

Financial Services Access and Growth of Small and Medium Enterprises in Mombasa City, Kenya

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Abstract:- Small scale and medium businesses (SMEs) contribute immensely towards the gross domestic product (GDP) of any nation. They account for a large percentage of the jobs in many countries. In consideration of these, the researchers sought to find out if a change in financial services access brings out a shift in growth of SMEs in Mombasa city, Kenya. The study focused on businesses in existence for five years after inception. Primary data was obtained, from 345 enterprises through a purposive random sample from licensed SMEs in the financial year 2020/2021, in Mombasa County. Except for bancassurance services the study showed a positive correlation between lending services, business training, bancassurance and digital banking with growth of small and medium enterprises. However, it found out a negative association between financial saving and the dependent variable. In consideration of these, the study recommends financial institutions to facilitate good working relationship between their credit departments with SMEs. This, in turn will boost uptake of credit services for realization of growth among small and medium enterprises. Insurance institutions to coordinate their partnership with banks to be able to accelerate uptake of bancassurance services. Governments to establish incentives on ICT firms that innovate products targeting financial services access and SMEs operations integrations. Furthermore, the county governments to fund trainings conducted by financial institutions to encourage them conduct frequent seminars and workshops among the SMEs owners and managers. This will boost knowledge and skill base, that ultimately assist businesses owners run their SMEs efficiently and effectively.

Keywords:- Bancassurance, business training, digital banking, financial saving, financial services access, growth of small and medium enterprises, lending services.

I. INTRODUCTION

Innovative young businesses are vital in creating new jobs and innovation (Sedlacek and Sterk 2014). Entrepreneurial start-ups generate and bring in new innovations. They help create firms and become movers in the economy (Global Entrepreneurial Monitor, 2017). Developing nations like Kenya needs more SMEs to prosper. This is due to government revenue generation and integration of skills through informal sector. Ultimately, SMEs will boost attainment of vision 2030, which is a Kenya's road map to achievement of industrialized nation, together with increasing annual GDP.

In 2014, 80 percent of jobs were created by SMEs startups in Kenya and contributed 98 percent of all business. The informal sector accounted for 79 percent of these businesses (Kenya National Bureau of Statistics, 2016). However, the inability of small-scale businesses to grow and graduate to medium size has led to vacuum called 'missing middle' (Bunyasi, Bwisa and Namusonge, 2014). Growth is second to survival when it comes to important goals of a firm.

II. FINANCIAL SERVICES ACCESS

Obtaining financial services at affordable rates and fair terms is a challenge to many small-scale and medium businesses. Access to finance by these businesses means they can physically access lenders (Chowdhury and Alam, 2017). This is an important factor in promoting sustainability and growth of SMEs start-ups. Kunt, Klapper & Singer (2017) posits that financial service inclusions and access means that adults can obtain a wide range of the right financial services. It starts by having an account at mobile service provider to carry out transactions. It further involves being able to utilize loan services that enables one to exploit available opportunities and mitigate their risk through insurance services.

According to Matiangi (2016) major financial services are savings, micro-loans, training and insurance services which are consumed by low-income earners and SMEs worldwide. Wanjiru (2016) on the other hand, noted that financial services are mainly transfers, insurance, savings and credits offered by microfinance organizations. The researchers considered financial services as all services offered by financial institutions both credit and non-credit.

Most of the financial institutions offer micro-credit on the strength of a physical collateral. However, with the inception of SACCOs members guarantee one another based on their savings. Kenya Bankers Association, (2016) opines that classification of loans based on the repayment period gives a clear picture of loan performances. It is against this backdrop that the researchers looked at how growth of small and medium enterprises was affected by lending services based on repayment period.

Kenyan banks use e-banking to face out the traditional way of doing business (Githuku and Kinyuru, 2018). This platform if further fueled by the tech-savvy customers. Consequently, this has led to an increase in digital financial transactions, banking through internet and mobile phones. Digital banking has been widely adopted by Kenyans due to its convenience. This has provided e-wallet which has been

propelled by social media, advanced mobile device, networks, enhanced digital security and access to internet everywhere. Mobile account, accounted for a third of all accounts with its widespread being felt in East African countries. It is estimated that Kenya leads in the number of mobile money account in East Africa at 58%.

