusion and Growth of Deposit Taking SACCOs.....	24
2.2.1	Financial Literacy and Organizational Growth.....	24
2.2.2	Loan Accessibility and Organizational Growth.....	27
2.2.3	Digital Financial Services and Organizational Growth	29
2.2.4	Branch Networks and Organizational Growth.....	33
2.2.5	Growth of Deposit Taking Saccos	35
2.3	Literature Review Matrix.....	38
2.4	Summary of Research Gaps.....	51
2.5	Conceptual Framework.....	52
2.5.1	Financial Literacy	53
2.5.2	Loan Accessibility	53
2.5.3	Digital Financial Services	53
2.5.4	Branch Network	54
2.5.5	Organizational Growth.....	54

CHAPTER THREE

3.0	Research Methodology	55
3.0	Introduction.....	55
3.1	Research Design.....	55
3.2	Target Population.....	55
3.3	Sample Size and the Sampling Techniques	56
3.4	Data Collection Instruments	58
3.5	Research Instrument.....	58
3.6	Pilot Study.....	58

3.6.1	Validity of Research Instruments.....	59
3.6.2	Reliability of Research Instruments.....	59
3.7	Data Analysis Procedures.	59
3.8	Diagnostic Tests.....	61
3.8.1	Normality Tests.....	61
3.8.2	Multicollinearity Test.....	61
3.8.3	Autocorrelation	61
3.9	Ethical Considerations	62

CHAPTER FOUR

4.0	Results	63
4.0	Introduction.....	63
4.1	Response Rate.....	63
4.2	Demographic Results	64
4.2.1	Gender of the Respondents.	64
4.2.2	Age of the Respondents	64
4.2.3	Education Level	65
4.2.4	Duration Worked in the Organizations	65
4.3	Reliability Analysis.....	66
4.4	Descriptive Statistics.....	67
4.4.1	Financial Literacy	67
4.4.2	Loan Accessibility	70
4.4.3	Digital Financial Services	72
4.4.4	Branch Networks	73
4.4.5	Growth of Deposit Taking SACCOs	75
4.5	Diagnostic Tests.....	77
4.5.1	Test of Normality	77
4.5.2	Multicollinearity Test.....	78
4.5.3	Autocorrelation	78
4.6	Inferential Analysis.....	79
4.6.1	Correlation Analysis	79

4.6.2	Regression Analysis.....	80
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CHAPTER FIVE

5.0	Discussion.....	92
5.0	Introduction.....	92
5.1	Financial Literacy and Growth of Deposit –Taking Sacco`s.....	92
5.2	Loan Accessibility and Growth of Deposit- Taking Sacco`s.....	93
5.3	Digital Financial Services and Growth of Deposit-Taking Sacco`s	95
5.4	Branch Networks and Growth of Deposit-Taking Sacco	96

CHAPTER SIX

6.0	Summary, Conclusions and Recommendations	99
6.0	Introduction.....	99
6.1	Summary of the Findings.....	99
6.2	Conclusions.....	101
6.3	Recommendations for Policy and Practice	102
6.3.1	Policy Recommendations.....	102
6.3.2	Practice Recommendations	103
6.4	Recommendations for Further Research.....	104
	References	106

LIST OF TABLES

Table 1.1:	Growth of Deposit Taking SACCOs in Kenya	11
Table 2.1:	Literature Review Matrix	38
Table 3.1:	SACCO Managers	56
Table 3.2:	Reliability Results.....	57
Table 4.1:	Response rate	63
Table 4.2:	Duration worked	66
Table 4.3:	Reliability Statistics Results	67
Table 4.4:	Descriptive results for Financial Literacy.....	68
Table 4.5:	Descriptive results for Loan accessibility	70
Table 4.6:	Descriptive results for Digital financial services.....	72
Table 4.7:	Descriptive results for Branch Networks.....	74
Table 4.8:	Growth of Deposit Taking SACCOs	76
Table 4.9:	Test of Normality.....	77
Table 4.10:	Multicollinearity Tests.....	78
Table 4.11:	Autocorrelation Test	79
Table 4.12:	Correlation Analysis	80
Table 4.13:	Model Summary for Financial Literacy and Growth	81
Table 4.14:	ANOVA Results for Financial Literacy and Growth	81
Table 4.15:	Coefficients Table for Financial Literacy and Growth.....	82
Table 4.16:	Model Summary for Loan Accessibility and Growth.....	83
Table 4.17:	ANOVA Results for Loan Accessibility and Growth	83
Table 4.18:	Model Coefficients Table for Loan Accessiility and Growth	84
Table 4.19:	Model Summary for Digital Financial Services and Growth	85
Table 4.20:	ANOVA Results for Digital Financial Services and Growth.....	85
Table 4.21:	Coefficients Table for Digital Financial Services and Growth	86
Table 4.22:	Model Summary for Branch Networks and Growth.....	86
Table 4.23:	ANOVA Results for Branch Networks and Growth	87
Table 4.24:	Coefficients Table for Branch Networks and Growth.....	87
Table 4.25:	4 Model Summary for Predictor Variables and Growth.....	88

Table 4.26: ANOVA Results for Predictor Variables and Growth	88
Table 4.27: Coefficients Table for Predictor Variables and Growth.....	89
Table 4.28: Summary of the hypothesis test results	91

LIST OF FIGURES

Figure 2.1: Conceptual Framework	52
Figure 4.1: Gender of The Respondents	64
Figure 4.2: Age of the Respondents.....	64
Figure 4.3: Education Level.....	65

LIST OF APPENDICES

Appendix i:	Introduction Letter	119
Appendix ii:	Research Questionnaires.....	120
Appendix iii:	List of Deposit taking SACCOs in Eastern Region.....	126
Appendix iv:	Research License	127

ABBREVIATIONS AND ACRONYMS

ANOVA	:	Analysis of Variance
ATMs	:	Automated Teller Machine
CBK	:	Central Bank of Kenya
FSD	:	Financial Sector Deepening
ICT	:	Information and Communications Technology
IFI	:	Index of Financial Inclusion
KCB	:	Kenya Commercial Bank
MENAP	:	Middle East, North Africa, and Pakistan
PCA	:	Principal Component Analysis
PLS	:	Partial Least Squares
SACCOs	:	Savings and Credit Cooperative Organizations
SASRA	:	SACCO Societies Regulatory Authority
SDGs	:	Sustainable Development Goals
SEM	:	Structural Equation Modeling
SMEs	:	Small and medium-sized enterprises
SPSS	:	Statistical Package for Social Sciences

OPERATIONAL DEFINITION OF TERMS

- Branch Networks:** Branch networks refer to the interconnected system of physical locations operated by an organization, such as a bank or financial institution, to deliver its services (Deng & Elyasiani, 2008). In the context of this study, branch networks refer to the system of physical locations operated by deposit taking SACCOs, through which they deliver their services to members.
- Deposit Taking Saccos:** Justus (2010) defined Saccos as cooperative financial institutions owned and controlled by their members and that typically serve groups of people with common goal. In this study, deposits taking SACCOs are financial institutions that mobilize savings from their members and provide credit facilities to them.
- Digital Financial Services:** These are services that are delivered through digital channels, such as the internet, mobile apps, and electronic platforms (Pazarbasioglu · 2020). In the context of this study, digital financial services refer to electronic tools and platforms such as online banking, mobile banking apps, and electronic payment systems used by deposit-taking SACCOs.
- Financial Inclusion:** Sarma (2008) defined financial inclusion as efforts used to make financial services and products affordable and accessible to all individuals and businesses. In the context of deposit taking

SACCOs, financial inclusion refers to the wider objective of making sure that all individuals and businesses have access to and can effectively utilize various financial services.

Financial Literacy:

Huston (2010) defined financial literacy as skills and knowledge related to understanding fundamental financial concepts, managing personal finances, accessing and using various financial services and products, and making better and informed investment decision. In the context of this study, financial literacy refers to skills, knowledge and understanding that members of deposit taking Saccos possess regarding financial concepts, products, and services.

Growth:

This refers to process through which a company or institution expands its operations, increases its resources, and enhances its market presence (Penrose, 2009). In the context of this study, growth refers to the expansion and development of deposit-taking SACCOs in Kenya.

Loan Accessibility:

Murfin (2012) defines loan accessibility as the ease with which individuals or entities can obtain loans from financial institutions. In the context of this study, loan accessibility is the ease with which the members of deposit taking SACCOs obtain loans. It involves the availability of loan products, the simplicity of the application process, and the inclusiveness of eligibility criteria.

ABSTRACT

Deposit taking Savings and Credit Cooperative Societies have increasingly adopted financial inclusion practices, yet many continue to exhibit poor growth as evidenced by declining membership, assets, loan repayment rates, and operational efficiency. Recent data indicates significant drops in withdrawable deposits, net income, and overall financial performance, compounded by high default rates and non-remitted funds. These trends highlight persistent challenges in leveraging financial inclusion to drive growth. The primary goal of this study was to evaluate the impact of financial inclusion practices on the growth of deposit-taking SACCOs in the Eastern Region of Kenya. Specifically, the study sought to examine the influence of financial literacy, Loan accessibility, digital financial services and branch network on the growth of deposit taking SACCOs in the Eastern Region of Kenya. The study was anchored on the financial inclusion theory as the main theory supported by the financial intermediation theory, and agency theory. The study used an explanatory research design. The respondents were the heads of finance, marketing, operations, and information technology. A total number of 104 management respondents was used in the study. Primary data used was collected using structured questionnaire. Validity and reliability of the data collection instruments were determined before conducting data collection. Data analysis was done using descriptive and inferential statistics with the aid of SPSS. Financial literacy had statistically significant effect on the growth of deposit taking SACCOs ($\beta=.266$, $P=0.009<0.05$). Similarly, loan accessibility had statistically significant effect on the growth of deposit taking SACCOs ($\beta=.216$, $P=0.007<0.05$). Additionally, digital financial services had statistically significant effect on the growth of deposit taking SACCOs in the Eastern region of Kenya ($\beta=0.165$, $P=0.012<0.05$). Further, branch networks had significant effect on the growth of deposit taking SACCOs ($\beta=0.247$, $P=0.001<0.05$). It is recommended that SACCOs should regularly update and customize their financial literacy programs to address evolving financial trends and challenges. Also the management of the deposit-taking SACCOs should continue upholding and improving transparency in loan processing and maintain competitive interest rates. They are recommended to continue investing in modern, user-friendly, and secure digital platforms that cater to the diverse needs of the members. Additionally, SACCOs should expand their physical branch networks in order to expand their market reach.

CHAPTER ONE

1.0 INTRODUCTION

1.0 Introduction

This chapter covers the introduction of the study. It includes the research background, research problem, objectives, and questions. It also outlines the significance of the study, the limitations, scope, and the assumptions of the study. Additionally, the chapter presents the organization of the study.

1.1 Background

Deposit-taking SACCOs play a key role in providing community-based financial services in Kenya. The deposit taking SACCOs operate on a cooperative model allowing members to pool savings and access credit facilities. This promoted inclusive financial participation (Muriithi, 2024). Unlike non-deposit-taking SACCOs that may restrict themselves to loan provision, deposit-taking SACCOs accept deposits and extend loans, thereby combining intermediation and financial access. This dual function allows them to support both individual savings and borrowing needs (Shaai, 2022). By adhering to principles of mutual support and shared benefits, the deposit taking SACCOs offer accessible and affordable financial services, contributing to grassroots-level socio-economic development (Kibanga, 2020).

Building on this key role, organizational growth of deposit taking SACCOs can be evaluated through several indicators such as membership expansion, asset accumulation, loan portfolio size, savings mobilization, and repayment performance. Growth in membership enhances resource mobilization, broadens the base of contributions, and strengthens institutional stability (Bornfas & Githira, 2022). Similarly, expansion in assets and loan portfolios reflects increased financial activity, diversification of services, and improved capacity to meet member needs (Rahima, 2023; Akoth, 2024). Strong savings mobilization and high repayment rates signal member confidence and institutional sustainability (Moshi, 2023). Collectively, these growth dimensions reflect

both financial soundness and the ability of deposit taking SACCOs to serve their members effectively.

Financial inclusion is one of the key practices used by deposit taking SACCOs to attain growth and cope with industry challenges. Financial inclusion practices involve strategies designed to ensure that financially disadvantaged groups, such as low-income households, have timely and adequate access to financial services, including credit (Shihadeh, 2020). These practices include financial literacy, loan accessibility, digital financial services and branch networks. Financial inclusion seeks to improve access to financial products and services for financially disadvantaged groups and individuals who lack access to formal financial services (Hemed, 2022). The different strategies thus provide effective mechanisms to deal with poverty, promote financial inclusivity, and contribute towards achieving Sustainable Development Goals (SDGs). Financial inclusion practices include promoting diverse financial institutions, facilitating technology use, expanding agency banking, investing in technology for optimal resource utilization, and effectively fostering an effective financial framework to deliver financial services (Ondu, 2020).

Empirical literature demonstrates a strong and multifaceted relationship between financial inclusion and SACCO growth. Several scholars have found that financial literacy, a key component of financial inclusion improves members' ability to understand financial products, manage obligations, and participate more fully in cooperative services, thereby driving institutional growth (Pasara, Makochekanwa & Dunga, 2021; Mwenda, 2021). Similarly, loan accessibility, characterized by affordable terms, simplified procedures, and flexible products has been shown to attract underserved populations excluded from mainstream banks, expanding SACCO membership and lending activity (Nyabwari & Kimutai, 2024). Digital financial services improves efficiency, accessibility, and outreach (Wanyonyi & Ngaba, 2021). Branch networks similarly strengthen geographic penetration and personal service, enhancing both member trust and SACCO visibility (Njuguna, 2022).

While most studies indicate a positive relationship between financial inclusions, some scholars obtained contrary findings. For example, Moshi (2023) identified that while financial literacy programs raise awareness, their effectiveness in changing long-term financial behavior and reducing defaults remains limited. Others such as Sifrain (2022) cautioned that rapid loan portfolio expansion can increase risks of non-performing loans which undermine growth. Similarly, Matanda (2020), while digital platforms can improve inclusion, they also carry risks of system failures, cyber threats, or member exclusion due to digital illiteracy. These contrasting findings suggest a conceptual gap. Although financial inclusion is widely regarded as a driver of growth of deposit taking SACCOs, the exact pathways, effectiveness, and sustainability of its practices remain underexplored, particularly in Kenya's cooperative sector.

The relationship between financial inclusion and growth of deposit taking SACCOs is anchored by several theoretical perspectives. Financial Inclusion Theory by Mises (1912) posits that widening access to affordable financial services enables disadvantaged groups to save, borrow, and invest, thus enhancing both household welfare and institutional growth. Applied to deposit taking SACCOs, practices such as financial literacy and branch expansion directly extend access and participation. Financial Intermediation Theory by Gurley and Shaw (1960) explains how deposit taking SACCOs mobilize deposits and channel them into loans, thereby promoting growth through efficient allocation of resources between savers and borrowers. Agency Theory by Smith (1776) highlights the role of digital financial services in addressing information asymmetries, increasing transparency, and aligning the interests of the management of deposit taking SACCOs with members.

The policy and regulatory environment in Kenya also underscores the importance of financial inclusion for SACCO growth. The Sacco Societies Regulatory Authority (SASRA) requires deposit-taking SACCOs to meet prudential standards in liquidity, capital adequacy, and risk management, which can only be achieved through consistent growth in deposits, assets, and membership (SASRA, 2023; Gatu, 2024). At the national level, Kenya's Vision 2030 and the Central Bank of Kenya's financial inclusion

strategies emphasize the role of cooperatives in expanding access to affordable credit, especially for low-income households and small-scale entrepreneurs (Vision, 2030). In addition, managers within SACCOs are under pressure to innovate by adopting digital platforms, expanding branch networks, and strengthening financial education initiatives to align with both member needs and regulatory demands. Therefore, the Kenyan context creates both opportunities and pressures for deposit taking SACCOs to embrace financial inclusion as a means of achieving growth and sustainability.

Financial Inclusion has gained increased recognition across the globe. In the United States of America, there have been notable trends in financial inclusion as marked by efforts to expand access to banking services and promote economic participation. In a study conducted by Lusardi and Mitchell (2023), the study identified that initiatives such as mobile banking apps, financial institutions and partnerships between fintech companies and traditional banks have aimed to bridge gaps in financial access.

In Europe, financial inclusion practices are widespread. In Netherlands, Preziuso, Koefer and Ehrenhard (2023) identified that there is a well-developed financial infrastructure with high levels of access to banking services, digital payment solutions, and financial literacy programs. The country also has a robust regulatory framework and initiatives that promote financial education. This contributes to financial inclusion practices.

In Denmark and Netherlands, Demirgüç-Kunt and Klapper (2019) identified that there is well developed financial infrastructure and financial inclusion. Virtually all the adults make or receive digital payments. In Cyprus, Czech Republic and Croatia, the share of financial inclusion is about 80 percent and about 70 percent in Hungary and Greece. The highest use of internet and mobile phones to make digital financial transactions was recorded in Denmark, Sweden and Finland. In all these countries, while rates differ, account ownership has increased and a large number of unbanked adults have mobile phones which make it easier to adopt financial products.

In Asia, Chen and Yuan (2021) identified that financial inclusion has gained remarkable progress in the recent past. In China for instance, financial inclusion has gradually formed a unique and sustainable development path with supporting policies and regulations as well as rapid development and application of digital technology. There have been diversified service providers, extensive service coverage and high financial service penetration level. The financial inclusion practices have gradually formed a unique and sustainable development path. This is achieved by pursuing the financial well-being of low-income people, farmers, and MSEs.

In Africa, a large number of countries have experienced positive developments in access to financial services in recent decades. Kebede, Naranpanawa and Selvanathan (2023) identified that in many African countries, with the deepening of the financial sector, more financial services, especially credit, is now provided to individuals and enterprises. Similarly, new technologies such as mobile money help broaden access to financial services, including savings and payment products. A significant number of adults in the region have accounts with formal financial institutions, while many others rely on informal methods for saving and borrowing. Similarly, numerous SMEs in Africa identify access to finance as a major barrier.

In Nigeria, financial inclusion highlights significant progress in expanding access to financial services across the country. According to Soetan and Umukoro (2023), formal financial inclusion has grown greatly from 56% in 2020 to 64% in 2023. This has been facilitated by widespread adoption of mobile banking and digital financial services. Initiatives such as the Central Bank of Nigeria's Financial Inclusion practice and various fintech innovations have played a crucial role in this achievement. Mobile money services, digital wallets, and agent banking have particularly contributed to reaching a large number of people excluded by the traditional banking sector.

In Zimbabwe, the available data indicate that financial inclusion has increased from 77% in 2014 to 88% in 2022 (Marodza, 2023). This represents about 6.2 million adults financially included. The expansion reflects both the broader accessibility of financial

services and the effectiveness of various initiatives aimed at integrating more individuals into the financial mainstream. Enhanced access through mobile banking, digital financial services, and a broader range of financial products has contributed to this trend.

In East Africa, all the countries have experienced improvements in financial inclusion. Through concerted efforts by governments, financial institutions, and international organizations, access to financial services has expanded significantly across the region (Ifediora et al, 2022). Mobile money platforms have greatly revolutionized banking system by providing convenient and secure transactions in all areas including remote areas where traditional banking infrastructure is scarce.

In Rwanda, Mugisha (2024) established that 93% of adults are financially included including both formal and informal financial products and services. In Uganda, Agaba and Christine (2023) access to formal financial services has increased substantially to 66% over the last decade. This is marked by increased access to formal financial services such as savings, loans, and payment. In Tanzania, a study done by Bank of Tanzania (2024) established that financial inclusion has increased greatly. For the period between 2017 and 2023, there has been an increase in percentage of adults who access formal financial services from 86 % to 89%.

In Kenya, the financial inclusion landscape has transformed dramatically over the past decade. According to the latest World Bank Global Findex Report, financial inclusion is impressive and about 79% have bank accounts. This has been facilitated greatly by mobile money services which have increased accessibility of financial services to millions. Ahmad, Green and Jiang (2020) noted that financial inclusion has made remarkable progress, largely driven by the widespread adoption of mobile money services, particularly M-Pesa. Mpesa service was launched in 2007 by Safaricom through the introduction of Mpesa. M-Pesa has revolutionized the financial landscape by providing a secure and convenient way for Kenyans, especially in rural and underserved areas, to send, receive, and store money using their mobile phones. This innovation

drastically increased financial access and inclusion across the country, enabling a large number of people to participate in formal financial systems.

Kenya has also seen improvements in traditional banking services, with increased branch networks and the expansion of digital banking platforms. According to Hakizimana, Wairimu and Stephen (2023), this development reflects a broader trend of increased accessibility and convenience for customers, who now benefit from both the physical presence of numerous bank branches and the efficiency of modern digital services. The integration of these services has not only enhanced the reach of banking institutions but also improved the overall customer experience, making financial services more inclusive and adaptable to the evolving needs of the population. Osabutey and Jackson (2024) further noted that government policies supporting financial inclusion, such as the establishment of the Kenya Financial Sector Deepening (FSD) program, have further contributed to creating an enabling environment for inclusive financial growth.

On policy expectations, according to the FinAccess Survey (2023), the financial literacy rate in Kenya is currently at around 55%, which shows significant progress but is still below the target of 60% set by the Central Bank of Kenya. According to SASRA's Annual Report (2022), approximately 44% of SACCO members have accessed loans in the past year. This percentage may vary across SACCOs, but typically 30% to 50% of members' access loans annually. FinAccess (2023) indicates that 35% of SACCO members actively utilize SACCO loans, with the remaining members either saving or not engaging with the lending services. According to the Fin Access (2023) report, mobile money penetration in Kenya is at over 90%, with most SACCOs adopting mobile banking platforms to disburse loans and manage savings. Approximately 70% of SACCOs in Kenya now offer some form of digital financial services, including mobile loan disbursements and savings, which has dramatically improved access for remote members. However, digital financial services uptake can be uneven, especially among older or rural members, with some SACCOs facing challenges in fully digitizing their operations. SASRA and CBK encourage SACCOs to expand their physical presence, especially in underserved areas, while also using agent networks as a more cost-effective

way to reach remote members (Omega, 2024). There is no explicit benchmark for the exact number of branches a SACCO should have, but CBK and SASRA expect SACCOs to use a mix of physical branches and digital channels to ensure that services are accessible to members across the country, especially in rural areas. SASRA (2022) Report indicates that there are more than 600 branches across the over 176 deposit taking SACCOs in Kenya. Many SACCOs have also expanded into agency banking (using agents to provide services on behalf of SACCOs) as a means to enhance reach without the need for establishing more branches.

