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IMPACT OF ACCESS TO MICROFINANCE ON HOUSEHOLD WELLBEING: A CASE OF REMU MICROFINANCE, EMBAKASI CONSTITUENCY, NAIROBI COUNTY

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Abstract

The study sought to assess the impact of access to microfinance on household wellbeing. The research objectives were to determine the impact of access to microcredit on household wellbeing and the effects of business development services towards household wellbeing. A survey was conducted on Remu Microfinance in Embakasi Constituency. A simple random sample of 220 participants of at least two years' experience and above was drawn from a population of 1274 members of Remu microfinance who owned SME's. A structured questionnaire was used as data collecting tool and data was analysed quantitatively through the use of descriptive statistics from the SPSS tool and presented in form of frequencies and tables. The foundation of this study was based on the capability approach theory. The study observed that it was flexible for clients to access microloans from the MFI. This was in relation to terms and conditions governing loan application process, interest charged the support and advice they received from the MFI agents and the swiftness of disbursing the loans to clients. Access to microfinance services and non-financial services like MFI groups and business development services affected client's income status and accumulation of household assets. The recommendations made were the need for further research looking at the impact of access to microfinance on both male and female client's welfare to avoid gender bias. Further to be done is to assess the impact of access to microfinance on household welfare in the context of other welfare indicators. This will be able to address the multidimensional dimension of poverty among low income households.

Keywords: *Microloans, Social intermediation Microcredit, Household welfare*

1.0 Background Study

Microfinance has evolved over the years as a strategy to enable the low income earners, poor and very poor self-employed people access financial services which would later translate to poverty reduction (Otero, 1999).Over the years microfinance institutions have moved away from just offering credit services to incorporating other financial and non-financial services like Micro savings, Micro-insurance, credit cards, payment services, money transfers , social intermediation services and business development services (Ledgerwood 1999). There are various definitions of Microfinance; “a collection of banking practices built around providing small loans (typically without collateral) and accepting tiny savings deposits.” (Armendariz de Aghion and Morduch, 2005). It is "the set of financial services on a small scale, such as credit, savings, insurance and remittances, offered to people that are excluded from bank financial services". From the definitions above, microfinance can be referred to as a type of banking service that provides financial services via microfinance institutions (MFIs) to unemployed or low income individuals or groups who might not have other means of gaining financial services and are considered not bankable because they lack collateral to be pledged as security or are considered high risk by the mainstream or traditional commercial banking sector.

1.1 The Evolution of Microfinance

The concept of microfinance has evolved over the years. Over the centuries savings and credit groups such as the "susus" of Ghana, "chit funds" in India, "Tandas" in Mexico, "Arisan" in Indonesia, "cheetu" in Sri Lanka, "tontines" in West Africa, and "Pasanaku" in Bolivia and many others all over the world existed. Later on, formal credit and savings institutions for the poor were established to provide customers who were traditionally neglected by commercial banks a way to obtain financial services through cooperatives and development of finance institutions (Global Envision. April, 2006). From the 1950s Governments and international donors came in to offer subsidized credit for small holder farmers in developing countries. This aimed at increasing agricultural productivity (Beshir, 2005). Development financial institutions such as agricultural development banks were also established to deliver subsidized credit to the farmers.

Modern microfinance is believd to have been concieved by Muhammad Yunus in mid 1970’s. In 1976 in an experimental programme in Bangladesh, he extended tiny loans to groups of poor women to invest in micro-businesses. The credit was for starting microenterprises and was based on solidarity group lending. With solidary groups in place every member of a group guaranteed the repayment of all members. His programme focused on ‘microenterprise lending’ which focused on credit for income generating activities targeting very poor (often women) borrowers (Morduch, 1999). Yunus' first loan consisted of $27 of his own money, which he lent to 42 individuals. From these experience, he discovered that very small loans could make a significant difference in a poor person's ability to survive. This discovery led to the founding of the Grameen Bank (Morduch, 1999, Yunus 1999) .

