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ABSTRACT

The general objective of the study was to determine the effect of access to microfinance on the financial performance of youth groups‟ income generating projects in Migori County. Specifically, it sought to determine the effect of interest rates, collateral requirement, lending procedure and credit information sharing on the financial performance of youth groups‟ income generating projects in Migori County, Kenya. The study was guided by Welfarist theory, credit market theory and Joint liability theory. The study used descriptive cross sectional research design. The target population was 121 registered youth groups dealing with income generating projects in Migori County. Yamane formula was used to select 93 youth groups. Purposive sampling was used to select two persons that is the chairperson and the treasurer from each of the youth group income generating project hence the sample size of 186 participants. Data was collected using questionnaires and analyzed using descriptive statistics that include percentage, mean and standard deviation. To establish the relationship between the variables, regression analysis was used. The results indicated that employee value proposition has significant positive effect on talent engagement. This was supported by B-coefficients Interest rates on micro-credit access β_1*=-0.253, P=0.000; Collateral requirement* β_2*=0.194, P=0.000; Lending procedure* β_3*=0.306, P=0.000; Credit information sharing* β_4*=0.189, P=0.001. The coefficient of determination* (R^2) *was 0.662, P=0.000 and this shows that 66.2% of the variations in the financial performance can be explained by the four predictor variables. The study concluded that access to microfinance has significant effect on financial performance of youth Self Help groups in Migori County. Therefore, the study recommended that the government and financial bodies should consider offering subsidized interest rates or low-interest loan products specifically targeted at youth Self Help groups. Financial institutions should broaden the range of acceptable collateral to include non-traditional assets like equipment or intellectual property. Financial institutions should simplify the loan application process by reducing unnecessary documentation and clarifying the requirements.*

Key Words: *Interest Rate, Collateral Requirement, Lending Procedures, Credit Information Sharing*

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INTRODUCTION

Group funding is emerging as the most innovative strategy worldwide in addressing poverty. This is as a result of the consequential unemployment especially among the youth, the vulnerable and women in many developing countries. Governments all over the world are encouraging the poor to form groups and undertake micro enterprises with the available credit facilities from government, banks and microfinance institutions to stimulate generation of income and asset build up for socio-economic development in both rural and urban areas among the Youth. All over the world, the provision of micro finance service is based on savings through credit-led groups, and the strategy is emerging as an innovative and sustainable Youth financial inclusion strategy. Das (2015) posits that micro credit has become an alternative source of credit for the poor who earlier were considered as non-bankable. The phenomenal growth of SHGs indicates that the weaker sections of the society are also capable of sharpening their micro entrepreneurial skills and financial performance with the help of their own savings and additional credit from various sectors and sections of government including microfinance institution as the need may arise.

In India, microfinance scene is dominated by self-help groups (SHG) in meeting peculiar needs of poor rural as well as strengthening collective capacities of SHG at local levels, leading to members and communities empowerment (Kanbur & Richard, 2017).This is in agreement with research in Pakistan on Khushali Bank Micro credit program that found an increased degree to which women participants improved in decision making in child bearing, community participation and financial matters (Montgomery & Wiley, 2015).Studies on credit provision to women in Pakistan found a significant relationship between women participants in SHG and increased empowerment, evidenced in increased economic contribution in family welfare, whose results were consistent with that of (Montgomery & Wiley, 2015).

In Uganda and Kenya, businesses that are either operated individually or by a group form the backbone of the economy. Microfinance may have a pivotal role to play in the financial performance of youth self-help groups. The MFIs have been of great importance in East African nations especially for self-help groups businesses by providing financial services and boosting their earnings and empowering the society (Basu, Blavy & Yulek, 2018).

Youth groups‟ income generating projects are income generating projects or business entities owned and operated by a group of young people between the age of 18 and 35 years. According to Migori sub county gender and social development office (2024), there are 127 registered youth group income generating projects operating in Migori County. These are only income generating projects that comprises of youth forming a group. Youth groups‟ projects are involved in small businesses in towns and most of them get the finances from microfinance institution. Lack of access to financial aid from the donor agencies, NGOs and the Kenyan government has forced most youth groups to seek loans from micro finance institutions whose vision is to promote the growth of youth owned projects. Despite the increase in funding from MFIs, youth groups in Migori County continue to deteriorate in performance.

Statement of the Problem

The overall financial performance of youth Self Help group's income generating projects in Migori County has been declining drastically as measured by asset growth rates and sales turnover growth rate. According to the Kenya National Bureau of Statistics (2019) the asset base of youth Self Help group income generating projects in Migori County decreased from 5.23 percent in 2017 to 5.01 percent in 2018, indicating a decline in asset growth rate. The sales turn over decreased from Ksh. 13.21 million in 2017 to Ksh. 8.57 million in 2018. This was driven mainly by the low access to credit from

banks and other government units which staggered their capital base and structure. Microfinance provide youth self-help groups with affordable credit opportunities by helping them to secure funds to build their capital base and improve their financial performance. It expands horizons and thus fulfills economic and social roles by improving people's living conditions (Mwaniki, 2006).

However, youth group income generating projects in Migori County are having difficulties in accessing credits due to high interest rates charged on bank loans, the need of collateral requirement, tiresome and long lending procedures and lack of proper credit information sharing which if not well addressed by SHG's, will continue to hinder their financial performance. Empirically there are studies that have been conducted on acces to microfinance such as Savatia, R. (2018). Micro support and performance of selected youth enterprises in Kericho County, Kenya. Khakasa, A., & Kithae, E. (2015). Effects of lending conditions on accessibility of funds for youth entrepreneurs in Kakamega County, Kenya. Kilele, A., & Kimani, D. (2015). Determinants of group loans uptake at the Youth Enterprises Funding Nakuru West Constituency. However, there are few studies that have been done on youth self Help group's income generating projects. For this reason, therefore, the study seeks to establish the access to microfinance and financial performance of youth self-help groups in Migori County, Kenya.

Objective of the Study

The general objective of the study was to investigate access to microfinance and financial performance of youth Self Help groups in Migori County. The study was guided by the following specific objectives:

- To determine the effect of interest rates on micro-credit access on the financial performance of youth Self Help groups in Migori County, Kenya.
- To examine the effect of collateral requirement on the financial performance of youth Self Help groups in Migori County, Kenya.
- To assess the effect of lending procedure on the financial performance of youth Self Help groups in Migori County, Kenya.
- To explore the effect of credit information sharing on the financial performance of youth Self Help groups in Migori County, Kenya.

LITERATURE REVIEW

Welfarist Theory

Welfarist theory was developed by the British economist John Hicks (1981). Like all forms of consequentialism, welfarism is based on the premise that actions, policies, and/or rules should be evaluated on the basis of their consequences. Welfarism is the view that the morally significant consequences are impacts on human (or animal) welfare.