1.1.1 Financial Inclusion

Financial inclusion encompasses various practices, one of which is financial literacy. This refers to the ability of deposit taking SACCO members to acquire and apply knowledge and skills necessary to make sound financial decisions in savings, borrowing, and investment (Pasara, Makochekanwa & Dunga, 2021). According to Shi, Ali and Leong (2025), financial literacy encompasses understanding basic financial concepts, evaluating financial products, and managing personal budgets effectively. Within the context of deposit-taking SACCOs, financial literacy is operationalized through indicators such as financial planning and budgeting skills, knowledge on financial products and services and savings and loans management knowledge. By equipping members with financial knowledge, deposit taking SACCOs empower individuals to make informed decisions, improve repayment discipline and encourage long-term savings behavior.

Loan accessibility constitutes another key construct of financial inclusion. This refers to the ease with which individuals particularly those excluded by commercial banks can obtain credit facilities (Nyabwari & Kimutai, 2024). Informed by the work of Arinzeh (2022), accessibility is reflected in lending terms such as collateral requirements, interest rates, and repayment periods. Within deposit taking SACCOs, the construct is measured through indicators like the loan application process, loan approval turnaround time, interest rates charged on loans and diversity of loan products. Unlike commercial banks that often impose restrictive conditions, deposit-taking SACCOs adopt member-friendly

loan products tailored to the financial realities of their members, thereby enabling low-income earners and informal sector participants to access credit. This practice not only expands financial outreach but also supports members' entrepreneurial and household needs, reinforcing SACCOs' role in inclusive finance.

The adoption of digital financial services is a further practice underpinning financial inclusion within deposit taking SACCOs. As Hemed (2022) noted, digitalization allows financial institutions to reduce transaction costs, enhance service delivery, and broaden outreach. In deposit taking SACCOs, digital financial services are captured through indicators such as diversity of digital financial services, reliability of digital financial services, accessibility of digital financial services, and security of digital financial services (Wanyonyi & Ngaba, 2021). These innovations transform financial intermediation by offering members convenient, secure, and flexible platforms to save, borrow, and transfer funds. For deposit taking SACCOs, digitalization improves operational efficiency and extends their geographical footprint, particularly in rural and underserved regions where physical branches may be limited.

Branch network expansion represents a structural practice of financial inclusion. This refers to the physical presence of financial institutions across different geographic areas (Kamau, Mathuva, & Ndiritu, 2024). In deposit taking SACCOs, branch expansion is conceptualized through indicators such as number of branches, accessibility of branches and customer service quality (Njuguna, 2022). The establishment of local branches creates opportunities for face-to-face interaction, provision of personalized financial advice, and facilitation of financial literacy programs within communities. By decentralizing operations, SACCOs improve their ability to attract new members, strengthen member loyalty, and respond to the unique financial needs of diverse populations. The expansion of branch networks therefore reflects physical growth and SACCOs' strategic role in promoting grassroots-level financial inclusion.

1.1.2 Growth of Deposit Taking SACCOS

Different metrics can be used to measure growth of deposit taking Sacco's. These include total assets, loan portfolio, savings deposits and loan repayment rates. Deposit taking SACCOS with well accumulated assets have the improved ability of offering more substantial financial products and services (Kibuti, 2022). In this case, total assets include the size of member deposits, retained earnings and investments. Growth in total assets indicates the ability of deposit taking SACCOS to attract deposits and manage financial resources in an efficient manner. This expansion enable them to scale their operations, invest in modern technologies and to expand their branch networks (Nthiwa, 2021).

A growth in loan portfolio indicates an increased demand from credit among members and demonstrates the SACCOS's ability to manage and disburse loans effectively (Kibuti, 2022). Growth in the loan portfolio reflects the role of deposit taking SACCOS in meeting the financial needs of the members for different purposes including personal, educational, business among other purposes. The growth also indicates that the deposit taking SACCOS have healthy risk management framework as the SACCO must balance the provision of loans with maintaining financial stability and managing default risks (Mwanja, 2021).

Growth in savings deposits is a direct measure of member engagement and trust in the deposit taking SACCO (Mwenda, 2021). An increase in deposits indicates that members are not only joining deposit taking SACCOS but also actively save with them. This increase in deposit is crucial as it offers the capital that the deposit taking SACCOS need to lend and invest in other areas. Savings deposits increase when the deposit taking SACCOS offer competitive interest rates on their loans, when they offer attractive savings products and effective education training that encourage the members to save more (Kiswili, 2021). Growth in savings deposits improved the liquidity and financial resilience of the deposit taking SACCOS.

Good loan repayment rates indicate the effectiveness of the deposit taking SACCOS credit management practices (Gachenga, Kinyariro, Wambu & Maina, 2023). High loan

repayment rates indicate that the deposit taking SACCOs have well-functioning loan portfolio where the members meet their loan repayment obligations as agreed. This measure is crucial for evaluating the financial health of the deposit taking SACCOs as it affects the ability to continue providing loans and managing liquidity (Maina, Kiai & Kyalo, 2020). Deposit taking SACCOs that maintain high repayment rates have effective loan collection strategies, clear loan repayment terms and financial education for the members. Conversely, poor loan repayment loans indicate issues with loan issuance practices or financial distress among members.

Table 1.1 shows the growth of deposit taking SACCOs for the period 2021 and 2022.

Table 1.1: Growth of Deposit Taking SACCOs in Kenya

Year	Percentage change in Membership	Total assets (Kshs. Billions)	Percentage change in deposits held	Loan volume (Kshs. Billions)	Non-performing loans (Kshs. Billions)
2021	24.45%	51.44	24.9%	608.75	54.73
2022	18.64%	46.67	18.81%	680.35	56.76

1.1.3 Deposit Taking SACCOS in Eastern Region

Deposit-Taking SACCOs comprise members who collectively mobilize savings with the aim of creating affordable credit facilities for their membership base (Otwoko, Maina & Kwasira, 2021). Given that a significant proportion of their members belong to low-income brackets, Deposit-Taking SACCOs play an instrumental role in poverty alleviation and financial inclusion. As integral institutions within the cooperative movement, they support nearly 45% of Kenya’s economic activities and thus remain pivotal in driving sustainable economic growth (Odipo, 2019). Presently, Kenya has 176 Deposit-Taking SACCOs, each with a network of branches spread across the country. These branches, which are often concentrated in small towns and trading centers, act as the only formal financial service providers in many localities and have substantially enhanced the outreach of financial services nationwide (Muriithi, 2024).

To safeguard the stability and resilience of SACCOs, the Sacco Societies Regulatory Authority (SASRA) has established clear policy benchmarks anchored in the Sacco Societies Act (2008). These include a minimum core capital requirement of KES 10 million, a core capital ratio of not less than 10% of total assets, institutional capital of not less than 8% of total assets, and a core capital-to-deposits ratio of not less than 8%. In addition, deposit taking SACCOs are required to maintain a statutory liquidity ratio of at least 15% of their deposits and short-term liabilities to ensure withdrawal obligations are met (SASRA, 2022; Central Bank of Kenya, 2024). Compliance with these regulatory standards is designed to promote effective management, minimize systemic risk, and safeguard member savings. However, recent SASRA reports indicate that approximately 30% of SACCOs have yet to meet these thresholds, pointing to persistent undercapitalization and liquidity challenges (SASRA, 2024). These regulatory benchmarks, while stringent, provide a framework through which SACCOs can align their growth with national financial sector stability goals.

From a management perspective, deposit taking SACCOs are increasingly adopting strategic growth and development plans intended to enhance sustainability and competitiveness. According to SASRA's supervisory reports and sectoral development blueprints, SACCO management practices are gradually shifting towards professionalization of governance structures, investment in digital transformation, and diversification of product portfolios (Mwai, 2024). These plans project steady growth in membership, asset base, and savings mobilization over the medium term, with targets aligned to Kenya's Vision 2030 financial inclusion agenda (SASRA, 2022). For instance, many deposit taking SACCOs are prioritizing capacity-building initiatives for boards and management teams to strengthen governance, improve transparency, and mitigate conflicts of interest (Kung'u, Muhoho & Thiru, 2024). In addition, development strategies emphasize the integration of digital platforms to expand service delivery, enhance operational efficiency, and broaden geographical outreach (Hemed, 2022). Through these initiatives, deposit taking SACCOs aim to achieve compliance with the benchmarks and also sustainable organizational growth capable of meeting the evolving needs of their members.

Nonetheless, despite the existence of clear regulatory frameworks and ambitious growth projections, the deposit taking SACCOs continue to grapple with policy enforcement gaps, liquidity constraints, and governance weaknesses. Limited adherence to capital adequacy requirements and inadequate internal controls and transparency lapses, has slowed the pace at which SACCOs can realize their development goals (Muriithi, 2024). This indicate the need to address these weaknesses through stronger regulatory enforcement, improved management practices, and consistent innovation.

1.2 Statement of the Problem

Deposit-taking SACCOs (DT-SACCOs) are central to Kenya's cooperative movement and financial inclusion agenda, offering credit and savings services to millions of low- and middle-income households. Despite their critical role, recent performance trends point to stagnation and decline across several key growth indicators. According to the SACCO Supervision Annual Report (2022), withdrawable deposits declined by 26.9%, from KES 114.59 billion in 2021 to KES 83.73 billion in 2022. Aggregate financial performance also weakened, with the average return on assets dropping from 18.7% in 2018 to 15.3% in 2022, while net income relative to equity declined from 67.3% in 2018 to 47.2% in 2022. Similarly, operational efficiency fell from 68.8% in 2018 to 54.6% in 2022. In addition, loan defaults and non-remittance of members' deductions by employers increased, further eroding the liquidity and stability of DT-SACCOs.

This declining performance stands in sharp contrast to the policy benchmarks and growth expectations set by SASRA. According to the SASRA regulations DT-SACCOs are required to maintain minimum capital adequacy ratios, that is core capital of at least 10% of total assets, institutional capital of at least 8% of total assets, and core capital of at least 8% of total deposits and a liquidity ratio of 15% (Sacco Societies Act, 2008; SASRA, 2022). However, as of 2022, about 30% of DT-SACCOs were still undercapitalized and unable to meet these prudential standards (SASRA, 2022). From a management perspective, the Kenya Union of Savings and Credit Cooperatives (KUSCCO) projected sustained growth in membership, savings, and assets on account of increasing digital adoption, product diversification, and branch expansion (KUSCCO,

2022). These expectations did not materialize, particularly in the Eastern region, where deposit taking SACCOs continue to struggle with stagnant membership growth, liquidity shortfalls, and weak adoption of digital financial services. This disconnect between regulatory/managerial growths projections and the actual performance of SACCOs highlighted a critical policy and practice gap that had not been sufficiently interrogated.

Besides the practical gaps, there are also scholarly and methodological limitations in existing research. Although several studies such as Kyeyune and Ntayi (2025), Pamuk et al., (2022), Ogutu (2023), Kipkoech, Gweyi and King'ori (2024) examined aspects of financial inclusion such as financial literacy, loan accessibility, and digital services, most treated SACCOs generically, with limited focus on deposit-taking SACCOs. Moreover, few studies examined regional variations, particularly in the Eastern region of Kenya, despite evidence that SACCOs in this region face distinct governance, capitalization, and technological adoption challenges. Methodologically, past studies often relied on descriptive approaches without integrating comparative analyses against regulatory benchmarks or managerial projections which limited their ability to explain the extent of the gap between policy expectations and actual outcomes. These gaps justified the need for the this study, which focused on the supply side of financial inclusion by examining how deposit taking SACCO-led initiatives influenced organizational growth in the Eastern region, Kenya. By anchoring growth outcomes against both policy benchmarks and managerial projections, this study addressed an important gap in scholarship, practice, and policymaking.

1.3 Objectives of the Study

1.3.1 General Objective

The main objective of the study was to assess the influence of financial inclusion practices on the growth of deposit taking SACCOs in the Eastern Region of Kenya.

1.3.2 Specific Objective

- i. To examine the influence of financial literacy on the growth of deposit taking SACCOs in the Eastern Region in Kenya.

- ii. To identify the influence of loan accessibility on the growth of deposit taking SACCOs in the Eastern Region in Kenya.
- iii. To investigate the influence of digital financial services on the growth of deposit taking SACCOs in the Eastern Region in Kenya.
- iv. To assess the influence of branch network on the growth of deposit taking SACCOs in the Eastern Region in Kenya.

1.4 Research Hypotheses

H_{0i}: Financial literacy does not have statistically significant influence on the growth of deposit taking SACCOs in the Eastern Region in Kenya.

H_{0ii}: Loan accessibility does not have statistically significant influence on the growth of deposit taking SACCOs in the Eastern Region in Kenya.

H_{0iii}: Digital financial services do not have statistically significant influence on the growth of deposit taking SACCOs in the Eastern Region in Kenya.

H_{0iv}: Branch networks do not have statistically significant influence on the growth of deposit taking SACCOs in the Eastern Region in Kenya.

1.5 Significance of the Study

At the policy level, the results of this study are likely to offer valuable insights to policymakers, especially those involved in designing financial inclusion practices and regulations. By understanding how financial inclusion contributes to the growth of deposit taking SACCOs, policymakers would craft more targeted policies to promote greater financial inclusion while ensuring these institutions' sustainable growth. The findings are likely to enable policymakers to tailor interventions to support and incentivize deposit taking SACCOs in adopting financial inclusion practices, promoting a more resilient and inclusive sector in the country.

The study identified key policy gaps related to regulatory frameworks and support mechanisms for deposit taking SACCOs. Specifically, study revealed gaps in the existing policies that limit the scalability of the deposit taking SACCOs, that hinder access to financial services and that fail to promote effective financial literacy among members. By

highlighting these gaps, the study is likely to inform policymakers on necessary adjustments to improve the regulatory environment, facilitate greater financial inclusion, and improve the sustainability and growth of deposit taking SACCOs.

The findings of this study are likely to benefit the management of the deposit-taking SACCOs by helping them to adopt financial inclusion practices and approaches that are effective in driving sustainable growth. The findings are expected to guide decision-making in areas such as product development, resource allocation, and risk management within deposit-taking SACCOs. This, in turn, is likely to improve their operational efficiency, increase membership, and better address the financial needs of their members. The study contributed to the existing body of research on financial inclusion and the impact of various financial inclusion practices on the growth of deposit-taking SACCOs. It provided empirical evidence that is likely to guide future research.

1.6 Limitations of the Study

Some respondents appeared hesitant to provide complete responses to certain questions, likely due to the sensitivity of the information being sought and its potential implications for their organizations. To address this, the researcher assured participants of confidentiality and clarified that the study was solely for academic purposes, which encouraged them to share their perspectives more openly.

There was a potential risk that respondents, being managers of deposit-taking SACCOs, might provide overly positive responses regarding the growth and performance of their institutions. Such social desirability bias could affect the accuracy and reliability of the findings. To mitigate this, the researcher emphasized to the respondents the importance of being honest in their responses to enhance the reliability of the results. Additionally, the researcher guaranteed that the respondents' privacy and confidentiality would be maintained.

1.7 Scope of the Study

The study sought to evaluate the impact of financial inclusion on the growth of deposit taking SACCOs. The variables studied included financial literacy, loan accessibility, digital financial services, branch networks and growth of deposit taking SACCOs. The study was limited to the Eastern Region of Kenya. This was due to the region's unique socio-economic characteristics which made it an ideal context for examining financial inclusion. This region hosts a large number of deposit taking SACCOs, many of which have actively adopted financial inclusion practices to meet the diverse needs of the people. The people in this region are largely engaged in agriculture and small-scale businesses, creating a demand for various financial products such as savings accounts, loans, and insurance among other services. People engaged in these often face limited access to mainstream banking services which makes deposit taking SACCOs essential in providing affordable and accessible financial solutions.

The research population comprised the heads of finance, marketing, operations, and Information Technology departments. Data was collected and analysed using quantitative methods. The study was guided by financial inclusion theory, financial intermediation theory, and agency theory. The problem statement specifically focuses on 2021 and 2022 as the study periods. In this period, there was a significant decline in the membership, total assets, deposits held, and non-performing loans.

1.8 Assumption of the Study

The respondents were expected to be well versed in financial inclusion and how various financial inclusion practices that influence the growth of deposit taking SACCOs in Eastern region, Kenya. Also, it was assumed that the respondents would cooperate and participate in the study. Additionally, the respondents were expected to be truthful, and their responses would be free from personal bias.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.0 Introduction

Chapter two covers literature review. The first section discusses the theoretical framework of the study. The second section presents an empirical literature review of the different financial inclusion practices and their influence on organizational growth and performance. The third section presents the study's literature review matrix with summary of the research gap. The conceptual framework is discussed in the last section.

2.1 Theoretical Framework

A theoretical framework offers the foundational theories, concepts, and models that guide the research study. The main theory that anchored the study was the financial inclusion theory. Other theories that were used were financial intermediation theory, and agency theory.

2.1.1 Financial Inclusion Theory

Financial inclusion theory was developed by Mises (1912). The theory argues that financial inclusion should target financially excluded people, particularly the youth, the low-income households, women, and the older generations. This theory argues that there is a need to enable these groups and remove barriers restricting them from enjoying financial services. The theory underscored the significance of understanding financial inclusion and its critical role in enhancing financial performance and promoting organizational growth. It highlights the necessity of providing and facilitating access to financial products and services for the people who are underserved by the mainstream financial systems.

The financial inclusion theory was premised on a number of assumptions. First, theory assumes that access to financial services is not merely a privilege but a fundamental right that enhances individuals' economic opportunities and well-being (Kanungo & Gupta, 2021). By promoting access to essential financial service to all individuals irrespective of

their socioeconomic status or geographical location, the theory posited that economic stability, poverty alleviation, and overall social development can be significantly improved. Secondly, the theory assumes that financial services are essential for promoting economic growth at both the individual and societal levels. With access to credit services, insurance, savings, and payment services, individuals are able to invest in health, entrepreneurship, education among other areas which in turn stimulates economic productivity and economic activities (Mulugeta, 2022). Further, the theory assumes that the traditional financial systems often exclude particular demographics such as the rural populations, low income, and small-scale business owners among others. Addressing these barriers through innovative financial products, technology, and policy interventions can help to improve access to financial services.

Several proponents have significantly shaped financial Inclusion Theory. Yunus (1999) pioneered microfinance with the Grameen Bank and demonstrated how small loans can enhance economic opportunities for the poor. Duflo (2012) provided key insights into how financial inclusion initiatives, such savings accounts and microcredit, can effectively reduce poverty and promote economic development. Additionally, Cull (2014) emphasized the importance of regulatory and institutional frameworks in expanding access to financial services.

While financial inclusion theory has been acknowledged widely, Ratnawati (2020) criticized theory for predominantly emphasizing on increasing the number of individuals with access to financial products, such as bank accounts, while insufficiently addressing the quality, affordability, and suitability of these services to meet diverse user needs. This narrow focus often leads to a disconnect between the services offered and the actual financial requirements of the people. The theory has also been criticized by Shah and Ali (2022) for its implicit assumption that merely expanding access to financial services automatically translates into improved economic outcomes and poverty reduction failing to account for deeper socio-economic barriers such as limited financial literacy, inadequate infrastructure, and persistent inequalities that significantly impact the effectiveness of financial inclusion efforts.

Financial inclusion theory was considered applicable, since it is linked to financial literacy variable as it helps understand the importance of both access to and understanding of financial services. According to the theory, financial literacy is not only about offering access to financial products but also ensuring that individuals have the knowledge and skills to use these products effectively. Financial literacy equips SACCO members with the ability to make informed decisions about savings, loans, and investments, thus enhancing their engagement with financial services. When members are financially literate, they are more likely to utilize deposit taking SACCO products effectively, leading to increased deposit levels, better loan repayment rates, and overall growth of the SACCO.

Further, financial inclusion theory was suitable for the current study, since it is linked to branch networks variable. It helped to understand how widening access to financial services especially through physical channels make it possible for a large number of people in different geographical locations to access the SACCO services. This enables the SACCOs to increase its customer base, which in turn contributes to growth.

2.1.2 The Financial Intermediation Theory

The financial intermediation theory, proposed by Gurley and Shaw (1960), explored the essential roles that financial intermediaries play in transferring funds between savers and borrowers. At the core of this theory is its emphasis on the significance of financial institutions in closing the gaps between the people with surplus funds seeking investment avenues and the individuals in need of funds for different purposes. To accomplish this, financial intermediaries accept deposits from savers and channel the funds into loans, investments, and other financial products offered to businesses, individuals, and other entities (Kumar & Santhya, 2020). Financial intermediaries often provide valuable services such as liquidity provisions, risk management, and financial advice, further enhancing financial institutions' stability.

The financial intermediation theory was premised on a number of assumptions. Firstly, it assumed that there was an information asymmetry between lenders and borrowers,

implying that borrowers possess better information about their creditworthiness and projects than lenders (Gorton & Winton, 2003). This information gap necessitates the role of financial intermediaries who can screen and monitor borrowers, reducing the risk of adverse selection and moral hazard. Secondly, the theory assumes that financial intermediaries are efficient in pooling funds from savers and allocating them to borrowers, thereby facilitating a more efficient allocation of capital in the economy. Thirdly, it assumes that financial intermediaries are able to diversify risk across their portfolios, reducing the overall risk exposure compared to individual lenders (Gurley and Shaw, 1960).

