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## **Role of financial institutions in promoting financial literacy among micro and small enterprises in Kericho County, Kenya.**

### **ABSTRACT**

Financial institutions in Kenya play a vital role in realizing financial inclusion among micro and small enterprises. Financing has been identified as a key element for micro and small enterprises to thrive in developing countries. Researchers have argued that lack of financing is almost universally indicated as a key problem for micro and small enterprises. The study was guided by the following objectives: to establish the role financial institutions play in promoting financial literacy micro and small enterprises in Kenya. The study adopted a cross sectional survey design from a population of 7277 micro and small enterprises. Stratified and simple random sampling was used to sample the 380 micro and small enterprises. Questionnaires were used in the data collection. Data was analyzed using both descriptive and inferential statistics with the aid of SPSS version 25. The research findings indicate that there exists a statistically significant positive relationship between the role of financial institutions and financial literacy among micro and small enterprise. The study concluded that micro and small enterprises were able to access financing of new products, top-ups credit, mobile banking and agency banking, while new requirements were needed to access credit facilities. Further it was concluded that financial institutions did not embrace financial literacy of the micro and small enterprises. The study also concluded that the micro and small enterprises were not provided forums to be educated and informed on any new and changing financial information.

The study recommended that financial institutions come up with new products to cover micro and small enterprises financial needs. Further, the study recommended policy formulation and amendments that will include transparency of financial institutions to uphold inclusion of financing. Fora and workshops to be created to educate and inform micro and small enterprises on issues regarding financing.

### **Key Words**

Financial institutions, financial literacy, micro and small enterprises

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