



International Journal of Research in Finance and Management

ISSN Print: 2617-5754
ISSN Online: 2617-5762
IJRFM 2026; 9(9): 150-156
www.allfinancejournal.com
Received: 26-07-2026
Accepted: 30-08-2026
Published: 30-09-2026

Charles Momanyi
School of Business and
Economics, Kisii University,
Kisii, Kenya

Enhancing SME growth through fintech credit access and financial literacy in Kisii County, Kenya

Charles Momanyi¹

DOI: <https://www.doi.org/10.33545/26175754.2026.v9.i9b.908>

ABSTRACT

Small and medium enterprises (SMEs) remain fundamental to economic transformation by generating employment, stimulating innovation, and supporting household incomes. Despite their importance, constrained access to affordable finance continues to limit business expansion, particularly in developing economies. Recent advances in financial technology (fintech) have broadened access to credit through digital lending platforms; however, the extent to which these services translate into enterprise growth may depend on the financial capability of business owners. This study investigated the effect of fintech credit access on enterprise growth and examined whether financial literacy moderates this relationship among SMEs in Kisii County, Kenya. A correlational research design was employed using primary data collected from 464 SME owner-managers through structured questionnaires. The data were analyzed using descriptive statistics, Pearson's correlation, hierarchical multiple regression, and moderated regression analysis. The findings revealed a significant positive association between fintech credit access and enterprise growth ($r = 0.229, p < 0.001$). Hierarchical regression indicated that fintech credit access significantly predicted enterprise growth in the baseline model ($\beta = 0.229, p < 0.001$), while financial literacy contributed additional explanatory power ($\beta = 0.117, p = 0.037$). Incorporating the interaction term significantly improved model performance ($\Delta R^2 = 0.042, p < 0.001$), confirming a moderation effect. The interaction analysis further demonstrated that financial literacy strengthened the positive influence of fintech credit access on enterprise growth ($b = 0.108, p < 0.001$). Conditional effects analysis showed that fintech credit access did not significantly influence enterprise growth among SMEs with low or average financial literacy but produced a significant positive effect among enterprises managed by highly financially literate owners ($b = 0.182, p < 0.001$). The findings indicate that financial literacy enhances entrepreneurs' ability to convert digital credit into meaningful business growth. Expanding fintech credit alone may therefore be insufficient unless accompanied by initiatives that strengthen financial knowledge and decision-making capabilities. The study recommends integrating financial literacy programmes into fintech financing initiatives to improve the productive utilization of digital credit and promote sustainable SME growth. Future studies should examine additional contextual and institutional factors that may shape the relationship between fintech credit access and enterprise performance in emerging economies.

Keywords: Fintech credit access, Financial literacy, Enterprise growth, SMEs, Moderation analysis, Hierarchical regression, Kisii County, Kenya

Introduction

Small and medium enterprises (SMEs) are widely acknowledged as a cornerstone of economic development because they stimulate innovation, generate employment opportunities, strengthen local value chains, and contribute substantially to national income. Across developing economies, SMEs enhance economic resilience by supporting entrepreneurship and expanding livelihood opportunities. In Sub-Saharan Africa, they constitute the majority of business establishments and contribute significantly to private sector employment and gross domestic product, making them indispensable to inclusive and sustainable economic growth (Endris *et al.*, 2022; World Bank, 2024) [6, 19]. In Kenya, the SME sector contributes nearly 40% of the country's gross domestic product and accounts for more than 80% of employment within the informal economy. Despite this significant contribution, many SMEs experience persistent barriers to growth, including limited access to finance, inadequate managerial capacity, market uncertainty, and high business mortality rates (Afande, 2015; Kenya National Bureau of Statistics, 2024) [1, 11]. These constraints reduce business competitiveness and limit the sector's potential contribution to national development. Among the challenges confronting SMEs, inadequate access to affordable finance remains one of the most persistent obstacles to business expansion. Conventional financial institutions typically require collateral, ex

Corresponding Author:
Charles Momanyi
School of Business and
Economics, Kisii University,
Kisii, Kenya

tensive documentation, established credit histories, and lengthy loan appraisal procedures that many small enterprises cannot satisfy. Consequently, numerous SMEs rely on informal financing mechanisms that are often insufficient to sustain investment and long-term growth. The rapid advancement of financial technology (fintech) has begun to reshape this landscape by introducing digital financial services that improve credit accessibility, reduce transaction costs, and shorten loan approval processes (Ozili, 2018) [15]. Fintech lending platforms increasingly utilize digital payment histories, mobile transaction records, and alternative credit-scoring models to extend financing to previously underserved enterprises. Recent evidence indicates that fintech adoption enhances financial inclusion, improves operational efficiency, and supports enterprise development by expanding access to working capital (Demirgüç-Kunt *et al.*, 2022; World Bank, 2024) [5, 19]. Similarly, Gbadebo (2025) [7] demonstrated that fintech adoption positively influences SME performance in Nigeria, particularly where entrepreneurs possess adequate financial management capabilities.

