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Effects of Financial Literacy on the Performance of Youth Enterprises Supported By Barclays Bank of Kenya in Kibra Constituency, Nairobi County, Kenya

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ABSTRACT

Financial literacy has become the buzz word in the last two decades and this has captured the attention of both the developed world and the developing world. The study aimed at establishing the relationship between financial literacy and performance of youth enterprises supported by Barclays Bank of Kenya in Kibra Constituency, Nairobi County, Kenya. The study adopted descriptive research design. Data was collected using questionnaire and interview. The adjusted coefficient of determination R^2 indicated 61.8% of the variations in the performance of youth enterprises is explained by the independent variables. A strong positive relationship between financial literacy variables and performance was established with Pearson's moment correlation coefficient on credit management literacy (r = 0.594), budget and savings (r = 0.659), financial product literacy (r = 0.561), planning literacy (r = 0.532), record keeping literacy 0.545. The study recommends that training on financial literacy should be included in the school curriculum starting standard five or six up to university. Financial institutions should also support design and execution of financial literacy training especially for the out of school youth. This will help them as they start life and also in managing their small enterprises. Project management should be offered alongside financial literacy.

Keywords*:* Performance, credit management literacy, budget and savings, financial product literacy, planning literacy, record keeping literacy

INTRODUCTION

The youth have been found to be a group that has positive energy and dynamism. These groups due to declining opportunities for employment make attempts towards venturing into small businesses. However, the youth encounter challenges such as low access to education and training. Financial literacy has become the buzz word in the last two decades and this has captured the attention of both the developed world and the developing world. It has gained more meaning because of the fact that people are now responsible for their economic being unlike previously when there was too much reliance on the state, which had to cushion its citizens especially in the old age (Natalie, 2015).

Young people in Kenya account for more than 35 % of the national population, yet 67% of this account for the country's unemployed workforce (Wamoto, Ayuma, Chege, 2016). As a way of making themselves, economically viable a good number of them have formed youth enterprises with a view of pulling together resources that can help them start income generating activities so as to improve their livelihood, however the inadequacy of financial literacy by youth group enterprises has led to household debts, poor saving, low investment, poor uptake of insurance services and also bankruptcy which are all detrimental to any economy. One area hosting youth enterprises is to be found in Kibra Constituency, Nairobi County where Barclays bank of Kenya has funded training of youth enterprises by experienced community based trainers.

Greenspan (2002) argues that financial literacy helps to inculcate individuals with the financial knowledge necessary to create household budgets, initiate savings plan and make strategic investment decisions. Xue and Zia, (2012) conducted a study that showed that youth financial literacy has been declining since the late 1990s. Mouna (2015) of Tunisia did a research on young Tunisian adults and the findings showed financial illiteracy is prevalent and that young adults require financial training, while in South Africa, financial literacy is more advanced compared to other countries in Africa.

According to the department of social services (Kenya) there are about 3000 youth enterprises in Kibra constituency, Nairobi County. The composition of these youth enterprises includes mixed, female only and male only. Some of the activities they engage in are farming (greenhouse), boda boda (Motor Cycle used for passenger and goods ferrying), Water and Sanitation projects. Despite their informality, there are those that are highly organized. One of the most beneficial aspects of self-help groups is the face-to-face contact and physical proximity of the members as they are based on trust and interpersonal relationships (Smets and Bähre, 2004). Most of the youth enterprises have a chairman, a secretary and a treasurer. The number of members in a particular group varies from one to another (Arthur, 2014).

Performance can encourage experimenting through the continuous change of aspirations and perspectives considering that performance measures tend to have a limited useful lifetime (Meyer and Gupta, 1992). A lack of data broken down by age and gender still remains a global problem that affects the vast majority of youth centered work, whether carried out by governments, NGOs or international development agencies ((DFIDCSO, 2010; USAID, 2012.