Marguerite Robinson (2001) says welfare theory centers on credit as an apparatus of decreasing poverty. As indicated by Robinson (2001) credit is given to poor borrowers at beneath market loan fees with the end goal to reach the extremely poor to help them overcome poverty and empower them. The high financing costs charged by business commercial lender are of specific centrality for social and monetary improvement on the grounds that these rates will in general hinder or block the development of borrowers' undertakings, on the grounds that the volume of casual business credit is huge in developing countries, and in light of the fact that commercial microfinance is as yet not broadly accessible. At the point when sustainable financial intermediaries serve the microfinance market, creditworthy low- income borrowers can access credits at loan fees and aggregate costs that are much lower than those regularly charged by moneylenders. In addition, the interest for smaller scale reserve funds administrations can likewise be met. This end is essential for the microfinance unrest: it is the formal part, not the casual segment that can possibly make microfinance markets focused. Regardless of the idealistic desires for their

supporters, the aftereffects of these projects have been baffling because of Loan- default issues that were serious. This examination obtains the achievement part of low rates to poor families in getting to assets to improve living standards.

Credit Market Theory

In the early 1950s Harry Markowitz developed a theory of portfolio selection which has resulted in a revolution in the theory of finance leading to the development of modern capital market theory (Markowitz, 1952). Credit market theory is a model of the neoclassical credit market which theorizes that the terms of credits clear the market. The theory proposes that if security/collateral and other relevant confinements stay given, at that point it is just the loaning rate that decides the measure of credit that is apportioned by the saving money segment. In this way with an expanding interest for credit and a settled supply of the equivalent, financing costs should rise. Any extra hazard to a task being financed by the bank ought to be reflected through a hazard premium that is added to loaning rate to coordinate the expanding danger of default. Thusly, there exist a positive connection between the default likelihood of a borrower and the financing cost charged on the advance. It is thusly trusted that the higher the failure risks of the borrower, the higher the intrigue premium (Ewert et al., 2000).

Joint Liability Theory

Joint liability theory as proposed by Wahid in 1993 attested that through joint obligation the financial institutions have possessed the capacity to enter the un- bankable and those considered so poor to be loaned because of absence of collaterals. This theory has been steady of the unconventional lending practiced by banks, because of the sensible level of financial self-sufficiency and repayment rates that are essentially higher than for comparable credits by conventional lending institutions (Armendariz de Aghion & Morduch, 2000). As indicated by Kritikos and Vigenina (2005) the Joint liability loaning request that borrowers form groups in which all borrowers are together subject to each other.

According to Banerjee and Newman (2003) the utilization of joint liability theory, the credit market failure problems can be rectified. This is through nearby data gathered and used inside the particular social networks made that is the establishment of joint risk based group lending. Henceforth, it serves the goals of both effectiveness and value by helping the poor get away from the snare of poverty by financing little scale profitable projects. As indicated by Banerjee and Newman (2003) the impact of high hazard borrowers is neutralized by the safe borrowers. The net pool of data gathered from both arrangements of borrowers can be utilized by the lending institutions to settle or even pressurize any borrower who will in general fall behind in his or her commitments.

Conceptual Framework

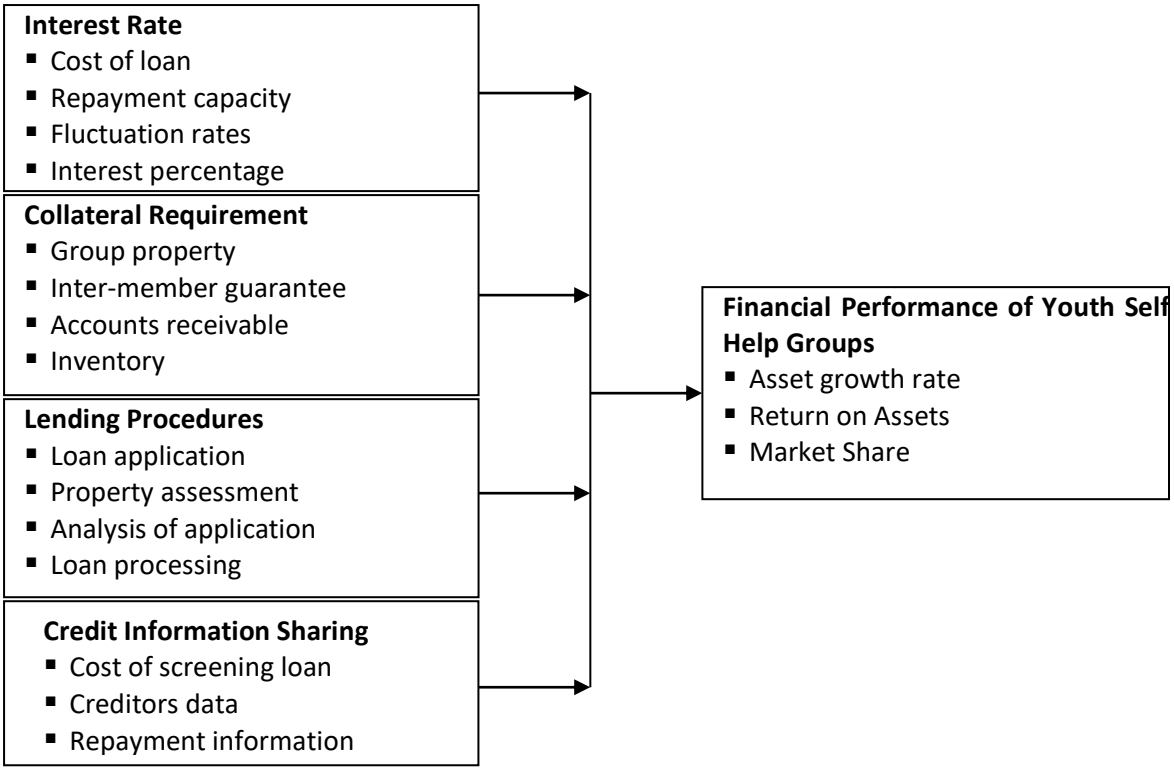

Figure 1: Conceptual Framework

Interest Rates and financial Performance of Youth Group Income Generating Projects

Savatia (2018) did an investigation on micro support and performance of selected youth enterprises in Kericho County, Kenya. Descriptive research design that focused on hundred youth endeavors was utilized. The examination utilized and tested thirty youth groups in Kericho County that were chosen using simple random sampling technique. The results showed that the barriers to accessing micro credit facilities were interest rates, government policies, social and financial variables which influence the performance of youth enterprises. The investigation prescribed that Interest rates ought to be decreased with the goal that young enterprises can be in a situation to repay and end up maintainable. This would improve profitabilirty of the enterprises and hence performance. However, this study looked at micro support factors which are different from the present study which intends to look at microfinance access factors. Moreover, the study of Savatia (2018) targeted youth enterprises which did not form groups as the present study targets.

Collateral Requirements and financial Performance of Youth Group Income Generating Projects

Kibisu, Membi and Mulyi (2015) did an investigation went for deciding the impact of group access loaning on the viability of the Young Enterprise Development Fund financed by groups claimed smaller scale agribased little associations in Kisii County, Kenya. A multistage examining method was utilized to test 62 little and medium- sized organizations from an objective populace of 302 organizations in the SME gathering. Shut and open shut poll was utilized to acquire starter information. The information was broken down utilizing hypothetical and measurable information. The discoveries affirmed that the group credits decreased the requirement for security of the advance and guaranteed that the advances were

utilized for the proposed reason. The investigation prescribed the group loaning way to deal with be upgraded and improved as far as advancing enrollment numbers to least dimensions for risk basic leadership. Notwithstanding, this investigation utilized multistage testing strategy which is not quite the same as the one the analyst plans to utilize. In this investigation, the scientist will utilize both purposive and straightforward irregular testing procedure.