Within the framework of financial inclusion, the financial intermediation theory gains additional importance by highlighting the key role that financial intermediaries play in widening and improving access to financial services (Irungu, 2021). The financial intermediaries act as key conduits between borrowers and savers, and they facilitate the flow of funds to businesses and individuals who lack access to traditional financial systems and banking services. The financial intermediaries offer deposit-taking institutions, microloans, saving products, and other financial services uniquely tailored to different groups' needs (Tang, Quayes & Joseph, 2020). The intermediaries enhance financial literacy, build savings habits, and enable entrepreneurship among previously excluded segments of society. Thus, the financial intermediation theory provides an effective framework for understanding how financial inclusion initiatives can leverage the intermediary role of financial institutions to bridge the gap between the financially excluded and the mainstream financial system.

While financial intermediation theory offers key insights into the impact of financial inclusion on organizational performance and growth, the theory was criticized by Berger and Boot (2024) for its assumption of perfect competition among financial intermediaries and the failure to account for market imperfections and the concentration of economic power that can lead to inefficiencies. The theory neglects the reality of competitive dynamics and potential monopolistic tendencies within financial markets. Orbach (2023) also criticized the theory for heavily relying on the concept of information symmetry

between lenders and borrowers and its failure to fully address the complexities inherent in risk assessment and management. The framework of the theory is also insufficient in reflecting the rapidly evolving nature of financial markets, where emerging technologies and new market players continuously reshape intermediation practices.

The financial intermediation theory was deemed suitable because as it was linked to loan accessibility variable. It helped to understand the role of deposit taking SACCOs in efficiently channeling funds from savers to borrowers. By facilitating loan accessibility, the deposit-taking SACCOs effectively fulfilled their intermediary role, bridging the gap between depositors who provide capital and borrowers who need financing. This theory does not only underscore how effective loan accessibility supports the immediate needs of borrowers but also promotes the long-term growth of the deposit taking SACCOs by promoting both loan demand and deposit inflows.

2.1.3 Agency Theory

Agency theory was initially introduced by Smith (1776) and then improved by Jensen and Meckling (1976). The theory examined the dynamics between agents and principals involved in managing a task or operation. The theory posits that the principal hires the agent to act on their behalf with the aim of achieving mutual benefits. By assigning specific responsibilities to the agent, the theory suggests that this arrangement promotes productivity and efficiency in the completion of tasks (Hemed, 2022). For the relationship between the agents and the principals to be effective, there is a need for a trustful environment. In such an environment, the principal is assured that the tasks assigned to the agents are undertaken as per the agreement. Conflicts sometimes occur when there are diverse goals between the agents and the principals.

Agency theory is premised on a number of assumptions. Firstly, the theory assumes that conflict of interest occurs between the agents and the principals due to differing goals and incentives whereby agents tend to pursue their interests at the expense of the interests of the principals (Moloi, Marwala, Moloi & Marwala, 2020). Secondly, the theory assumes that agents have more information about their actions and decisions than principals,

which leads to information asymmetry (Ali, 2020). This information gap necessitates mechanisms such as monitoring and performance incentives to ensure that the behavior of agents is well aligned with the objectives of the principals. Thirdly, agency theory assumes that agents are rational actors who seek to maximize their own utility. This may not always align with maximizing shareholder wealth or other principal objectives.

Agency Theory has been advanced by key scholars such as Jensen and Meckling (1976), who explored how conflicts between owners and managers create agency costs and proposed mechanisms to align their interests through optimal contracts and governance. Fama (1980) contributed by examining how market efficiency and financial intermediaries impact agency relationships and information asymmetries. Williamson (1981) further improved the theory focusing on transaction cost highlighting how organizational structures and governance can address the costs and challenges that occur from agent-principal dynamics.

Agency theory, while influential in understanding principal-agent relationships, is not without its criticism. Vafeas (2021) criticized the agency theory for its reliance on assumptions of rationality and self-interest among agents, which can lead to an oversimplified view of human behavior. This perspective often neglects factors such as bounded rationality and ethical considerations in decision-making, which can play a crucial role in real-world scenarios. Obermann, Velte, Gerwanski and Kordsachia, (2020) also criticized the agency theory for focusing on contractual solutions to mitigate agency costs and overlooking the complexities of interpersonal relationships, organizational culture, and contextual factors that also have significant influence on agent behavior.

Agency theory is linked to digital financial services variable making it relevant in this research. It helps to understand how digital financial services can align the interests of members and management by enhancing transparency, reducing information asymmetry, and improving accountability. By implementing digital platforms, the deposit taking SACCOs provide more efficient and accessible financial services, leading to better oversight and management of member funds. This transparency and efficiency help build

trust and encourage greater member participation and engagement. As a result, the growth of SACCOs is improved through increased deposits and broader membership, driven by the improved service quality and operational effectiveness facilitated by digital financial services.

2.2 Financial Inclusion and Growth of Deposit Taking SACCOs

Financial inclusion are key to the organizational growth of deposit-taking SACCOs. They enable these institutions to expand their customer base, increase their outreach, and attain long-term sustainability (Kimeli, 2023). By implementing different financial inclusive services, deposit-taking SACCOs can reach many underserved populations and help them access the formal financial system. This is mainly achieved through inclusion practices such as financial literacy, loan accessibility, digital financial services, and branch networks (Hemed, 2022).

2.2.1 Financial Literacy and Organizational Growth

Extensive research has been undertaken to determine how financial literacy influence organizational growth. Sugiyanto et al. (2019) conducted a study to examine the relationship between financial literacy and financial performance of registered small enterprises in Indonesia. The study used survey data collected from SMEs and analyzed the effect of literacy on entrepreneurial behavior and financial outcomes. The findings showed that although financial literacy improved attitudes toward savings and investment, it did not significantly improve financial behavior or financial performance of the businesses. This indicated that financial literacy alone may not guarantee better outcomes unless accompanied by supportive structural and institutional factors.

Priyantoro, Ratnawati, and Aisjah (2023) investigated how financial literacy impacts business performance in Kediri City in Indonesia, focusing on the mediating role of financial access and financial risk attitude. Data analysis was done through Structural Equation Modeling (SEM) and Partial Least Squares (PLS) using SmartPLS software. Their findings showed that financial literacy led to improved financial management and fewer financial mistakes. The study also highlighted that financial literacy improves the

financial risk attitudes of business participants. Many business actors had high financial literacy level, contributing to favorable attitudes towards financial risks. The business actor has good knowledge and skills on the available investment options, the possible returns and the risks associated with various investment decisions. They were also well versed with the best investment strategies. This contributed to good organizational growth.

Buchdadi, Sholeha and Mukson (2020) conducted a study to determine the influence of financial literacy on the performance of SMEs in Indonesia. The target population consisted of SMEs managers in Brebes district in Central Java. Data was collected from a sample of 70 SMEs managers who were sampled through random sampling. Data analysis was done using both descriptive and inferential analysis methods. From the analysis, financial literacy emerged as a key determinant of business performance. Financial literacy enables business owners to succeed and improve their businesses' performance. Financial literacy is an important thing SME managers must own to achieve success and improve business performance.

Ntshalintshali (2019) studied how financial literacy enhances financial inclusion among women in South Africa. The study used a desktop review whereby secondary sources were reviewed and analysed thematically. From the analysis, the study established that financial literacy positively contributed to financial inclusion among women. The practical literacy programs helped improve financial inclusion and boost economic development in the countries. Women could participate in the country's financial system with increased financial literacy. Financial literacy positively changed attitudes towards poor and unsuccessful financial management practices such as savings, spending, and investment. The financial literacy programs enabled the women to recognize their desire to manage their finances and to be financially included.

Nyagope and Nyagope (2024) conducted a study to determine the role of financial literacy in enhancing Small and Medium Enterprise's access to financial services, growth and sustainable development in Zimbabwe. The study adopted a positivist research

philosophy, an explanatory research design, and a case study approach, incorporating both quantitative and qualitative data analysis. The research focused on SMEs in Harare, with data collected through questionnaires and secondary sources like the Reserve Bank of Zimbabwe and the World Bank. The analysis revealed a strong correlation between financial literacy and the performance of SMEs.

Kasozi and Makina (2021) explored financial literacy influence financial inclusion in Uganda. Data was obtained from the FinScope (2018) consumer survey, which was analysed using Principal Component Analysis (PCA) and regression techniques. From the analysis, the study concluded that financial inclusion was promoted by financial literacy. The study established that individuals who make financial ends meet have good financial management and plans, seek financial advice, are receptive to technology, and tend to be more financially included. The adoption of mobile money technologies facilitated financial inclusion.

Locally, Ndegwa and Koori (2019) investigated how financial inclusion influences the performance of deposit taking SACCOs in Meru County, Kenya. The study collected data from 186 staff members from the top management levels across 10-deposit taking SACCOs. A census of all the staff in the marketing department, finance department, and human resource departments was done. The study concluded that financial literacy significantly impacted organizational performance. It was found that in most SACCOs, the members had adequate knowledge and skills in personal asset management. Additionally, the management of the deposit taking SACCOs was well informed about setting dividend rates on members' savings and effectively leveraged customers' financial knowledge to develop tailored products.

Owuor and Jagongo (2023) examined the effect of financial literacy on the performance of SMEs in Kajiado County, Kenya, focusing on budgeting, bookkeeping, and savings literacy. Using a descriptive survey of 399 SMEs and applying correlation and regression analysis, the study found that budgeting and bookkeeping literacy had a positive influence on SME performance, but savings literacy had no statistically significant effect.

This implied that while financial knowledge in planning and record-keeping improves operations, awareness of savings alone does not directly translate into better business outcomes unless supported by access to affordable credit and financial infrastructure. The findings therefore challenge the assumption that financial literacy universally improves organizational growth, highlighting the need for complementary institutional support and policy interventions to ensure SMEs can effectively apply financial knowledge in practice.

2.2.2 Loan Accessibility and Organizational Growth

Numerous studies have examined the impact of loan accessibility on the growth of financial institutions. Duvendack and Mader (2019) conducted a systematic review to evaluate the impact of financial inclusion interventions in low- and middle-income countries. The study synthesized evidence from prior systematic reviews and meta-analyses, focusing on how interventions such as microcredit, micro savings, insurance, and mobile money influenced welfare and institutional development. The findings revealed that credit-based financial inclusion measures did not significantly improve income levels or poverty reduction, with impacts being limited, short-term, or even negligible. While savings-focused interventions showed some positive outcomes in encouraging financial resilience, their effects were also modest. The study thus challenged the assumption that financial inclusion uniformly translates into growth, highlighting a gap between policy optimism and actual outcomes across multiple developing country contexts.

Suryani, Masyhuri, and Waluyati (2023) investigated the factors affecting loan accessibility focusing on cassava farmers in Lampung, Indonesia. Data was collected from 263 farmers and analyzed using Multinomial Logit Regression Model. The findings indicated that loan accessibility is vital for sustainable agricultural development. However, challenges in obtaining credit led farmers to carefully consider loan terms. Only a small percentage of farmers accessed loans as a result of unfavorable conditions. This limited the growth loan portfolios, which in turn negatively impacted the growth of cooperative societies.

Rasika and Basnayake (2020) conducted a study to determine the impact of financial inclusion on performance of listed commercial banks in Sri Lanka. Data was collected from a sample of 10 commercial banks for the period between 2015 and 2019 and analysed quantitatively using descriptive and regression methods. From the analysis, the study identified that there was a significant relationship between financial inclusions on financial performance of listed commercial banks. Loan accessibility was among the key contributors to the performance of the banks. This was facilitated by increased embracing of the mobile banking and favorable lending terms.

Domanban (2024) conducted a study to analyze the determinants of loan size in microfinance institutions in the Upper West Region of Ghana. Data was collected using a structured questionnaire and analyzed using Ordinary Least Squares (OLS) estimation technique. Loan accessibility was a key determining factor in regards to performance of the microfinance institutions. However, the loans were not accessible as a result of high interest rates. Interest rates charged on the loans were not favorable which limited the number of loans advanced to the borrowers. Also, the distance between the borrowers and the microfinance limited the accessibility to the microfinance by the borrowers. The study underscored the need for the microfinance banks to charge favorable interest rates on the loans in order to increase loan uptake and to reduce the geographical distance between microfinance banks and the potential borrowers by opening up numerous branch networks.

Kato and rumba (2024), conducted a study among commercial banks in Uganda to assess the influence of credit policies. A sample of 40 credit managers was drawn from 20 commercial banks and analyzed using descriptive correlation and regression analysis methods. The study identified a positive relationship between credit policies and financial performance of the banks. The policies used by the banks increased accessibility of loans. The study concluded that the banks had effective credit risk assessment, strategic credit allocation, and efficient credit monitoring system, the use of technology, and a robust credit culture. These contributed to credit accessibility.

Nyabwari and Kimutai (2024), conducted a study to analyze the credit terms and loan performance among deposit taking Saccos in Nairobi County. The study used a descriptive research design and data collected from 47 deposit taking SACCOs. Based on the analysis, the study established that there was poor accessibility to loans as a result of unfavorable credit terms. The loans did not have well stipulated credit terms that are easy to understand. Also, the SACCOs did not offer the members flexible loan repayment periods, which contributed to a large number of non-performing loans.

Karanja (2019) conducted a study to determine the influence of product characteristics on credit accessibility among Saccos in Imenti North Sub-County in Kenya. Data was analysed using descriptive and inferential analysis methods. Accessibility to loans emerged as a key determinant of growth of the SACCOs. However, credit accessibility among the SACCOs was generally low despite the increase in credit demand. Of the large number of loans applied by the members, only a small proportion was approved. The SACCOs lacked a wide range of credit services tailored to suit their member's needs and they lacked a policy that allows members to use other forms of collateral at their disposal in order for them to qualify for higher loans than the ones guaranteed by their shares only. Due to inaccessibility of credit services from the SACCOs, members sought for credit from other financial institutions.

Suku, Awuor, Nambuswa, and Makokha (2018) examined the effect of access to financial services on the performance of commercial banks in Pokot County in Kenya. Data was gathered from 162 respondents through structured questionnaires and analyzed using both descriptive and regression analysis methods. The study established that loan accessibility was one of the factors that contributed to the performance and growth of the commercial banks. Favorable credit terms increased borrowing which in turn contributed to organizational growth.

2.2.3 Digital Financial Services and Organizational Growth

A significant amount of research has been carried out to examine the impact of digital financial services on organizational growth. Jameaba (2024) conducted a study to analyze

digitalization, emerging technologies, and financial stability in the Indian banking sector. Using a documentary analysis approach and thematic analysis, the study concluded that digitalization revolution and ICT has greatly revolutionized the service delivery in the banking sector thereby concluding to growth. Digital technologies enabled the banks to offer services at reduced costs.

Hundal and Zinakova (2021) conducted a study to analyze financial technology in the Finnish banking sector and its impact on stakeholders in the wake of Covid-19. Qualitative data was used in this study, which was collected from middle level and top-level managers using interviews for the period between April 2020 and August 2020. Analysis was done using thematic analysis method. From the analysis, the study concluded that FinTech improved the relationship of customers with their banks, which in turn contributed the performance of the banks. Digital financial services improved customer experiences, simplified and accelerated financial services. This contributed to the organizational performance of the banks.

Wang, Zheng, Xu, and Hung (2022) investigated the effect of financial digitalization on organizational performance in China. Panel data from the banking sector was used covering the period from 2013 to 2019. Data analysis was done using descriptive and inferential analysis. The evidence from the study pointed out that the development of fintech increased the competitive effect between the banks and the fintech firms that dominates the cooperative effect of banks improving their performance by actively participating in fintech development, which poses a challenge to bank performance.

Ikue, Sodipo, Zeb-Omoni, Uche, Enegesi, Taenyi and Alalibo, (2021) examined the relationship between mobile money services, financial inclusion, and socio-economic factors in Nigeria. Data was selected from a sample of 200 households who were included in the study using multistage sampling method. Both descriptive analysis method and ANOVA technique were used to analyze the data. The study identified that e-payment services have generally increased greatly due to mobile pay services and POS in the country.

Chinoda and Kapingura (2023) conducted a study to determine the impact of digital financial inclusion and bank competition on bank stability in sub-Saharan Africa. The study used secondary data for the period between 2014 and 2020. Data was analysed using pooled Ordinary Least Squares-fixed effect and random effect models. The study identified that digital financial inclusion has a significant positive relationship with bank stability. Digital financial services significantly expanded financial inclusion in the sub-Saharan region improving the stability of the financial sector. This digitalization has fostered the development of new credit facilities and commercial activities, enabling the introduction of a diverse range of financial products and services. Consequently, banks were able to pursue consistent growth in their income streams.

Datta, Zabin, Akter, and Prodhan (2023) did a study to determine the impact of mobile banking on financial inclusion across various African countries. The study focused on how mobile banking services affected financial inclusion for the period between 2011 and 2017. Data was analysed from three dimensions of financial inclusion that is penetration, access, and usage. The study utilized the Sarma model of Index of Financial Inclusion (IFI) to measure financial inclusion. The study concluded that mobile banking services and other mobile money services positively contributed to financial inclusion in all the countries included in the study. In all the countries included in the study, the introduction of mobile banking services improved significantly over the study period.

Blaise and Kosgei (2021) did a study on financial inclusion in Burundi focusing on the role of mobile banking services. Data was collected from Econetleo, Lumitel and KCB Mobi. The study only relied in secondary data for the publications of the companies and other relevant sources for the period between 2012 and 2019. The data was analyzed using descriptive methods and presented through tables and figures. The findings revealed that mobile money transactions were key determinants of financial inclusion and contributors to the performance of banks.

Wakaba and Wepukhulu (2019) did a study to analyze the impact of mobile money services on financial inclusion in Kenya. A census of four telecommunication companies,

that is Safaricom, Airtel, Equity, and Telkom was done and data was collected for the period between 2013 and 2018. The data was analyzed through descriptive methods, regression analysis, and correlation analysis. The study concluded that mobile money services significantly improved financial inclusion by providing various convenient and accessible options, including mobile money savings, mobile deposit services, agency banking, and mobile bill payment services.

Maina (2018) conducted a study to explore the effect of mobile banking on financial inclusion and its contribution to the growth and performance of commercial banks in Kenya. The study focused on eight banks in Kenya that provide mobile banking services. Secondary data was gathered from audited statements provided by the Communications Authority of Kenya, the Central Bank of Kenya, and the Kenya National Bureau of Statistics. Data analysis involved descriptive statistics, Pearson correlation, and regression analysis. The findings indicated a positive relationship between the number of users enrolled in mobile money services and financial inclusion. Additionally, the number of mobile money agencies and mobile banking transactions significantly impacted financial inclusion. The study also highlighted that technology, the distribution of mobile money agencies, and the volume of mobile banking transactions were key factors that contributed to the financial inclusion and the growth of deposit taking SACCOs.

Mundia and Makori (2024) carried out a study to analyze the impact of digital financial innovations on the financial deepening of commercial banks in Nairobi City County, Kenya. The study employed a cross-sectional descriptive and explanatory research design, with data collected from 39 licensed commercial banks in Kenya as of December 31, 2022. Data was analysed using applied multiple regression analysis. Digital financial innovations had a positive and significant effect on the financial deepening of Kenyan commercial banks. Through mobile banking, the commercial banks were able to reach more customers, particularly in remote areas where physical branches are scarce. Also, online banking provided convenience and accessibility.

2.2.4 Branch Networks and Organizational Growth

Extensive research has been done to determine the influence of branch networks on organizational growth and performance. Fuchs, Jacob, and Kiesel (2024) conducted a study in Switzerland to investigate how the structure and geographic concentration of branch networks influence bank profitability. Using a hand-collected dataset of commercial bank branch locations, the researchers employed multivariate regression to analyze performance across Switzerland's decentralized, commune-based fiscal system. A key innovation of the study was its examination of local income tax rates since communes set their own rates as a moderating factor in the branch profitability relationship. The findings revealed that branch network concentration positively influences profitability but only when branches are clustered in low-tax communes. This suggested that banks benefited most when they positioned their branches near affluent clients, whose presence in low-tax areas enhances revenue generation. These findings highlighted that branch network strategy must account not only for physical presence but also for the fiscal and socioeconomic context of branch locations.

Maity and Sahu (2022) conducted a study to analyze branch outreach and access to banking services towards financial inclusion focusing on commercial banks in India. The study used secondary data covering the period between 2008 and 2020 and analysed using a two-sample test. The study identified a significant growth in the number of branches and ATMs. The number of branches grew from 79,887 in 2008 to 149,977 in 2020 and growth in ATMs from 42,597 in 2008 to 210,760 in 2020. The growth in the branch networks and ATMs increased financial inclusions and contributed to the growth of commercial banks.

Thilakaweera, Harvie, and Arjomandi (2016) conducted a study to investigate the impact of branch expansion on banking efficiency in Sri Lanka's post-conflict era, starting in 2009. The study employed a weighted aggregate-efficiency technique using a group-wise heterogeneous subsampling bootstrap approach to compare efficiency levels between the periods 2007–2009 and 2010–2013. The analysis indicated that the banking sector experienced significant improvements in efficiency following an extensive expansion of

branch networks. The study concluded that geographical expansion of the banking sector serves as an effective and viable policy tool for achieving broad-based and inclusive growth in emerging economies like Sri Lanka, especially during post-conflict recovery.

Nguyen, Phan and Le (2021) investigated how branch networks interact with the adoption of cashless payments in Vietnam, covering the period between 2012 and 2018. Using provincial-level panel data and regression analysis, the study revealed that regions with higher branch density experienced slower uptake of digital channels such as mobile payments and e-banking. This suggests that while branches improve accessibility in the short term, they can crowd out investment in innovative digital platforms that are essential for modern financial growth. The study concluded that excessive reliance on physical branches risks locking institutions into outdated models, thereby reducing their capacity for sustainable expansion in the digital economy.