Youth enterprises supported by Barclays Bank of Kenya through the Banking on Change Program in the years of 2011 to 2015, are mainly found in upper eastern (Embu, Mbeere), Kibra and Mathare Constituencies in Nairobi, Western and Nyanza Regions. Activities depended on the nearness to town, and they engaged in activities such as salon, motorcycle popularly known as bodaboda, green house farming.

Financial literacy is a concern across the world and few studies have been conducted regarding this in the developing world of Africa in countries such as Kenya. Most of the studies have been carried out mainly among high school students, college students in USA, UK, Canada, and South Africa (Mbarire and Ali, 2014). Studies have shown that levels of financial skills and knowledge among the majority of the people especially among the young people even in advanced societies are very low (Jacob et al, 2000). According to studies done by Atkinson and Messy (2011-2014) in assessing financial literacy in twelve countries, the national financial literacy strategies mainly focused on the youth meaning this is a group that holds a lot of potential thou vulnerable. These studies have shown that an increase in financial literacy early in life has positive lifelong financial habits that protect against future personal risk. OECD country level survey data clearly confirms the views that customers consistently perform poorly on tests of financial literacy (Wachira, Kihiu 2012).

Previous studies have focused more on enterprises managed by youth for example research done by Sharu and Guyo on factors influencing growth of youth owned small and medium enterprises in Nairobi county, Arthur Mugo Ndungu (2014) did a study on Factors influencing the performance of youth groups in Kenya: A case study of Isiolo Town. While Kimando, Njogu and Kihoro did a survey of Kigumo District, Muranga County on factors affecting the success of youth enterprise development funded projects in Kenya. The past studies have not addressed the effect of financial literacy on the performance of youth enterprises. The study will fill the knowledge gap by establishing the relationship between financial literacy and performance of youth Enterprises supported by Barclays Bank of Kenya in Kibra Constituency, Nairobi County, Kenya. The specific objectives of this study were to; to assess the influence of financial literacy on loan and credit management on the performance of youth enterprises, examine the influence of budget and savings literacy on the performance of youth enterprises, establish the influence of literacy on financial products on the performance of youth enterprises, examine the effect of planning literacy on the performance of youth enterprises and examine the effect of record keeping literacy on the performance of youth enterprises in Kibra constituency, Nairobi County

LITERATURE REVIEW

Financial Literacy

Xu and Xia (2012) on their survey noted mixed finding which are not conclusive, but suggesting that financial education improves financial literacy and also results in improved financial behaviour. Hilgert et al (2003) & Roa Garcia (2011), in this regard, similarly cited a behavioural finance and economics literature that asserts the relevance of psychological factors on personal financial management decision making. The financially literate students are mostly white, male, and the children of college graduates. Thus, the relationship between financial literacy, gender, race, and education is present at early stages of the life cycle.

In support of this Tustin (2010) showed that financial literacy training enhanced personal financial management behaviour of trainees including using of formal financial products. Their conclusion is based on an experimental research implemented to investigate the impact of the financial literacy flagship program developed by Absa Group Limited, one of South Africa's largest financial service organizations.

Loans and Debt Management

With the increase in financial services and products, it is now very easy to obtain loans within two days Loans are now just a click away through models such as Mshwari and Kcb Mkopa (Mpesa Soft loan). This can be very tricky for the young people most of who lack financial knowledge and skills and have been identified as a lucrative market by the loan providers.

According to Annamaria Lusardi (2015), credit cards are another source of loan that the youth are not using in a good way resulting in them getting indebted. Youth are encouraged to delay gratification. The temptation of paying only ten percent of what one is owed at the end of the month encourages the youth to use credit cards which leads to higher interest charges..Most of them don't know that the interest is charged monthly and not yearly.

Annamaria Lusardi (2015) found that most people cannot perform simple calculation and that financial illiteracy is widespread among the youth, old, women and those of low education. Those unable to calculate interest rates ended up borrowing more.