2.0 An overview of microfinance in Kenya

Kenya is one of the most unequal countries in the sub Saharan-region. Kenya has a population of 44 million and 42 percent of them live below the poverty line. Access to basic quality services such as health care, education, clean water and sanitation, is often a luxury for many people. Large segments of the population, including the burgeoning urban poor, are highly vulnerable to climatic, economic and social shock (GOK-UNICEF 2014-2018). Faced with such challenges microfinance has been viewed as a priority of poverty alleviation. Currently Kenya has 19 registered microfinance institutions, serving about 12.3 million clients who make up 14 per cent of the country's population (Nguyen, 2011). Remu is one of the MFI's in Kenya. It is an institution that is committed to being the leading Microfinance Bank through provision of quality and professional financial and savings solutions, products and investment management services in the lower end of the financial markets. The microfinance institution focuses on the provision of financial,savings and business development solutions to the SMEs, savings and investment groups, professionals and individuals who are desirous of growth (www.remu.go.ke).

3.0 Statement problem

In the 1980's Kenya adopted microfinance with the aim of doing away with acute levels of poverty. This would be through improving income generation among the poor and creating more job opportunities. Adoption of microfinance was believed to enable this side lined group of the poor and low income earners to improve their social capabilities by ensuring that they accessed financial resources. This would also provide them with a platform for decision making.

However, over the last few decades there have been vigorous debates on the effectiveness of microfinance in reducing poverty. There are two schools of thought with one main question: Does microfinance contribute to the improved welfare of the borrowers? On one side scholars insist that microfinance has strongly positive impacts on people's wellbeing (Yunus, 1999; Khandker, 2005). According to this group, the poor are poor because they lack reliable source of finance. On the other side, there are concerns that microfinance may bring about negative impact on the poor. Here the impacts of microfinance on the poor is "over stated" indicating that the given evidences are seriously flawed, evidences showing that microcredit schemes have positive impact on borrower's welfare are 'a world of make-believe' (Bateman, 2010; Bateman, 2011).

In the paper "Microfinance Illusion" Bateman and Chang (2009) strongly argue against social and economic impact of microfinance. In their work, they are quoted stating that "there are a number of growing reasons to believe that microfinance may actually be undermining attempts to establish sustainable economic and social development, and so also sustainable poverty reduction. Microfinance may even constitute a new and very powerful form of 'poverty trap'" These debates called for the reinvestigation of the impacts of access to microfinance on household wellbeing forming the basis for this study.

4.0 General Objective of the Study

The overall objective of this study was to assess the impact of access to microfinance on household wellbeing of Remu MFI clients.

Specific Objectives of the Study

1. To determine the impact of access to microloans on household wellbeing.
2. To determine the effects of business development services towards household wellbeing

Research Questions

1. How does access to microloans improve household wellbeing?
2. How does access to business development services affect household wellbeing?

5.0 Scope of the study

This research study targeted registered clients of Remu Microfinance in Embakasi constituency, Nairobi who had been members for not less than 2 years and owned small and medium enterprises. The scope of the study was to determine the impact of access to microfinance on household wellbeing on their household wellbeing.

6.0 Literature Review

Theoretical Framework

6.1.1 Capabilities Approach to wellbeing

It has been proposed that social exclusion can occur as a result of deprivation or 'lack of capabilities' (Hayes 2008). The capability approach was developed by Nobel Laureate Amartya Sen. The fundamental idea of the capability approach is that the aim of poverty reduction should be to increase the capabilities that people have, that is, to increase the choices and opportunities or freedoms they have to achieve the things that they value or have reason to value. The framework of the capability approach is built on the idea that the main aim of development is to provide people with greater freedoms and choices, and is not merely a matter of income. Sen (1999) argues that poverty needs to be seen as the 'deprivation of basic capabilities, rather than merely as a consequence of low income'. He grounds his idea on the principle of improving people's by focusing on the importance to help people out of poverty.

The capability approach focuses on the agency and freedom individuals have to achieve what they want to in their lives. Sen says 'development consists of the removal of various types of freedoms that leave people with little choice and little opportunity of exercising their reasoned agency' (Sen 1999). The capability approach sits between the things a person wants to achieve and their fulfilment, as it looks at the capability people have to achieve certain outcomes.

There are four main concepts in Sen's capability approach: functioning's, capabilities, agency and freedom. Functioning's are the "beings and doings" of a person, whereas a person's capability is "the various combinations of functioning's that a person can achieve. Capability is thus a set of vectors of functioning's, reflecting the person's freedom to lead one type of life or another" (Sen 1992). A functioning is an achievement, whereas a capability is the ability to achieve. Functioning's are, in a sense, more directly related to living conditions, since they are different aspects of living conditions. Capabilities, in contrast, are notions of freedom, in the positive sense: what real opportunities you have regarding the life you may lead" (Sen 1999).

