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The influence financial inclusion on growth and sustainability of SMEs during the Covid-19 Pandemic. A case study of Nyeri County.

Abstract

The continuing Coronavirus (COVID-19) pandemic has wedged almost everyone across the world. The evolution of the pandemic and its economic effect on the financial growth of SMEs is highly uncertain contributing to poverty increase which makes it difficult for financial policymakers to formulate an appropriate macro-economic policy response. In Kenya, the pandemic has caused many challenges to SMEs and as a result high failure rates. This study attempts to assess the influence of financial inclusion on the growth and sustainability of SMEs. The specific objectives of this study will be; evaluate the effect of mobile banking services on SMEs, reaching the unbanked segment of SMEs, determine the effects of banking services on the longer-term consumption and investment decisions on the financial growth of SMEs; Assess Banking penetration as a shield to SMEs from adverse economic shocks, determine government policy and practices as an empowerment tool for economic and social opportunities necessary for sustainability on the growth of SMEs. The study will comprise a quantitative survey of 840 SMEs listed in the Nyeri county council. Primary data will be collected using a questionnaire that will be administered to the business owners operating in Nyeri County. Study theories, the financial intermediation theory, finance growth theory and asymmetry information theory. Probability sampling techniques that include Simple random sampling, stratified random, cluster random and systematic random will be applied to for quantitative sampling. Sample size distribution will include general trade, transport and communications, Agriculture, hospitality, and manufacturing industries. Descriptive and inferential statistics will be used for data analyses. The significance of the study will be on the stability of SMEs and the policy formulation in the banking sector to ensure the financial inclusion to all SMEs hence forming an all-inclusive financial sector over time.

Keywords; Financial inclusion, Small and Micro Enterprises, financial growth.

Primary author: Ms WACHIRA, Virginia (Phd student)

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