Bukoye, Muritala, Hadiza and Nwoye (2023) conducted a study to assess the impact of penetration strategy on the performance of manufacturing companies in West Nigeria. The surveys were the primary method of research and the study population was made up of 81 respondents. Data was analyzed by multiple regression method. Market penetration enabled the companies to scale up operations and attain growth. The market expansion and strategies helped to encourage increased sales, which in turn contributed to growth.

Chikalipah (2019) conducted a study to determine whether geographic expansion of microfinance branches contributes to organizational profitability. Data was collected from a sample of 343 microfinance institutions in 36 countries in Africa for the period between 2003 and 2012 and analyzed using ordinary least squares and generalized method of moments approaches. The study established in generally, in all the countries sampled, geographic expansion through branch networks contributed to the growth and profitability of the microfinance banks. The study concluded that extension of financial services to a large number of low-income earners through a large number of branches was optimal for microfinance institutions. However, this occurred where branch networks

were accompanied by operational efficiency to safeguard the advantages of economies of scale gained through the scale-up of the branch networks.

Locally, Mutunga and Gatauwa (2021) conducted a study to determine the influence of firm characteristics on the performance of deposit taking SACCOs in Nairobi. Data for this study was gathered from 42 banks over the period from 2014 to 2018 and analyzed using both regression and descriptive methods. The findings indicated that firm size positively contributed to the growth of deposit-taking SACCOs. Larger deposit-taking SACCOs exhibited better growth compared to smaller ones. Large Saccos with many branches had better market reach thus contributing to performance. Well-established branch networks enabled the SACCOs to offer personalized services and support to their members in different location and to facilitate easier access to financial products and services.

Mwilu and Njuguna (2020) analyzed the corporate growth strategies and the performance of selected SACCOs in Nairobi. The target population included 41 licensed SACCOs operating in Nairobi County. Data collection was done through a questionnaire and analysis was conducted using descriptive and inferential methods. From the analysis, the established that branch networks enabled the SACCOS to grow. The study identified that the SACCOs used different market expansion strategies through customer base enhancement, new distribution channels, improved branch networks, and technological innovation to reach new markets. The market expansion strategies enabled the Saccos to record a great improvement in the number of customers and open new branches. These contributed to organizational growth.

2.2.5 Growth of Deposit taking Saccos

Numerous research studies have been conducted to analyze the growth of deposit taking SACCOs. Malacora, Galvez, and Bulayog (2023) did a study to examine the financial sustainability and growth of selected credit cooperatives in Leyte, Philippines. Secondary time series data was used which was obtained from audited annual reports of credit cooperatives that had been operating for at least twenty years. The study concluded that

factors directly related to credit cooperative operations significantly influence their growth. Notably, the size of the cooperatives, the value of loans granted, and external shocks were identified as key indicators affecting the growth and sustainability of these cooperatives.

Azman and Hadiyan (2022) conducted a study to determine the effectiveness of Ar-rahnu cooperative financial growth in Malaysia. Data collection was done from a sample of 455 respondents. Both descriptive analysis and the partial least squares-structural equation modelling were used to analyze data. Human capital had substantial influence on the financial growth of the SACCO. This factor emerged as an important element in strengthening and ensuring the sustainability of the financial growth of the deposit taking SACCOs. The knowledge, skills and qualification of the SACCO workers were crucial in determining the profit and revenue of the SACCO.

Mmari and Thinyane (2019) conducted a study to analyze factors influencing growth of SACCOs in Lesotho. Data was collected from sample of 369 respondents and analyzed using descriptive statistics and inferential methods. A concluded was made that the socio-economic characteristics of members positively supported the growth of SACCOs. The SACCOs demonstrated significant growth in several areas, including the ratios of members' capital, loan delinquency rates, volumes of savings, and overall asset growth. However, the SACCOs experienced weaker growth in the ratio of fixed assets to total assets and the share capital owned by members.

Nimusiima, Mugisha, Obaa, and Agaba (2021) conducted a study to analyze the growth of integrated versus single cooperatives in bulk production and credit provision for smallholder farmers in Uganda. Data collection was done from 40 cooperatives using focus group discussions and questionnaires. The data was analyzed using thematic content analysis, t-tests, and a censored Tobit regression model. The findings indicated that integrated cooperatives handle larger proportions of produce and disburse bigger loan amounts compared to single cooperatives. The Tobit model revealed that integration significantly positively influences the growth of cooperatives.

Kahindi (2020) conducted a study to determine the determinants of the financial growth of deposit taking SACCOs in Kilifi County. Data was collected from employees of the sampled SACCOS and analysed using descriptive methods. A conclusion was made that loan defaulting was a huge challenge in most of the SACCOS and it indeed affected the growth of the SACCOs. Other factors that influenced growth of the SACCOs included dividend policies, operating cost, and membership size.

Muithya (2019) undertook a study to identify the internal factors influencing the growth of deposit taking SACCOs in Machakos County. The research employed a descriptive research design, with data gathered from 132 respondents. Both descriptive and inferential statistical methods were used to analyze the collected data. From the analysis, the study established that management skills, investment in information technology, and human resources capacity had statistically significant positive influence on the growth of deposit taking SACCOs in Machakos County. The study found that loan portfolio management had a statistically significant negative effect on the growth of deposit taking SACCOs. The study recommended that these SACCOs should conduct a thorough evaluation of internal factors and improve their administrative practices to better support their growth.

2.3 Literature Review Matrix

This is a tool used to systematically organize and review the research articles that have been reviewed. It helps in comparing different research studies based on key aspects such as authors, publication year, research objectives, methodologies, findings, and conclusions.

This makes it easier to identify areas that require further research.

Table 2.1: Literature Review Matrix

Author (s)	Place	Focus	Methodology	Variables & Findings	Research gaps	Focus of the current study
Theme 1: Financial literacy						
Priyantoro, Ratnawati and Aisjah (2023)	Indonesia	The impact of financial literacy on business performance, mediated by factors such as financial access and attitudes toward financial risk	Structural Equation Model (SEM) Partial Least Square (PLS) analysis	Financial literacy was associated with effective financial management.	The research was not done in Kenya. The study did not focus on deposit taking SACCOs. The study only focused on financial literacy and did not focus on other financial inclusion practices.	The research was carried out in Kenya, with an emphasis on various aspects of financial inclusion, such as access to loans, digital financial services, and the distribution of branch networks
Buchdadi, Sholeha & Mukson (2020)	Indonesia	Financial literacy and the performance of SMEs in Indonesia.	Descriptive analysis	Financial literacy enables business owners to succeed and improve their businesses' performance.	The study was not done in Kenya. The study did not focus deposit taking SACCOs The study only	The research was conducted in Kenya, concentrating on additional financial inclusion variables such as loan accessibility,

Nyagope and Nyagope (2024)	Zimbabwe	the role of financial literacy in enhancing sme access to financial services, growth and sustainable development in Zimbabwe.	The study adopted a positivist research philosophy, an explanatory research design, and a case study approach.	The analysis revealed a strong correlation between financial literacy and the performance of SMEs.	focused on financial literacy and failed to cover other financial inclusion factors The study was not focused on the Kenyan context and did not specifically examine deposit-taking SACCOs. The study only focused on one financial inclusion variable.	digital financial services, and branch networks. The study will be conducted within the Kenyan context focusing on more financial inclusion variables, including loan accessibility, digital financial services, and branch networks.
Kasozi and Makina (2021)	Uganda	The effect of financial literacy on financial inclusion	Principal Component Analysis (PCA) and regression methods	Individuals who make financial ends meet have good financial management and plans.	The study was not conducted in the Kenyan context and did not focus on deposit taking SACCOs Only financial literacy was studied and other financial inclusion aspects were left out	The study was done in the Kenyan context focusing on more financial inclusion variables including loan accessibility, digital financial services, and branch networks.

Ndegwa and Koori (2019)	Meru, Kenya	The impact of financial inclusion on the performance of deposit -taking SACCOs	Descriptive and inferential methods	The financial literacy was one of the financial inclusion practices that contributed to Sacco's performance.	The research was not conducted in Eastern region. Only financial literacy was studied.	The study focused on more financial inclusion variables including loan accessibility, digital financial services, and branch networks.
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Theme 2: Loan Accessibility

Suryani, Masyhuri and Waluyati (2023)	Indonesia	The influence of loan accessibility on organizational growth of financial institutions	The Multinomial Logit Regression Model	Loan accessibility is crucial for sustainable agricultural development. Difficulties in accessing credit has limited loan uptake	The study was not conducted in and did not focus on deposit taking SACCOs). The study only focused on loan accessibility and left out other financial inclusion practices.	The study was carried out in Kenya, with a particular emphasis on deposit taking SACCOs. It examined a range of financial inclusion variables, including financial literacy, digital financial services, and branch networks.
Domanban (2024)	West Region of Ghana.	The determinants of loan size in microfinance institutions	Ordinary Least Squares (OLS) estimation technique.	Loan accessibility was a key determinant of the performance of the microfinance institutions.	The research was neither conducted in Kenya nor centered on deposit taking SACCOs. The study only examined loan accessibility and hence the need to focus on other	The study was conducted in Kenya, with a specific focus on deposit taking SACCOs. The study focused on more financial inclusion variables including financial literacy, digital financial

Kato and rumba (2024).	Uganda	The impact of credit policies on the financial performance of commercial banks.	Descriptive, correlation and regression analysis methods.	The policies used by the banks increased accessibility of loans. High loan uptake contributed to the performance of the banks	financial inclusion aspects. The study was done in a different geographical context and did not center on deposit taking SACCOs.	services, and branch networks. The study was done in Kenya focusing on deposit taking SACCOs. The study focused on more financial inclusion variables including financial literacy, digital financial services, and branch networks.
Nyabwari and Kimutai (2024)	Nairobi County	The influence of credit terms on loan performance among deposit taking SACCOs in Nairobi County.	Descriptive and inferential methods.	There was poor accessibility to loans as a result of unfavorable credit terms. Low loan uptake contributed led to poor performance of the loan portfolio and the overall performance of the banks	The research was not conducted in the Eastern region of Kenya. The study only focused on loan accessibility	The focus of the study was the Eastern region of Kenya. The study focused on more financial inclusion variables including financial literacy, digital financial services, and branch networks.
Karanja (2019)	Imenti North Sub-County	The influence of product characteristics on credit accessibility	Descriptive and inferential analysis methods	Loan accessibility was low poor as a result of lack of a wide range of	The study only focused on loan accessibility	The study focused on more financial inclusion variables including financial literacy,

		among Saccos		credit services tailored to suit their member's needs. They deposit taking SACCOs lacked clear loan policies which limited the number of loans taken by members		digital financial services, and branch networks.
Suku, Nambuswa and Makokha (2018)	Awuor, Pokot and County	The impact of accessibility to financial services on the performance of commercial banks in Pokot County.	Descriptive analysis and regression analysis.	Loan accessibility was one of the factors that contributed to the performance and growth of the commercial banks.	The study did no focus on deposit taking SACCOs. The study only focused on loan accessibility	The research concentrated on deposit taking SACCOs located in the Eastern region of Kenya. More financial inclusion variables including were covered including financial literacy, digital financial services, and branch networks.

Theme 3: Digital financial services

Hundal and Zinakova (2021)	Finland	Financial technology in the Finnish banking sector and its impact on stakeholders in the wake of COVID-	Qualitative analysis	FinTech improved the relationship of customers with their banks, improved customer experiences,	The study did not focus on Deposit taking SACCOs and it exclusively focused on digital financial services.	The research focused on Deposit taking SACCOs and on more financial inclusion variables including financial literacy, loan accessibility and branch
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		19		simplified and accelerated financial services.		networks.
Jameaba (2024)	India	Digitalization, emerging technologies, and financial stability in the Indian banking sector	Documentary analysis approach	Digitalization revolution and ICT has greatly revolutionized the service delivery	The research did not focus on deposit taking SACCOs and only focused on digital financial services.	The research focused on deposit taking SACCOs and on more financial inclusion variables including financial literacy, loan accessibility and branch networks.
Wang, Zheng, Xu, and Hung (2022) and 2019.	China	The impact of financial digitalization on performance of commercial banks	Descriptive and inferential analysis	The association between financial digitalization and the organizational growth of the banks was negative and significant.	The research did not focus on deposit taking SACCOs and it exclusively centered on digital financial services.	The research focused on deposit taking SACCOs centering on more financial inclusion variables including financial literacy, loan accessibility and branch networks.
Ikue et al, (2021)	Nigeria	The relationship between mobile money services, financial inclusion, and socio-economic factors	Descriptive analysis method and ANOVA technique.	Digital financial services such as e-payment services generally increased thereby easing transactions.	The research did not focus on deposit taking SACCOs and only centered on digital financial services.	The focus of this study was on deposit taking SACCOs and included more financial inclusion variables including financial literacy, loan accessibility and branch networks.
Chinoda and Kapingura (2023)	Sub-Saharan Africa	The impact of digital financial inclusion and bank competition on	Descriptive and inferential methods	Digitalization promoted the development of new credit	The research was not conducted in Kenya. The study only focused on digital	The research was undertaken in Kenya and focused on deposit taking SACCOs

		bank stability		facilities and commercial activities, contributing to greater stability in the sector.	financial services.	The study focused on more financial inclusion variables including financial literacy, loan accessibility and branch networks.
Datta,Zabin, Akter & Prodhan (2023)	Different African countries.	The influence of mobile banking on financial inclusion.	Sarma model of Index of Financial Inclusion (IFI)	The introduction of mobile banking services improved significantly over the study period and this increased financial inclusion	The research was not carried out in Kenya, and its focus was not on SACCOs. The study concentrated solely on digital financial services.	The research was undertaken in Kenya and the focus will be on deposit taking SACCOs The study focused on more financial inclusion variables including financial literacy, loan accessibility and branch networks.
Blaise and Kosgei (2021).	Burundi	The influence of mobile banking services on financial inclusion and the influence on the performance of Econetle, Lumitel and KCB Mobi	Data was analyzed using descriptive method	Mobile money transactions were key determinants of financial inclusion and the performance of the banks.	The research did not focus on deposit taking SACCOs and it exclusively focused on digital financial services.	The research focused on deposit taking SACCOs and will focus on more financial inclusion variables including financial literacy, loan accessibility and branch networks.
Wakaba and Wepukhulu (2019).	Kenya	The influence of mobile money services on the performance of	Done using descriptive method, regression	With mobile money services, it is easier for individuals to	The focus of the study was not on deposit taking SACCOs in the	The research was undertaken in the Eastern region of Kenya.

		Safaricom, Airtel, Equity and Telkom	analysis and correlation analysis	easily and swiftly facilitate money transfers into digital accounts and undertake other transactions. This contributed to organizational growth.	Eastern region of Kenya. The study only focused on digital financial services.	Focus was on more financial inclusion variables including financial literacy, loan accessibility and branch networks.
Maina (2018)	Kenya	The effect of mobile banking on financial inclusion in Kenya and its contribution to commercial banks in the country.	Descriptive analysis and inferential analysis.	Number of users enrolled mobile money services influenced financial inclusion. This contributed to the financial growth of the commercial banks.	The study was not done in Kenya. The study focused on commercial banks. The study only focused on digital financial services.	The research was undertaken the Eastern region of Kenya focusing on deposit taking SACCOs. The study focused on more financial inclusion variables including financial literacy, loan accessibility and branch networks.
Mundia and Makori (2024)	Kenya	The impact of digital financial innovations on the financial development of commercial banks in Nairobi City County, Kenya.	The study adopted a cross sectional descriptive and explanatory research design. Data was analysed using applied multiple regression	There was significant positive relationship between financial deepening and innovations such as mobile banking, ATMs, online banking, and agency banking	The study did not focus on deposit taking SACCOs. The study only focused on digital financial services.	The study focused on deposit taking SACCOs. The study focused on more financial inclusion practices.

analysis.

Theme 4: Branch networks

Fuchs, Jacob and Kiesel (2024)	Switzerland.	The influence of branch network structure on profitability of commercial banks.	Descriptive and inferential methods	Geographic branch network concentration had positive influence on the profitability of the banks.	The context was not in Kenya The study did not focus on Deposit taking SACCOs. The study only focused on branch networks and hence the need to study other financial inclusion practices.	The research was undertaken in Kenya and the focus will be on deposit taking SACCOs The study focused on more financial inclusion variables including financial literacy, loan accessibility and digital financial services.
Maity and Sahu (2022)	India	Branch outreach and access to banking services towards financial inclusion.	Two-sample test	The growth in the branch networks and ATMs increased financial inclusions and contributed to the growth of commercial	The context was not in Kenya and the findings are not applicable to Kenya. The study did not focus on deposit taking SACCOs. The study only focused on branch networks and hence the need to focus on other financial inclusion aspects.	The research was undertaken in Kenya and the focus will be on deposit taking SACCOs. The study focused on more financial inclusion variables including financial literacy, loan accessibility and digital financial services.
Thilakaweera, Harvie and Arjomandi (2016)	Sri Lanka	The influence of branch expansion on banking efficiency	Weighted aggregate-efficiency technique, based on a group-wise	Geographical expansion of the banking sector is an effective and a viable policy tool	The research was not undertaken in Kenya The study did not focus on deposit taking SACCOs.	The research was undertaken in Kenya and focused on deposit taking SACCOs The study focused on

			heterogeneous subsampling bootstrap	to attain broad-based and inclusive growth for emerging economies.	The study only focused on branch networks and hence the need to focus on other financial inclusion variables.	more financial inclusion variables including financial literacy, loan accessibility and digital financial services.
Bukoye, Muritala, Hadiza and Nwoye (2023)	Nigeria	The impact of penetration strategy on the performance of manufacturing companies	Multiple regression method.	Market penetration through various branches enabled the companies to scale up operations and attain growth.	The study was done in Nigeria Focus was not on Deposit taking SACCOs. The study only focused on branch networks and hence the need to study other financial inclusion practices.	The research was undertaken in Kenya and the focus was on deposit taking SACCOs The study focused on more financial inclusion variables including financial literacy, loan accessibility and digital financial services.
Chikalipah (2019)	36 countries in Sub-Saharan Africa region	Geographic expansion of microfinance branches and organizational profitability	Least squares and generalized method	Generally, in all the countries sampled, geographic expansion through branch networks contributed to the growth and profitability of the microfinance banks.	The study was not done in Kenya. The study focused on MFIs and the findings are not applicable to Deposit taking SACCOs. The study only focused on branch networks and other financial inclusion practices were not studied.	The research was undertaken in Kenya in the Esatern region focusing on deposit taking SACCOs. The study focused on more financial inclusion variables including financial literacy, loan accessibility and digital financial services.
Mutunga and Nairobi.		The influence of	Regression and	Firm size in form	The study was not	The research was

Gatauwa (2021)		firm characteristics on the performance of deposit taking SACCOs	descriptive methods.	of branch networks contributed to the growth of the deposit taking SACCOs.	done in the Eastern region of Kenya. Focus of the study was only on branch networks and other financial inclusion practices were excluded.	undertaken the Eastern region of Kenya focusing on deposit taking SACCOs. The study focused on more financial inclusion variables including financial literacy, loan accessibility and digital financial services.
Mwilu and Njuguna (2020).	Nairobi.	Corporate growth strategies and the performance of selected SACCOs.	Descriptive and inferential methods	Branch networks enabled the SACCOS to grow	The study was not done in the Eastern region of Kenya. The study did not focus on deposit taking SACCOs. The study only focused on branch networks and hence the need to study other financial inclusion practices.	The research was undertaken the Eastern region of Kenya focusing on deposit taking SACCOs. The study focused on more financial inclusion variables including financial literacy, loan accessibility and digital financial services.
Ong'ele (2024)	Nairobi	The effect of business growth strategies on organizational performance tier iii commercial banks in Nairobi City County	Data was collected using structured questionnaires and analyzed quantitatively through descriptive, correlation, and	Market penetration through branch networks was one of the major strategies that contributed to performance.	The study did not focus on deposit taking SACCOs and did not focus on all financial inclusion practices.	The research was undertaken in deposit taking SACCOs in the Eastern region of Kenya. More financial inclusion variables were analysed.

regression
analysis,

Theme 5: Growth

Malacora, Galvez and Bulayog (2023)	Leyte in Philippines	The financial sustainability and growth of selected credit cooperatives	The study used secondary times series data	Cooperative size, value of loans granted and the external shocks were significant indicators of growth and sustainability of credit cooperatives	The study was conducted in a different geographical context and not in Kenya. The study only focused on financial sustainability.	Financial inclusion and growth of deposit taking SACCOs.
Azman and Hadiyan (2022)	Malaysia	The effectiveness of Ar-rahnu cooperative financial growth	The study used descriptive analysis and the partial least squares-structural equation modelling.	Human capital had statistically significant effect on the financial growth of the SACCO.	The study was done in a different geographical context and did not address financial inclusion in deposit taking SACCOs. The study concentrated exclusively on loan accessibility.	Financial inclusion and growth of deposit taking SACCOs in Eastern region of Kenya.
Mmari and Thinyane (2019).	Lesotho	Factors associated with the growth of Deposit taking SACCOs.	Descriptive statistics and inferential methods.	Socio-economic characteristics of members were supportive to growth of the SACCOs	Geographical gaps as the study was not done in Kenya. The study did not focus on financial inclusion.	Financial inclusion and growth of Deposit taking SACCOs.

Nimusiima, Mugisha, Obaa and Agaba (2021)	Uganda	Growth of integrated and single cooperatives in bulk production and credit provision to smallholder farmers	Thematic content analysis, t-test and censored to bit regression model	Integration has a positive significant influence on the growth of cooperatives.	The study was conducted in Kenya and the findings cannot be generalized in the Kenyan context. The study did not focus on deposit taking SACCOs. The study focused on growth of SACCOs and did not focus on financial inclusion.	Financial inclusion and growth of deposit taking SACCOs.
Kahindi (2020).	Kilifi	Factors affecting financial growth of savings and credit co-operative societies in Kilifi County.	Descriptive methods	Loan defaulting, dividend policies, operating cost, and membership size affected growth of the SACCOs	The study was not done in the Eastern region. The study did not focus on deposit taking SACCOs. The study did not focus on financial inclusion.	Financial inclusion and growth of deposit taking SACCOs in the Eastern region of Kenya.