Lending Procedures and financial Performance of Youth Group Income Generating Projects

In Kenya, Mbaya (2018) investigated the impact of women's organizational fund on the financial performance of women-owned companies in the Mombasa region. The study adopted an event study design of a selected sample in Mombasa. Primary and secondary data sources were used. The study found that long procedures and extended periods of more than three months were required for women to obtain loans which are implemented by a women's foundation fund. The study recommended that women's enterprise funds be more available to women by reducing the stringent measures currently in place as a pre-estimate of the loan in most intermediaries. The study further found that the amounts of the proposed loan were not enough to meet the capital business needs and this should be increased to be effective. This study concentrated on the financial performance of female owned enterprises and employed events study design which is different from the present study that will look at the performance of youth group income generating projects and will adopt descriptive survey design.

Credit Information Sharing

The credit information sharing contributes is meant to reduce the costs of screening loan applications by enabling the lender to sort out prospective borrowers who have defaulted with other lenders. Credit References Bureaus are information brokers, providing creditors with reliable, relevant and comprehensive data on the repayment habits and current debt of their credit applicants (Sinare, 2008). According to Lewis (2004), most banks and most creditors prefer hard collateral-based credit but would extend cash flow- based credits if they can use a reliable and inexpensive system to exchange information on the character and ability to pay of borrowers. It has been revealed that when financial institutions compete with each other for customers, multiple borrowing and over-indebtedness increases loan default unless the financial institutions have access to databases that capture relevant aspects of clients‟ borrowing behavior.

Credit reporting allows banks to better distinguish between good and bad borrowers. Based on evidence from several countries, Armstrong (2008) showed that the existence of credit information sharing is associated with increased lending volume, decline in loan defaults, improved access to financing and a more stable banking sector. Credit information sharing makes it difficult for lenders to price the risks because the borrowing costs of borrowers are not the same and that should be reflected in the interest rate pricing (Payday cash, 2010).

METHODOLOGY

The study utilized descriptive cross sectional research design.The study targeted 121 registered youth groups dealing with income generating projects in Migori County. The study targets youth groups that had benefited from the loans offered by microfinance institutions in Migori County.

The researcher used Yamane (1967) formula to arrive at a sample size of 93 youth groups.

Stratified random sampling was used to select all the 93-youth group income generating projects while purposive sampling technique was used to select two persons who are the chairperson and the treasurer from each of the youth group income generating project hence a sample size of 184 participants. The study used primary data which basically involved creating “new” data (Kombo &

Tromp, 2006). The study used a structured type questionnaire, containing both closed ended items and open-ended questions.

This study utilized surveys after pilot testing them for correctness and accuracy. Twelve (18) respondents from 9 youth group income generating projects were issued with questionnaires. Content validity was ensured thorough the expert opinion of the research supervisors at Jomo Kenyatta University of Agriculture and Technology.

The researcher utilized the internal consistency method to check the reliability of the examination instruments. This was achieved by ascertaining the Cronbach's alpha coefficient.

The data was analyzed using both descriptive and inferential analysis and presented in tables. Statistical Program for Social Sciences (SPSS) was used for the analysis.

The descriptive analysis that this study used was percentages, the measure of central tendency (mean) and the measures of spread (standard deviation). The mean, standard deviation and percentage was summarized using tables.

Statistical analysis software was used to scrutinize quantitative data. Results presentation were in tables. The F-Statistic from ANOVA test explained the overall significance of the regression model at 95 percent confidence interval.

RESULTS AND DISCUSSIONS

Response Rate

Out of the one hundred and eighty-six (186) questionnaires that were issued to respondents, one hundred and forty-two (142) were obtained constituting 76.3% response rate while 44 questionnaires were not collected accounting for 33.6% of the total questionnaires issued.

Descriptive Statistics

Interest rates on micro-credit access

Respondents were asked to indicate their level of agreement by ticking each one of the given statements as they apply to interest rates on micro-credit access in their institutions: The results are as shown in Table 1.

Table 1: Interest rates on micro-credit access

Interest rates on micro-credit access	1 (%)	2(%)	3(%)	4(%)	5(%)	Mean	S. D
1. Interest rates determines the cost of loan borrowed by youth group income generating projects	2.8	4.9	14.8	40.8	36.6	4.04	0.99
2. Interest rates affects the capacity of loan repayment by youth group income generating projects	2.8	16.2	9.2	27.5	44.4	3.94	1.20
3. Interest rates that are not stable affects youth group income generating projects	3.5	11.3	12.0	38.0	35.2	3.90	1.11
4. Interest percentage charged by microfinance institutions affects youth group income generating projects in accessing funds	2.8	11.3	12.0	38.0	35.9	3.93	1.09
5. Interest rates affects the capacity of youth group income generating projects to borrow	2.8	8.5	8.5	47.2	33.1	3.99	1.01
6. Youth group income generating projects are affected by changes in interest rates	2.8	12.7	8.5	40.1	35.9	3.94	1.10

The first questionnaire item received the highest mean score of 4.04, with the majority of respondents (40.8% agreeing and 36.6% strongly agreeing) affirming that interest rates significantly

impact the cost of loans for youth group projects. This indicates a strong consensus that high-interest rates increase the financial burden on these groups, making it more expensive to borrow funds for their initiatives. The relatively low standard deviation (0.99) suggests that respondents largely agree on this issue, highlighting the crucial role of interest rates in determining the affordability of loans for young entrepreneurs.

The second item received a mean score of 3.94, reflecting a strong agreement that interest rates significantly influence the ability of youth groups to repay loans. A notable proportion of respondents (44.4% strongly agree and 27.5% agree) recognize that higher interest rates can lead to financial strain, making it challenging for these projects to meet their repayment obligations. The standard deviation of 1.20, the highest among all items, suggests that there is more variability in opinions on this issue. This could be due to different experiences with loan repayment or varying perceptions of financial management within these projects.

This item, with a mean score of 3.90, indicates that respondents generally agree that fluctuations in interest rates negatively impact youth group projects. A significant percentage of respondents (38.0% agreeing and 35.2% strongly agreeing) feel that instability in interest rates creates uncertainty, which can disrupt financial planning and project sustainability. The standard deviation of 1.11 shows that while most respondents agree, there is still some variation in their perceptions, possibly due to differing levels of exposure to interest rate volatility.

With a mean score of 3.93, this statement highlights that the interest rates set by microfinance institutions are seen as a barrier to accessing funds for youth groups. A majority of respondents (38.0% agree and 35.9% strongly agree) believe that high-interest rates discourage borrowing or make it difficult to secure loans. The standard deviation of 1.09 indicates moderate agreement among respondents, suggesting that while the impact of interest rates is generally acknowledged, experiences may vary based on the terms offered by different microfinance institutions.