Wanjiru (2016) stated that, with the increase risk associated with business environment, insurance services have gained popularity among entrepreneurs. Although many people and entrepreneurs use saving and credit to manage their risks, insurance add more value. Matiangi (2016) proposed that organizations offering financial services should offer savings and insurances services not only to the high-end users but also small businesses.

Due to dynamic and highly competitive environment banks have had to come up with new products to gain competitive edge. One such product is bancassurance. This term is the combination of bank and insurance where banks sell insurance policies. Hence banks are playing an intermediary role between insurance and customers. The main reason for the proliferation of this products is trust, personal relationship and convenience from the banks perceived by customers.

Business training involves activities such as budgeting, entrepreneurship and business planning. Laney (2013) opined that entrepreneurship training is undertaken with assumption that acquisition of these skills helps reduce barriers posed by lack of education. It is assessed that there are attributes that are not inborn, that can be developed. Tambwe (2015) posits that this training boost socio-emotional, technical skills and entrepreneurial activities together with improvement of probability of starting a new business.

Money can be put aside for future use with the assistance of financial institutions. Small scale business owners prefer saving through these institutions due to minimal theft, curbing of impulse spending and assisting in greater achievements of development goals. Furthermore, there are different avenues provided by banks for one to save including saving account, fixed deposit accounts, FOSA saving and BOSA saving accounts. There are several reasons why people save including to make large purchases, for investments, business, for old age and future expenses.

III. GROWTH OF SMALL AND MEDIUM ENTERPRISES

Definitions of SMEs is commonly based on number of employees, annual turnover or total value of assets. Typically, these are organizations with employees between one to 250 in number irrespective of their legal forms I.e., family, sole proprietorship, partnership, company or cooperative. Many authors view business growth in terms of firm's performance indicators. These performance indicators have been broken into two categories; financial (economic) and non-financial (Rahman and Ramli, 2014). Consequently, most organizations analyze their growth based on financial ratios (Husna and Deslyanti, 2016). This is beneficial as an

internal analysis for management to check financial achievements for further planning.

Ratios are categorized into various classes based on what it measures. Those that measure growth include return on assets, profits, employees' growth, gross profit margin, growth of sales, survival rate and employees' growth. Customer satisfaction, achievements, corporate reputations, personal development, happiness and market share are some of the non-financial measures (Essel, Adams and Amankwah, 2019).

According to Mohamad, Mohd and Mohezar (2017) the choice of business growth indicators depends on academic disciplines. Researchers in geographical studies together with those in economics use the number of employees. Furthermore, policy makers and government administrators use employment levels. Scholars in finance use financial indicators from accounts department to measure firms' growth. "Financial measures are simple to measure and easier to understand" (Essel, Adams and Amankwah, 2019).

Investors may look more at financial statements and pick out gross profit margin, return on sales, return on equity, return on capital employed, revenue growth and cash inflows. Return on investment (ROI), return on assets (ROA) and sales gives how well business uses its assets to generate a return. Although these indicators are derived from accounting records that might be prone to manipulations, well-kept records can give a reliable picture of a business growth (Essel, Adams and Amankwah, 2019). To avoid depreciation influencing the results of the analysis. This study calculated one of the profitability ratios I, e gross profit (GP) margin to measure growth. Calculation of this ratio uses data on sales and cost of goods sold, information that can easily be obtained from the SMEs records.

According to Welsch, Price and Stoica (2013) small and medium business owners' motivations are intertwined with that of their businesses. Motivations to grow a SMEs by owners comes from their 'growth intentions'. However, there are other business owners who are not interested in growth. Consequently, this group of businesses are more likely to collapse within their first years of inceptions (Levie and Autio, 2013). This study assumed that the owners had a positive intention to grow.