Lusardi, Mitchell and Curto (2010) in a study of financial literacy among the young found that young people had huge amounts on loan or credit card debt; this meant they could not accumulate wealth and this caused them to worry. Many young people in the USA were filing bankruptcy and this had serious consequences to the nation. This pointed to a lack of sufficient knowledge to help the youth make sound financial decisions. Olawale Fatoki (2014), in a study on financial literacy of non-business university students of South Africa university of Gauteng & Limpopo provinces found that young people between the ages of 18 and 25 years are greatly indebted. 50% of them are struggling to pay debt and 43% have access to some form of credit.

Budgeting and savings Literacy

Budgeting is defined as a summary of how much money one receives or income and how much of it is used for expenses over a period of time for example daily, weekly or monthly. It helps one to find the right balance between spending and saving. A study done by Bruce Carlin and David Robinson (2012) in Los Angeles USA on young people aged between 13-19 years found that those students who received financial literacy training were able to do budgets unlike those who were not trained. According to Collins, Zolman and Maina (2009), Kenyans are aware of budgeting but have difficulties implementing the knowledge. Kenyan youth need to understand the importance of budgeting the money they have from a younger age.

Reddy and Manak (2005) argued that in Africa, majority of the self-help groups are formed by youths who share similar goals and objectives. Since the main objective of the groups is to generate income for their members, they either operate along the lines of Accumulating Savings and Credit Associations (ASCAs) or Rotating Savings and Credit Associations (ROSCAs) Axster (2010), Since the groups are formed by individuals who know each other and heavily depend on informal communication in running the affairs of the group (Smets and Bähre, 2004).

Financial Products

Financial inclusion is defined as the availability of banking services at an affordable cost to deprived and low income groups. Financial inclusion in developing countries is overwhelmingly important for the vast majority of small holder farmer in rural and urban poor remain with limited access to formal financial product and service. The MasterCard foundation recognizes that financial inclusion is not an end in itself, but rather a means to work towards the alleviation of poverty, and ultimately more inclusive economic development. Access and usage of a broad range of affordable, quality financial services and products, in a manner convenient to the financially excluded, unbanked and under-banked; in an appropriate but simple and dignified manner with the requisite consideration to client protection. Accessibility should be accompanied by usage which should be supported through the financial education of clients (www.mastercardfdn.org). Agarwal et al. (2013) provided evidence about the positive role of the use of financial products on financial knowledge. The authors found that the fees new card holder pay fall by 75% within the first three years after an account is opened suggesting that consumers learn how to avoid triggering fees than new card holders. According to Mwangi, Wachira and Kihiu 2012 Mpesa, the mobile money transfer service has contributed to the increase of people accessing financial services, because financial services and products are just a click away. In Kenya for example, 62 percent of older youth between the ages of 24 to 29 years now use mobile banking to receive money and 57 percent use it to send money. There is a common feeling that young people cannot afford financial services and if only the providers can reduce the fees, young people would engage them.

Financial planning

Financial planning is a long term process of wisely managing an individual's finances so as to achieve one's goals and financial freedom. It involves good use of savings to get wealth, followed by a careful keeping of such wealth against depreciation and losses and finally distributing wealth in the future. (Malaysia Planning council 2004).

Financial planners use personality tests, such as Myers-Briggs, to help them to identify the best way to approach and serve different clients. Other consultants work directly with consumers to try to help them to understand how their attitudes and personality may be affecting their financial decision making (Lévesque, Godfrey and Miller, 2014). People with low financial literacy are less likely to plan for retirement as evidenced by Lusardi and Mitchell 2006, 2007a and (2009).

Record Keeping

It involves putting or writing down of all financial transactions. This includes any money coming in as income through sales, subscriptions and any payments or purchases. The groups are trained on record keeping. By keeping proper records, this can attract funding from the Government or Non-Governmental organizations. Financial institutions will be willing to lend money to youth enterprises based on the records kept. It will also help the youth enterprises to know if the project they are doing is viable. In a study on the effects of financial literacy on performance of youth led enterprises in Kiambu County, it revealed that training on record keeping had enhanced entrepreneurs' record keeping skills; making it easier for them to access credit. Therefore the study concluded that, training on record keeping had a positive effect on the youth led enterprises (Kimani& Ntoiti, 2015).