This statement has a mean score of 3.99, indicating a strong agreement that interest rates play a crucial role in determining the borrowing capacity of youth groups. Almost half of the respondents (47.2% agree and 33.1% strongly agree) feel that high-interest rates limit their ability to take loans, thereby constraining their access to capital needed for their projects. The standard deviation of 1.01 shows relatively low variability in responses, signifying a common understanding of the negative impact of high-interest rates on borrowing.

The final item, with a mean score of 3.94, reflects a general agreement that fluctuations in interest rates have a significant impact on youth group projects. A large proportion of respondents (40.1% agree and 35.9% strongly agree) believe that changes in interest rates can disrupt financial stability and project planning. The standard deviation of 1.10 indicates some variability in responses, suggesting that while most agree on the overall impact, the extent of the effect may differ based on the financial stability and planning capabilities of different groups.

All variations were low hence significantly not affecting the mean values. The data indicated interest rate negatively affected the performance of youth group income generating projects to a greater extend. Changes in interest rate highly affected youth group income generating projects in accessing finance. Interest percentage charged by microfinance institutions lowly affected the youth group income generating projects. In general, interest rate was important in directing the performance of youth group income generating projects.

An open-ended question was put to specify the reason why they think interest rates affects the performance of youth group income generating projects. According to most group members, they were of the opinion that when interest rates are high, youth groups income generating projects

would prefer not to take loans out from the microfinance institutions since it is harder to pay the credits back.

This study agree with the findings of Savatia (2018) who found that one of the barriers to accessing micro credit facilities by youth enterprises was interest rates. The investigation of Savatia (2018) prescribed that interest rates ought to be decreased with the goal that young enterprises can be in a situation to repay. This would improve profits of the enterprises and hence performance. However, this study of Savatia (2018) looked at micro support factors which were different from the present study which looks at microfinance access factors.

Collateral requirement

Respondents were asked to indicate their level of agreement by ticking each one of the given statements as they apply to their institution's collateral requirement: Strongly Agree (SA) = 5, Agree (A) = 4, Undecided (U) = 3, Disagree (D) =2 and Strongly Disagree (SD) = 1. The results are as shown in Table 2.

Table 2: Collateral requirement

Collateral requirement	1(%)	2(%)	3(%)	4(%)	5(%)	Mean	S.D
1. Our group property is desirable to guarantee our project enough access to finance	8.5	9.2	26.8	23.2	32.4	3.62	1.26
2. Inter-member guarantee of youth group income generating project influences group in accessing loan	7.7	21.8	14.1	30.3	26.1	3.45	1.30
3. Our accounts receivable of youth group income generating project is not sufficient for microfinance institution to grant as loan.	6.3	9.9	27.5	25.4	31.0	3.65	1.20
4. Youth group income generating project cannot access funds from microfinance institutions using their inventory	7.7	11.3	21.1	26.8	33.1	3.66	1.26
5. The factoring method applied by microfinance institutions to lend money to youth group income generating project is not favorable	10.6	15.5	21.8	24.6	27.5	3.43	1.32
6. The use of group property as collateral has led to better loan terms from financial institutions.	7.0	14.8	21.8	23.9	32.4	3.60	1.27

Source: Research Data (2023)

Our group property is desirable to guarantee our project enough access to finance has a mean score of 3.62, indicating a moderate agreement among respondents that their group property is considered adequate collateral to secure financing for their projects. While 32.4% of respondents strongly agree and 23.2% agree with this statement, a significant percentage (26.8%) remains neutral, and 17.7% disagree. The standard deviation of 1.26 suggests a fair amount of variability in responses, likely reflecting differing perceptions of the value and desirability of group property as collateral.

Inter-member guarantee of youth group income-generating projects influences group in accessing loans has a mean score of 3.45, suggesting a somewhat positive but less strong agreement on the influence of inter-member guarantees in accessing loans. A quarter of respondents (26.1% strongly agree and 30.3% agree) support the statement, while a notable percentage (21.8%)

disagree. The relatively high standard deviation of 1.30 indicates varied experiences and opinions on the effectiveness of inter-member guarantees in securing loans, potentially due to differences in group cohesion or trust levels among members.

Our accounts receivable of youth group income-generating projects is not sufficient for microfinance institutions to grant as loans has a mean score of 3.65, with a strong agreement from 31.0% of respondents and 25.4% agreeing. This suggests that many respondents believe that their projects' accounts receivable are not considered adequate by microfinance institutions when evaluating loan applications. The standard deviation of 1.20 indicates moderate variation, which might be attributed to different financial situations or varying expectations from microfinance institutions regarding collateral.

Youth group income-generating projects cannot access funds from microfinance institutions using their inventory has a mean score of 3.66, this statement shows a relatively high level of agreement that using inventory as collateral does not provide sufficient access to funds from microfinance institutions. A significant portion of respondents (33.1% strongly agree and 26.8% agree) feel that inventory is not valued enough by lenders to secure loans. The standard deviation of 1.26 reflects some variation in responses, possibly due to differences in the type and value of inventory held by different groups.

The factoring method applied by microfinance institutions to lend money to youth group income-generating projects is not favorable has a mean score of 3.43, suggesting moderate agreement that the factoring methods used by microfinance institutions are not favorable for youth groups. Approximately 27.5% of respondents strongly agree, while 24.6% agree. However, a notable percentage (15.5% disagree and 10.6% strongly disagree) indicates a mixed perception of this lending method. The high standard deviation of 1.32, the highest among all items, points to considerable disagreement among respondents, possibly due to varying experiences with factoring practices or differing levels of financial literacy.

The use of group property as collateral has led to better loan terms from financial institutions has a mean score of 3.60, indicates a moderate agreement that using group property as collateral results in more favorable loan terms. About 32.4% of respondents strongly agree, and 23.9% agree, suggesting that group property can be an effective means to secure better loan conditions. However, with 14.8% disagreeing and 7.0% strongly disagreeing, there are still concerns or differing experiences with using group property as collateral. The standard deviation of 1.27 shows a fair degree of variability in responses, reflecting differing levels of success in negotiating loan terms based on group assets.

These findings indicated that most of the youth group income generating projects in Migori County lacked or had insufficient collateral that could not guarantee the group access to finance from microfinance institutions. The data indicated collateral requirement negatively affected the performance of youth group income generating projects to a greater extend. Despite group property and inter-member guarantee being important in accessing loan by youth group projects, the factoring method applied by microfinance institutions to lend money to youth group income generating project was found to highly affect the youth group from accessing loans.

The findings of the open-ended question revealed that most youth groups income generating projects in Migori County were operated and run by youths who were not yet established; they lacked collateral such as log books and title deeds. The respondents were of the opinion that when microfinance institutions become strict on collateral issues to youth groups, the youths will not be able to access loans. On the other hand, when these microfinance institutions give loans to youth group income generating projects without asking them for

collateral, the youth groups will take-up loans and thus improve the performance income generating projects.