IV. FINANCIAL SERVICES AND GROWTH OF SMES IN KENYA

A study was done by Omondi and Jagongo (2018) on services of micro-financial institutions and how they affect financial performances of youths' SMEs. They found out a positive relationship between access to financial training and connection to MFIs, to growth of the youth SMEs. Research done by Muchiri (2018) on how adoption of mobile banking has affected performance of SMEs opined that, the element of convenience, cost, ease of use, security and acceptability enticed SMEs to like this banking platform. Maina (2014) did examined how bancassurance services does influence performances of the selected insurance institutions. The study showed bancassurance being positively related to

financial performances of insurance institutions. Maina in his conclusion proposed for the insurance organizations to foster their partnership with banks since it increases their penetration, financial integration and innovations of products and services.

Nganu (2018), carried out a study on the influence of training on entrepreneurship with attention to SMEs in the ICT industry. The research findings showed an improvement in performances of these businesses with increased level of training. Jagongo (2012) carried out a study on saving mobilization with attention to growth on the businesses owned by women. The researcher paid attention to the elements constraining these enterprises. The study agreed, that education, management skills level, cultural, marital affairs, religious attachments and age had significant propensity among women entrepreneurs.

Mwaniki (2014) carried out a study on how literacy on finance can influence growth of SMEs. The study had a focus of unravelling how management of debts, banking experience and maintenance of proper books of accounts affects SMEs growth. This study found out that debt management and book keeping literacy had positive effect on SMEs growth.

V. RESEARCH METHODOLOGY

The study adopted a descriptive study. The researcher attempted to study the SMEs within Mombasa City in their natural settings. An appropriate research design seeks to ensure that findings get a satisfactory answer to the research questions with absolute clarity (Cooper and Schindler, 2014). Descriptive approach was chosen because it gave a detailed analysis of phenomenon of this study. The results and findings can then be inferred in a larger similar situation. The study was analyzed to get information relating to the status of the issue under study and describes what exist within the variables (Cresswell, 2014).

The researcher obtained the target population from SMEs in Mombasa city who had been in existence for the last five years up to financial year 2020/2021. This was represented by 34,501 licensed SMEs according to Mombasa Licensing Department in the financial year 2020/2021. A sample of 345 representing 10% of the population was selected. This research study used purposive random sampling due to its focus on five years existence.

The researcher utilized two types of questionnaires i.e open and closed ended to collect primary data. Closed ended type gave ease of analyses while open ended captured data not collected by the closed ended questionnaires. Primary data was collected in form of questionnaires that were dropped and some emailed to the owners or managers. Contact information of these businesses were obtained from the Mombasa County Licensing Department.

Out of the 345 questionnaires administered, it is only 211 that were answered and returned. This figure represented 61.1% rate of response while the rest, 134 questionnaires were not answered nor reverted. According to Allen (2016) a response rate of 50% is satisfactory. This

falls within the range of the current study. The researchers are confident this response rate gives the optimal conclusion.

VI. CONCEPTUAL MODEL

The researcher came up with the model below to explain the variables relationship;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \epsilon$$

Where the symbols used are; Y = Growth of SMEs; X_1 = Lending services; X_2 = Digital banking; X_3 = Bancassurance services; X_4 = Business training; X_5 = Financial savings; ϵ = The Error; $\beta_0, \beta_1, \beta_2, \dots, \beta_5$, represented the regression coefficient and X_1, X_2, \dots, X_5 gives the independent variables while the ϵ gives the random variables in the Y that X variable could not explain in this study.

VII. DEMOGRAPHIC INFORMATION

A. Gender

The questionnaire contained a leading question on gender. This was included to ascertain gender distribution of the respondents under study. The study showed that, majority of the participants were males at 91.4%. The female only accounted for 8.60%.

B. Age Distribution

Age categories were put between 18 years and 35, depicting youth, the bracket of 36 to 46 years showing those respondents in their prime years. The age bracket of 47 to 55 years, 56 to 60 years together with those above 61 years were assessed as well. Research depicted respondents between the age bracket of 56 to 60 years as majority at 30.33%. This group was followed by those between 47 to 55 years at 24.64%. The respondents with 36 to 46 years accounted for 19.43% close to those with 61 years and above at 18.01%. The youth accounted for a 7.58% which was the lowest.