Performance of Youth Enterprises

The performance of youth enterprises in their first years have been found to be influenced by both the size of entrepreneurs' networks, the interconnection and frequency of relationship of its members. Accordingly, many business owners tend to take the advice of business colleagues and friends very seriously (Kinyua &Namusonge, 2015). According to Makau (2010), entrepreneurs are the kind of people who are motivated and gifted in a special way that they are able to see potentially viable opportunities and go ahead to exploit them. This idea is developed from the view of entrepreneurship as awareness, or alertness, to profit opportunities. According to this view the performance of a business can be explained by successful opportunity exploitation which produces highly positive results Kruger (2004). Confirming this view Makau (2010) views the entrepreneur as responding to opportunities rather than creating them; as capturing profit opportunities rather than generating them (Kinyua &Namusonge, 2015).

RESEARCH METHODS

The study adopted descriptive research design. This design was found suitable because it described the effect of financial literacy on performance of youth enterprises. Target population in statistics is the specific population about which information is desired. There are 30 registered (Care International Kenya) and active groups still remaining having a combined membership of 450 members who were the target population of the study. Youth Enterprises were picked from four different areas of Kibra namely; Kianda, Soweto, Gatwakera, and Raila. This gave a good representation of Kibra Constituency and by extension Nairobi County. The sample size was based on the total population of 450 youth members drawn from 30 youth groups under the Barclays Banking on change programme in partnership with Care International Kenya. According to Mugenda and Mugenda (2003) indicates that 10% to 30% of the accessible population is considered as adequate sample for descriptive studies, 22% of the target population was found suitable for this study leading to a sample size of 100 members. Random sampling was used to collect the data and is deemed fit since the youth groups are homogenous and in the same locality the Kibra Constituency. The study used questionnaires as the research instrument. The questionnaire contained both open and closed ended questions. The first section of the questionnaire contained questions on general information of the respondent. The subsequent sections contained questions on the objectives of the study. In relation to the study, the questionnaires were distributed to the selected members of the youth enterprises who gathered at hall for the exercise. There were two sessions daily morning and afternoon having 25 respondents each for two days. To establish the reliability of the research instrument the researcher sought more ideas from experts in the field of study who are included this paper's co-authors. This was meant to facilitate the necessary revision and modification of the research instrument thereby enhancing validity.

Both descriptive and inferential statistics were utilized to facilitate data analysis. SPSS and Microsoft excel software was used to generate the statistical outputs. Descriptive statistics include percentages, mean and standard deviation. Multiple regression analysis and Pearson's product moment correlation was used for this study. Multiple linear regressions were used to establish the predictive power of the study model, specified by the following equation:

$$\mathbf{Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon}$$

Whereby Y = Performance, X_1= Credit management literacy, X_2 = budget and savings literacy
X_3 = Financial product Literacy, X_4 = Financial Planning Literacy, X_5 =Record keeping literacy
β_0 ,β_1, β_2, β_3=Coefficients, **ε =** Error Term.

RESULTS

Descriptive statistics results

The first research question was how does credit management literacy affect performance of youth enterprises in Kibra Constituency, Nairobi County? The findings indicate that 76.1% of the respondents had taken loan as individual or in a group and 54 .3% of the respondents had taken business loans. Respondents indicated they have moderate literacy on types of loans on offer as shown with a mean of 3.4326, high literacy on Interest on loans understanding as shown with a mean of 3.8261. The majority of the respondents had taken loan once and also indicated they had little knowledge on other fees, repayment terms duration and grace period. This means that financial literacy affected the performance of the enterprises through loan acquisitions and that the borrowers had a good understanding of credit, which meant the enterprises they run will flourish

The second research question was; to what extent does budget and savings literacy affect performance of youth enterprise in Kibra Constituency, Nairobi County. From the research finding, the study established that financial literacy had to a great extent an impact on the performance of youth enterprises. This is evidenced by the high percentages achieved**.** Majority of the respondents as indicated by 58.7% had a savings plan. Majority of the respondents as indicated by 78.3% saved part of their income and had high literacy on showing income and expenses, tracking monthly cash flow as shown with a high mean.