These findings can relate with the findings of Wilson et. al., (2014) who examined economically limited companies in the UK and the findings suggested that total assets of the company, as a proxy available for collateral, is an important factor of bank loan availability. Though the study of Wilson et. al., (2014) focused on limited companies it showed the importance of assets in acting as collateral. The study also corroborate with the findings of Waita (2018) who studied the difficulties confronting women getting to credit from microfinance foundations in Nakuru and found that giving guarantee was a noteworthy test with regards to acquiring since the things required for security of advance were possessed by their spouses. Though the study of Waita (2018) focused on Women, it is still anchored on the concept of group lending.

Lending procedure

Respondents were asked to indicate their level of agreement by ticking each one of the given statements as they apply to their institutions lending procedure: Strongly Agree (SA) = 5, Agree (A) = 4, Undecided (U) = 3, Disagree (D) =2 and Strongly Disagree (SD) = 1. The results are as shown in Table 3.

Table 3: Lending procedure

Lending procedure	1(%)	2(%)	3(%)	4(%)	5(%)	Mean	S.D
1. The process of loan application is smooth	2.1	28.2	6.3	28.9	34.5	3.65	1.27
2. Members of youth group income generating project have to be interviewed on the purpose and use of the applied loan before they are given loan	6.3	21.8	7.7	24.6	39.4	3.69	1.35
3. Properties of youth group income generating projects have to be assessed before receiving loan	4.2	20.4	5.6	29.6	40.1	3.81	1.28
4. We are required to submit several crucial documents, such as financial statements before receiving loan	4.2	23.2	7.7	20.4	44.4	3.77	1.34
5. The criteria used to analyze application of youth group income generating project hinders project from accessing finance.	2.1	10.6	9.9	33.1	44.4	4.07	1.08
6. Loan processing for youth group income generating project takes a long period	4.2	10.6	7.7	33.1	44.4	4.03	1.15

According to the findings in the table 3, the process of loan application is smooth has a mean score of 3.65, suggesting moderate agreement that the loan application process is smooth for youth groups. While 34.5% of respondents strongly agree and 28.9% agree, a significant percentage (28.2%) disagree, indicating that a substantial number of respondents find the process challenging. The standard deviation of 1.27 reflects moderate variability in responses, suggesting different experiences among respondents. This could be due to variations in individual microfinance institutions' procedures, familiarity with the process, or differing levels of support provided during the application

phase.

Members of youth group income-generating projects have to be interviewed on the purpose and use of the applied loan before they are given the loan has a mean score of 3.69, this item indicates a generally positive perception of the requirement for youth group members to be interviewed about their intended use of the loan. A significant 39.4% strongly agree and 24.6% agree, reflecting the belief that this step is a standard part of the lending procedure. However, 28.1% of respondents disagree, highlighting some concerns or dissatisfaction with this requirement. The standard deviation of 1.35, one of the highest among the items, suggests considerable variability in opinions, possibly due to differing views on the necessity or intrusiveness of such interviews.

Properties of youth group income-generating projects have to be assessed before receiving a loan has a mean score of 3.81 for this item shows a relatively strong agreement that assessing the properties of youth groups is a necessary step before granting a loan. A notable 40.1% of respondents strongly agree and 29.6% agree, indicating widespread acceptance of this practice as part of the due diligence process. However, 24.6% of respondents disagree, suggesting that some may view this requirement as a barrier or an unnecessary complication. The standard deviation of 1.28 indicates moderate variability in responses, which may reflect differences in the perceived value of this assessment or its execution.

We are required to submit several crucial documents, such as financial statements before receiving loan has scores (mean of 3.77 and S.D. of 1.34), it suggests a high level of agreement with a certain requirement related to loan application, likely referring to a condition imposed on youth groups to qualify for loans. The high standard deviation indicates diverse opinions, possibly due to varying interpretations or implications of the specific requirement in question.

The criteria used to analyze the application of youth group income-generating projects hinder projects from accessing finance has the highest mean score of 4.07, showing a strong consensus that the criteria used to evaluate loan applications are seen as significant barriers to accessing finance. A considerable 44.4% of respondents strongly agree, and 33.1% agree, indicating that these criteria may be too stringent or misaligned with the financial capabilities and needs of youth groups. The relatively low standard deviation of 1.08 suggests that most respondents share a common perception of this issue, underlining the need for more accessible and realistic evaluation criteria.

Loan processing for youth group income-generating projects takes a long period has mean score of 4.03 reflects strong agreement that the loan processing time is lengthy, with 44.4% of respondents strongly agreeing and 33.1% agreeing. This perception indicates that delays in processing can be a significant hurdle for youth groups seeking timely access to funds for their projects. The standard deviation of 1.15, though lower compared to other items, still shows some variability in experiences, possibly influenced by the efficiency of different financial institutions or the complexity of individual applications.

These variables produced low variation of from the mean point. The data indicated lending procedures negatively affected the performance of youth group income generating projects though to a small extent. The findings of open-ended question showed that the lending procedures were long, tedious and involved a lot of documentation. These findings are in line with that of Shikumo (2015) who found that lending and policy processes have significantly affected the performance of small and medium- sized enterprises. In another finding Mbaya (2010) found that long procedures and extended periods of more than three months were required for women to obtain loans which are implemented by a women's foundation fund. Though Mbaya (2010) focused on women, the challenges experienced by women in accessing

finances can be similar to those the youth groups are facing.

Credit information sharing

Respondents were asked to indicate their level of agreement by ticking each one of the given statements as they apply to their institutions credit information sharing: Strongly Agree (SA) = 5, Agree (A) = 4, Undecided (U) = 3, Disagree (D) =2 and Strongly Disagree (SD) = 1. The results are as shown in Table 4.

Table 4: Credit information sharing

Credit information sharing	1(%)	2 (%)	3(%)	4(%)	5(%)	Mean	S.D
1. Access to shared creditors' data from microfinance institutions has improved access of loan facility.	3.5	2.1	16.2	39.4	38.7	4.08	0.98
2. The availability of credit information from microfinance institutions has made the loan screening process more efficient and cost-effective.	3.5	17.6	13.4	26.8	38.7	3.80	1.23
3. Creditors' data shared by microfinance institutions have enabled better credit risk assessment in our group.	3.5	23.2	14.8	23.2	35.2	3.63	1.27
4. The availability of creditors' data has enhanced our group's decision-making on loan approvals.	3.5	1.4	19.0	45.1	31.0	3.99	0.94
5. Repayment information shared by microfinance institutions has helped our group improve loan recovery rates.	3.5	2.8	17.6	39.4	36.6	4.03	0.99
6. Access to borrowers' repayment histories through credit information sharing has positively impacted our lending decisions.	5.6	9.9	14.8	32.4	37.3	3.86	1.19

Source: Research Data (2023)

According to the findings in the table 4, Access to shared creditors' data from microfinance institutions has improved access to loan facilities has a mean score of 4.08, indicating strong agreement that access to shared creditors' data has significantly enhanced the ability of youth groups to access loans. A substantial majority (39.4% agree and 38.7% strongly agree) believe that such data has positively impacted their access to financial resources. The low standard deviation of 0.98 suggests a high level of consensus among respondents, indicating that most youth groups perceive this shared data as beneficial for obtaining loans.