2.4 Summary of Research Gaps

The reviewed studies have shown that financial literacy contributes significantly to organizational growth. A large number of reviewed studies have demonstrated a positive link between financial literacy and business performance. However, a major conceptual gap emerged because the majority of these studies examined financial literacy in isolation, without considering complementary financial inclusion practices such as loan accessibility, digital financial services, and branch networks that collectively influence organizational growth. Furthermore, many of these studies were conducted outside Kenya or did not specifically focus on deposit-taking SACCOs. This limited the contextual relevance of their findings to deposit taking SACCOs in the Eastern region of Kenya, thereby justifying the current study.

Similarly, research on loan accessibility confirmed that credit access is critical for business sustainability and expansion. Nonetheless, a conceptual gap existed because most prior research only considered loan uptake alone and overlooked how it interacts with other financial inclusion practices to influence organizational growth. Studies on digital financial services consistently showed that these services improve financial inclusion and contribute to organizational growth. However, a conceptual gap existed because the majority of the reviewed literature treated digital financial services as the only determinant of growth, neglecting other financial inclusion practices. A methodological weakness was also evident in that many of these studies were cross-sectional in nature and relied heavily on secondary data, limiting their ability to capture the lived experiences of SACCO members in the Kenyan context.

Research on branch networks suggested that expansion strategies positively influence organizational growth by improving outreach and service accessibility. Nonetheless, a conceptual gap existed because most of these studies examined branch networks in isolation, without integrating their role alongside other financial inclusion practices. Additionally, a methodological gap was evident since many relied on descriptive analysis without inferential models, which limited the strength of the conclusions. Few studies

also specifically addressed branch networks within deposit-taking SACCOs in the Eastern region of Kenya.

2.5 Conceptual framework

A conceptual framework defines the research variables, their constructs, and the relationships between the independent and dependent variables (Varpio, Paradis, Uijtdehaage, & Young, 2020). In this study, financial inclusion is the independent variable, while the growth of deposit taking SACCOs is the dependent variable. The conceptual framework is illustrated as follows;

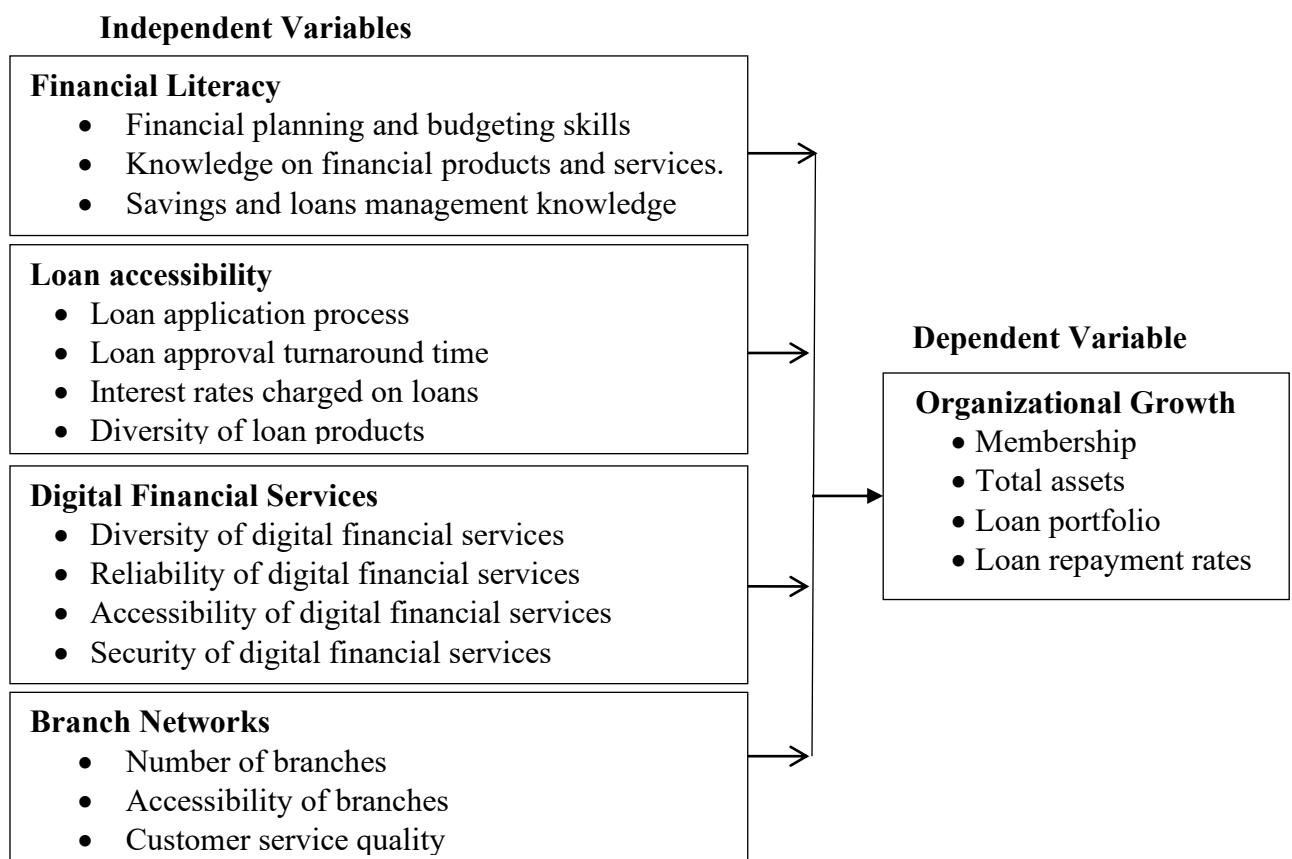


Figure 2.1: Conceptual framework

Source (Author’s synthesis of literature, 2024)

2.5.1 Financial Literacy

Financial literacy contributes to the growth of deposit taking SACCOs. This was measured in terms of financial planning and budgeting skills, knowledge on financial products and services. Savings and loans management knowledge and skills. When individuals are knowledgeable about budgeting, they are more likely to save regularly, increasing SACCO deposits. Understanding financial products helps members make informed decisions, leading to better utilization of SACCO services like savings accounts and loans. Additionally, knowing how to manage loans responsibly and save effectively reduces defaults and ensures the financial health of SACCOs.

2.5.2 Loan Accessibility

The growth of SACCOs is influenced by loan accessibility. In this study loan accessibility was measured in terms of loan application process, loan approval turnaround time, interest rates charged on loans and diversity of loan products. A simple and transparent application process encourages more members to apply for loans, while faster approval times enhance member satisfaction and loyalty. Competitive interest rates attract borrowers, making SACCOs more appealing compared to other financial institutions. Additionally, offering a variety of loan products tailored to different needs, such as agricultural, business, or education loans, increases member engagement and promotes SACCO growth.

2.5.3 Digital financial services

The growth and efficiency of deposit taking SACCOs is influenced greatly by digital financial services. This variable was measured in terms of diversity of digital financial services, reliability of digital financial services, accessibility of digital financial services and security of digital financial services. The diversity of digital services, such as mobile banking and online loan applications, helps SACCOs cater to various member needs, enhancing engagement. Reliability ensures consistent, fast, and accurate services, fostering trust and satisfaction. Accessibility focuses on the ease with which members can use these services. Security protects members' financial data and transactions, building confidence in digital platforms.

2.5.4 Branch Network

Expansion of branch networks is a key aspect of financial inclusion that contributes to the growth of deposit taking SACCOs. This was measured in terms of branch coverage area, branch transaction volumes, customer acquisition, and retention rates. Broader branch coverage area measures can significantly boost membership and deposits by making financial services more accessible. Branch transaction volume reflects the total activity at each location, including deposits, withdrawals, and loan applications, and is a direct indicator of branch utilization and the demand for SACCO services. Customer acquisition and retention rates assess how well branches attract new members and maintain existing ones, with high rates suggesting successful service delivery and customer satisfaction.

2.5.5 Organizational Growth

Organizational growth of the deposit taking SACCOs was measured in terms of membership, total assets and loan repayment. An increase in membership indicates a growth in the customer base of the deposit taking SACCO and the potential for greater financial stability. Total assets indicate the growth and financial health of deposit taking SACCOs indicating their effectiveness in accumulating resources. Growth in total assets indicate a growth in deposit taking SACCOs. Loan repayment is crucial in assessing the liquidity and credit management of the deposit taking SACCOs whereby, higher loan repayment rate indicates successful risk management and financial reliability.

CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.0 Introduction

This chapter presents the research methodology, outlining the methods and procedures used to conduct the study. It includes the research design, definitions and measurements of research variables, target population, sample size, and the processes for data collection and analysis.

3.1 Research design

A research design is a conceptual framework that directs the research process (Dannels, 2018). It acts as a blueprint, detailing how data will be collected and analyzed to address the research questions, while defining the structure of the research problem and the methodology used to gather empirical evidence. This study adopted an explanatory research design, which is particularly suitable for investigating cause-and-effect relationships between variables. Since the main objective of the study was to establish how financial inclusion practices influence the growth of deposit-taking SACCOs, an explanatory design provided the best fit by enabling the identification of both the direction and magnitude of these relationships. The design helped in explaining why and how financial inclusion practices affect organizational growth and in testing hypotheses that could inform policy and practice. Similar designs were applied by Mundia and Makori (2024) in examining the influence of digital financial innovations on financial deepening of commercial banks in Nairobi City County, and by Nyagope and Nyagope (2024) in assessing the role of financial literacy in enhancing SME access to financial services, growth, and sustainable development in Zimbabwe.

3.2 Target population

A target population refers to the particular group of individuals or entities that the researcher aims to study (Stratton, 2021). In this study, the target population comprised of 134 managers from all the 26 deposit taking SACCOs in the Eastern region of Kenya. These included Procurement, Research and audit departmental heads together with

researcher’s respondents of interest who comprised of heads of finance, marketing, operations, and Information Technology departments (See attached comprehensive list in appendix III).

Table 3.1: SACCO Managers

Category	Total No. of Managers
Finance department	26
Operations department	26
Marketing department	26
Others(Audit, Procurement & Research)	30
Total	134

Source: SACCOs Operation’s department, 2024)

The head of the finance department provided insights on the growth of deposit taking SACCOs, including data on profits, assets, liabilities, loan portfolios, and other financial indicators. The head of the operations department offered data and insights on the day-to-day functioning of SACCOs, including their membership base, transaction volumes, and operational efficiency. The head of marketing department provided data on the SACCOs’ efforts to enroll and retain members and the strategies for promoting financial inclusion. The head of the IT department gave data pertaining technological infrastructure of SACCOs, including the use of digital financial services and online platforms to enhance financial inclusion.

3.3 Sample Size and the Sampling Techniques

A sample is a subset of the population that is analyzed, with the findings being generalized to the entire population. In this study, the sample comprised the heads of various departments, including the finance department, operations department, marketing department, and Information technology department. The heads of these departments were chosen based on the rationale that they are knowledgeable about various aspects of financial inclusion that contribute to the growth of deposit-taking SACCOs.

Therefore, 4 respondents were selected from each Sacco, making it 104 respondents. The sample of the management respondents is presented on table 3.2.

Table 4.2: Sampled SACCO Managers

Category	Sample size
Finance department	26
Operations department	26
Marketing department	26
Information Technology Department	26
Total	104

Source (SACCOs Operations department, 2024)

The sampling frame for the study consisted of registered deposit-taking SACCOs operating in the Eastern region of Kenya. The sampling unit was the heads of finance, operations, marketing, and information technology departments in these SACCOs, as they play a critical role in implementing financial inclusion practices. From each SACCO, respondents were stratified by department to ensure that all functional areas were represented, after which purposive sampling was applied to select individuals with relevant expertise. The choice of a total of 104 respondents was guided by the need to balance representativeness across SACCOs while keeping the sample manageable for in-depth analysis.

Purposive sampling was used to select the heads of departments from the finance department, operations department, marketing department, and information technology department. Purposive sampling is a method where respondents are intentionally chosen based on specific criteria (Campbell et al., 2020). This approach gathers information from key informants who have expertise on the topic (Campbell et al., 2020). As a result, it involves a small group of individuals who serve as representatives for the larger population.

3.4 Data collection instruments

The study utilized primary data that was collected using structured questionnaires. The questionnaire was selected because it allows the researcher to gather data from a large number of respondents in a short amount of time. This makes the data collection tool both cost-effective and time-efficient (Cheung, 2021). The questionnaires included both closed-ended and open-ended questions. Closed-ended questions enabled respondents to choose specific answers from predefined options. In contrast, open-ended questions gave respondents the opportunity to express their opinions and insights in more detail. The questionnaires were sectioned according to the research objectives.

3.5 Research Instrument

Data collection process was done by the researcher assisted by three research assistants. The research assistants were well trained before the exercise. Data collection was done after all the necessary approvals and licenses have been obtained. The researcher and the research assistants administered the questionnaires face-to-face. The rationale for choosing this method was that this method enabled the data collector to ensure data accuracy and reliability and to clarify any ambiguities in the questions. Also, this method enabled the researcher to offer additional context if needed and maintain consistency in the administration process.

3.6 Pilot Study

A pilot study was done prior to the main study. This enabled the researcher to test and refine the research instruments, methodologies, and procedures. Mugenda and Mugenda (2003) concluded that a pilot study usually requires at least 10% of the total sample size. For this study, a pilot study was carried out in Kirinyaga County. Kirinyaga was chosen as it neighbors Embu County, which is one of the counties covered in study. Kirinyaga County has similar characteristics as counties in the Eastern region as the county has a diverse agricultural base, active presence of SACCOs, and strong community engagement in cooperative initiatives. Ten SACCO managers were included in the pilot study. The results of the pilot were used to improve the research tools. Also, the pilot

helped to identify challenges that were likely to be faced in the actual data collection exercise. This helped the researcher to prepare adequately.

3.6.1 Validity of Research Instruments

Validity analysis entails the determination of whether the conclusions drawn in a study accurately depict the study phenomenon (Iwata, DeLeon, & Roscoe, 2013). The content validity was evaluated in this study through consultations with the supervisors. Such consultations helped to improve the questionnaire and ensure it comprehensively addressed the research questions. The questionnaire was also checked for clarity. Construct validity was determined by assessing how well the research questionnaire accurately captured the theoretical concepts of the study.

3.6.2 Reliability of Research Instruments

Reliability analysis refers to the consistency of measurement, which involves determining whether the research tool produces consistent results in repeated trials (Kennedy, 2022). In this study, the reliability of the questionnaires was assessed using the test-retest method.

This approach allowed the researcher to evaluate the internal consistency and validity of the questionnaires. Cronbach's Alpha statistic was used to determine reliability of the questionnaire. Cochran's Alpha values greater than 0.7 indicated that the reliability of the questionnaires was acceptable.

3.7 Data Analysis Procedures

Data analysis involves processing the raw data to draw meaningful conclusions (Busetto, Wick & Gumbinger, 2020). After data collection, the data was scrutinized and cleaned to identify any errors or inconsistencies. Quantitative analysis methods were then used to analyze the data, employing the SPSS. Both descriptive and inferential statistics were applied in the analysis. Descriptive statistics included percentages and mean.

Inferential analysis was done using correlation and regression analysis. These methods were used to examine non-causal and causal relationships between variables. In selecting the analytical model, multiple regression analysis was an effective tool for quantifying the relationship between the dependent and independent variables. This was crucial for examining causality, as it allowed precise estimation of how changes in independent variables affect the dependent variable, providing a clear view of potential causal links.

The regression analysis was conducted in two steps. In the first step, the dependent variable was regressed on each independent variable to assess their individual effects on the dependent variable and to test the formulated research hypotheses. The model used was as follows.

$$Y = \alpha + \beta_1 X_1 + \epsilon \dots \dots \dots \text{I}$$

Where;

Y= Dependent variable

α = Regression constant or Y intercept

β_1 = Coefficients of independent variables to be estimated

X_1 = Independent variables

ϵ = Stochastic error term assumed to be normally distributed

In the second step, the dependent variable was regressed on all the independent variables to examine the combined effect of the independent variables on the dependent variable.

The following regression model was fitted.

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon \dots \dots \dots \text{II}$$

Where;

Y = Growth

α = Y intercept of the regression model

$\beta_1, \beta_2, \beta_3$ and β_4 = Coefficients of the independent variables estimated

X_1 = Financial literacy

X_2 = Loan accessibility

X_3 = Digital financial services

X_4 = Branch networks

ϵ = Stochastic error term assumed to be normally distributed

Data presentation was done by the use statistical output tables and figures.

3.8 Diagnostic Tests

Before running regression analysis, Diagnostic tests were run to ascertain normality of data, absence of multicollinearity and absence of autocorrelation.

3.8.1 Normality tests

Normality refers to the statistical property where a dataset is symmetrically distributed around a central mean, forming a bell-shaped curve known as the normal distribution (Demir, 2022). In this study, normality was assessed using the Shapiro-Wilk test, which is recommended for small to medium sample sizes (50–2000) (Okoye & Hosseini, 2024). A p-value greater than 0.05 was taken as evidence that the data followed a normal distribution. If the test returned a p-value below 0.05, data transformation would be applied to correct non-normality.

3.8.2 Multicollinearity test

Multicollinearity occurs when two or more independent variables are highly correlated, making it difficult to assess the individual effect of predictors on the dependent variable (Shrestha, 2020). In this study, multicollinearity was tested using the Variance Inflation Factor (VIF) and tolerance levels. For the data to be considered suitable, the tolerance values should be greater than 0.1, and the VIF values must be greater than 1 but not exceed 10 (Shrestha, 2020). Where multicollinearity existed, the highly correlated independent variables would be removed or combined. Alternately, the ridge regression would be used to address multicollinearity effectively.

3.8.3 Autocorrelation

Autocorrelation is a scenario where the values of a variable at a particular point are influenced by past values of the variables (Turner, Forbes, Karahalios, Taljaard, & McKenzie, 2021). Autocorrelation test is used to assess whether the residuals of a regression model are correlated over time or across observations. Autocorrelation leads to inefficient estimates and misleading statistical inferences if not addressed.

Autocorrelation was addressed by incorporating lagged variables into the model in order to capture the effect of previous observations into the model. In this study, autocorrelation test was done using Durbin-Watson statistic. A d-statistic of 2 indicated absence of autocorrelation (Samantaraya, 2024).

3.9 Ethical Considerations

First, approval was obtained from the University, along with a research permit from NACOSTI. Next, a consent form was prepared for respondents to sign before participating in the study. This form provided information about the study, the roles of the respondents, and how they should participate. Additionally, the consent form included a clause informing respondents that they were free to withdraw from the study at any time without any consequences or the need for an explanation.

High confidentiality was upheld to protect the respondents. The researcher assured the respondents that their identities would not be disclosed and the data they gave would not be shared with unauthorized parties. They were assured that only the researcher would access the data and information, which would only be used strictly for academic and policy-making purposes. Assuring them confidentiality helped to win the respondents' trust and encourage them to participate in the study (Hoft, 2021).

After data collection, data analysis and interpretation was done free from the researcher's bias. The respondent's names were not revealed in the findings and the reporting tone that was adopted was general to make it impossible to decipher the specific respondents who gave the data. The data was then stored discreetly to prevent authorized access and misuse.

CHAPTER FOUR

4.0 RESULTS

4.0 Introduction

This chapter covers data analysis, presentation and a discussion of the findings. The first section presents the questionnaire return rate. In the second section, the chapter covers the demographic analysis. The chapter further presents analysis of findings based on each of the research objectives. The final section presents the regression analysis to assess the impact of the independent variables on the dependent variable.

4.1 Response Rate

Out of 104 questionnaires administered, 83 were fully filled and returned back. This represented a response rate of 79.8%. According to Babbie (1990) and Mugenda and Mugenda (2003), a response rate of 60% is considered good and can give reliable findings. Therefore, in this study, the response rate obtained was sufficient to give reliable insights on financial inclusion and growth of deposit taking SACCOs in the Eastern region in Kenya. The high response rate was obtained because the researcher had good rapport with the respondents. Also, the questionnaire was well-structured and concise which made easier for the respondents to answer the questions. The 20.2% non-response rate was caused by a number of factors. Some respondents did not commit time to participate due to work commitments and personal reasons. Others were unwilling to respond due to privacy concerns and lack of interest in the topic of the study. Table 4.1 presents the results.

Table 4.1: Response rate

Item	Frequency	Percent
Response	83	79.8%
Nonresponse	21	20.2%
Total	104	100.0

Source: Author, 2025.

4.2 Demographic Results

This section sought to examine the demographic characteristics of the respondents. The variables covered here included gender, age, education level, and the working duration.

4.2.1 Gender of the respondents.

The results showed that 61.4% of the respondents were male, while 38.6% were female. These findings suggest that the majority of the management staff in the deposit-taking SACCOs in the Eastern region of Kenya were male, with a gender imbalance in the responses. However, this imbalance did not impact the results, as the primary focus of the study was to assess the influence of financial inclusion on the growth of deposit-taking SACCOs, a factor unrelated to gender.

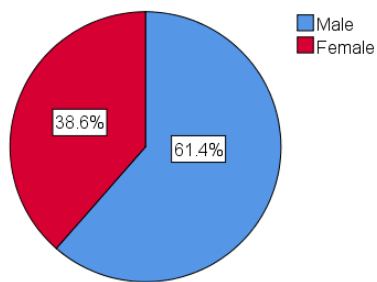


Figure 4.2: Gender

4.2.2 Age of the Respondents

This section analyzes the age of the respondents. The findings are shown in Figure 4.2.