6.1.2 Link between Sen's Capability Approach and microfinance

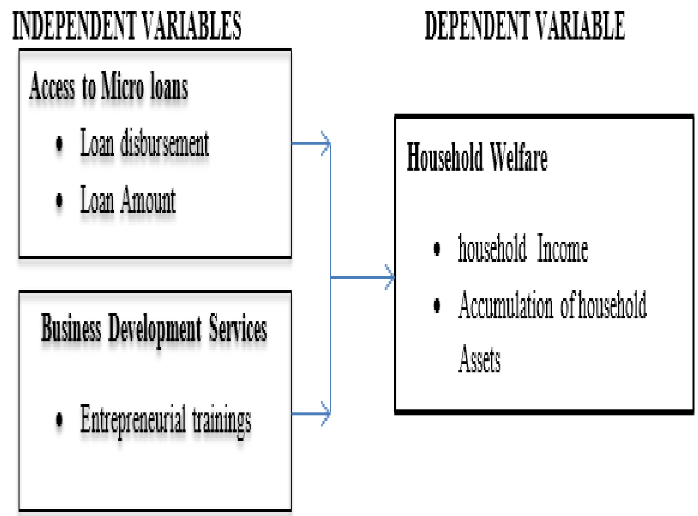
Microfinance provides a means through which an expansion of economic freedoms is possible. Microfinance and the capability approach can be seen as quite complementary. Both are concerned with removing barriers to freedom and increasing access to basic capability freedoms, they emphasize the importance of agency and participation. And both are concerned with increasing well-being and agency goals.

Sexism and classism serve as barriers to economic access because mainstream banks in the often refuse to lend to the poor. By making credit available to the poor, opportunity to overcome barriers to economic freedom has been availed to the poor. Microcredit practitioners have proven that the poor can be trusted to make repayments on a regular basis. Barriers such as lack of collateral are also addressed through the "solidarity group model" wherein group members serve as guarantees for each other, committing to repayment of any default loans in the group. In this way, microcredit expands people's agency freedom to take advantage of economic opportunities because access to credit is now available to all, regardless of sex or class membership. It is clear that the removal of barriers increases the agency freedom of clients.

Microfinance can affect a person's agency freedom and well-being freedom in areas other than the market. If clients can invest the microloan effectively to produce a profit, this can give them money to spend on increasing well-being or agency goals. Many success stories shared in the microfinance literature indicate that the extra income is used to send children to school, to make home repairs, or to increase nutrition levels. In addition, the solidarity group lending model, when oriented towards social goals and facilitated properly, can build leadership capacity and provide a venue to discuss and share many issues affecting the clients' lives. Increases in these capabilities lead to increased agency freedom. Credit and other material resources are valued as a means to freedom. For example, profit from microfinance ventures can be used to purchase household assets - thus enhancing a person's capability to be live comfortably. Or profit can be used to pay doctor's bills – thus increasing a person's capability to be healthy.

6.2 Conceptual Framework

Conceptual framework is a hypothesized model portraying the relationship between variables diagrammatically. It helps in quickly examining of the proposed relationship and is put to test in order to establish the significance of the proposed relationship Mugenda (2014). This is displayed in *figure 1* next.



6.2.1 Microcredit and household wellbeing

Studies have been carried out all over the world to access the impact of access to microcredit on household wellbeing. In Zimbabwe, an impact study by USAID was carried out on three microfinance institutions FINCA, FOCCAS and PRIDE. The study findings pointed out that over half of household members who are clients to the MFIs accessed credit and managed to invest the finances, created a source of income for them (Barnes 2001).

Access to microfinance leads to increase in family income. Studies show that among the first things poor households will do with new credit is to invest in an income generating activity. Such ensures continuous flow of household income which translates to improved quality of life (Hypolous, 2011). In Ethiopia, a study on two MFIs, Wisdom microfinance and ACSIs concluded that Female clients from wisdom together with their children were well nourished as compared to non-clients. Through the loans from wisdom, the female clients provided their families with more nutritious foods which were rich in protein. For clients of ACSI, access to the microfinance services led to an increase in their incomes which then translated to a better lifestyle (Kassa, 2008).