The availability of credit information from microfinance institutions has made the loan screening process more efficient and cost-effective has a mean score of 3.80, this statement reflects a moderate agreement that shared credit information has streamlined the loan screening process, making it both more efficient and cost-effective. A considerable portion of respondents (38.7% strongly agree and 26.8% agree) support this view. However, the relatively high standard deviation of 1.23 suggests some variability in opinions, potentially due to differences in how efficiently different microfinance institutions utilize credit information sharing.

Creditors' data shared by microfinance institutions have enabled better credit risk assessment in our group has a mean score of 3.63 indicates moderate agreement that shared creditors' data has helped youth groups improve their credit risk assessment capabilities. About 35.2% of respondents strongly agree and 23.2% agree, while a notable proportion (23.2%) disagree. The high standard deviation of

1.27 reflects significant variation in responses, which could be due to differences in the effectiveness of credit risk assessment processes or the quality of data provided by different institutions.

The availability of creditors' data has enhanced our group's decision-making on loan approvals has a mean score of 3.99, suggesting a strong agreement that access to creditors' data has positively influenced loan approval decisions within youth groups. A large percentage of respondents (45.1% agree and 31.0% strongly agree) view this data as a valuable tool for making informed decisions. The low standard deviation of 0.94 indicates strong consensus among respondents, showing that most groups benefit from using shared data in their decision-making processes.

Repayment information shared by microfinance institutions has helped our group improve loan recovery rates has a mean score of 4.03, this statement reflects strong agreement that access to repayment information has contributed to better loan recovery rates for youth groups. A significant proportion of respondents (39.4% agree and 36.6% strongly agree) believe that repayment data has been instrumental in improving their recovery processes. The low standard deviation of 0.99 suggests a high level of agreement among respondents, indicating that most groups find repayment information valuable for enhancing loan recovery.

Access to borrowers' repayment histories through credit information sharing has positively impacted our lending decisions has a mean score of 3.86 shows moderate to strong agreement that shared repayment histories have improved lending decisions within youth groups. A considerable percentage of respondents (37.3% strongly agree and 32.4% agree) support this statement. However, the relatively high standard deviation of 1.19 indicates some variability in responses, possibly due to differences in how effectively groups utilize this information or the consistency of data provided.

Financial performance

Respondents were asked to indicate their level of agreement by ticking each one of the given statements as they apply to their institution's financial performance. The responses ranged from **Strongly Agree (SA) = 5, Agree (A) = 4, Undecided (U) = 3, Disagree (D) =2 and Strongly Disagree (SD) = 1**. The results are as shown in Table 5

Table 5: Financial performance

Financial performance	1(%)	2(%)	3(%)	4(%)	5(%)	Mean	S.D
1. Our group has experienced a steady growth in assets over the past few years.	0.0	4.9	9.9	44.4	40.8	4.21	0.82
2. Our group has been able to consistently expand its asset base due to sound financial management.	4.2	12.7	7.0	37.3	38.7	3.94	1.16
3. Our group's return on assets has improved, reflecting better utilization of resources.	0.0	19.0	13.4	27.5	40.1	3.89	1.14
4. The return on assets ratio has been a reliable measure of our group's profitability.	2.1	20.4	19.7	23.9	33.8	3.67	1.20
5. Our group's ability to capture a larger market share has boosted its competitive position.	0.0	5.6	12.7	45.8	35.9	4.12	0.84
6. Our group has gained a significant share of the market within our business area.	0.0	9.9	14.1	35.2	40.8	4.07	0.97

Source: Research Data (2023)

Our group has experienced a steady growth in assets over the past few years has a high mean score of 4.21, this item indicates strong agreement that youth Self Help groups have experienced

consistent asset growth. A large proportion of respondents (44.4% agree and 40.8% strongly agree) affirm this growth, showing confidence in their groups' financial development. The low standard deviation of 0.82 suggests a strong consensus among respondents, indicating that most groups have had positive experiences in asset growth, possibly due to effective financial strategies and access to funding.

Our group has been able to consistently expand its asset base due to sound financial management has a mean score of 3.94, indicating moderate to strong agreement that sound financial management has enabled groups to expand their asset base. A significant percentage of respondents (38.7% strongly agree and 37.3% agree) support this statement. However, a noticeable 16.9% disagree, suggesting that not all groups feel they have been equally successful in leveraging financial management practices for asset growth. The higher standard deviation of 1.16 reflects this variability in experiences, which may be due to differences in financial management expertise or external financial conditions.

Our group's return on assets has improved, reflecting better utilization of resources has a mean score of 3.89, this item reflects moderate agreement that groups have seen an improvement in their return on assets, indicating better resource utilization. A significant portion of respondents (40.1% strongly agree and 27.5% agree) perceive improvements in this area. However, 19.0% disagree, and the standard deviation of 1.14 suggests variability in opinions. This could be attributed to differences in resource management or external economic factors affecting the groups' financial performance.

The return on assets ratio has been a reliable measure of our group's profitability has a mean score of 3.67, indicating moderate agreement that the return on assets ratio is a good indicator of profitability. While 33.8% of respondents strongly agree and 23.9% agree, a notable 19.7% are neutral and 22.5% disagree, reflecting mixed perceptions about the reliability of this measure. The higher standard deviation of 1.20 suggests considerable variation in responses, possibly due to differing financial structures or the use of alternative performance metrics by different groups.

Our group's ability to capture a larger market share has boosted its competitive position has a high mean score of 4.12, showing strong agreement that capturing a larger market share has enhanced the competitive position of youth groups. A significant majority (45.8% agree and 35.9% strongly agree) feel their groups have strengthened their market presence. The low standard deviation of 0.84 indicates a high level of consensus among respondents, suggesting that most groups have successfully expanded their market reach, likely through effective business strategies or innovative products and services.

Our group has gained a significant share of the market within our business area has a mean score of 4.07, this statement reflects strong agreement that groups have gained a notable share of the market in their respective business areas. A considerable number of respondents (40.8% strongly agree and 35.2% agree) affirm their groups' market success. However, 14.1% remain neutral, and 9.9% disagree, indicating some variations in market performance across different groups. The standard deviation of 0.97 suggests a moderate level of variability, which may be due to differences in market conditions or competitive dynamics in various business areas.