The expansion of mobile money ecosystems and digital lending services has accelerated fintech adoption throughout East Africa, particularly in Kenya, where mobile financial services have transformed the delivery of credit to small businesses. Through digital lending applications, SMEs can obtain short-term financing for inventory acquisition, business expansion, and liquidity management without relying on traditional collateral-based lending systems. These innovations have substantially broadened financial inclusion by extending formal financial services to enterprises previously excluded from conventional banking (Demirgüç-Kunt *et al.*, 2022) [5]. Beyond improving credit accessibility, fintech platforms also reduce administrative costs, enhance transaction efficiency, and increase financing flexibility, enabling businesses to respond more rapidly to changing market conditions.

Nevertheless, access to digital finance alone does not necessarily translate into improved business performance. The benefits derived from fintech credit largely depend on entrepreneurs' ability to evaluate financial alternatives, allocate borrowed resources efficiently, and manage financial risks. Financial literacy encompasses the knowledge, competencies, and behavioural skills required to make informed financial decisions, undertake effective budgeting, evaluate investment opportunities, and manage debt responsibly. Entrepreneurs with stronger financial capabilities are generally better positioned to transform borrowed capital into productive investments that support enterprise expansion and long-term sustainability. Conversely, inadequate financial knowledge may contribute to poor borrowing decisions, inefficient resource allocation, excessive indebtedness, and reduced business performance (OECD, 2023) [14].

Previous empirical studies consistently demonstrate that financial literacy is positively associated with entrepreneurial success and firm performance. Financially knowledgeable entrepreneurs exhibit greater capacity to interpret financial information, compare financing alternatives, manage cash flow, and formulate strategic investment decisions that promote sustainable business growth. Accordingly, financial literacy may strengthen the effectiveness of fintech credit by enabling business owners to utilize digital financial services more efficiently. Although considerable research has independently examined fintech adoption and financial literacy, comparatively few studies have investigated how financial literacy moderates the relationship between fintech credit access and SME growth, particularly within county-level economies in Kenya. This represents an important knowledge gap given the increasing reliance on digital financial services among Kenyan SMEs.

The present study is further anchored on two complementary theoretical perspectives. The Technology Acceptance Model (TAM) proposes that individuals are more likely to adopt technologies perceived as useful and easy to operate (Davis, 1989) [4]. Within the context of SMEs, entrepreneurs who recognize the usefulness and convenience of fintech lending services are more likely to incorporate them into business financing decisions. Complementing this perspective, the

Resource-Based View (RBV) argues that sustainable competitive advantage arises from valuable, rare, and difficult-to-imitate organizational resources (Barney, 1991) [2]. Financial literacy represents one such strategic intangible resource because it enhances entrepreneurs' capacity to transform fintech-enabled financial resources into improved enterprise performance and sustained competitive advantage. Although growing evidence supports the independent contributions of fintech adoption and financial literacy to SME performance, limited empirical research has examined whether financial literacy strengthens or weakens the relationship between fintech credit access and enterprise growth. Existing Kenyan studies have largely concentrated on major urban centres such as Nairobi and Kiambu, with comparatively little attention given to counties such as Kisii, where SMEs increasingly depend on digital financial services. Understanding whether financially literate entrepreneurs derive greater benefits from fintech credit is important for informing policies that promote inclusive financial innovation, entrepreneurship, and sustainable enterprise development.

This study examined the influence of fintech credit access on enterprise growth among SMEs in Kisii County and evaluated whether financial literacy moderates this relationship. The findings contribute to the expanding literature on digital finance, entrepreneurship, and financial inclusion while providing evidence to guide policymakers, fintech providers, financial institutions, and SME development agencies in designing integrated interventions that combine expanded digital credit access with financial capability development.