Microcredit stimulates asset creation which can be used by poor households to insure themselves against crises. Assets can be readily sold to meet immediate consumption needs or asset-building can improve creditworthiness hence improving a household's borrowing chances during a crisis and a larger and more diverse asset base can reduce covariant risk (Zaman *et al* 1999). A systematic quantitative assessment of socio-impacts of PRADAN's Self Help Group (Bangladesh) revealed that households who were members of PRADAN (SHG) engaged more in own cultivation and livestock rearing than non-PRADAN households. Households that belonged to the MFI were able to purchase and rent land and livestock assets. They were also able to diversify their cropping patterns by renting more land for different variety of crops. This in turn translated to higher value crops, more harvests, and better agriculture practices in relation to non-members. These were because of PRADAN interventions on the farmers (Kabeer *et al*., 2005).

6.2.2 Business development services and household wellbeing

This is one of the areas that development partners have desire to build in their support of developing and transition economies. Business development services by MFI are important because they help build up human capital in Small and Medium Scale Enterprises and to facilitating sound business decisions and good business practices (O.E.C. D, 2004). BDS are important for through them development of micro enterprises (MEs) is enhanced. Microenterprises create employment, generate income and contribute to economic development and growth. In this sense, supporting BDS is an important means of achieving the Millennium Development Goals (MDGs) by addressing poverty and empowering the poor and vulnerable groups (UNDP, 2004).

Focusing on BDS by MFIs is important because it contributes to development goals such as economic growth, employment generation as well as poverty alleviation. BDS seek to raise the profitability and enhance the growth and competitiveness of enterprises, which directly raise incomes. When people access such trainings, they are likely to generate employment thus, absorbing excess labour, they become innovative and add value to goods and services hence increasing profitability and also enables clients to become more flexible to dynamic and volatile markets These helps them to ensure sustainability of their IGAs .Business development services have assist entrepreneurs to run their business more effectively and, if appropriately applied, acted as an enhancer of access to finance and as an alternative form of “collateral” in circumstances where tangible collateral became an impediment to meeting traditional security requirements. Also, using professional business development services MEs are able to access better technology and to manage their business more successfully and efficiently (UNDP, 2004, IFC 2006).

7.0 Research Methodology

A survey was adopted because it aided the researcher to collect original data from every representative and objective sample drawn from a large population hence drawing correct conclusions. The study population for this study was all the registered participants in Remu microfinance who had been active for at least two years and above in Embakasi East constituency in Nairobi County and owned small and medium enterprises. The study targeted members who had been active for at least two years so that the research findings could be reliable. The study applied simple random sampling to identify respondents to the questionnaires. The study population therefore targeted 220 SME owners who are members of Remu microfinance. Data was collected using both structured and semi structured questionnaires. Data collection procedure involved survey design whereby structured and semi-structured self-administered questionnaires were used to collect information from respondents. After administering the survey, data was collected processed and analysed. The final data was then analysed both qualitatively and quantitatively and descriptive statistics were used to analyse, present and interpret data.

8.0 Results and Discussions

8.1 Demographic characteristics of the respondents

The study sought to find out the gender of the sampled population. From the above table, the results indicated that more females (62.7%) were interviewed compared to males (37.3%). This shows that the female respondents contributed significantly to the study.

Table 1 Gender of respondents

Gender	Frequency	Percentage
Male	69	37.3
Female	116	62.7
Total	185	100.0

8.2 Marital Status of the respondents

The researcher tried to find out marital status of the respondents. Most of the respondents were married (63%), 16 were widowed and 28.6 % were either divorced or separated. The response rate was 92%. This implied that a majority of individuals that prefer the use of microfinance programs were people who had families and have the responsibility to take care of the family thus microfinance programs assist them with the necessary provisions to manage themselves.

Table 2 Marital status of the Respondents

	Frequency	Percentage
Married	116	62.7
Widowed	16	8.6
Divorced	53	28.6
Total	185	100.0

8.3 Level of Education response in % of the sample population

The table above shows that majority of respondents had college education while the least at 5% had post university education. These results implied that majority of individuals who seek for financial assistance were likely to be college educated but unemployed since they lack a direct source of income unlike the university and post university educated who are likely to be employed. They access this financial assistance to allow them manage their consumption and expenditure in the SMEs.