Correlation Analysis

Table6: Multiple Correlation Matrix

		IR	CR	LP	CIS
IR: Interest rates on micro-credit access	Correlation Coefficient	1.000			
	Sig. (2-tailed)				
	N	142			
CR: Collateral requirement	Correlation Coefficient	.252**	1.000		
	Sig. (2-tailed)	.003			
	N	142	142		
LP: Lending procedure	Correlation Coefficient	.445**	.356**	1.000	
	Sig. (2-tailed)	.000	.000		
	N	142	142	142	
CIS: Credit information sharing	Correlation Coefficient	.330**	.487**	.590**	1.000
	Sig. (2-tailed)	.000	.000	.000	
	N	142	142	142	142
Financial performance	Correlation Coefficient	-.514**	.541**	.694**	.682**
	Sig. (2-tailed)	.000	.000	.000	.000
	N	142	142	142	142

**. Correlation is significant at the 0.05 level (2-tailed).

Relationship between Interest rates on micro-credit access and Financial performance

From the correlation Table 6, interest rates on micro-credit access is negatively correlated to financial performance of youth Self Help groups in Migori County, Kenya the coefficient is -0.514 (p value < 0.05) this is significant at 99% confidence level. Thus, increase in interest rates on micro-credit access would make financial performance of youth Self Help groups in Migori County, Kenya also to decrease. Higher interest rates raise the cost of borrowing for SHGs, reducing their ability to invest in income-generating activities. This often leads to a decline in profitability and overall financial performance. High interest rates can also lead to loan defaults, further impacting financial health. Recent studies and reports on the Kenyan microfinance sector highlight the impact of fluctuating interest rates on the performance of microfinance institutions and their clients. For instance, the operationalization of new regulations by the Central Bank of Kenya, including the licensing of digital credit providers, has influenced the cost of borrowing and lending practices within the sector. Such regulatory changes are expected to enhance transparency but may also result in higher interest rates for borrowers, impacting financial performance (AMFI-K, 2023).

Relationship between Collateral requirement and Financial performance

Also, collateral requirement is positively correlated to financial performance of youth Self Help groups in Migori County, Kenya the coefficient is 0.541 (p value < 0.05) this is significant at 99% confidence level. Thus, increase in collateral requirement would make financial performance of youth Self Help groups in Migori County, Kenya also to increase. The positive correlation between collateral requirements and financial performance suggests that SHGs with the ability to provide collateral are perceived as less risky by lenders, thus facilitating better access to credit. This can lead to improved financial performance due to increased investment in income-generating activities. The microfinance sector in Kenya has seen increased regulatory attention, particularly in the licensing and operational requirements for digital credit providers. This is expected to enhance investor confidence and ensure that SHGs with adequate collateral are in a stronger position to secure

funding, thus supporting their financial growth (AMFI-K, 2023).

Relationship between Lending procedure and Financial performance

The study's findings revealed a positive and statistically significant correlation between lending procedure and financial performance. Additionally, the correlation coefficient for lending procedure was 0.694, P=0.000, suggesting that there is significant positive relationship between lending procedure and financial performance of youth Self Help groups in Migori County, Kenya. This implies that increase in lending procedure would results to significant increase in financial performance of youth Self Help groups in Migori County, Kenya. The strong correlation between lending procedures and financial performance highlights the importance of efficient and transparent lending processes for the success of SHGs. A streamlined and well-structured lending process reduces administrative bottlenecks and ensures that funds are disbursed in a timely manner, which can positively influence the financial outcomes of SHGs. This is consistent with findings from the Kenyan microfinance sector, where the operationalization of new digital credit regulations and streamlined procedures have been key in improving the efficiency and financial performance of microfinance institutions and their borrowers (Biashara Leo Digital, 2023).

Relationship between Credit information sharing and Financial Performance

Further, a correlation coefficient of 0.682** implied that there is significant positive relationship between credit information sharing and financial performance of youth Self Help groups in Migori County, Kenya. A significant positive relationship between credit information sharing and financial performance indicates that access to accurate and comprehensive credit data allows SHGs to make better borrowing and lending decisions. This enhanced transparency reduces the risk of default and improves the overall creditworthiness of the groups. In Kenya, the implementation of digital credit regulations and increased emphasis on data sharing among microfinance institutions have been identified as key factors in boosting the financial performance of SHGs. The availability of detailed credit information helps in assessing borrower risk more effectively, leading to improved financial outcomes (AMFI-K, 2023).

Multiple Regressions of Financial performance

The general objective of this study was to examine the influence of access to microfinance on the financial performance of youth Self Help groups in Migori County, Kenya. This was achieved by carrying out standard multiple regressions. The results are as shown in Table 7.

Table 7: Model Summary Regression for Access to microfinance and Financial performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.813[a]	.662	.652	.53460

The model summary findings established that the linear relationship between financial performance and the four predictor variables; interest rates on micro-credit access, collateral requirement, lending procedure and credit information sharing is positive and linear. The coefficient of correlation was 0.813, (r=0.813). The coefficient of determination (R^2) was 0.662, and this shows that 66.2% of the variations in the financial performance can be explained by the four predictor variables in the study and the remaining 33.8% of the variations in financial performance of youth Self Help groups in Migori County, Kenya is explained by other factors not captured in the model.

Table 8: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	76.550	4	19.137	66.961	.000[b]
	Residual	39.154	137	.286		
	Total	115.704	141			

a. Dependent Variable: Financial performance

b. Predictors: (Constant), Credit information sharing, Interest rates on micro-credit access, Collateral requirement, Lending procedure

From the ANOVA results the F test gave a value of F (4, 137) =66.961, p < .05, which was large enough to support the goodness of fit of the model in explaining the variation in the dependent variable. It also means that access to microfinances is a useful predictor of financial performance of youth Self Help groups in Migori County, Kenya

Table 9: Regression Coefficient

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	T	Sig.
1 (Constant)	.373	.232		1.609	.110
Interest rates on micro-credit access	-.253	.052	-.273	-4.888	.000
Collateral requirement	.194	.042	.254	4.583	.000
Lending procedure	.306	.053	.366	5.793	.000
Credit information sharing	.189	.057	.209	3.319	.001

a. Dependent Variable: Financial performance

Source: Research Data (2023)

The first regression model then becomes;

$Y = 0.373-0.253X_1+ 0.194 X_2+ 0.306 X_3+0.189X_4$

Where:

y = Financial Performance of Youth Group Income Generating Projects

x_1 = Interest Rate

x_2 = Collateral Requirement

x_3 = Lending procedures

x_4 = Information sharing

From the coefficients table interest rates on micro-credit access, collateral requirement, lending procedure and credit information sharing carried positive and significant predictive power (P<0.05). If access to microfinances are held at zero or are absent, financial performance will be 0.373, p>0.05.

When lending procedure, collateral requirement and credit information sharing are controlled, interest rates on micro-credit access with a beta of -0.253, p=0.000 is at statistically significant level and is a good predictor of financial performance implying that an increase in interest rates on micro-credit access by a unit will result to significant (P<0.05) decrease in financial performance by 0.253 units. This aligns with studies such as Makori and Jagongo (2013), who found that high interest rates reduce the capacity of microenterprises to repay loans and expand their operations. Additionally, the study by Ibbih and Gaiya (2013) on Nigerian microfinance institutions also supports this view, indicating that higher interest rates constrain the growth of small businesses.

However, other studies offer a differing perspective. For instance, Hermes and Lensink

(2011) argued that higher interest rates do not necessarily hinder microfinance borrowers if these rates reflect the cost of capital and the risk profile of the borrowers. Their study suggested that an increase in interest rates could signify a more robust lending environment, where borrowers who manage to secure loans despite high rates are likely to use the funds efficiently.