The third research question was; what effect does financial products literacy have on performance of youth enterprise in Kibra Constituency, Nairobi County? majority of the respondents as indicated by

78.3% were having bank accounts while 21.7% did not have a bank account., 88% of respondents had Mpesa mobile bank account, 81.6% understood financial statement, majority of the respondents were no aware about consumer rights, 77.1% of the respondents were not aware about consumer rights. From the above percentages, it shows that financial product literacy training has had a good effect through the opening of banking accounts by a huge percentage of the youth as well as the Mobile bank account of Mpesa. This concurs with the findings by Kimani and Ntoiti (2015).

The fourth research question was; how does financial planning literacy influence performance of youth enterprises in Kibra Constituency, Nairobi County? The findings reveal that financial planning literacy training had a fair influence on the performance of youth enterprises. Majority of the respondents 67.4% did not have a financial plan. Findings indicated that 54% of respondents had bad financial health. According to the findings the respondents had high literacy on prioritizing as shown with a mean of 3.79, high literacy on having realistic financial goals as shown with a mean of 3.55, high literacy with no overstretching 4.03, high literacy on ability to re-plan and assess as shown with a mean of 3.81, high literacy on learning from mistakes and coming up with strategies to improve as shown with a mean of 3.79.

The fifth research question was: What effect does record keeping financial literacy have on performance of youth enterprise in Kibra Constituency, Nairobi County? majority of the respondents 56.5% indicated they kept records of transactions done, indicated they kept records of meetings, Respondents had high literacy on easy access to loans records as shown with a mean of 3.54, maintenance of attendance register as shown with a mean of 3.76, minutes of meetings as shown with a mean of 3.79. The findings also indicated that the respondents kept records of transactions done. The findings however showed the respondents did not keep good financial records. This implies that record keeping had a moderate effect on the performance of youth enterprises

Regression analysis results

A regression model was applied to determine the relative importance of each of the variable on performance of Youth enterprises. The regression model was as follows: $Y=\beta_0+ \beta_1X_2+ \beta_1X_3+ \beta_1X_4+ \beta_1X_5+\varepsilon_0$

Using the values of the coefficients (β) from the regression coefficient Table 1 the established multiple linear regression equation takes the form of;

$Y= 5.056+0.161X_1+0.422X_2+0.178X_3+0.207X_4+0.207X_5$

Where;

Constant =5.056; when value of the independent variables are zero, performance of youth enterprises would take the value 5.056.,X_1= 0.161; an increase of credit management literacy would result in an increase in the performance of youth enterprises by a factor of 0.161.

X_2= 0.422; an increase of budget and savings literacy would result in an increase in the performance of youth enterprises by a factor of 0.422

X_3= 0.178; an increase of financial product literacy would result in an increase in the performance of youth enterprises by a factor of 0.178

X_4= 0.247; an increase of financial planning literacy would result in an increase in the performance of youth enterprises by a factor of 0.247

X_5= 0.231; an increase of record keeping literacy would increase performance of in performance of youth enterprises by a factor of 0.231

Ranking the predictors variables in terms of their individual influence on the performance of youth enterprises, budget and savings had the highest influence on performance of youth enterprises**.**

Table 1: Regression Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta	B	Std. Error
1	(Constant)	5.056	3.061		1.652	.104
	Credit management Literacy	.161	.073	.204	2.221	.030
	Budget and savings Literacy	.422	.079	.623	5.344	.000
	Financial product	.178	.058	.375	3.063	.003
	Financial planning Literacy	.247	.039	.472	5.328	.000
	Record Keeping Literacy	.231	0.41	0.387	3.457	0.001

Dependent Variable: Performance

Model Summary

Table 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.803(a)	.644	.618	.78381

Predictors: (Constant), Credit Management, Budget and savings, Financial Product, financial planning, Record keeping

The results as shown in the table 2 above indicates that the coefficient of regression, R= 0.803 shows a good strength of the relationships between independent variables and the dependent variable. The coefficient of determination R^2= 0.644 shows the predictive power of the model and in this case 64.4% of variations in the performance of youth enterprises is explained by the independent variables. The adjusted coefficient of determination R^2 shows the predictive power when adjusted for degrees of freedom and sample size. In this case, after the adjustments 61.8% of the variation in the performance of youth enterprises is explained by the independent variables.