Methodology

This study employed a correlational research design to investigate the relationships among fintech credit access, financial literacy, and enterprise growth among small and medium enterprises (SMEs) operating in Kisii County, Kenya. A correlational approach was considered appropriate because it facilitates the examination of naturally occurring relationships among variables without manipulating the study environment (Creswell *et al.*, 2018; Saunders *et al.*, 2019) [3, 16]. In addition to examining direct relationships, the study adopted a moderation framework to determine whether financial literacy alters the strength of the relationship between fintech credit access and enterprise growth.

The target population comprised registered SMEs operating within Kisii County across diverse economic sectors, including retail trade, agriculture, manufacturing, and service industries. The unit of analysis was the SME owner-manager because these individuals are primarily responsible for strategic decision-making, financing decisions, technology adoption, and overall business performance. To ensure that respondents possessed adequate operational experience, only enterprises that had been in operation for a minimum of one year were included in the study.

Primary data were collected using a structured questionnaire administered to SME owner-managers. The instrument comprised closed-ended questions measured on a five-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). The questionnaire was organized into four sections covering respondents' demographic characteristics, fintech credit access, financial literacy, and enterprise growth. Fintech credit access was assessed using indicators related to digital lending utilization, accessibility of online credit services, collateral requirements, speed of loan processing, and digital credit assessment procedures. Financial literacy was measured using items evaluating respondents' knowledge of budgeting, savings, borrowing, investment planning, debt management, and general financial decision-making. Enterprise growth was operationalized using indicators reflecting changes in sales performance, profitability, customer base, business expansion, and long-term business sustainability.

To ensure the quality of the measurement instrument, both validity and reliability assessments were conducted before the main data collection exercise. Content validity was established through expert evaluation involving specialists in entrepreneurship, finance, statistics, and research methodology, whose recommendations were incorpo-

rated to improve the relevance, clarity, and comprehensiveness of the questionnaire items. Internal consistency reliability was assessed using Cronbach's α coefficient, with values of 0.70 or higher considered indicative of acceptable reliability (Hair *et al.*, 2022; Taber, 2018) [8, 17]. All study constructs exceeded the recommended threshold, demonstrating satisfactory internal consistency and confirming the suitability of the measurement scales for subsequent statistical analyses.

Data analysis was performed using the Statistical Package for the Social Sciences (SPSS) version 28. Prior to hypothesis testing, the dataset underwent preliminary screening to identify missing observations, outliers, data entry errors, and inconsistencies. Descriptive statistics, including frequencies, percentages, means, standard deviations, and modal values, were generated to summarize respondents' demographic characteristics and describe the distribution of the study variables. Pearson's product-moment correlation coefficient was subsequently employed to determine the magnitude and direction of the bivariate relationships among fintech credit access, financial literacy, and enterprise growth.

The moderating influence of financial literacy was examined using hierarchical multiple regression analysis. In the first model, fintech credit access was entered as the independent predictor of enterprise growth to estimate its direct effect. The second model introduced financial literacy to determine its independent contribution beyond fintech credit access. In the final model, an interaction term representing the product of fintech credit access and financial literacy was included to evaluate the moderation hypothesis. A statistically significant interaction coefficient indicated that the relationship between fintech credit access and enterprise growth varied according to the level of financial literacy. Model performance was assessed using the coefficient of determination (R^2), changes in explained variance (ΔR^2), F-

statistics, standardized regression coefficients (β), and associated significance levels.

To provide further insight into the moderation effect, the study employed moderated regression analysis using Hayes' PROCESS Macro (Version 4.2) for SPSS (Hayes, 2022) [9]. Conditional effects of fintech credit access on enterprise growth were estimated at low (-1 SD), average, and high ($+1$ SD) levels of financial literacy. The analysis generated regression coefficients, standard errors, t-values, p -values, and 95% confidence intervals to facilitate interpretation of the interaction effect. Statistical significance for all inferential analyses was evaluated at the 5% significance level ($\alpha = 0.05$), with results considered statistically significant when p -values were less than 0.05.

Results

This section presents the findings of the study in relation to the objectives of examining the effect of fintech credit access on enterprise growth and the moderating role of financial literacy among SMEs in Kisii County, Kenya. The results are presented sequentially, beginning with the demographic and business characteristics of the respondents, followed by descriptive statistics and reliability assessment of the study constructs. Subsequently, inferential analyses are presented, including Pearson's correlation analysis, hierarchical multiple regression, moderated regression analysis, and conditional effects analysis.