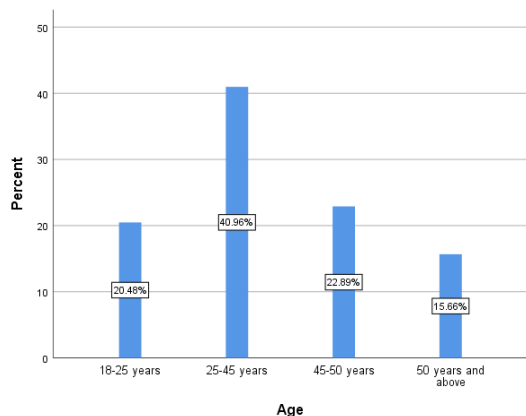


Figure 4.3: Age of the respondents

The results indicated that 40.96% of the respondents were aged 25-45 years, 22.89% were aged between 45-50 years, 20.48% were aged between 18-25 years and 15.66% were aged 50 years and over. Cumulatively, a large number of the participants were between 25 and 55 years. There was a moderate balance in age distribution, with a significant proportion of respondents falling within the productive and active working age. However, younger and older age groups appeared to be underrepresented compared to the middle-aged category.

4.2.3 Education level

This section analyzed the education level of the respondents. The findings showed that 51.8% had completed undergraduate degrees, 27.7% held college diplomas and certificates, and 20.5% had postgraduate degrees. These results suggest that the majority of respondents hold undergraduate degrees, indicating that most individuals in leadership and operational roles within the SACCOs have a strong academic foundation essential for fulfilling their professional duties. Presence of respondents with college and diploma certificates and post graduate degrees indicate that the educational diversity among the management staff in the deposit taking SACCOs reflects a balanced workforce capable of addressing both operational and strategic needs. The findings are presented on the figure below;

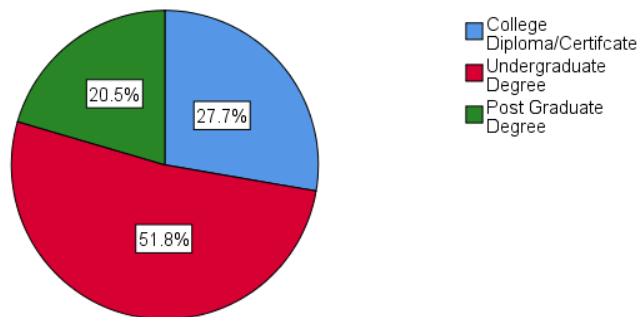


Figure 4.4: Education level

4.2.4 Duration worked in the Organizations

The analysis of the working duration revealed that 45.8% had been with the SACCOs for 5-10 years, 25.3% for 1-5 years, 18.1% for over 10 years, and 10.8% for less than 1 year.

These results suggest that the workforce in DT-SACCOs in the Eastern region of Kenya consists of both experienced and newer employees. However, the majority of respondents had been with the organizations for 5 years or more. This indicates that a significant portion of the respondents possess considerable experience in their organizations and are well-positioned to provide valuable insights into financial inclusion and the growth of DT-SACCOs.

Table 4.2: Duration worked

Duration worked	Frequency	Percentage
Less than 1 year	9	10.8
1-5 years	21	25.3
5-10 years	38	45.8
Above 10 years	15	18.1
Total	83	100

Source: Author, 2025

4.3 Reliability Analysis

After the completion of the pilot study, an initial evaluation was performed on the data that was collected with the primary purpose of determining the data's dependability. The reliability of the instrument was determined by the use of Cronbach's Alpha (α) in the current investigation. In general, a reliable coefficient is typically observed to have a value that falls somewhere in the range of 0.00 to 1.00. When it comes to the measurement's consistency, a number of 0.00 suggests that there is an issue; while a coefficient of 1.00 shows that the instrument is consistent to its full potential. It is generally accepted that if the Cronbach's Alpha value is more than 0.7, the responses to the survey have a substantial and practicable degree of internal consistency. This is in accordance with the recommendation that was established by Koonce & Kelly (2014). The reliability results based on Cronbach's alpha are presented in Table 3.3 below.

Table 4.3: Reliability Statistics Results

Variable	Cronbach's Alpha^a	N of Items
Financial literacy	0.701	8
Loan accessibility	0.736	8
Digital financial services	0.723	8
Branch network	0.717	8
Growth	0.709	9

Source: Researcher, 2025

The initial independent variable examined in the study was financial literacy. The variable in question was assessed using a set of eight items. The findings shown in Table 3.3 demonstrate that the 8 items exhibited a Cronbach's alpha coefficient of 0.701. This indicates that all the items were deemed to possess sufficient reliability and were subsequently incorporated into the primary study to assess the variable of financial literacy. Furthermore, the aforementioned Table 3.3 presents the Cronbach's alpha coefficient of 0.736 for the construct of loan accessibility, suggesting that no items were excluded from the primary investigation.

The Cronbach's alpha analysis was conducted on the third construct, namely digital financial services, revealing a Cronbach's alpha coefficient of 0.723. Branch network programmes had Cronbach alpha coefficient of 0.717 while growth of the deposit taking SACCOs had Cronbach alpha of 0.709. This finding suggests that all of the items included in the final data collection were deemed suitable for use, as none were excluded.

4.4 Descriptive Statistics

The following section contains descriptive results of the variables under study.

4.4.1 Financial literacy

The financial literacy results are shown in the table 4.4 below. The respondents were asked to rate various statements regarding financial literacy and growth of DT-SACCOs. Respondents strongly agreed that the financial literacy programs provided by their

SACCO have significantly improved members' ability to manage their finances (Mean=4.5783, Std=.73452). They also agreed that their SACCO members are well-informed about the various financial products offered (Mean=4.8434, Std=.42718). Respondents felt that financial literacy programs equip SACCO members with a good understanding of the different financial products and services (Mean=4.8193, Std=.41744). Additionally, they agreed that the programs give members confidence in managing both savings and loan repayments effectively (Mean=4.5181, Std=.73452). They further agreed that SACCOs provide adequate financial literacy resources tailored to the diverse needs of the members (Mean=4.5904, Std=.66325).

Table 4.4: Descriptive Results for Financial literacy

Statements	N	Mean	Std
The financial literacy programs provided by our SACCO have significantly improved members' ability to manage their finances.	83	4.5783	.73452
Our members are well-informed about the various financial products offered by our SACCO.	83	4.8434	.42718
Financial literacy programs equip the members with a good understanding of the different financial products and services offered by the SACCOs	83	4.8193	.41744
Financial literacy programs give members confidence in their ability to manage both savings and loan repayments effectively.	83	4.5181	.78649
Financial literacy programs enable members to regularly create and follow budgets to manage income and expenses effectively.	83	3.1325	.63957
Financial literacy efforts have reduced the number of loan defaults in our SACCO.	83	3.0602	.88826
Our SACCO provides adequate financial literacy resources tailored to different member needs.	83	4.5904	.66325
Management regularly reviews and updates the financial literacy content to ensure its relevance to members.	83	3.4458	1.02711
Average mean	83	4.12350	.697978

Source: Author, 2025

There was neutrality in opinion that financial literacy programs enable members to regularly create and follow budgets to manage income and expenses effectively (Mean=3.1325, Std=.63957). The respondents were also of neutral opinion that financial literacy efforts have reduced the number of loan defaults in the SACCO (Mean=3.0602, Std=.88826). Additionally, there was neutrality on whether management regularly reviews and updates the financial literacy content to ensure its relevance to members (Mean=3.4458, Std=1.02711).

The average mean was 4.1235 and standard deviation was 0.697978. The average mean suggests that on average, the respondents generally agreed with the statements about the financial literacy programs and their effectiveness and they had a positive perception of the financial literacy programs provided by the deposit taking SACCOs. The average standard deviation indicated that the responses were relatively close to the average mean and the respondents tended to agree with financial literacy statements.

The findings suggest that the respondents perceive financial literacy programs as highly effective in informing SACCO members about available financial products and equipping them with the knowledge and confidence to manage their savings and loan repayments effectively. Additionally, the availability of tailored financial literacy resources is acknowledged as a valuable support for members. The respondents, however, had mixed perceptions about the practical impact of these programs, such as enabling members to consistently create and follow budgets, reducing loan defaults, and ensuring that financial literacy content remains updated and relevant.

4.4.2 Loan Accessibility

Table 4.5: Descriptive Results for Loan accessibility

Statements	N	Mean	Std
Our SACCO has streamlined the loan application process to make it more accessible to all members.	83	4.3253	.64597
The criteria for loan approval in our SACCO are clear and fair to all members.	83	4.7349	.62634
Members can easily access loan products that meet their financial needs.	83	4.1084	.49416
The turnaround time for loan approval in our SACCO is satisfactory.	83	4.1325	.46252
Our SACCO offers competitive interest rates that encourage members to apply for loans.	83	4.8434	.39761
Members are well-informed about the various loan options available to them.	83	4.8916	.34964
Our SACCO's loan products are designed to be inclusive of all members, regardless of their financial background.	83	4.1566	.90368
The loan accessibility in our SACCO has contributed to the financial growth of our members.	83	4.0602	.80167
Average mean	83	4.40661	0.5852

Source: Author, 2025

The respondents in the table above were asked to evaluate several statements concerning loan accessibility and its impact on the growth of deposit-taking SACCOs. The findings are shown in table 4.4 above.

Respondents strongly agreed that the criteria for loan approval in their SACCOs are clear and fair to all members (Mean=4.7349, Std=.62634). They also agreed that their SACCOs offer competitive interest rates that encourage members to apply for loans (Mean=4.8434, Std=.34964) and that members are well-informed about the various loan options available to them (Mean=4.8916, Std=.34964). There was agreement that SACCOs have streamlined the loan application processes to make it more accessible to

all members (Mean=4.3253, Std=.64597) and that members can easily access loan products that meet their financial needs (Mean=4.1084, Std=.49416). Respondents also agreed that the turnaround time for loan approval in their SACCO is satisfactory (Mean=4.1566, Std=.90368) and that the loan accessibility in their SACCOs has contributed to the financial growth of their members (Mean=4.0602, Std=.80167).

The average mean was 4.406613 and standard deviation was 0.585199. The mean indicates that, on average, respondents were generally in agreement with the statements regarding loan accessibility and loan approval processes in their SACCOs. They had a positive perception of the loan-related aspects, with members expressing satisfaction and confidence in the loan approval criteria, interest rates, and availability of information.

The findings imply that respondents perceive their SACCOs as offering a fair and transparent loan approval process, with competitive interest rates and clear communication about available loan options. This demonstrates a strong level of trust and satisfaction among members regarding the accessibility and fairness of loan services. Additionally, streamlined application processes and satisfactory turnaround times indicate efforts to improve efficiency and member convenience.

4.4.3 Digital Financial Services

The respondents were asked to rate several statements regarding the impact of digital financial services on the growth of deposit-taking SACCOs. The findings are presented in the table below.

Table 4.6: Descriptive results for Digital financial services

Statements	N	Mean	Std
Our SACCO offers a wide range of digital financial services that are easily accessible to members.	83	4.7470	.53746
Members are satisfied with the reliability of our SACCO's digital financial services.	83	4.2289	.73792
The use of digital financial services by our members has increased over time.	83	4.8434	.39761
Our SACCO's digital platforms are user-friendly and accessible to all members.	83	4.8072	.50504
The digital financial services provided by our SACCO have improved members' financial management.	83	3.0843	.32024
Members feel secure when using our SACCO's digital financial services	83	4.1205	.81746
Our SACCO regularly updates its digital financial services to meet the changing needs of members.	83	4.3253	.68269
The adoption of digital financial services has contributed to the overall growth of our SACCO.	83	4.2169	.73332
Average mean	83	4.2967	0.5915

Source: Author, 2025

The respondents strongly agreed that their SACCOs offer a broad range of digital financial services that are easily accessible to members (Mean=4.7470, Std=.53746). They also agreed that the use of digital financial services by their members has grown over time (Mean=4.8434, Std=.39761) and that the SACCO's digital platforms are user-friendly and accessible to all members (Mean=4.8072, Std =.50504). There was

agreement that members are satisfied with the reliability of the SACCO's digital financial services (Mean=4.2289, Std=.73792) and that members feel secure when using their SACCO's digital financial services (Mean=4.1205, Std=.81746). Respondents also agreed that their SACCOs regularly update their digital financial services to meet the changing needs of members and that the adoption of digital financial services has contributed to the overall growth of the SACCO (Mean=4.2169, Std=.73332). However, there was neutrality in opinion among respondents regarding whether the digital financial services provided by their SACCOs have improved members' financial management (Mean=3.0843, Std=.32024).

The average mean was 4.2967 which suggests that, on average, respondents generally agreed with the statements regarding the digital financial services provided by their SACCOs. This indicated a positive perception, with members feeling that the digital services are accessible, user-friendly, and reliable. The average standard deviation was 0.5915, indicating a moderate level of variation in the responses.

The findings suggest that digital financial services play a key role in improving financial inclusion and the growth of SACCOs in the Eastern region. The availability and increasing adoption of digital platforms indicate a positive shift toward more accessible and efficient financial services. The user-friendliness and reliability of these platforms contribute to member satisfaction and trust, which reinforces the role of technology in the modern operations of the SACCOs. However, the uncertainty regarding the impact of digital services on financial management highlights a potential gap in financial literacy or the need for more targeted digital tools to help members effectively manage their finances.

4.4.4 Branch Networks

Evaluation was done to find out the extent to which the respondents agreed or disagreed with several statements about branch networks and the growth of deposit-taking SACCOs. The findings are shown in the table 4.6 below.

Respondents strongly agreed that the presence of multiple branches has increased member satisfaction with the SACCO's services (Mean=4.7108, Std=.55282). They also agreed that branch networks play a crucial role in expanding the SACCO's membership base (Mean=4.7349, Std=.51995) and that expanding the branch network is a priority for future growth (Mean=4.5783, Std=.75094). There was agreement that SACCO branch locations are convenient and easily accessible to members (Mean=4.0120, Std=.81889), that SACCO branches provide consistent and high-quality customer service (Mean=4.0241, Std=.58385) and that the growth of branch networks has positively impacted the financial performance of SACCOs (Mean=4.0602, STD=.42338).

Table 4.7: Descriptive Results for Branch Networks

Statements	N	Mean	Std
The current number of SACCO branches is sufficient to meet the needs of our members.	83	2.4337	1.17071
Our SACCO's branch locations are convenient and easily accessible to members.	83	4.0120	.81889
Members prefer conducting transactions at physical branches over digital platforms.	83	3.4337	1.00235
The presence of multiple branches has increased member satisfaction with our SACCO's services.	83	4.7108	.55282
Branch networks play a crucial role in expanding our SACCO's membership base.	83	4.7349	.51995
Our SACCO's branches provide consistent and high-quality customer service.	83	4.0241	.58385
The growth of our branch network has positively impacted the financial performance of our SACCO.	83	4.0602	.42338
Expanding our branch network is a priority for our SACCO's future growth strategy.	83	4.5783	.75094
Average mean	83	3.9985	0.7279

Source: Author, 2025

There was neutrality in opinion on whether SACCO members prefer conducting transactions at physical branches over digital platforms (Mean=3.4337, Std=1.00235). They disagreed that the current number of SACCO branches is sufficient to meet the needs of members (Mean=2.4337, Std=1.17071) the average mean was 3.9985, suggesting that, overall, respondents generally agreed with the statements about the SACCO's branch network and its influence on satisfaction, membership growth, and financial performance. This suggested that members recognize the importance of branches. The standard deviation of 0.7279 indicated moderate variability in responses which implied that respondents seemed to share a positive view on the role of branches.

The findings suggest that an extensive branch network is a key driver of SACCO growth, member satisfaction, and financial performance. The accessibility and convenience of branches contribute to positive member experiences, reinforcing their role in service delivery. Expanding branch networks is considered as a strategic priority, reflecting the demand for physical locations to complement digital services. However, uncertainty regarding member preferences for physical branches over digital platforms suggests a transition toward blended service models.

4.4.5 Growth of Deposit Taking SACCOs

Respondents were asked to indicate the extent to which they agreed or disagreed with various statements concerning the growth of the SACCOs, the findings are shown in the table below.

The respondents strongly agreed that the number of members in the SACCO has increased recently (Mean=4.0723, Std=.77747). They also agreed that the size of the loan portfolio has expanded (Mean=4.0843, Std=.81457), and that member savings and deposits have increased (Mean=4.4458, Std=.78481). Furthermore, they agreed that loan repayment rates have improved (Mean=4.0361, Std=.86173), and that the volume of loan disbursements has grown (Mean=4.1205, Std=.80240). However, respondents neither agreed nor disagreed that the total assets of the SACCOs have grown significantly (Mean=3.1325, Std=.80806). They also showed neutrality on whether the SACCOs have

successfully expanded their membership bases (Mean=3.2651, Std=.58611) and whether the value of assets held by the SACCOs has increased over time (Mean=3.1446, Std=.76720).

The average mean was 3.78765, indicating that respondents generally agreed with the statements regarding the growth and SACCO performance, including total assets, membership growth, and the increase in asset value.

Table 4.8: Descriptive Results for Growth of Deposit Taking SACCOs

Statements	N	Mean	Std
The number of members in our SACCO has increased in recent times.	83	4.0723	.77747
The total assets of our SACCO have grown significantly.	83	3.1325	.80806
The size of our SACCO's loan portfolio has expanded.	83	4.0843	.81457
There has been an increase in member savings and deposits at our SACCO.	83	4.4458	.78481
The loan repayment rates within our SACCO have improved.	83	4.0361	.86173
Our SACCO has successfully expanded its membership base.	83	3.2651	.58611
The value of assets held by our SACCO has increased over time.	83	3.1446	.76720
The volume of loan disbursements by our SACCO has grown.	83	4.1205	.80240
Average mean	83	3.7877	0.7753

Source: Author, 2025

The average standard deviation was 0.7753 which indicated moderate variability in the responses. This means that, while there is general agreement in the findings, there is some diversity in opinions shared by the respondents.

The findings implies that SACCOs in the Eastern region of Kenya have experienced positive financial growth, with notable increases in membership, loan portfolio size, member savings, and loan disbursements. Improved loan repayment rates indicate stronger financial discipline among members which contributes to SACCO stability.

However, the uncertainty regarding significant asset growth and membership expansion suggests that while financial indicators are improving, broader institutional growth may be slower. This highlights the need for strategies to strengthen asset accumulation and expand the member base to sustain long-term financial performance and stability.

4.5 Diagnostic Tests

Various tests were performed to determine if the data was suitable for inferential analysis. These tests included normality, multicollinearity, and autocorrelation tests.

4.5.1 Test of Normality

A normality test was conducted to determine if the collected data followed a normal distribution. This was done using the Shapiro-Wilk test, which is preferred for sample sizes that are not very large. The test is considered appropriate for sample sizes ranging from 50 to 2000 elements. The results are presented as follows;

Table 4.9: Test of Normality

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Financial Literacy	.164	83	.160	.962	83	.315
Loan Accessibility	.163	83	.291	.928	83	.260
Digital Financial Services	.116	83	.107	.972	83	.471
Branch Networks	.120	83	.125	.961	83	.249
Growth of Deposit taking SACCOs	.106	83	.310	.977	83	.152

Source: Author, 2025

The results from both the Shapiro-Wilk and Kolmogorov-Smirnov tests showed p-values greater than 0.05, indicating that the data used was drawn from a normal distribution. The findings suggest that data on financial literacy, loan accessibility, digital financial

services, branch networks and growth of deposit taking SACCOs met the assumption of normality. Therefore, the data was appropriate for regression analysis.

4.5.2 Multicollinearity Test

The multicollinearity test was performed to determine if the independent variables were independent of each other. For the data to be deemed suitable, the tolerance values should exceed 0.1, and the VIF (Variance Inflation Factor) values should be greater than 1 but not surpass 10.

The results indicated that the tolerance values were greater than 0.1, and the VIF values were above 1 but less than 10. This suggests that there is no severe multicollinearity in the regression model, and that the data on financial literacy, loan accessibility, digital financial services, and branch networks is normally distributed.

Table 4.10: Multicollinearity Tests

	Collinearity Statistics	
	Tolerance	VIF
Financial Literacy	.953	1.050
Loan Accessibility	.907	1.103
Digital Financial Services	.928	1.078
Branch Networks	.978	1.022

Source: Author, 2025

4.5.3 Autocorrelation

The autocorrelation test is conducted to check if the residuals of a regression model are correlated either over time or across observations. This was evaluated using the Durbin-Watson Test, and the findings are displayed in the figure below;

Table 4.11: Autocorrelation Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.580 ^a	.337	.303	1.90804	1.649

Source: Author, 2025

The Durbin Watson test statistic obtained was 1.649 which indicates that although the value was less than 2, the autocorrelation was not. The findings imply that the past errors of the data on Financial Literacy, Loan Accessibility, Digital Financial Services, Branch Networks and growth of deposit taking SACCOs may slightly influence the current values, but the autocorrelation is not strong enough to significantly affect the validity of the results.

4.6 Inferential Analysis

Inferential analysis was conducted to determine the relationship between financial inclusion and the growth of deposit-taking SACCOs as well as the impact of financial inclusion on the growth of deposit-taking SACCOs. Regression analysis and correlation analysis were used for this.

4.6.1 Correlation Analysis

Correlation analysis was conducted to assess the non-causal relationship between the predictor variables and the outcome variable.

Table 4.12: Correlation Matrix

		Financial Literacy	Loan Accessibility	Digital Financial Services	Branch Networks
Growth of Deposit Taking SACCOs	Pearson Correlation	.264	.289	.324	.354
	Sig. (2-tailed)	.016	.008	.003	.001
	N	83	83	83	83

Source: Author, 2025

The correlation analysis results show a statistically significant relationship between financial literacy and the growth of deposit-taking SACCOs in Kenya's Eastern Region ($r = 0.264$, $p = 0.016 < 0.05$). This suggests that improved financial literacy among members contributes to SACCO growth. Similarly, a statistically significant relationship was found between loan accessibility and SACCO growth ($r = 0.286$, $p = 0.008 < 0.05$), indicating that easier access to loans supports SACCO growth by boosting borrowing and financial engagement among members. Additionally, there was a statistically significant relationship between digital financial services and the growth of deposit-taking SACCOs ($r = 0.324$, $p = 0.003 < 0.05$), highlighting the role of digital platforms in enhancing financial transactions, expanding outreach, and increasing member engagement, all of which contribute to SACCO growth. Moreover, a strong and statistically significant relationship was found between branch networks and the growth of deposit-taking SACCOs ($r = 0.354$, $p = 0.003 < 0.001$). The findings indicate that well-established branch network significantly contributes to growth of deposit taking SACCOs.