C. SME Ownership

The researcher sought to determine the respondents' classes. This was in terms of whether they own the SME or are management employees delegated with daily decision of running the concerns. Findings showed managers were more in numbers at 57.41% in comparison to owners of the business at 42.59%. This portrays many SMEs are being run by managers than owners.

D. Highest Education Level Attained

The study sought to determine the level of education attained by the respondents. This was classified into primary school, secondary school, diploma/undergraduate level, postgraduates denoting masters' holders and doctoral level. Undergraduate/diploma qualifications were mostly attained by SME owners and managers with a percentage of 51.18% followed by secondary school level at 29.38%. Those with primary school, postgraduate and doctoral level had 16.59%, 2.84% and 0.0% respectively.

E. Types of Financial Institutions

The respondents were asked to state the type of financial institution they obtain high number of financial services from. The categories offered for considerations were banks, SACCOs, microfinance institutions and others, a category they were to specify. Most of the respondents use banks as their primary source of financial services at 81.99%. Savings and credit cooperative societies accounted for 10.90% with micro-finance institutions being utilized at 6.16% by the respondents. Other financial institutions offering services under study accounted for 0.95%.

VIII. DATA ANALYSIS*A. Descriptive Statistics*

The researcher calculated mean and standard deviation. During this analysis those areas of the questionnaire expressed in range, the upper and the lower limits were sum together and averaged to get the mid-point. The following tables gives the results of this analysis according to the objectives of the study.

B. Lending Services

The researcher sought to ascertain how lending services categorized in three types of loans were utilized by the respondents. Loans considered were short term, medium term and long-term. These credits were measured in number of times the loan was received.

Table 1: Cumulative Frequency of Loans Received

Period	Short term	medium term	long term
2016-2017	102	84	77
2017-2018	188	52	61
2018-2019	93	47	89
2019-2020	167	30	59
2020-2021	102	16	63
Mean	3.09	1.08	1.65
Std deviation	1.69	1.22	1.58
Average mean	1.18		
Average Std Dev.	1.498		

Source: Authors' Computation (2022)

Table 1 shows that short term loan was mostly utilized (M=3.09 and SD= 1.69). The standard deviation illustrates that most of those who used short term loan, their frequency of usage was fairly around 3.09. Long term loan was fairly utilized second to short term loan (M=1.65, SD=1.58). This was above the overall average mean (M=1.18, SD=1.498). This indicates that the number of frequencies of long-term loan utilization per respondent was 1.65 with standard deviation showing most of the respondents' utilization

frequency was closer to the average. Medium term loan was the least utilized (M=1.08, SD =1.22).

C. Digital Banking

In gauging the digital banking access, the study looked at M-pesa services, debit/credit notes, Internet banking and other mobile banking. The table below summaries these findings:

Table 2: Cumulative Frequency of Digital Transactions Performed

Period	M-pesa	Other mobile money	credit cards	Debit/ Internet banking
2016-2017	20394	2569	1689	2290
2017-2018	25642	1862	1564	1501
2018-2019	22569	3269	1356	1569
2019-2020	23491	2762	1682	1007
2020-2021	26911	3345	3250	2669
Mean	564.01	65.44	45.22	42.82
Std Deviation	318.18	67.21	39.87	34.01
Average Mean	143.54			
Average Std Dev.	115.067			

Source: Authors' Computation (2022)

According to the table 2 above M-pesa transactions had the highest frequency (M=564.01, SD=318.18). This shows that this platform was the most used digital avenues for carrying out transactions. Other mobile avenues

accounted for the second share of the digital transactions (M=65.44, SD=67.21). Debit and credit cards were also assessed (M=45.22, SD=39.87). The standard deviation of 39.87 depicts most of the respondents being close to 45.22.

Internet banking accounted for the least digital platform under usage by the respondents (M=42.82, SD=34.01). This was lower than the average mean.