Table 1 presents the demographic and business characteristics of the 464 SME owner-managers who participated in the study. The majority of respondents were business owners (67.5%), while managers accounted for 30.2% of the sample, indicating that most responses were obtained from individuals directly responsible for strategic and financial decision-making within their enterprises. In terms of gender, males constituted 52.7% of the respondents compared to 47.3% females, suggesting a relatively balanced gender distribution among SME operators.

Table 1. Background characteristics of respondents ($N = 464$)

Variable	Category	n	%	Mode
Role	Owner	313	67.5	Owner
	Manager	140	30.2	
Gender	Male	244	52.7	Male
	Female	219	47.3	
Age	26–35	210	45.4	26–35
	18–25	100	21.6	
	36–45	99	21.4	
Education	Secondary	223	48.1	Secondary
	Diploma/Certificate	107	23.1	
	Primary	68	14.7	
Duration	1–3 years	148	32.0	1–3 years
	Less than 1 year	122	26.4	
	4–6 years	90	19.5	
Registration	Sole proprietorship	329	71.1	Sole proprietorship
	Unregistered	112	24.2	

The largest proportion of respondents (45.4%) were aged between 26 and 35 years, followed by those aged 18–25 years (21.6%) and 36–45 years (21.4%). This finding indicates that SMEs in Kisii County are predominantly operated by young and middle-aged entrepreneurs who are likely to be more receptive to digital innovations. In terms of education, nearly half of the respondents (48.1%) had attained secondary education, while 23.1% possessed diploma or certificate qualifications. This suggests that most SME operators have basic educational backgrounds that may facilitate the adoption and utilization of digital financial technologies.

32.0% of the enterprises had been in operation for between one and three years, while 26.4% had operated for less than one year. These findings indicate that a considerable proportion of SMEs are rela-

tively young businesses. Furthermore, the majority of enterprises (71.1%) operated as sole proprietorships, reflecting the dominance of individually owned businesses within the SME sector in Kisii County. Table 2 presents the descriptive statistics and reliability coefficients for the study variables. The findings indicate that enterprise growth recorded the highest mean score ($M = 3.93$, $SD = 0.71$), suggesting that the majority of SMEs reported positive growth outcomes in terms of sales, profitability, customer growth, and business sustainability. Financial literacy had a mean score of 3.60 ($SD = 1.25$), indicating a relatively high level of financial knowledge and skills among SME operators. Fintech credit access recorded a mean score of 3.31 ($SD = 1.36$), reflecting moderate utilization of digital credit services among the surveyed enterprises.

The reliability analysis revealed high internal consistency for all study constructs. Financial literacy recorded the highest Cronbach's α coefficient ($\alpha = 0.965$), followed by fintech credit access ($\alpha = 0.946$). Enterprise growth achieved a reliability coefficient of 0.797. All val-

ues exceeded the recommended threshold of 0.70, indicating that the measurement scales were reliable and suitable for further statistical analysis.

Table 2. Summary statistics of study variables

Variable	N	Mean	SD	Mode	Minimum	Maximum	Cronbach's α
Fintech Credit Access	464	3.31	1.36	4.00	1.00	5.00	0.946
Financial Literacy	464	3.60	1.25	4.00	1.00	5.00	0.965
Enterprise Growth	464	3.93	0.71	4.00	1.33	5.00	0.797

Table 3 presents the results of the hierarchical regression analysis examining the influence of fintech credit access and financial literacy on enterprise growth among SMEs in Kisii County. In Model 1, fintech credit access was entered as the sole predictor of enterprise growth. The results revealed that fintech credit access significantly predicted enterprise growth ($\beta = 0.229$, $t = 5.05$, $p < 0.001$), explaining 5.2% of the variance in enterprise growth ($R^2 = 0.052$). This finding suggests that SMEs with greater access to fintech credit generally experience higher levels of growth.

In Model 2, financial literacy was introduced into the regression model. The results showed that both fintech credit access ($\beta = 0.160$, $t = 2.87$, $p = 0.004$) and financial literacy ($\beta = 0.117$, $t = 2.10$, $p = 0.037$) significantly influenced enterprise growth. The inclusion of financial literacy increased the explanatory power of the model from 5.2% to 6.1% ($\Delta R^2 = 0.009$), indicating that financial literacy contributes additional explanatory value in understanding SME growth.