Table 3 Level of education of the Respondents

	Frequency	Per cent
primary level	12	6.5
secondary level	71	38.4
College	76	41.1
University	25	13.5
post university	1	5
Total	185	100.0

8.4 Access to microfinance on household wellbeing

A total majority of 77 per cent respondents agreed that access microcredit increased their household income and at least 23 per cent respondents disagreed that access to microfinance could have any effect on their household income. In relation to impact of access to microfinance on accumulation of household assets a total majority of 81 per cent respondents agreed and at least 19 per cent respondents disagreed on this statement as shown in the tables below.

Table 4. Access to MFI and Permanent increase in income

	Frequency	Percent
No	43	23
Yes	142	77
Total	185	100.0

Therefore, with these results a pattern can be observed where most respondents rated highly the impact of access to microfinance to increase household income implying most of the money borrowed was invested in income generating activities (IGAs) which increased income. Ability to accumulate household assets was also perceived to have a big impact whereby a majority 81% of the respondents managed to increase their household assets compared to 19% who did not as shown on the table 5 below. This implies that most of credit borrowed was used to start IGAs and purchase assets.

Table 5 Access to MFI and increased accumulation of household assets

	Frequency	Percentage
No	35	19
Yes	150	81
Total	185	100.0

8.4.1 Flexibility of access to microcredit

Normally lending conditions are established by financial institutions with no input of the customers, and that such conditions are more likely to be favourable to the lending institution than the client. On this account, the lending conditions could impede the desire of low income entrepreneurs from accessing such products. The respondents were asked to complete the questionnaire indicating the flexibility of accessing microcredit from the MFI and their responses recorded as displayed in table next.

Table 6 Flexibility of access to microcredit

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Total
Interest reasonable	31%	57%	10%	1%	1%	100% (185)
Loans procedures easier	25%	53%	18%	4%	0%	100% (185)
Easy communication with agents	32%	47%	16%	3%	2%	100% (185)
Easy submission of documents	23%	54%	15%	6%	2%	100% (185)

On flexibility of accessing microloans, interest rate being reasonable for clients is acknowledged by a total majority of 88.0 per cent respondents who agreed to this fact, while at least 2 per cent respondents disagreed, 10 per cent respondents did not respond to this question. On procedures for applying for loans being easier than conventional banking, a majority of 78.0 per cent respondents agreed to this fact, as at least 4 per cent respondents disagreed to this statement, 18 per cent respondents did not respond to this. Further on easy communication with the MFI agents regarding loans a total majority of 79 per cent respondents agreed to this fact, at least 5 per cent respondents disagreed to this while 16 per cent respondents did not give respond to this statement.

Moreover, regarding submission of documents for loan application, a total majority of 77.0 per cent respondents agreed to this fact that it was easier, at least 8 per cent respondents disagreed while 15 per cent respondents did not answer this. Therefore, with these findings, it can be observed that more respondents acknowledged that access to microloans was flexible considering the terms and conditions to be fulfilled before taking the microloans. Implied by these statistics was that most clients found the MFI lending conditions as more suitable than in conventional banking, hence were likely to access the microcredit products.

8.4.2 Impact of easy loan procedures on increased household assets

Table 7. Impact of easy loan procedures on increased household assets

	Strongly agree	Agree	Neutral	Disagree	Total
Yes	20.26	44.44	25.5%	9.5%	100%
No	30	42	16	12	100%
			chi^2 9.555293 pr =0.0045		

More than half of the respondents who improved their household assets after accessing microloans confirmed that easier loan taking procedures contributed to their improved wellbeing. 65% of the respondents agreed, only 25.5 % remained neutral and 9.5% disagreed that easier loan taking procedures led to increased accumulation of household assets. Among the respondents who did not have increased household asset accumulation 72% agreed that procedures for accessing loans were easier, 16 percent remained neutral on this and at least 12% disagreed on this fact. From the findings there were high chances that majority of the respondents accessed loans easily and therefore could use the proceeds of their loans to purchase household assets. This is supported by the chi test Pr value of 0.0045 which shows a strong statistically significant relationship between the variables for both studies.

