

## ABSTRACT

Financial inclusion makes it possible for businesses and persons to get affordable and useful financial products and services delivered in a responsible and sustainable manner that meet their needs. This study examined the effectiveness of financial inclusion on the growth of micro enterprises in Meru County. The specific objectives of the study were: to establish the effect of accessibility of financial products and services on the growth of micro enterprises, to evaluate the effect of variety of financial products and services on the growth of micro enterprises and to assess the effect of responsiveness to the needs of the customers on the growth of micro enterprises. The study was guided by three theories namely: Financial Intermediation Theory of Banking, Stewardship Theory, Demand and Supply Theory. The study was carried out in Meru county specifically in Imenti South Sub-county in micro enterprises which are licensed and have been in operation for three years and above. A sample size of 84 micro enterprises was selected using Slovin's Formula. A questionnaire was used to collect the data. The data was then analyzed by the use of Statistical Package for Social Sciences (SPSS) version 20 and presented by use of percentages and frequencies followed by a simple explanation after each analysis for ease of understanding. Regression model was employed to show the relationship between the dependent and independent variables. Based on the R computed (0.742), there was a positive correlation between the independent variables and dependent variable. The significance of the relationship was computed using ANOVA. F- test for the model was significant since it had a p-value of 0.02 which is less than 0.05. The study established that accessibility of financial products and services positively and significantly influences the growth of micro enterprises in Meru County with a beta of 0.102 and a p-value of 0.002. It was also noted that a variety of financial products and services positively and significantly affect the growth of micro enterprises in Meru County with a beta of 0.070 and a p-value of 0.038. Further, the study revealed that responsiveness to customer's needs was positive but did not significantly affect the growth of micro enterprises in Meru County with a beta of 0.059 and a p-value of 0.374. The study recommended that financial institution should make loan products more affordable by doing away with processing fees, appraisal fees, and application fees, offer variety of loan products and create more awareness of the other existing financial products and services to micro enterprises owners in Meru county. In addition, financial institutions should have an efficient customer service desk that ensures prompt feedback to queries and provision of timely information. They should also organize financial literacy training for micro enterprises owners as well as giving them credit counselling every time they are acquiring a loan. Micro enterprises owners are recommended to visit their financial providers to enquire on various products and services offered that can help grow their business. Further research should be carried out on the various financial products and services offered by the financial service providers to grow micro enterprises in Meru county. In addition, a study should be carried out to ascertain the influence of responsiveness to customer needs on growth of micro enterprises in Kenya. Study should also be carried to find out factors that affect the growth of micro enterprises in Meru County other than financial inclusion.