Table 3. Hierarchical regression predicting SME growth

Model	Variable	B	95% CI	SE	β	t	p
Model 1	Fintech Credit Access	0.119	[0.073, 0.166]	0.024	0.229	5.05	< 0.001
Model 2	Fintech Credit Access	0.084	[0.026, 0.141]	0.029	0.160	2.87	0.004
	Financial Literacy	0.066	[0.004, 0.128]	0.032	0.117	2.10	0.037
Model 3	Fintech Credit Access	0.046	[-0.012, 0.104]	0.030	0.089	1.57	0.117
	Financial Literacy	0.184	[0.106, 0.263]	0.040	0.325	4.62	< 0.001
	Fintech Credit $\times$ Financial Literacy	0.108	[0.063, 0.154]	0.023	0.271	4.67	< 0.001

Model 3 incorporated the interaction term between fintech credit access and financial literacy. The interaction effect was statistically significant ($\beta = 0.271$, $t = 4.67$, $p < 0.001$), indicating that financial literacy moderates the relationship between fintech credit access and enterprise growth. The inclusion of the interaction term increased the explained variance from 6.1% to 10.4% ($\Delta R^2 = 0.042$). Interestingly,

the direct effect of fintech credit access became statistically insignificant ($\beta = 0.089$, $p = 0.117$), while financial literacy remained significant ($\beta = 0.325$, $p < 0.001$). These findings suggest that the growth benefits associated with fintech credit access depend largely on the level of financial literacy possessed by SME operators.

Table 4. Moderated regression / PROCESS-style interaction results

Variable	b	SE	t	p	95% CI
Constant	3.826	0.039	98.74	< 0.001	[3.750, 3.903]
Fintech Credit Access	0.046	0.030	1.57	0.117	[-0.012, 0.104]
Financial Literacy	0.184	0.040	4.62	< 0.001	[0.106, 0.263]
Fintech Credit $\times$ Financial Literacy	0.108	0.023	4.67	< 0.001	[0.063, 0.154]

Table 4 presents the moderated regression analysis results. The findings indicate that financial literacy had a significant positive effect on enterprise growth ($b = 0.184$, $SE = 0.040$, $t = 4.62$, $p < 0.001$). This suggests that SMEs operated by financially literate entrepreneurs are more likely to experience higher growth levels. Conversely, fintech credit access did not independently predict enterprise growth after controlling for the interaction effect ($b = 0.046$, $SE = 0.030$, $t = 1.57$, $p = 0.117$).

Most importantly, the interaction term between fintech credit access and financial literacy was positive and statistically significant ($b = 0.108$, $SE = 0.023$, $t = 4.67$, $p < 0.001$). The positive coefficient indicates that the influence of fintech credit access on enterprise growth becomes stronger as financial literacy increases. This finding provides evidence that financial literacy enhances the effectiveness of fintech credit utilization among SMEs.

The conditional effects analysis further demonstrated the moderating role of financial literacy. At low levels of financial literacy (-1 SD),

fintech credit access had a negative and statistically insignificant effect on enterprise growth ($b = -0.089$, $p = 0.057$). At average levels of financial literacy, the effect remained positive but statistically insignificant ($b = 0.046$, $p = 0.117$). However, at high levels of financial literacy ($+1$ SD), fintech credit access had a strong positive and statistically significant effect on enterprise growth ($b = 0.182$, $p < 0.001$). These findings indicate that SMEs derive substantial growth benefits from fintech credit only when entrepreneurs possess adequate financial knowledge and skills to effectively manage and utilize digital financial resources.

The results demonstrate that financial literacy is a critical enabling factor in translating fintech credit access into improved enterprise growth outcomes. SMEs with higher levels of financial literacy are better positioned to leverage digital credit services for business expansion, profitability enhancement, and long-term sustainability.

Table 5. Conditional effects of fintech credit access on SME growth

Financial literacy level	b	SE	t	p	95% CI
Low financial literacy (-1 SD)	-0.089	0.047	-1.91	0.057	[-0.180, 0.003]
Mean financial literacy	0.046	0.030	1.57	0.117	[-0.012, 0.104]
High financial literacy (+1 SD)	0.182	0.035	5.14	< 0.001	[0.112, 0.251]

Table 5 presents the conditional effects of fintech credit access on SME growth at low, average, and high levels of financial literacy. The results provide further evidence of the moderating role of financial literacy in the relationship between fintech credit access and enterprise growth.