4.6.2 Regression Analysis

Regression analysis was employed to assess the impact of financial inclusion on the growth of deposit-taking SACCOs. First, each independent variable was regressed against the dependent variable to evaluate the influence of each independent variable on the dependent variable.

4.6.2.1 Influence of Financial Literacy on the Growth of Deposit Taking SACCOs

The first objective of the study was to investigate the effect of financial literacy on the growth of deposit-taking SACCOs in the Eastern Region of Kenya. The model summary results show a positive correlation between the growth of deposit-taking SACCOs and financial literacy ($R=0.264$). The R square value indicate that financial literacy contributes to 7% variation on the growth SACCOs.

Table 4.13: Model Summary for Financial Literacy and Growth

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.264 ^a	.070	.058	2.21745

Source: Author, 2025

The ANOVA table results indicate that the F statistic ($F= 6.087_{1\ 81}$) of the regression model was statistically significant and sufficient to how growth of deposit taking SACCOs is influenced by financial literacy ($p=0.016<0.05$).

Table 4.14: ANOVA Results for Financial Literacy and Growth

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	29.932	1	29.932	6.087	.016 ^b
	Residual	398.285	81	4.917		
	Total	428.217	82			

Source: Author, 2025

The test of the statistical significance of financial literacy was done using t-tests. The analysis results indicated that financial literacy has positive coefficient when used a predictor of the growth of deposit taking SACCOs ($\beta =.2762$) and has a t-statistic of 5.516 which was significant at 5% level of significance (since $0.016<0.05$). This suggests

that the growth of deposit-taking SACCOs was significantly influenced by financial literacy, and that the growth of deposit-taking SACCOs would improve if deposit-taking SACCOs improved their financial literacy. The beta coefficient of 0.276 implies that when financial literacy increases by an additional unit, growth of deposit taking SACCOs increases by 0.2762.

Further, from the fitted model, when financial literacy variable is held as zero, the expected value of growth of deposit taking SACCOs is 20.517 which was statistically significant. The constant is interpreted as a baseline level rather than providing actionable insights. Based on these results H_0 was rejected implying that financial literacy has statistically significant influence on the growth of deposit taking SACCOs in the Eastern Region in Kenya.

Table 4.15: Coefficients for Financial Literacy and Growth

Model		Unstandardized		Standardized	t	Sig.
		Coefficients		Coefficients		
		B	Std. Error	Beta		
1	(Constant)	20.517	3.720		5.516	.000
	Financial Literacy	.276	.112	.264	2.467	.016

Source: Author, 2025

The following model was fitted:

$$Y = 20.517 + .276X_1$$

Where;

Y= growth of deposit taking SACCOs

X₁= financial literacy

4.6.2.2 Influence of Loan Accessibility on Growth of Deposit Taking SACCOs

The study's second objective was to determine how loan accessibility influenced the growth of deposit-taking SACCOs in Kenya's Eastern Region. The growth of deposit-taking SACCOs was positively correlated with loan accessibility, according to the summary table results ($R=0.289$). The R Square value of 0.084 indicated that loan accessibility accounts for 8.4% of the variation in the SACCO growth.

Table 4.16: Model summary for Loan Accessibility and Growth

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.289 ^a	.084	.072	2.20085

Source: Author, 2025

The findings of the ANOVA table showed that the regression model's F statistic ($F=7.406_{1, 81}$) was both statistically significant and suitable for assessing how loan accessibility influenced the growth of deposit-taking SACCOs ($0.008 < 0.05$).

Table 4.17: ANOVA Results for Loan Accessibility and Growth

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	35.874	1	35.874	7.406	.008 ^b
	Residual	392.343	81	4.844		
	Total	428.217	82			

Source: Author, 2025

The results of the coefficients table showed that loan accessibility had a positive coefficient ($\beta=.233$), indicating that growth of SACCOs is positively correlated with improved loan accessibility. The beta coefficient of 0.233 implies that when loan accessibility increases by an additional unit, growth of deposit taking SACCOs increases by 0.233. Further, from the fitted model, loan accessibility variable is held as zero, the expected value of growth of deposit taking SACCOs is 21.512 which is statistically

significant. The constant is interpreted as a baseline level rather than providing actionable insights.

The t-statistic obtained 7.149 was significant at 5% level of significance (since $0.008 < 0.05$). This indicates that loan accessibility is a significant predictor of the SACCO growth. The findings imply that an improvement in the loan accessibility would contribute to the growth of the deposit taking SACCOs. Based on these results H_{0ii} was rejected which suggests that loan accessibility has a statistically significant effect on the growth of deposit-taking SACCOs.

Table 4.18: Model Coefficients for Loan Accessibility and Growth

Model	Unstandardized		Standardized	t	Sig.
	Coefficients		Coefficients		
	B	Std. Error	Beta		
1 (Constant)	21.512	3.009		7.149	.000
Loan Accessibility	.233	.086	.289	2.721	.008

Source: Author, 2025

The model fitted was as follows;

$$Y = 21.512 + .233 X_2$$

Where;

Y= Growth of deposit taking SACCOs

X_2 = Loan Accessibility

4.6.2.3 Influence of Digital Financial Services on Growth of Deposit Taking SACCOs

The third objective was to assess how growth of deposit taking SACCOs was influenced by digital financial. From the analysis, $R = .324$ indicate that there was moderate positive relationship between digital financial services and the growth of deposit taking SACCOs. The R square value 0.105 indicate that digital financial services explain 10.5% of variation in the SACCO growth.

Table 4.19: Model Summary for Digital Financial Services and Growth

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.324 ^a	.105	.094	2.17550

Source: Author, 2025

The ANOVA table results indicates that the F statistic ($F=9.479_{1\ 81}$) of the regression model was statistically significant and sufficient to determine how the growth of deposit taking SACCOs is influenced by digital financial services. This is because the p value= $0.003 < 0.05$.

Table 4.20: ANOVA Table for Digital Financial Services and Growth

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	44.861	1	44.861	9.479	.003 ^b
	Residual	383.356	81	4.733		
	Total	428.217	82			

Source: Author, 2025

Digital financial services had a positive coefficient ($\beta=.217$) which indicates that improvement in digital financial services contribute to the growth of deposit-taking SACCOs. The beta coefficient of 0.217 implies that when digital financial services increases by an additional unit, growth of deposit taking SACCOs increases by 0.217. Further, from the fitted model, when digital financial services variable is held as zero, the expected value of growth of deposit taking SACCOs is 22.705 which is statistically significant, the constant is interpreted as a baseline level rather than providing actionable insights. The t-statistic was 3.079 was significant at 5% significance level ($0.003 < 0.05$). This indicates that digital financial services are a significant predictor of the growth of deposit taking SACCOs. Based on these results, H_{0iii} was rejected. This implies that digital financial services have a statistically significant impact on the growth of deposit-

taking SACCOs in the Eastern Region of Kenya. The findings are presented on the table below;

Table 4.21: Coefficients Table for Digital Financial Services and Growth

Model		Unstandardized		Standardized	t	Sig.
		Coefficients		Coefficients		
		B	Std. Error	Beta		
1	(Constant)	22.705	2.276		9.974	.000
	Digital Financial Services	.217	.070	.324	3.079	.003

Source: Author, 2025

The following model was fitted

$$Y = 22.705 + .217X_3$$

Where;

Y= Growth of deposit taking SACCOs

X₃= Digital Financial Services

4.6.2.4 Influence of Branch Networks on Growth of Deposit Taking SACCOs

The fourth objective of the study was to assess the effect of branch networks on the growth of deposit-taking SACCOs in the Eastern Region of Kenya. From regression analysis, an R value of .354 was obtained which suggests a moderate positive relationship between the variables. The R-square value of 0.126 indicates that branch networks account for 12.6% of the variation in the growth of deposit-taking SACCOs in the Eastern region of Kenya.

Table 4.22: Model Summary for Branch Networks and Growth

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.354 ^a	.126	.115	2.15004

Source: Author, 2025

The ANOVA table results show that the F-statistic ($F=11.634_{1,81}$) for the regression model was statistically significant and adequate for assessing the impact of digital financial services on the growth of deposit-taking SACCOs. This was confirmed by the p-value of 0.001, which is below the 0.05 threshold.

Table 4.23: ANOVA Table for Branch Networks and Growth

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	53.781	1	53.781	11.634	.001 ^b
	Residual	374.436	81	4.623		
	Total	428.217	82			

Source: Author, 2025

Digital financial services showed a positive coefficient ($\beta=.276$), suggesting that an enhancement in branch networks results in improved growth of deposit-taking SACCOs. The beta coefficient of 0.276 indicates that for every additional unit increase in branch networks, the growth of deposit-taking SACCOs rises by 0.276. Further, from the fitted model, when branch networks variable is held as zero, the expected value of growth of deposit taking SACCOs is 21.059 which is statistically significant, the constant is interpreted as a baseline level rather than providing actionable insights. The t-statistic was 3.079 was significant at 5% significance level ($0.001 < 0.05$). This indicates that branch networks are a significant predictor of the growth of deposit taking SACCOs. Based on the results, H_{0iv} was rejected implying branch networks have a statistically significant effect on the growth of deposit-taking SACCOs in Kenya's Eastern Region. The findings are presented on the table below;

Table 4.24: Coefficients Table for Branch Networks and Growth

Model		Unstandardized		Standardized	T	Sig.
		Coefficients		Coefficients		
		B	Std. Error	Beta		
1	(Constant)	21.059	2.537		8.301	.000
	Branch Networks	.276	.081	.354	3.411	.001

Source: Author, 2025

The following model was fitted

$$Y = 21.059 + .276X_4$$

Where;

Y= Growth of deposit taking SACCOs

X₄= Branch networks

4.6.2.5 Joint Influence of Predictor Variables on Growth of Deposit Taking SACCOs.

In the second step, the growth of deposit-taking SACCOs was regressed on all independent variables to analyze the collective impact of financial inclusion factors on the growth of deposit-taking SACCOs in the Eastern region of Kenya. The model summary table revealed a positive relationship between financial inclusion and the growth of deposit-taking SACCOs (R = .580). The R-square value indicated that financial inclusion accounts for 33.7% of the variation in the growth of deposit-taking SACCOs. The findings are presented on the table below;

Table 4.25: Model Summary for Predictor Variables and Growth

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.580 ^a	.337	.303	1.90804

Source: Author, 2025

Table 4.26: ANOVA for Predictor Variables and Growth

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	144.249	4	36.062	9.905	.000 ^b
	Residual	283.968	78	3.641		
	Total	428.217	82			

Source: Author, 2025

The analysis results indicate that the F statistic ($F=9.905_{181}$) of the regression model was significant ($P\text{-value}=0.0001<0.05$). This suggests that the regression model demonstrated explanatory power, and the overall model is statistically significant and appropriate for assessing the impact of financial inclusion on the SACCO growth.

Table 4.27: Coefficients for Predictor Variables and Growth

Model	Unstandardized		Standardized		
	B	Std. Error	Beta	t	Sig.
1 (Constant)	.293	4.937		.059	.953
Financial Literacy	.266	.099	.255	2.696	.009
Loan Accessibility	.216	.078	.268	2.765	.007
Digital Financial Services	.165	.064	.246	2.565	.012
Branch Networks	.247	.072	.318	3.406	.001

Source: Author, 2025

The coefficients table indicate that all the independent variables had positive contribution to the regression model. Financial literacy had a positive significant beta coefficient ($\beta=.266p<0.05$). This implies that financial literacy has a significant combined influence of growth of deposit taking SACCOs. The statistically significant combined influence supported rejection of H_{0i} in individual regression results run earlier.

The results indicate that an improvement on the financial literacy contributes to the growth of deposit taking SACCOs in the Eastern region of Kenya. The t-statistic was 2.696 which was significant at 5% significance level ($0.009<0.05$) indicates that financial literacy is a significant predictor of SACCO growth.

Loan accessibility had a positive significant coefficient ($\beta =.216, p<0.05$). This implies that Loan accessibility has a significant combined influence of growth of deposit taking SACCOs. The statistically significant combined influence supported rejection of H_{0ii} in individual regression results run earlier.

The results indicate that an improvement on the loan accessibility contributes to the growth of deposit taking SACCOs in the Eastern region of Kenya. The t-statistic was 2.765 which was significant at 5% significance level ($0.007 < 0.05$) indicates that loan accessibility is a significant predictor of SACCO growth.

Digital financial services had a positive significant coefficient ($\beta=0.165$, $p < 0.05$). This suggests that digital financial services have a significant overall impact on the growth of deposit-taking SACCOs. The statistically significant combined influence supported rejection of H_{0iii} in individual regression results run earlier.

The results indicate that an improvement in digital financial services contributes to the growth of deposit taking SACCOs in the Eastern region of Kenya. The t-statistic was 2.565 which was significant at 5% significance level ($0.012 < 0.05$) indicates that digital financial services significantly determines the growth SACCOs.

Branch networks had a positive significant coefficient ($\beta=0.247$, $p < 0.05$). This implies that branch networks have a significant combined influence of growth of deposit taking SACCOs. The statistically significant combined influence supported rejection of H_{0iv} in individual regression results run earlier.

The results indicate that an expansion of branch networks contributes to the growth of deposit taking SACCOs in the Eastern region of Kenya. The t-statistic was 3.406 which was significant at 5% significance level ($.001 < 0.05$) indicates that branch networks contribute significantly to the growth of deposit taking SACCOs in the Eastern region in Kenya.

Further, from the fitted model, when all independent variables are zero, the expected value of growth of deposit taking SACCOs is 0.293 which is not statistically significant. The constant is interpreted as a baseline level rather than providing actionable insights.

The following model was fitted:

$$Y = 0.293 + 0.266 X_1 + 0.216 X_2 + 0.165 X_3 + 0.247 X_4$$

Where;

X₁= Financial literacy

X₂= Loan accessibility

X₃= Digital financial services

X₄= Branch networks

ε = Stochastic error term

Table 4.28: Summary of the Results of Test of Hypotheses

Hypothesis	Results	Decision
H _{0i} : Financial literacy does not have statistically significant influence on the growth of deposit taking SACCOs in the Eastern Region in Kenya	Positive influence of financial literacy on the growth of deposit taking SACCOs in the Eastern Region in Kenya ($\beta = 0.266, P < 0.05$)	H _{0i} Rejected
H _{0ii} : Loan accessibility does not have statistically significant influence on the growth of deposit taking SACCOs in the Eastern Region in Kenya.	Positive influence of loan accessibility on the growth of deposit taking SACCOs in the Eastern Region in Kenya ($\beta = 0.216, P < 0.05$)	H _{0ii} Rejected
H _{0iii} : Digital financial services do not have statistically significant influence on the growth of deposit taking SACCOs in the Eastern Region in Kenya	Positive influence of digital financial services on the growth of deposit taking SACCOs in the Eastern Region in Kenya ($\beta = 0.165, P < 0.05$)	H _{0iii} Rejected
H _{0iv} : Branch networks do not have statistically significant influence on the growth of deposit taking SACCOs in the Eastern Region in Kenya.	Positive influence of branch networks on the growth of deposit taking SACCOs in the Eastern Region in Kenya ($\beta = 0.247, P < 0.05$)	H _{0iv} Rejected

Source: Author, 2025

CHAPTER FIVE

5.0 DISCUSSION

5.0 Introduction

The purpose of the study was to determine the influence of financial inclusion on the growth of deposit taking SACCOs in the Eastern region of Kenya. The financial inclusion practices analyzed included financial literacy, loan accessibility, digital financial services and branch networks.

5.1 Financial Literacy and growth of Deposit –taking Sacco`s

The study identified that financial literacy has contributed to the growth of deposit taking SACCOs in the Eastern region of Kenya. The descriptive findings indicated that the financial literacy programs offered by the SACCOs have improved the ability of the members to manage their finances including savings, loan repayments, budgets have enlightened them on various products and services offered by the SACCOs. The inferential analysis revealed that financial literacy had a significant statistical impact on the growth of deposit-taking SACCOs.

The findings highlight the importance of continuing and expanding financial literacy programs within SACCOs, as they are not only beneficial for individual members but also essential for the overall growth of these financial institutions. The results suggest that SACCOs that prioritize financial education are likely to experience stronger growth and greater financial inclusion in the long term.

The findings are in tandem with the findings of Ntshalintshali (2019), who in a study on how financial literacy contributes to financial inclusion among women in South Africa, the findings indicated that financial literacy positively changed the attitudes of the women towards poor and unsuccessful financial management practices such as savings, spending, and investment. Similarly, a study by Ndegwa and Koori (2019) examined the impact of financial inclusion on the performance of deposit-taking SACCOs in Meru County and found that financial literacy provided members with the necessary knowledge

and skills for effective personal asset management. Additionally, the management of the deposit taking SACCOs was well-informed about setting dividend rates on members' savings and effectively leveraged customers' financial knowledge to develop tailored products. Other similar results were obtained by Priyantoro, Ratnawati, and Aisjah (2023) and Kasozi and Makina (2021). Priyantoro, Ratnawati, and Aisjah (2023) found out that financial literacy improved the performance of business in Indonesia by improving financial management and risk attitudes while Kasozi and Makina (2021) established that financial literacy promotes financial inclusion in Uganda and contribute to business growth.

5.2 Loan accessibility and growth of Deposit-taking Sacco's

The second objective of the study was to examine the effect of loan accessibility on the growth of deposit-taking SACCOs in the Eastern Region of Kenya. Descriptive statistics from the study revealed that members perceived SACCOs to have fair and transparent loan approval processes, competitive interest rates, and reasonably fast turnaround times, with loan products tailored to meet diverse member needs. Inferential analysis confirmed that loan accessibility had a statistically significant and positive effect on SACCO growth, suggesting that simplified loan application procedures and favorable lending terms encourage more members to take up loans, thereby boosting both loan portfolios and overall institutional performance.

These findings are consistent with those of Suryani, Masyhuri, and Waluyati (2023) in Indonesia, who established that loan accessibility is crucial to sustainable development. However, while the Indonesian study reported limited access to loans due to unfavorable conditions that constrained cooperative growth, this study found that SACCOs in Eastern Kenya have made deliberate efforts to simplify lending conditions, leading to broader loan uptake and higher growth. This difference may be attributed to variations in regulatory and institutional frameworks, where Kenyan SACCOs under SASRA supervision are required to maintain member-friendly lending processes, unlike the informal conditions faced by Indonesian cooperatives. The results also mirror those of Rasika and Basnayake (2020) in Sri Lanka, who identified loan accessibility as a major

contributor to financial performance, facilitated by mobile banking and favorable lending terms. The parallel with Sri Lanka suggests that, in diverse contexts, institutions that adopt technology-driven loan access and maintain transparent lending terms experience growth. This is particularly relevant for Kenyan SACCOs, where mobile banking and digital loan applications are increasingly shaping members' borrowing behavior.

At the same time, this study's findings diverge from those of Domanban (2024) in Ghana, who reported that high interest rates and geographical barriers limited loan accessibility in microfinance institutions. Unlike the case of Ghana, SACCOs in Eastern Kenya benefited from relatively competitive interest rates and proximity to members through branch networks, though the study acknowledged that branch coverage remains inadequate in some rural areas. Similarly, Nyabwari and Kimutai (2024) found poor loan accessibility among Nairobi SACCOs due to unfavorable credit terms and inflexible repayment periods. By contrast, SACCOs in Eastern Kenya appear to have embraced more flexible and transparent loan policies, which has encouraged member participation and minimized defaults. This regional difference may be attributed to varying levels of competition, regulatory enforcement, and member expectations between urban and semi-rural SACCOs.

The findings are consistent with the propositions of the Financial Intermediation Theory (Gurley & Shaw, 1960), which posits that financial institutions exist to mobilize savings and reallocate them to productive borrowing, with SACCOs in this case acting as effective conduits by providing competitively priced and flexible loans that stimulate growth. Similarly, the results align with the Financial Inclusion Theory (Mises, 1912; Yunus, 1999), which underscores that access to affordable credit improves economic participation among marginalized groups, with deposit taking SACCOs extending loan services to people traditionally excluded by mainstream banks, thereby strengthening both social welfare and organizational performance. The findings further resonate with the Agency Theory by Jensen and Meckling (1976), which emphasized the principal-agent relationship between members and SACCO management, where the observed transparent loan approval processes and adoption of digital loan management systems

demonstrate efforts to reduce information asymmetry and align management actions with member interests.

5.3 Digital financial services and growth of Deposit-Taking Sacco's

The third objective examined whether digital financial services influence the growth of deposit-taking SACCOs in the Eastern Region of Kenya. Using a cross-sectional quantitative design and multiple regression, the study found a positive and statistically significant effect of digital financial services on growth. This indicated that wider use of mobile/USSD banking, online loan initiation, and real-time payments is associated with higher membership, loan uptake, and savings mobilization among the deposit taking SACCOs. The findings indicated that digitization reduce transaction costs, shorten service turnaround, and extend outreach beyond areas with less branch coverage.

These results align with several studies that, though varied in method and context, converge on the role of digital financial services on the growth of deposit taking SACCOs. In India, Jameaba (2024), through documentary review and thematic analysis, concluded that digitalization and ICT lowered service costs and strengthened banking performance which is consistent with the finding that digital channels improve operational efficiency. In Finland, Hundal and Zinakova (2021) used qualitative interviews to show FinTech improved customer experience and organizational performance, mirroring the positive member experience reported in the descriptive results in this study. Locally, Blaise and Kosgei (2021) in a study in Burundi linked mobile money to higher inclusion and bank performance while Wakaba and Wepukhulu (2019) in a study in Kenya reported that mobile money significantly promoted inclusion.