ANOVA

Analysis of variance (Anova) was used to test the model fitness.

Table 3 ANOVA

Model	Sum of Squares	df.	Mean Square	F	Sig.
Regression	61.144	4	15.286	24.882	.000(a)
Residual	33.789	87	.614		
Total	94.933	91			

ANOVA findings in table 3, as explained by the P-Value of 0.000 which is less than 0.05 (significance level of 5%) confirms the existence of correlation between the independent and dependent variables. The model shows the model fitness i.e. how well the variables fit the regression model. From the results, the F ratio of 24.882 and the significance of 0.000 shows that there was not much difference in means between dependent and independent variables. The sum of squares gives the model fit and hence the variables fit the regression model.

Correlation analysis results

Correlation analysis was used to establish the relationship between the study variables.

Table 4. Correlation Coefficients

		Credit mgt	Budget and saving	Financial	Planning	Record Keeping	Performance
Credit management	Pearson Correlation	1					
	Sig. (2-tailed)						
	N	92					
Budget and savings	Pearson Correlation	.376(**)	1				
	Sig. (2-tailed)	.003					
	N	92	92				
Financial	Pearson Correlation	.436(**)	.714(**)	1			.
Product	Sig. (2-tailed)	.000	.000				
	N	92	92	92			
Planning Literacy	Pearson Correlation	-.001	-.328(*)	-.361(**)	1		
	Sig. (2-tailed)	.993	.010	.005			
	N	92	92	92	92		
Record Keeping	Pearson Correlation	-.002	-.265(*)	-.454(**)		1	
Literacy	Sig. (2-tailed)	.993	.010	.005			
	N	92	92	92	92		
Performance	Pearson Correlation	.594	.659(**)	.561(**)	.532	0.545	1
	Sig. (2-tailed)	.138	.000	.000	.314		
	N	92	92	92	92		92

As shown in table 4.4, independent variables had the following Pearson's moment correlation coefficient on credit management literacy (r = 0.594) the result showed that there exists a strong correlation between credit management literacy and performance of youth enterprises credit management, budget and savings (r = 0.659) the result showed that there exists a strong correlation between budget and savings literacy and performance of youth enterprises credit management, financial product literacy (r = 0.561) the result showed that there exists a strong correlation between financial products literacy and performance of youth enterprises credit management, financial planning literacy (r = .532) the result showed that there exists a strong correlation between financial planning literacy and performance of youth enterprises credit management, record keeping literacy 0.545 the result showed that there exists a strong correlation between record keeping literacy literacy and performance of youth enterprises credit management.

DISCUSSION OF FINDINGS

The findings on credit management literacy indicated that majority of the respondents were aware of loans but quite a number of the youth enterprises were not making use of the available credit facilities. This provided a source of income to the individuals and families in the locality. There was strong correlation between credit management literacy and performance of youth enterprises. The findings concur with Lusardi, Mitchell and Curto (2010), in a study of financial literacy among the young found that young people had huge amounts on loan or credit card debt; this meant they could not accumulate wealth and this caused them to worry. Many young people in the USA were filing bankruptcy and this had serious consequences to the nation.

The findings showed that budget and savings literacy had the highest influence on performance of youth enterprises**.** This is an indication that the youth enterprises growth can be fueled through awareness on the available modes of saving to ensure the income obtained from the youth ventures is ploughed back to the youth enterprises. The findings concur with Bruhn and Zia (2011) who investigated the impact of business and financial literacy program on firm outcomes of young entrepreneurs and found that for good money management finance literacy is required.