8.4.3 Easy submission of loan application documents

Table 8 Easy submission of loan application documents

	Strongly agree	Agree	Neutral	Disagree	Total
No	21%	42%	21%	14%	100
yes	23%	59%)	12%	6	100 %
	chi^2 10.8144 Pr = 0.029				

From the table above of those who had a permanent increase in income 61% acknowledged that easy submission of loan application documents enabled them to access loans on time hence increasing their income which led to improved household welfare. This was in comparison to only 14 % who disagreed and 21%who remained neutral about these. On the other hand, among the respondents who did not have a permanent increase in income, 63%still agreed that it was easy to submit loan documents to the MFI, 21 did not respond to these and 14 disagreed. Most of MFI have several retail outlets in low income but highly populated areas and with such they are easily accessible for the clients. Clients easily submit their loans documents and access their loans through their various modes like mobile phones. This gives them an opportunity to apply for more loans if terms permit and invest in more income generating activities, accumulate income and purchase household assets which in turn improved their wellbeing. The chi test Pr value show a significant relationship between easy submission of loan documents and household wellbeing.

8.5 Impact of Business Development Services on Household Wellbeing

Table 9. Business Development Services and performance of business in the last two years

Areas covered during training	Sales growth	Profit	Savings	Productive Assets accumulation	Cash flow
Business Management	9.7%%	9.7%	9.7%	9.7%	9.1%
Financial Planning	3.7%	3.7%	3%	2.7%	9.1%
Customer Care	17%	17%	17%	16.7%	17%
Marketing	26%	26%	25%	24%	25%
Financial Management	10%	10%	10%	9.1%	10%
N =160	71%	71%	70%	67%	70%

From the findings above out of the 160 respondents who had attended business development trainings 71% agreed to have experienced a growth in their sales after attending the trainings. The trainings too increased their profits with 71% of the respondents acknowledging these. The trainings too impacted on the amount of savings the respondents had, in the last two years 70% of those who attended trainings agreed to have increased their savings. 7% of those who attended the trainings confirmed to have increased their household assets for the last two years after the trainings. The findings could imply that imply that an increase in sales is likely to have translated to improved income and profits by the respondents. There are high chances that the profits were translated to buying household assets and expanding the existing businesses to improve on their income status. The increased income led to increased savings. Savings allowed respondents to plan their finances for long term purposes like purchasing household assets and expanding businesses leading to regulated cash flows. This later translated to an improved wellbeing. The findings are supported by a PR value of 0.01 showing a significant relationship between attending trainings and improving business performance.

8.5.1: Areas of training and improved household wellbeing

Table 10. Impact of training on financial planning on household income

	No Extent	Small extent	Moderate extent	Large extent	Very large extent	
No	0	0	2%	10%	15%	27%
Yes	6	11	1	17%	32%	73%
Total	5%	9%	15%	51%	47%	100%
			***chi*²**	18.3649	Pr = 0.003	

The findings above show the impact of attending training on financial planning on household wellbeing. From the table 126 respondents attended the trainings. 27% of them never experienced a permanent increase in income after accessing the MFI. 73% acknowledged to have had a permanent increase in their income by accessing the MFI facilities. For them with no increased income, to a moderate extent 2% and large extent 10% and very large extent 15 acknowledged to have trained in financial planning. Of those with a permanent increase in income, 32% to a very large extent, 17% to a large extent and 13% to a moderate extent had trained on financial planning. Only 10% to no extent trained on financial planning during their trainings. From the finding the MFI institution reached majority of respondents i trainings which improved their wellbeing. This has been supported by the chi test Pr. Value of 0.03 which shows a statistically positive correlation between the two variables.

Table 11. Impact of training in Marketing on household income

	No Extent	Small Extent	Moderate Extent	Large Extent	Very Large Extent	Total
No	0	4%	6%	15%	2%	27%
Yes	10%%	18%	20%	23%	2%	73%
Total	10%	23%	24%	38%	4%	100%

chi^2 10.1725 Pr = 0.038

From the findings above 67% of the respondents agreed to have undertaken trainings in Marketing. 27 % of them despite attending the training did not have a permanent increase in their income and 73% did have. For those who did not have an increase in income, they all agreed to have received training in marketing. For those who had an increase in income 61% were trained on marketing and at least 39% denied having trained on the same. From the findings it can be implied that knowledge gained on good marketing strategies helped the respondents to improve their businesses overall performance which translated to an increase in household income. This is supported by the chi square Pr value of 0.038 which shows a significant relationship between attending trainings on marketing and improving household wellbeing.