Contrasting findings were reported by Wang, Zheng, Xu, and Hung (2022), who established that within the Chinese banking sector, heightened fintech competition adversely affected bank performance. This divergence can be attributed to structural and contextual variations between the two financial systems. In China, the scale and intensity of platform-based competition often resulted in the disruption of incumbent institutions, thereby eroding their market share and profitability. Conversely, in the Kenyan context,

SACCOs have largely adopted digital platforms such as mobile money and agency banking networks in a complementary rather than competitive manner. These platforms are leveraged to facilitate deposit mobilization, loan servicing, and payment processing, thereby enhancing service efficiency and outreach without undermining the SACCOs' traditional functions. Furthermore, the SACCOs in the Eastern Region of Kenya operate predominantly in areas with limited branch density, where digital financial services function as critical substitutes for physical infrastructure. Rather than diminishing revenue streams, digitization in this context provides a strategic distribution advantage, expanding financial inclusion and strengthening institutional growth.

Theoretically, the findings are consistent with Financial Inclusion Theory as the study identified that digital channels lower access barriers for underserved groups thus enabling greater use of savings, credit, and payments. The findings also advance Financial Intermediation Theory by showing how digitization improves intermediation efficiency including mobilizing deposits at lower cost, screening/servicing loans faster, and reallocating funds more effectively between savers and borrowers in settings with high geographic frictions. The results also supported agency theory. Platform-based statements, alerts, and traceable transactions reduce information asymmetry and monitoring costs between SACCO management (agents) and members (principals), improving repayment discipline and governance, which is reflected in the positive growth association we observe.

5.4 Branch networks and growth of Deposit-Taking Sacco

The study established that branch networks significantly contributed to the growth of deposit-taking SACCOs in the Eastern region of Kenya, primarily by expanding membership and enhancing customer experience. Descriptive results showed that members valued proximity and accessibility to physical branches, which increased their participation in savings and loan products. Inferential results further confirmed a positive and statistically significant relationship between branch networks and organizational growth, suggesting that the presence and distribution of branches contributed to improved membership growth, enhanced loan uptake, and increased financial sustainability of the

SACCOs. This indicates that, branch expansion functions as a vital infrastructure strategy for promoting financial inclusion and institutional development.

This finding resonates with Domanban (2024), who, in the context of microfinance institutions in Ghana, demonstrated that geographical proximity and branch expansion improved loan accessibility and, consequently, institutional growth. Similarly, Suku, Awuor, Nambuswa, and Makokha (2018), in their study of commercial banks in Pokot County, Kenya, concluded that increasing branch presence improved access to financial services and promoted organizational performance. The methodological similarities across these studies are notable. Like the present study, Domanban employed a quantitative design (OLS regression) to establish the influence of physical reach on growth, while Suku et al.(2018) used both descriptive and regression approaches to test access-related hypotheses. In all these contexts, the evidence converged on the notion that spatial outreach is important in promoting financial inclusion.

Contrasting perspectives, however, emerged from Nyabwari and Kimutai (2024), who reported that loan accessibility in Nairobi SACCOs remained poor despite the presence of physical branches, largely due to unfavorable credit terms. Similarly, Karanja (2019) observed in Imenti North that the existence of SACCO branches did not necessarily translate into effective credit outreach because of restrictive collateral policies and limited product diversification. These divergences from the present study highlight contextual and structural differences. Whereas deposit taking SACCOs in Nairobi and Imenti North operate in saturated financial ecosystems with competing formal and informal lenders, deposit taking SACCOs in the Eastern region of Kenya leverage branches as their primary access points in regions characterized by lower branch density and limited banking alternatives. Hence, branch presence in Eastern Kenya is both a visibility strategy and a functional substitute for broader financial infrastructure, thereby exerting a more direct impact on growth.

Theoretically, the findings affirm the expectations of Financial Intermediation Theory, which posits that spatial and institutional presence enhances trust, reduces transaction

costs, and mobilizes savings, thereby facilitating financial deepening. By offering proximate touchpoints, SACCO branches in Eastern Kenya reduce information asymmetries and increase confidence in cooperative institutions, consistent with the theory's prediction. The findings also align with Agency Theory, where branch expansion serves as a monitoring mechanism that mitigates agency problems between SACCO managers and members. Physical branches enable closer oversight, personalized service delivery, and quicker resolution of disputes, thus promoting institutional credibility and stability.

CHAPTER SIX

6.0 SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

6.0 Introduction

This chapter presents the summary of the findings, conclusions and recommendations. The first section covers the summary of the findings and these second section covers the conclusions based on the research findings. In the third section, the chapter presents recommendations for policy and practice and in the last section, the chapter presents recommendations for further research.

6.1 Summary of the Findings

The study sought to determine the influence of financial inclusion on growth of deposit-taking SACCOs in eastern region of Kenya. The first objective examined the influence of financial literacy on the growth of deposit-taking SACCOs. The findings revealed that financial literacy plays a key role in enhancing the growth of deposit-taking SACCOs. Respondents strongly agreed that financial literacy programs significantly improve members' ability to manage their finances, increase awareness of SACCO products and services, and equip members with confidence in handling savings and loan repayments. It was also observed that financial literacy enable members to make informed financial decisions, though some aspects such as consistent budgeting practices and reducing loan defaults were perceived as less effective. Additionally, management was found to provide adequate resources tailored to member needs, though regular review and updating of content was not consistently emphasized.

The second objective assessed the effect of loan accessibility on organizational growth. The findings indicated that members generally perceive their SACCOs as providing fair and transparent loan approval processes, with clear criteria that build trust and confidence. Competitive interest rates and effective communication about loan options were highlighted as strong motivators for members to seek credit facilities. Respondents also noted that loan application procedures have been streamlined, making it easier for members to access loan products tailored to their financial needs. Furthermore,

satisfactory turnaround times for approvals and inclusivity of loan products for members from diverse financial backgrounds were acknowledged as positive contributors. Overall, loan accessibility was found to play a key role in enhancing members' financial growth and strengthening the role of SACCOs in supporting their economic wellbeing.

The third objective focused on the influence of digital financial services on the growth of SACCOs. Findings indicated that members generally view their SACCOs' digital platforms as accessible, user-friendly, and reliable, with growing adoption over time. Respondents highlighted that the broad range of digital services has enhanced convenience and built trust, with many feeling secure when transacting digitally. Regular system updates were also noted as important in meeting members' evolving needs, while the adoption of these services has been recognized as a key driver of SACCO growth. However, members expressed some uncertainty about whether digital services have directly improved their financial management, pointing to a possible gap in digital literacy or the need for more tailored tools. Overall, digital financial services were seen as crucial for expanding financial inclusion and improving the growth of SACCOs.

The fourth objective examined the role of branch networks in supporting SACCO growth. The findings highlighted that members view the presence of multiple branches as crucial for satisfaction, accessibility, and growth of deposit taking SACCOs. Respondents agreed that branch networks expand membership bases, improve financial performance, and provide consistent service, while also highlighting the importance of convenient branch locations. Expanding branch networks was considered a key strategy for future growth, showing members' recognition of their role in driving competitiveness. However, there was disagreement that the current number of branches is sufficient and neutrality about whether members prefer physical branches over digital platforms. This pointed to the need for SACCOs to balance physical expansion with digital service delivery to meet diverse member preferences.

6.2 Conclusions

The study concluded that deposit-taking SACCOs in the Eastern region of Kenya have experienced notable growth, as reflected by increased membership, expanded loan portfolios, and higher levels of savings and loan disbursements. This growth has been partly attributed to the broad dimensions of financial inclusion, including financial literacy, loan accessibility, digital financial services, and branch networks. Both descriptive and inferential analyses confirmed that these variables have a statistically significant influence on the growth of deposit-taking SACCOs, jointly explaining 33.7% of the variation in the growth of deposit taking SACCOs.

On financial literacy, the study concluded that members have gained knowledge and confidence to manage their finances more effectively, particularly in understanding SACCO products, savings obligations, and loan repayment requirements. Descriptive findings indicated strong appreciation for financial education initiatives, although mixed perceptions emerged concerning their practical impact on budgeting habits and default reduction. Inferential analysis confirmed that financial literacy has a significant positive effect on SACCO growth, thereby underscoring its role in equipping members with financial decision-making capacity that supports long-term institutional growth.

On loan accessibility, the study concluded that deposit taking SACCOs in the Eastern region of Kenya offer fair and transparent loan approval processes, competitive interest rates, and clear communication on loan products. Descriptive statistics highlighted streamlined procedures, reasonable turnaround times, and diversified loan products designed to meet members' varied needs. Inferential findings corroborated these observations, revealing that loan accessibility significantly contributes to SACCO growth. This affirmed that the ability of deposit taking SACCOs to provide affordable, timely, and flexible credit remains one of the strongest drivers of institutional growth and member satisfaction.

Regarding digital financial services, the study concluded that adoption of digital platforms has enhanced accessibility, efficiency, and convenience for SACCO members.

Descriptive analysis showed that deposit taking SACCOs have invested in user-friendly platforms that are regularly updated, though challenges such as digital literacy gaps and system reliability still exist. Inferential results confirmed the significance of digital platforms, with digital financial services positively influencing the growth of deposit taking SACCO. This demonstrated that digital innovation help to modernize operations and improves member engagement, which in turn contributes to sustainable growth.

On branch networks, the study concluded that SACCOs' physical presence has been instrumental in expanding membership and improving customer experience. Descriptive results highlighted the convenience and inclusivity offered by branches, especially in rural areas. However, the number of branches was found to be insufficient to fully meet the needs of a growing membership base. Inferential analysis confirmed that branch networks have the strong positive effect on the growth of deposit taking SACCOs suggesting that branch expansion is a crucial driver of growth of deposit taking SACCOs as it improves outreach, deposit mobilization, and financial inclusion.

6.3 Recommendations for Policy and Practice

Based on the study findings, recommendations have been categorized into two main areas: policy and practice. The policy recommendations focus on the role of the regulator (SASRA) in creating an enabling environment for SACCO growth, while the practice recommendations address actions that the umbrella body (KUSCCO) and the Sacco management can adopt to strengthen operations, enhance member services, and promote sustainable growth.

6.3.1 Policy Recommendations

The study concluded that financial literacy significantly influences the growth of deposit-taking SACCOs in the Eastern region of Kenya. It is therefore recommended that SASRA, in collaboration with relevant stakeholders, should prioritize the development of a structured financial literacy framework that guides SACCOs on the minimum standards of member training and knowledge evaluation. Such a framework would ensure that

financial education is institutionalized across SACCOs and integrated into their strategic development plans.

The study also established that loan accessibility has a significant positive impact on SACCO growth. SASRA is recommended to enforce clear loan disclosure policies that obligate SACCOs to provide transparent information on loan terms, repayment schedules, and associated costs. In addition, standardized credit assessment guidelines should be introduced to mitigate default risks while safeguarding members' deposits.

Digital financial services were further found to be a significant predictor of SACCO growth. SASRA is therefore encouraged to set minimum technology adoption standards for all deposit-taking SACCOs, with emphasis on mobile banking, USSD platforms, and compliance with cybersecurity protocols.

Finally, branch networks were established to have a statistically significant effect on SACCO growth. SASRA is recommended to formulate incentive-driven policies that encourage SACCOs to expand into underserved rural and peri-urban areas in order to deepen financial inclusion.

6.3.2 Practice Recommendations

KUSCCO (Eastern Chapter) should complement SASRA's policy framework by organizing regional financial literacy clinics tailored to the unique needs of different member groups, including youth, women, and new entrants. SACCO management is encouraged to embed financial education programs as a continuous practice rather than a one-off activity, while SACCO members should actively participate in these programs and apply the acquired skills in their financial decision-making to enhance both personal and institutional growth.

KUSCCO, through its regional chapter, should coordinate training of loan officers on risk-based lending and the development of innovative loan products aligned with the economic activities of the region such as agriculture, trade, and microenterprises.

SACCOs are encouraged to diversify their credit portfolios by offering specialized loan products that cater for different market segments, while leveraging technology to digitize loan application and approval processes. SACCO members are advised to practice responsible borrowing by aligning credit uptake with productive investment, thereby contributing to SACCO sustainability and growth.

In regard to digital transformation, KUSCCO should play a coordinating role in pooling resources to establish a shared ICT infrastructure that would particularly benefit smaller SACCOs struggling with the high cost of digital innovation. SACCO management should prioritize investment in user-friendly mobile and online platforms that integrate savings, loan applications, and financial advisory services, while simultaneously rolling out continuous digital literacy training to ensure members embrace and trust such platforms. SACCO members are recommended to adopt these digital platforms for their transactions as they improve convenience and efficiency in service delivery.

KUSCCO should also promote collaborative models such as agency banking and shared service centers to reduce the cost burden associated with physical branch expansion. SACCOs are encouraged to adopt innovative outreach strategies, including satellite offices and mobile branches, as viable alternatives to conventional full-service branches, while ensuring that service delivery remains cost-effective and sustainable. SACCO members in newly established catchment areas are recommended to be proactive in supporting these initiatives by enrolling in large numbers and engaging with SACCO activities, which will improve the viability of the expanded networks.

6.4 Recommendations for Further Research

The study pointed out gaps for further studies. First, the study focused solely on deposit taking SACCOs in the Eastern region of Kenya. There is therefore a need for similar studies to be conducted among deposit taking SACCOs in other regions in Kenya. This would offer better insights on the financial inclusion and growth of deposit taking SACCOs and the insights would be adequate for generalization. Secondly, the study only focused on the supply side of financial inclusion and hence the need for another study

focusing on the demand side. This would help to understand how financial inclusion practices offered by the deposit taking SACCOs have benefited the SACCO members.

Thirdly, since the study was confined to deposit taking SACCOs only, there is a need for similar studies to be done focusing on other finance companies such as microfinance institutions, commercial banks and mortgage companies among others. Additionally, the study concentrated on financial literacy, loan accessibility, digital financial services, and branch networks and therefore, future studies could incorporate additional variables such as governance and leadership practices, which influence transparency and accountability in deposit taking SACCOs as well as the regulatory framework, which shapes operational performance and compliance. Other areas that can be explored include the role of member satisfaction and trust in driving SACCO growth, and the impact of product diversification and innovation in enhancing competitiveness.

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APPENDICES

Appendix I: Introduction Letter

South Eastern Kenya University

P.O. Box 170-90200. Kitui

Dear Sir/Madam,

RE: PERMISSION TO CONDUCT DATA COLLECTION

I am a student at South Eastern Kenya University, conducting a study on *Financial Inclusion and Growth of Deposit-Taking Saccos in Eastern Region, Kenya*. The main focus is to determine whether financial literacy, loan accessibility, digital financial services and branch network contribute to the growth of deposit taking SACCOs in the Eastern Region in Kenya. As a senior staff in this SACCO, you have been identified as a suitable respondent and you are hereby requested to participate. Your role is to offer responses to a set of questions in the questionnaire. You are assured that high privacy and confidentiality will be upheld and your data will be used strictly for academic purposes. Your participation will be highly appreciated and will enable me to successfully complete my scholarly program.

Yours sincerely,

Miriam Ndumi Wambua

Signature:

Appendix II: Research Questionnaires

This questionnaire is intended to gather data on variables associated with financial inclusion practices and the growth of deposit-taking SACCOs. Your role is giving your honest perceptions regarding financial inclusion practices at your SACCOs and how the practices have contributed to organizational growth of the SACCO. Please note that no answer is right or wrong and participation is voluntary. High confidentiality is guaranteed. Tick appropriately as guided.

Section A: Demographic Data

Gender

Male { } Female { }

Age

18-35 years { } 25-45 years { } 45-50 years { } 50 years and above { }

Education level

Basic education { } Degree { } Post graduate { } None { }

Please indicate the duration you have worked in your current organization.

Less than 1 year 1- 5 years { } 5-10 years { } Above 10 years { }

Section B: Financial literacy

Please rate the following statements pertaining financial literacy. Use the criteria where, **5-Strongly Agree, 4-Agree, 3-Neutral, 2-Disagree, 1-Strongly Disagree**

	Statement	5	4	3	2	1
1	The financial literacy programs provided by our SACCO have significantly improved members' ability to manage their finances.					
2	Our members are well-informed about the various financial products offered by our SACCO.					
3	Financial literacy programs equip the members with a good understanding of the different financial products and services offered by the SACCOs					
4	Financial literacy programs give members confidence in their ability to manage both savings and loan repayments effectively.					
5	Financial literacy programs enable members to Regularly create and follow budgets to manage income and expenses effectively.					
6	Financial literacy efforts have reduced the number of loan defaults in our SACCO.					
7	Our SACCO provides adequate financial literacy resources tailored to different member needs.					
8	Management regularly reviews and updates the financial literacy content to ensure its relevance to members.					

Section C: Loan Accessibility

Please rate the following statements pertaining loan accessibility. Use the criteria where, **5-Strongly Agree, 4-Agree, 3-Neutral, 2-Disagree, 1-Strongly Disagree**

	Statement	5	4	3	2	1
1	Our SACCO has streamlined the loan application process to make it more accessible to all members.					
2	The criteria for loan approval in our SACCO are clear and fair to all members.					
3	Members can easily access loan products that meet their financial needs.					
4	The turnaround time for loan approval in our SACCO is satisfactory.					
5	Our SACCO offers competitive interest rates that encourage members to apply for loans.					
6	Members are well-informed about the various loan options available to them.					
7	Our SACCO's loan products are designed to be inclusive of all members, regardless of their financial background.					
8	The loan accessibility in our SACCO has contributed to the financial growth of our members.					

Section D: Digital Financial Services

Kindly assess the following statements regarding digital financial services. Use the criteria where: 5-Strongly Agree, 4-Agree, 3-Neutral, 2-Disagree, 1-Strongly Disagree.

	Statement	5	4	3	2	1
1	Our SACCO offers a wide range of digital financial services that are easily accessible to members.					
2	Members are satisfied with the reliability of our SACCO's digital financial services.					
3	The use of digital financial services by our members has increased over time.					
4	Our SACCO's digital platforms are user-friendly and accessible to all members.					
5	The digital financial services provided by our SACCO have improved members' financial management.					
6	Members feel secure when using our SACCO's digital financial services					
7	Our SACCO regularly updates its digital financial services to meet the changing needs of members.					
8	The adoption of digital financial services has contributed to the overall growth of our SACCO.					

Section E: Branch Networks

Kindly evaluate the following statements related to branch networks using the scale: 5-Strongly Agree, 4-Agree, 3-Neutral, 2-Disagree, 1-Strongly Disagree.

	Statement	5	4	3	2	1
1	The current number of SACCO branches is sufficient to meet the needs of our members.					
2	Our SACCO’s branch locations are convenient and easily accessible to members.					
3	Members prefer conducting transactions at physical branches over digital platforms.					
4	The presence of multiple branches has increased member satisfaction with our SACCO’s services.					
5	Branch networks play a crucial role in expanding our SACCO’s membership base.					
6	Our SACCO’s branches provide consistent and high-quality customer service.					
7	The growth of our branch network has positively impacted the financial performance of our SACCO.					
8	Expanding our branch network is a priority for our SACCO’s future growth strategy.					

Section F: Growth of DEPOSIT TAKING SACCOs

Kindly evaluate the following statements regarding the growth of DEPOSIT TAKING SACCOs using the following scale: 5-Strongly Agree, 4-Agree, 3-Neutral, 2-Disagree, 1-Strongly Disagree.

	Statement	5	4	3	2	1
1	The number of members in our SACCO has increased in recent times.					
2	The total assets of our SACCO have grown significantly.					
3	The size of our SACCO's loan portfolio has expanded.					
4	There has been an increase in member savings and deposits at our SACCO.					
5	The loan repayment rates within our SACCO have improved.					
6	Our SACCO has successfully expanded its membership base.					
7	The value of assets held by our SACCO has increased over time.					
8	The volume of loan disbursements by our SACCO has grown.					
9	Our SACCO has seen improvements in the rate of loan repayments					

Appendix III: List of Deposit taking SACCOs in Eastern Region

	SACCO	Location	Members	Managers
1	Biashara Tosha Sacco Society Ltd	Embu	45000	5
2	Capital Sacco Society Ltd	Meru	36000	4
3	Centenary Sacco Society Lt	Meru	53326	4
4	Universal Traders Sacco Society Ltd	Machakos	26000	5
5	County Sacco Society Ltd	Embu	25000	5
6	Daima Sacco Society Ltd	Embu	16000	5
7	Dhabiti Sacco Society Ltd	Meru	40000	4
8	Golden Pillar Sacco Society Ltd	Meru	7000	6
9	Jamii Yetu Sacco Society Ltd	Meru	45000	4
10	Univision Sacco Society Ltd	Kitui	34000	6
11	Mwietheri Sacco Society Ltd	Embu	9518	5
12	Nawiri Sacco Society Ltd	Embu	40000	6
13	Ndosha Sacco Society Ltd	Tharaka Nithi	6000	6
14	Nexus Sacco Society Ltd	Meru	17000	4
15	Nyambene Arimi Sacco Society Ltd	Meru	10000	4
16	Siraji Sacco Society Ltd	Meru	12000	4
17	Smart Champions Sacco Society	Meru	17000	5
18	Solution Sacco Society Ltd	Meru	25000	6
19	Southern Star Sacco Society Ltd	Tharaka Nithi	21000	6
20	Suluhu Sacco Society Ltd	Kitui	2300	6
21	Thamani Sacco Society Ltd	Tharaka Nithi	20000	6
22	Times U Sacco Society Ltd	Meru	30000	5
23	Trans Nation Sacco Society Ltd	Tharaka Nithi	26992	6
24	Bi – High Sacco Society Ltd	Marsabit	2057	6
25	Winas Sacco Society Ltd	Embu	42000	5
26	Kwetu Sacco Society Ltd	Machakos	11094	6
	Total		619,287	134

Appendix IV: Research License


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