At low levels of financial literacy (-1 standard deviation), fintech credit access exhibited a negative but statistically insignificant effect on SME growth ($b = -0.089$, $SE = 0.047$, $t = -1.91$, $p = 0.057$, 95% CI [-0.180, 0.003]). Although the relationship approached statistical significance, the confidence interval included zero, indicating that SMEs operated by entrepreneurs with low financial literacy do not experience significant growth benefits from fintech credit access. This finding suggests that limited financial knowledge may hinder the effective utilization of digital credit facilities, potentially reducing their contribution to business performance.

At average levels of financial literacy, fintech credit access had a positive but statistically insignificant effect on enterprise growth ($b = 0.046$, $SE = 0.030$, $t = 1.57$, $p = 0.117$, 95% CI [-0.012, 0.104]). The confidence interval also crossed zero, indicating that fintech credit access alone is insufficient to generate significant growth outcomes among SMEs with moderate financial literacy levels. This finding implies that merely having access to digital credit does not automatically translate into improved enterprise performance unless entrepreneurs possess the skills required to manage financial resources effectively.

In contrast, at high levels of financial literacy (+1 standard deviation), fintech credit access had a strong positive and statistically significant effect on enterprise growth ($b = 0.182$, $SE = 0.035$, $t = 5.14$, $p < 0.001$, 95% CI [0.112, 0.251]). The positive coefficient indicates that SMEs operated by highly financially literate entrepreneurs experience substantial growth benefits from utilizing fintech credit services. Specifically, increased access to fintech credit among financially knowledgeable entrepreneurs is associated with higher levels of sales growth, profitability, customer expansion, and business sustainability. The pattern of results demonstrates that the effect of fintech credit access on enterprise growth becomes progressively stronger as financial literacy increases. While fintech credit access does not significantly contribute to enterprise growth among SMEs with low or average levels of financial literacy, it becomes a significant driver of growth among SMEs whose owners possess high levels of financial knowledge and financial management skills. These findings confirm the presence of a significant moderation effect and suggest that financial literacy serves as an enabling capability that allows entrepreneurs to effectively leverage digital credit services for business development and expansion. The results underscore the importance of complementing fintech credit initiatives with financial literacy programs. Enhancing entrepreneurs' financial knowledge and skills may increase the effectiveness of digital credit services and maximize their contribution to SME growth and sustainability in Kisii County.

Discussion

The study investigated the influence of fintech credit access on enterprise growth and examined whether financial literacy moderates this relationship among SMEs in Kisii County, Kenya. The findings demonstrate that fintech credit access is positively associated with enterprise growth, suggesting that digital financing has become an important mechanism for supporting business expansion among small enterprises. SMEs with greater access to fintech-enabled credit reported better growth outcomes than those with limited access, highlighting the contribution of digital financial services in addressing financing gaps that have historically constrained SME development.

The increasing availability of mobile lending platforms and digital credit products appears to have reduced some of the barriers associated with conventional lending, including collateral requirements, lengthy approval procedures, and high transaction costs.

These findings reinforce the growing body of evidence indicating that fintech innovations promote financial inclusion by expanding access to financial services for previously underserved enterprises. Ozili (2018) [15] argued that digital finance enhances economic participation by lowering information asymmetry and improving the efficiency of financial intermediation. Likewise, the Global Findex Report (Demirgüç-Kunt *et al.*, 2022) [5] documented substantial growth in digital financial service utilization, particularly in low- and middle-income countries where mobile technologies have accelerated access to formal financial systems. Similar positive effects have also been reported in studies conducted by Gomber *et al.* (2018), Lee and Shin (2018), and Morgan and Long (2020), all of whom concluded that fintech ecosystems improve credit accessibility, reduce financing constraints, and stimulate entrepreneurial activities. The present findings therefore provide empirical support that these global developments are equally relevant within county-level SME ecosystems in Kenya.

Although access to finance remains an essential driver of enterprise growth, the present study demonstrates that financing alone is insufficient to guarantee improved business performance. Financial literacy emerged as an independent predictor of enterprise growth, indicating that entrepreneurs possessing stronger financial knowledge and management skills achieve superior business outcomes. This finding suggests that financial literacy enhances entrepreneurs' capacity to evaluate financing alternatives, manage cash flows, budget effectively, and allocate financial resources toward productive investments. Consequently, financial capability functions as an important managerial competency that supports sustainable business growth beyond merely increasing access to external capital.