Improved performance in the youth enterprises could be associated with the financial training of the youth enterprises by Barclays bank. The authors found that 75 percent of the respondents felt strongly or at least agreed that financial training had positively improved acquisition of assets and profit. While the decisions involved in youth enterprise are varied in nature, requiring a range of different competencies, the financial aspects of management have technicalities that need to be taught or experienced. Higher levels of profit among youth enterprises can be an indicator of the high performance due to credit management literacy, budget and savings literacy, financial product literacy, financial planning literacy and record keeping literacy.

There was strong correlation between financial product literacy and performance of youth enterprises. According to the findings the respondents had high literacy on accessing financial products, increasing level of savings, ability to understand type of financial products and ability to select financial products. The findings concur with Mwangi, Wachira and Kihiu (2012) Mpesa, the mobile money transfer service has contributed to the increase of people accessing financial services, because financial services and products are just a click away.

The findings showed that respondents had moderate literacy on keeping good financial record. Respondents had high literacy on easy access to loans records, maintenance of attendance register and minutes of meetings. This concurs with findings by Lusardi and Mitchell 2006who found that people with low financial literacy are less likely to plan for retirement as evidenced by. The Youth enterprises that received financial literacy training are able to plan their activities well thus having a positive impact on the performance of the enterprises.

The findings indicated that majority of the respondents had moderate literacy on keeping of financial records. This implies that the respondents could not track well the performance of the enterprises.The findings indicate that majority of the respondents were youth with primary and secondary level of education. The study findings also indicated that the youth enterprises have low capacity in the ability to assess and re-assess under financial planning the findings concur with Campbell (2012) shows that individuals with lower incomes and lower education levels—characteristics that are strongly related to financial literacy- are less likely to refinance their mortgages during a period of falling interest rates. Lusardi and Tufano (2009) report that individuals with lower levels of financial literacy tend to transact in high-cost, incurring higher fees and using high-cost methods of borrowing. The less knowledgeable also report that their debt loads are excessive or that they are unable to judge their debt position.

CONCLUSIONS

The study therefore concludes that there is need to encourage the youth to take loans that will enable them to expand their business. The study found that the youth enterprises improved in performance through asset acquisition and increased number of project after financial literacy training this study therefore concludes that financial literacy obtained skills enhanced the ability to do a self-internal audit that enabled beneficiaries to identify resource leakages and ensure proper channeling of resources towards performance of youth enterprises. The study found that financial product literacy affected the performance of youth enterprises and therefore concludes that youth should be able to access information on credit management in order to be knowledgeable about finance in a way that is relevant to their enterprises and enables them to use this knowledge to evaluate products and make informed decisions.

RECOMMENDATIONS

The findings from the study indicated that the youth enterprises had an improved performance through credit management literacy. The study therefore recommends that training on financial literacy should be included in the school curriculum starting standard five or six up to university. This is to teach children on money management from an early age into adulthood.

Barclays Bank of Kenya to look into on the areas touching fees charged on loans, keeping records on money management. Other banking products should be introduced in the future training as well as having teams visiting the informal settlements as a way of marketing other products on offer. This is a market that requires to be tapped into. Having a financial plan should be stressed upon in future training because a financial plan is a road map to being financially healthy.

Other Financial institutions should also come up to fund financial literacy training especially for the out of school youth. This will help them as they start life and also in managing their small enterprises. By so doing the issue of youth unemployment will be tackled.

The National and County Government should allocate more resources on Financial Literacy training with a view of making the youth more productive. For example community based trainers could be training the youth enterprises on the days when they hold meetings or they can conduct one week training for them. The salaries of the community based trainers can come from the counties.

Other trainings that can be offered alongside financial literacy include project management skills. This will go a long way in enhancing the performance of the youth enterprises.

Have a greater Public-Private partnership that will help in expanding financial literacy training to many youth enterprises and enterprises. A financial aware citizenry contributes to the nation’s growth.

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