THE ROLE OF SELECTED MICROFINANCE INSTITUTIONS IN THE ECONOMIC GROWTH OF HOUSEHOLDS IN NAIROBI'S INFORMAL SETTLEMENTS

BY

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ABSTRACT

Micro finance institutions play an important economic role in so many countries. The study on the 'Role of Selected Microfinance Institutions in the economic growth of households in Nairobi's informal settlements' reviewed literature on general background of MFIs, evolution and growth of MFIs. Also it reviewed empirical studies on policy and microfinance and approaches used by MFIs. The objectives of the study were to identify the approaches that MFIs use to promote the economic development of households in Nairobi' informal settlements as well as, the challenges they face.

Further, contributions of MFIs towards the economic growth of households in Nairobi's informal settlements were reviewed as well as microfinance institutions products and services. This study employed descriptive survey research design and purposive sampling technique to select the sample. The data was collected from 60 respondents (Managers and loan beneficiaries), using questionnaires. The data was analyzed descriptively and presented through figures, tables and percentages.

The findings indicate that most of the loan beneficiaries have been sensitized on the benefits of having a bank account, with 83.3 per cent of the sample indicating that they have a bank account. The findings indicated that MFIs have enabled the sample to achieve self-sufficiency on growth of their businesses without depending on subsidies which has helped their businesses keep going even in difficult situations; and have enabled them to expand their businesses thus increasing the number of employees in their businesses.

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