The positive influence of financial literacy observed in this study is consistent with previous empirical evidence linking financial capability to SME success. Lusardi and Mitchell (2023) argued that financially literate individuals make more informed financial decisions, exhibit better debt management behaviour, and are more capable of long-term financial planning. Similarly, OECD (2023) [14] emphasized that financial literacy improves entrepreneurial resilience by strengthening decision-making under financial uncertainty. Endris *et al.* (2022) [6] further observed that managerial competencies, including financial management capabilities, are among the strongest determinants of SME competitiveness in developing economies. Collectively, these studies support the proposition that financial literacy represents an important intangible asset that contributes directly to enterprise performance.

The principal contribution of this study lies in demonstrating that financial literacy significantly moderates the relationship between fintech credit access and enterprise growth. The interaction analysis revealed that the positive effect of fintech credit became progressively stronger as financial literacy increased. Specifically, fintech credit access did not significantly influence enterprise growth among entrepreneurs with low or average financial literacy but produced substantial positive effects among highly financially literate SME owners. These findings indicate that entrepreneurs must possess sufficient financial capability to convert digital credit into productive business investments. Without adequate financial knowledge, access to fintech credit may simply increase borrowing without necessarily improving enterprise performance.

This moderation effect supports emerging evidence that complementary capabilities are necessary for organizations to derive maximum

benefits from technological innovations. Gbadebo (2025) [7] similarly reported that financial literacy strengthens the relationship between fintech utilization and SME performance in Nigeria, demonstrating that entrepreneurs with stronger financial capabilities are better positioned to exploit digital financial technologies. Comparable findings have been reported by Kuruczleki (2023), who observed that financial literacy amplifies the positive effects of entrepreneurial orientation on firm performance, and by Hammami and Mouelhi (2024), who found that managerial decision-making capability enhances organizational performance under changing financial environments. The present study extends these findings by providing empirical evidence from Kenya and demonstrating that financial literacy functions not merely as an independent predictor but also as a strategic capability that determines the effectiveness of fintech credit utilization.

The findings can also be interpreted within established theoretical perspectives. The Technology Acceptance Model (Davis, 1989) [4] proposes that technology adoption is influenced by users' perceptions of usefulness and ease of use. The positive association between fintech credit access and enterprise growth suggests that SME owner-managers perceive digital lending platforms as beneficial financing tools capable of supporting business operations and expansion. However, the moderation effect indicates that technology adoption alone does not automatically generate organizational benefits. Rather, entrepreneurs require complementary competencies that enable effective utilization of digital financial services.

The Resource-Based View (Barney, 1991) [2] provides additional theoretical insight by emphasizing that sustainable competitive advantage is derived from valuable organizational resources and capabilities. Within this framework, financial literacy constitutes an intangible strategic resource that enhances entrepreneurs' ability to deploy fintech-enabled financial resources efficiently. The observed interaction between fintech credit access and financial literacy therefore supports the RBV proposition that organizational performance depends not only on access to valuable resources but also on the capabilities required to exploit those resources effectively. Financial literacy consequently transforms fintech credit from a financing mechanism into a strategic resource capable of generating sustainable enterprise growth. From a practical perspective, the findings suggest that policies promoting SME development should move beyond increasing access to digital credit alone. While Kenya has made considerable progress in expanding digital financial services, the effectiveness of these initiatives depends on entrepreneurs' capacity to utilize borrowed funds strategically. Integrating financial literacy programmes within fintech ecosystems would strengthen entrepreneurs' financial decision-making, improve credit utilization, reduce default risk, and enhance business sustainability. Collaborative interventions involving policymakers, financial institutions, fintech providers, county governments, and SME development agencies could therefore maximize the developmental impact of digital financial inclusion initiatives.

The study contributes to the growing literature on digital finance by demonstrating that the relationship between fintech credit access and enterprise growth is contingent upon entrepreneurs' financial capability. The findings underscore that sustainable SME growth requires both expanded access to digital financial services and investment in financial literacy. Strengthening these complementary dimensions is likely to improve enterprise competitiveness, enhance financial inclusion, and support inclusive economic development within Kenya and other emerging economies.