9.0 Summary of major findings

Out of the 220 copies of questionnaire administered to the respondents, 185 were received back duly completed giving a response rate of 84%. In the light of this, the study returned an excellent questionnaire response rate. Demographic characteristics held vital to the study included sex, marital orientation as well as level of education.

The findings show that most of the respondents were females who comprised of 61.2% of the respondents and males were 39% an implication that business was becoming a preserve for women. 60% of the respondents were married an indication that most of them were already carrying heavy burden of providing for their families, hence resorted to micro businesses as alternative to formal employment. Most respondents had college education accounting for 41.1% of the sample population, secondary education with 38.4% and the least being Post University at 5%. This could imply that unemployment in the formal sector pushed most of the college educated people into venturing into SMEs. Concerning duration in the MFI, majority had been in the MFI for between 2-3 years and majority belonged to MFI groups. Belonging to the groups helped them access microfinance services. Owning a savings account was mandatory for one to get a loan. There were two savings accounts and majority 67% of them owned an ordinary savings account and the other 33% owned the commitment savings account. Other than financial services, they also accessed non-financial services like trainings on business development.

Focusing on the major study variables, access to microcredit described the flexibility of access to loans, the loan amount and flexibility of loan disbursement. The study observed that it was flexible for clients to access microloans from the MFI. This was in relation to terms and conditions governing loan application process, interest charged, the support and advise they received from the MFI agents and the swiftness of disbursing the loans to clients.88% agreed that Interest reasonable, 78% acknowledged that loan procedures were easier than in conventional banking, 79% agreed that they Easily communicated with MFI agents and 77% found it easy to submit loan application documents.

On the effects of business development services towards household wellbeing, 86% of the respondents had attended business development trainings organized by the MFI. Respondents acknowledged training on areas such as business management, financial planning, customer care, marketing and financial management. According to the findings, majority of the respondents 84% indicated have trained on business management. On financial planning the results indicate that most of the respondents 95% covered financial planning. On customer care training 91% of the respondents acknowledged to have received training. 89% of the respondents trained on marketing. In financial management, the findings revealed that majority of the respondents 94% indicated to have trained in financial management. The results could be interpreted to imply that training provided covered significant areas (i.e. Finance, marketing, customer care) vital for the success of the business hence a better wellbeing.

From the findings, the trainings led to more growth in sales, profits, savings, cash flow and purchase of household assets after 2 years of training in more than 60% of those who trained. Most of them who experienced improvement in different areas of their business also had a growth in their income status. The findings are supported by the idea that organized business development trainings by microfinance Institutions benefits the members who attend them in terms investment discussions, assets accumulation and decision making at home as well as diversification of their enterprises which lead to increase in their income. These meetings educate them on various issues that touch on their wellbeing (Allen and Panetta, 2010)

10.0 Conclusion

From the research findings, it is evident that access to microfinance positively impacts on household wellbeing. It is also important to note that the MFI institutions and not the client alone influence its impacts on client's wellbeing. The speed and terms governing access to loans influences the recipient's household wellbeing. Majority of the recipients did not face major difficulties accessing microloans. This is because the MFI have come up with ways to ensure easy and fast disbursement of loans to recipients. Not only do microloans but business development services too, greatly improve the wellbeing of clients. During the trainings, not only are issues related to business discussed but social issues too. Therefore, the study reveals that the issue of microfinance and impacts on household wellbeing is influenced by both the institution and the borrower.

11.0 Recommendations

The study put forward the following recommendations.

1. There is need for microfinance institutions to offer more business development services to their clients. The business development services should not only target business growth but also address other social issues affecting the low-income household at large. This will help MFIs achieve their main objective of providing loans for poverty alleviation to low income clients.

2. To look at the impacts of MFI on poverty alleviation, it's recommended that more future studies should look at the impacts on poverty in its absolute form and not just economic growth. This will enable MFIs to know if they are addressing their main objective and to the right target.

12.0 Recommendations for further research

The study proposes the need for further research looking at the impact of access to microfinance on both male and female client's welfare to avoid gender biasness. This is because traditionally microfinance institutions targeted women but currently males too are clients to MFIs.

Further research is recommended to be done to assess the impact of access to microfinance household welfare in the context of other welfare indicators. This will be able to address the multidimensional dimension of poverty among low income households.

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