The conflicting evidence may be due to differences in economic environments, the financial literacy of borrowers, and the lending conditions in various regions. In Kenya, for example, the operationalization of the Central Bank's digital credit regulations has complicated the lending landscape, potentially impacting interest rates and their effects on borrowers (CBK, 2023).

When credit information sharing, interest rates on micro-credit access and lending procedure are controlled, collateral requirement with a beta of 0.194, P=0.000 is at statistically significant level implying that an increase in collateral requirement by a unit will result to significant (P<0.05 increase in financial performance by 0.194 units. This finding is consistent with the study by Diagne, Zeller, and Sharma (2000), which found that collateral requirements can reduce credit risk and enable better access to finance, thus supporting business growth. Similarly, Rahman and Luo (2011) observed that collateralized loans are associated with lower default rates and better financial outcomes for borrowers.

Contrarily, some studies argue that stringent collateral requirements can exclude potential borrowers who lack assets, thereby stifling financial inclusion and economic growth. For instance, Brix and McKee (2010) highlighted that excessive collateral demands can limit access to credit for micro-enterprises, reducing their ability to scale up. These contradictory findings indicate that the effect of collateral on financial performance depends on the economic context and the nature of the borrowers. For youth SHGs in Migori County, collateral seems to serve as a positive indicator of creditworthiness, enhancing their financial performance.

When credit information sharing, interest rates on micro-credit access and collateral requirement are controlled, lending procedure with a beta of 0.306, P=0.000 is at statistically significant level implying that an increase in lending procedure by a unit will result to significant (P<0.05) increase in financial performance by 0.306 units. This finding resonates with the study by Beck, Demirgüç-Kunt, and Honohan (2009), which emphasized that simplified lending procedures can reduce transaction costs and improve access to finance, thereby supporting business performance.

On the other hand, Chua et al. (2017) found that overly stringent lending procedures could discourage potential borrowers, particularly those with lower financial literacy or inadequate documentation. This view suggests that while an efficient lending process is crucial, it must be balanced with accessibility to ensure that all eligible borrowers can benefit. In Migori County, simplifying the lending procedure appears to be a significant factor in improving the financial performance of SHGs, likely due to reduced bureaucratic delays and clearer loan terms.

Lastly, when lending procedure, interest rates on micro-credit access and collateral requirement are controlled, credit information sharing with a beta of 0.189, P=0.001 is at statistically significant level implying that an increase in credit information sharing by a unit will result to significant (P<0.05) increase in financial performance by 0.189 units is supported by several studies. For instance, Jappelli and Pagano (2002) highlighted that credit information sharing reduces information asymmetry between lenders and borrowers, leading to better credit risk assessment and improved financial outcomes. Similarly, a study by Brown, Jappelli, and Pagano (2009) found that information sharing among lenders contributes to higher repayment rates and lower default rates, thereby enhancing financial stability and

performance.

However, other research suggests that excessive reliance on credit information can be problematic for new or informal borrowers with limited credit histories. Miller (2003) noted that in some cases, stringent credit information requirements can exclude borrowers who are otherwise capable of repaying loans, thereby limiting their financial opportunities. The positive impact of credit information sharing on SHGs in Migori County suggests that access to accurate and comprehensive borrower data helps these groups make better lending and borrowing decisions, ultimately supporting their financial performance. However, care must be taken to ensure that the credit information sharing system is inclusive and does not inadvertently exclude potential borrowers.

CONCLUSION AND RECOMMENDATIONS

The study finds that interest rates on micro-credit access have a significant negative impact on the financial performance of youth Self Help groups in Migori County, Kenya. High and unstable interest rates increase the cost of borrowing and strain the financial capacity of these groups, making it difficult for them to access necessary funds and repay loans effectively. The negative correlation between interest rates and financial performance indicates that as interest rates increase, the financial performance of these groups deteriorates. This underscores the need for more stable and affordable lending conditions to support the financial sustainability and growth of youth income-generating projects.

The study reveals that collateral requirements significantly influence the financial performance of youth Self Help groups in Migori County, Kenya. The findings indicate that group property is critical for securing loans, but many youth groups find their accounts receivable and inventory inadequate for obtaining financing. This highlights the limitations faced by these groups in leveraging their assets to access loans. The positive correlation and regression analysis confirm that an increase in collateral availability positively impacts financial performance. Therefore, better asset management and diversified collateral options are necessary to improve financial access for youth Self Help groups.

The study highlights a significant positive influence of lending procedures on the financial performance of youth Self Help groups in Migori County, Kenya. While the overall loan application process is perceived as manageable, challenges such as lengthy processing times and substantial documentation requirements remain critical concerns. The assessment of group properties before loan approval also plays a vital role in determining access to funds. The strong correlation and regression analysis confirm that improvements in lending procedures are essential for enhancing the financial performance of these groups, leading to the rejection of the null hypothesis that proposed no significant influence.

The study's findings indicate a significant positive influence of credit information sharing on the financial performance of youth Self Help groups in Migori County, Kenya. The analysis revealed that access to shared creditors' data enhances loan accessibility, streamlines the loan screening process, and improves decision-making regarding loan approvals. Furthermore, the positive correlation and regression analysis confirm that credit information sharing substantially contributes to the financial performance of these groups. As a result, the initial null hypothesis, which proposed no significant influence of credit information sharing, was rejected.

Financial institutions should aim to stabilize interest rates for youth group loans. Predictable and consistent rates would reduce uncertainty and enable better financial planning for these groups. The government and financial bodies should consider offering subsidized interest rates or low-interest loan products specifically targeted at youth Self Help groups. This would alleviate the financial burden and improve access to capital.

Financial institutions should broaden the range of

acceptable collateral to include non-traditional assets like equipment or intellectual property. This would enhance access to loans for youth groups that may not have substantial physical assets. Institutions could introduce or expand loan products that do not require collateral or have minimal collateral requirements, supported by the group's credit history or cash flow projections.

Financial institutions should simplify the loan application process by reducing unnecessary documentation and clarifying the requirements. This would facilitate quicker approvals and enhance the overall efficiency of the lending process. Strategies should be developed to minimize delays in loan processing. This could involve increasing staff capacity or implementing technology solutions that automate parts of the lending process.

Stakeholders, including microfinance institutions and government agencies, should invest in robust credit information sharing systems to ensure timely and accurate access to shared data. This will facilitate loan accessibility and improve the efficiency of the loan application process for youth Self Help groups.

Suggestions for further Research

Despite the fact that this study achieved its objective in regard to the influence of access to microfinance on financial performance of youth Self Help groups in Migori County, Kenya, there are a number of areas for further research emanating from the scope of the study, methodology and the findings. First, whereas the findings can be applied to other youth groups in Kenya. The study thus recommends that further research should widen the scope and incorporate all youth groups in Kenya. In the same vein, similar study can be conducted among women groups in Kenya.

Second, the study focused on access to microfinance practices and financial performance of youth Self Help groups in Migori County, Kenya. Whereas, these four variables explained more than 66.2% of the variations in financial performance, the study recommended that further studies should focus on additional access to microfinance variable such as microcredit cost. Furthermore, in different context such as deposit taking Saccos, different third variable can be used such as intervening variable, in this case government policy and regulations.

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