ABSTRACT

finance by SMEs in Kenya. The study sought to establish the innovative products available for SMEs to access finance from MFIs and the relationship between microfinance innovations and access to finance by SMEs. A sample of 4 DTMs was surveyed out of the 9 DTMs registered by AMFI as per 2011 report. The data was collected from AMFI reports and the concerned DTM reports. Data was analysed using descriptive statistics and SPSS. The study found that Microfinance innovative products are positively correlated to access to finance by SMEs that is the analysis of the data confirmed that innovative loan products, saving products and location innovation have improved access to finance by SME. The study also found out that the 4 DTMs have introduced a wide range of innovations in the past 4 years; these innovations include product innovation (savings and loans), marketing innovations, micro insurance and location innovation. One of the major problems of Small and Medium Enterprises is lack of start-up or operating capital. To ensure that access to finance to SMEs is improved Government and MFIs themselves should enhance the outreach of microfinance through creating awareness of the products/activities and operations to SMEs especially those in rural and semi-urban areas that are yet to appreciate the benefits that are available to them. More so, the expansion of MFIs through the establishment of rural branches is an imperative for increase access to MFIs services.