Conclusion

The findings revealed that fintech credit access is positively associated with enterprise growth and that financial literacy independently contributes to improved business performance. More importantly, the study established that financial literacy significantly moderates the relationship between fintech credit access and enterprise growth.

The results demonstrate that fintech credit services are most effective when entrepreneurs possess adequate financial knowledge and skills. While fintech platforms have increased access to financing opportuni-

ties for SMEs, the growth benefits of such financing are realized primarily among entrepreneurs with high levels of financial literacy. SMEs with limited financial literacy appear less capable of translating access to digital credit into tangible business growth outcomes.

The study therefore concludes that financial literacy is a critical enabling factor in the fintech ecosystem and plays a central role in determining the effectiveness of digital credit services. Efforts aimed at promoting SME growth should not focus solely on expanding access to fintech credit but should also prioritize financial education and capacity-building initiatives. Policymakers, financial institutions, fintech providers, and SME support organizations should integrate financial literacy programs into digital lending initiatives to enhance the productive utilization of credit and maximize enterprise growth. Future research should explore other moderating and mediating factors, such as entrepreneurial orientation, digital literacy, business experience, and financial management practices, to provide a more comprehensive understanding of how fintech contributes to SME development in emerging economies.

References

1. Afande FO. Factors influencing growth of small and microenterprises in Nairobi Central Business District. *Journal of Poverty, Investment and Development*. 2015;9:104–118.
2. Barney JB. Firm resources and sustained competitive advantage. *Journal of Management*. 1991;17(1):99–120.
3. Creswell JW, Creswell JD. *Research design: Qualitative, quantitative, and mixed methods approaches* (5th ed.). Sage; 2018.
4. Davis FD. Perceived usefulness, perceived ease of use, and user acceptance of information technology. *MIS Quarterly*. 1989;13(3):319–340.
5. Demirgüç-Kunt A, Klapper L, Singer D, Ansar S, Hess J. *The Global Findex Database 2021: Financial inclusion, digital payments, and resilience in the age of COVID-19*. World Bank; 2022.
6. Endris E, Kassegn A. The role of micro, small, and medium enterprises (MSMEs) in the sustainable development of Sub-Saharan Africa and its challenges: A systematic review of evidence from Ethiopia. *Journal of Innovation and Entrepreneurship*. 2022;11:Article 20.
7. Gbadebo AD. Moderating role of financial literacy on the relationship between financial technology and SMEs' growth in Nigeria. *Journal of Accounting and Finance in Emerging Economies*. 2025;11(4):499–512.
8. Hair JF, Black WC, Babin BJ, Anderson RE. *Multivariate data analysis* (9th ed.). Cengage; 2022.
9. Hayes AF. *Introduction to mediation, moderation, and conditional process analysis: A regression-based approach* (3rd ed.). Guilford Press; 2022.
10. Kanana D. Effect of financial technology usage on growth of small and medium enterprises in Nairobi County, Kenya. University of Nairobi; 2022.
11. Kenya National Bureau of Statistics. *Economic survey 2024*. Kenya National Bureau of Statistics; 2024.
12. Ng'ang'a NU. Effect of FinTech on growth of small and medium enterprises in Kiambu County, Kenya. Kenyatta University; 2021.
13. OECD. *The digital transformation of SMEs*. OECD Publishing; 2021.
14. OECD. *OECD/INFE International Survey of Adult Financial Literacy 2023*. OECD Publishing; 2023.
15. Ozili PK. Impact of digital finance on financial inclusion and stability. *Borsa Istanbul Review*. 2018;18(4):329–340.
16. Saunders M, Lewis P, Thornhill A. *Research methods for business students* (8th ed.). Pearson; 2019.
17. Taber KS. The use of Cronbach's alpha when developing and reporting research instruments in science education. *Research in Science Education*. 2018;48(6):1273–1296.

18. Venkatesh V, Davis FD. A theoretical extension of the Technology Acceptance Model: Four longitudinal field studies. *Management Science*. 2000;46(2):186–204.
19. World Bank. *Business Ready (B-READY) 2024*. World Bank; 2024.
20. Yamane T. *Statistics: An introductory analysis* (2nd ed.). Harper & Row; 1967.

How to cite this article: Momanyi C. Enhancing SME growth through fintech credit access and financial literacy in Kisii County, Kenya. *International Journal of Research in Finance and Management*. 2026;9(9):150-156. doi: <https://www.doi.org/10.33545/26175754.2026.v9.i9b.908>