D. Bancassurance Services

The researchers wanted to establish how bancassurance services is being adopted by the respondents.

Table 3: Cumulative Amount of Premium Paid

Period	Amounts in “1,000”			
	Life assurance	Business insurance	Motor Vehicle insurance	Fire insurance
2016-2017	2564.9	16780	72594.3	1086.97
2017-2018	956.42	9846.2	6495.0	2515.38
2018-2019	2963.15	12465.	115943.2	3034.23
2019-2020	3564.92	16879.2	86482.	2605.68
2020-2021	1975.3	14532.03	75462.3	2236.44
Mean	56.99	334.13	196.89	54.40
Std deviation	124.00	580.29	309.00	289
Average mean	126.25			
Average Std Dev.	324.57			

Source: Authors' Computation (2022)

The results as depicted in the above table 3 gives business insurance with the highest respondent's frequency (M=334,130, SD=580,290). Motor vehicle insurance was second (M=196,890, SD=309,000). This was larger than the average mean of 126,250. Life assurance came third in terms of frequency of utilization (M=56,990, SD=124,000). This indicates that respondents paid less amount of premium through bancassurance in comparison to the average amounts of premiums paid through this platform (M=126,250). Fire insurance reported last in terms of

amounts of premiums paid through bancassurance (M=54,400, SD=289,000). This still was below the average mean of 126,250.

E. Business Training

The number of trainings attended by respondents were determined so as to gauge its impact on the growth of SMEs. These trainings under consideration were entrepreneurial, managerial and financial in nature.

Table 4: Cumulative Number of Business Trainings Attended

Period	Entrepreneurial training	Business management	Financial management
2016-2017	91	127	141
2017-2018	108	156	127
2018-2019	87	65	134
2019-2020	129	144	83
2020-2021	95	82	91
Mean	2.41	2.72	2.72
Std deviation	1.59	1.72	1.64
Average mean	1.57		
Average Std Dev.	1.650		

Source: Authors' Computation (2022)

As per the table 4 above business and financial management trainings had the same utilization (M= 2.72). However, business management trainings had the highest standard deviation (SD= 1.72). This shows existence of variations in business management frequency than financial training (SD=1.64). It implies that most of the respondents'

attendance frequency to financial trainings was fairly close to the mean.

F. Financial Saving

The study assessed the amounts of money saved through the four avenues offered by financial institutions. These avenues are FOSA, BOSA, saving accounts and fixed deposits accounts.

Table 5: Cumulative Amount of Money Saved

Period	Amount in "100,000"			
	FOSA saving	BOSA saving fund	Saving A/C deposits	Fixed
2016-2017	8.4525	127.3335	21.294	1569.34
2017-2018	134.13015	394.56	25.691	1023.94
2018-2019	62.1417	267.35	69.1755	956.2788
2019-2020	126.5887	586.9722	145.69	1597.6511
2020-2021	15.5037	186.723	45.7633	1278.92
Mean	1.64	7.41	1.46	30.46
Std deviation	8.62	28.63	6.21	172.57
Average Mean	13.54			
Average Std Dev.	54.00			

Source: Author's Computation (2022)

As per the table 5 above fixed deposits, accounted for the largest amounts saved (M=3,046,000, SD=17,257, 0000. Back-office savings (BOSA) was second in amounts saved (M= 741,000, SD= 2,863,000). This mean was lower than the average mean. Front office saving services and savings accounts gave (M=164,000, SD=862,000), and (M=146,000=SD=621,000) respectively.

G. Inferential Statistics

This is the analysis were data obtained from the sample is used to make a generalized conclusions of a populations of the observation under study. The researchers carried out

two analyses under this sub-section. These are correlation and regression analysis.

H. Correlation Analysis Results

This measures the strength of relationship existing between two variables in a linear manner. This correlation is denoted by r, with its value expected to fall in the range of -1 and +1. A value of r when zero implies that there is no linear relationship. Values above zero to +1 denotes a positive relationship with the strength indicated by r value. Lower values than zero to -1 indicates a negative relationship. Based on the data obtained under this study, the correlation table below summarizes it.

Table 6: Correlation Analysis

Period	Gross profit	Lending services	Digital banking	Banc-assurance	Business training	Financial savings
Gross profit margin	Pearson Correlation 1 Sig.(2-tailed)					
Lending Services	Pearson Correlation 0.710** Sig.(2-tailed) <.0001	1				
Digital banking	Pearson Correlation 0.478** Sig.(2-tailed) <.001	0.458** 1	1			
Bancassurance	Pearson Correlation 0.040 Sig.(2-tailed) <.001	-0.039 0.573	0.126 0.068	1		
Business training	Pearson Correlation 0.288** Sig.(2-tailed) <.001	0.262** <.001	0.156* 0.023	0.060 0.386	1	
Financial	Pearson Correlation -.015	.020	.096	-.021	.013	1
Saving	Sig.(2-tailed) .826 Pearson	.775	.163	.764	.851	

Source: Author's Computation (2022)

The table 6 above shows all the variables under the study correlating with each other at a value of +1. This is normal as any variable will always correlate with itself. Lending services had a positive and significant relationship with growth of SMEs ($r = .0710$, $p = <0.001$). This means both the lending services (loans) and growth of SMEs change in the same direction implying a unit change in lending services triggers a positive change of 0.710 in growth of SMEs. A study done by Ibrahim and Ifeyinwa (2020) on the effect of banking lending on the growth of selected SMEs in Nigeria gave similar findings; loans having a strong and statistically significant relationship with growth of SMEs. Digital banking services and growth of SMEs were found to have a positive correlation with each other. The relationship was found to be statistically significant ($r = .478$, $p = <0.001$).

Bancassurance services depicted a positive correlation with SME growth. The relationship is shown to be statistically significant ($r = 0.040$, $p = <0.001$). However, the shift is marginal at 0.040. This implies that a unit change in

bancassurance services brings a positive change of 0.040 of growth of SMEs. Although it is marginal the table 6 shows it to be statistically significant. Business training and growth of SME was also found to have positive correlation with each other ($r = 0.288$, $p = <0.001$). This relationship looks small but it is statistically significant as shown by value of r . This conclusion was also arrived at by Nduta (2016) who found out strong positive change in training programs with SME growth ($r = 0.766$, $p = <0.01$). Financial savings and growth of SMEs was found to have a negative correlation ($r = -0.015$, $p = 0.826$). This relationship is statistically insignificant has shown by the value of p being more than 0.05. Hence this associations shows a marginal negative change of 0.015 that is not significant.

I. Regression Analysis

This is an analysis used to determine the association between a dependent and independent variable. It is put in form of a model that can be used to generalize how population behave on the modelled observations.

Table 7: Model of Fitness

Model	R	R Square	Adjusted R Square	Std. Error of Estimates
1	.740	.547	.536	13.6401

Source: Author's Computation (2022)

From table 7 above, R square adjusted is 0.536. This denotes that all the five dependent variables under study can explain 53.6% of the total variation in the dependent variable, which is growth of SMEs. This is a fair satisfactory

explanation as it is above 50%. Hence, when all factors are held constant, changes in these variables causes a 53.6 % change in SMEs growth.

Table 8: ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig
Regression	46056.456	5	9211.291	49.509	<.001 ^b
Residual	38140.982	205	186.054		
Total	84197.438	210			

Source: Author's Computation (2022)

This analysis shows how significant the overall model is, in predicting the dependent variable by the independent variables considered. According to the table 8 above the F statistic was 49.509 ($p <0.001$) which was less than 0.05.

This then means that the model is statistically significant to predict dependent variable. This is by using independent variables under consideration, taking into account high value of F and a small p value.

Table 9: Regression Model Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	Confidence T	Sig.	95.0% Interval for B	
	B	Std Error	Beta			Lower Bound	Upper Bound
(Constant)	9.135	1.687		5.413	<.001	5.808	12.462
Lending Services	8.030	.730	.601	11.002	<.001	6.591	9.469
Digital Banking	.033	.009	.188	3.485	<.001	.014	.051
Bancassurance	.002	.003	.033	.694	.488	-.004	.008
Business Training	1.204	.593	.099	2.029	.044	.034	2.373
Financial Saving	-.0.17	.018	-.046	-.969	.334	.052	.018

Source: Author's Computation (2022)

The table 9 above presents regression coefficients of the model of the variables under study. This presents an overall relationship between the dependent variable and all the independent variables put together. The constant for the model is 9.135. This is the value of the dependent variables (growth of SMEs) when all the independent variables assume zero value. This constant is significant ($p < 0.001$) which is less than the p value of 0.05. The table shows lending services and growth of SMEs being positively and significantly related ($\beta = 8.030$, $p < 0.001$). The p value was measured at 0.05 significant level and the p value for lending services is 0.001 below the 0.05. The β value of 8.030 means that one unit increase in lending services triggers a positive increase of 8.030 in growth of SMEs.

Digital banking and growth of SMEs have a minimal positive association that is statistically significant ($\beta = 0.033$, $p < 0.001$). This implies that a unit increase in digital banking leads to a positive increase of 0.033 of the growth

of SMEs. Although this shift is marginal it is statistically significant based on the value of p being lower than 0.05. The table 9 further presents the relationship between bancassurance services and growth of SMEs ($\beta = 0.002$, $p = 0.488$). This shows a positive relationship of a marginal 0.002. However, this relationship is not statistically significant judging by the value p which is higher than 0.05.

The relationship between business trainings and growth of SMEs is a positive association ($\beta = 1.204$, $p = 0.04$). This interaction is seen to be significant as the value of p is lower than the value of 0.05. Financial savings and growth of SME is found to have negative association which is statistically insignificant ($\beta = -0.17$, $p = 0.334$). Hence a unit increase in savings leads to a negative change in growth of SMEs. However, this relation is insignificant as the value of p is higher than 0.05.

Based on the above table the equation obtained is:

$$Y = 9.135 + 8.030X_1 + 0.033X_2 + 0.002X_3 + 1.204X_4 - 0.17X_5 + \epsilon$$

Where;

Y = Growth of Small and Medium Enterprises (GP Margin)

X1 = Lending Services (Frequencies)

X2 = Digital Banking (Frequencies)

X3 = Bancassurance services (Amount)

X4 = Business Trainings (Frequencies)

X5 = Financial Savings (Amount)

 ϵ = Error term

- Dependent variables

-Independent variable

- Independent variable

- Independent variable

- Independent variable

- Independent variable

IX. CONCLUSION

From the preceding section it is clear that financial services access has had a positive impact on the growth of SMEs in Mombasa city, with the exception of financial savings. Lending services provided by the financial institutions in form of short term, medium term and long-term loans, have assisted SMEs in the growth of their businesses. Although Bancassurance services which is one of the new products in banking industry has been sparingly embraced by the SMEs, it had a positive impact on the growth of SMEs.

Digital banking has been highly taken up by the SMEs in Mombasa city with M-pesa service frequently used as one of the digital banking avenues. Business training mostly attended by SMEs are entrepreneurial, managerial and financial and contributes positively to SMEs growth. Mombasa city SMEs owners and managers consider financial skills more important than entrepreneurial and management skill. However, growth of SMEs was negatively impacted by funds set aside from the business in form of savings.

X. RECOMMENDATIONS

Based on the above conclusions it is evident that for growth to be realized, financial service access is inevitable. Financial institutions need to facilitate a good working relationship between their credit department and SMEs with microfinance, SACCOs and other financial institutions being encouraged to move closer to the SMEs to understand their credit needs. Insurance institutions should coordinate their partnership with banks to fast track the uptake of bancassurance services. The government to set up policies that establish incentives on ICT organizations that innovates on products targeting financial services and SMES operation integration. This will encourage making and receiving payments digitally seamless. These products should be convenient and less costly to use.

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