

INFLUENCE OF BANKING PENETRATION ON WOMEN ECONOMIC EMPOWERMENT IN KENYA

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Abstract: The primary objective of this research was to investigate the influence of banking penetration on the economic empowerment of women, specifically within the context of Murang'a County, Kenya. A descriptive research design was utilized, focusing on ten women's groups in Murang'a County, which together comprised a total of 474 members. Thus, the target population for the study was 474 individuals. To ensure that all respondents were adequately represented, a quota sampling method was employed, allowing for effective representation from the ten selected groups. Participants were chosen using a simple random sampling technique, resulting in a sample size of 217 individuals. Data collection was primarily conducted through questionnaires. To validate the research methodology, a pilot study was carried out with 22 participants from a women's group in Kiambu County. The quantitative data were analyzed descriptively, employing measures such as mean and standard deviation, while inferential analysis was used to examine the relationships among the variables. The findings were presented in tables and figures. The study concluded that there exists a positive and significant relationship between banking penetration ($\beta = 0.2150$, $p = 0.002$) and women's economic empowerment in Kenya. The investigation concludes that enhanced banking penetration in Kenya empowers women by providing improved opportunities for saving, investing, and obtaining credit, facilitating the initiation or expansion of their enterprises, thus resulting in heightened economic autonomy and resilience. The study recommends that banks should concentrate on augmenting the network of bank branches and ATMs in these regions to facilitate convenient access to banking services for women, eliminating the need for extensive travel.

Keywords: Banking Penetration, Women Economic Empowerment, Financial Inclusion.

1. INTRODUCTION

Empowering women to fully take part in every part of the economic processes and at every level is very important in the development of a strong economy, determine a more steady and full participation in monetary life in all areas and at all levels is essential for developing significant areas of expertise, creating more stable and equitable connections, accomplishing the globally concurred improvement objectives, feasible turn of events and common freedoms, working on the personal satisfaction of ladies, men and families and society, and promoting business performance and goal (Buvinic & Furst-Nichols, 2016). It is especially important to increase women's financial inclusion (United Nations, 2015). According to Demirguc-Kunt, Klapper, Singer, and Van Oudheusden (2015), it is vital for the empowerment of women towards the alleviation of poverty in providing to women whose income is low globally with financial resources that are effective and that they can afford in making their savings and acquiring loans. As a result, in the larger financial inclusion of women, a gender-based financial system is needed to handle the unique requirements and challenges experienced by women, supported by a regulatory environment that is inclusive.

The Organisation for Economic Co-operation and Development (2018) show that women's economic empowerment improves access to economic services and employment, as well as financial and real estate services, and other important assets, as well as market skills development and knowledge, are all available. Gender equality is critical in promoting equal economic income for men and women. According to Zakuan and Hassan (2019), economic empowerment for women occurs when all people are treated equally in all aspects of their lives, including having equal value and being handled in a way that ensures equal outcomes. This increases the likelihood of meeting international and national commitments outlined in the SDGs.

Financial inclusion, according to Sarma (2008), refers to the accessibility, utilization, and advantages that all economic participants can obtain from the formal financial system. Additionally, Sarma (2008) states that an inclusive financial system operates by effectively distributing valuable resources, thereby reducing the cost of capital. Further, admittance to proper financial inclusion can fundamentally work on everyday financial administration. A comprehensive financial inclusion can assist with lessening the development of unlawful, frequently shifty wellsprings of obligation. Thus, a comprehensive financial system promotes efficiency and prosperity by facilitating a variety of efficient financial services and promoting safe and secure savings methods.

It is of great importance in increasing accessibility and utilization of financial services that are of better quality in order to foster the inclusive expansion of the economy and reduce poverty. A number of studies indicate that through participation of people in financial system, they increase a likelihood of succeeding, they become more knowledgeable in the management of risk, launching a business or investing in one, and paying for large expenses like a home renovation or a child's education (Ashraf & Yin, 2018; Dupas & Robinson, 2018b, Cull, Ehrbeck & Holle, 2019). Therefore, it is important in empowering women and reducing poverty through provision of effective financial tools that low-income women all over the world can afford to make their savings, borrow, pay or receive payments and manage risk.

Porter, Widjaja, and Nowacka (2015) state that digital financial services have expanded opportunities for millions of women globally. More women than in 2014 have access to a bank or mobile service account—over 240 million more than in 2014. Women's resilience to financial, economic and health attacks is enhanced by their increasing participation in the formal economy. According to Kofman and Payne (2020), many governments have implemented explicit policies aimed at increasing financial inclusion, which are commonly referred to as national financial inclusion strategies. These policies can improve women's digital access and use finance by taking a comprehensive, inclusive approach that includes all relevant stakeholders in the public, private, and technology sectors. As a result, It can be argued that having access to and using responsible digital financial services (DFS) can help women become more economically powerful, which in turn promotes gender equality and overall poverty reduction..

George and Thomachan (2018) assert that offering affordable banking services to economically disadvantaged and low-income populations can facilitate their access to essential financial services such as savings, credit, insurance, and bank accounts. Additionally, Sharan and Dale (2019) contend that delivering financial services to women significantly promotes their social and economic development. There is a broad consensus that access to financial services through investment plays a crucial role in fostering both social and financial progress, ultimately contributing to comprehensive development. Sharan and Dale (2019) also find that while women benefit from financial services by saving time and gaining access to useful products; they can also assist in the formation of positive circles in which women invest resources in developing household skills.

In recent years, financial development has placed a premium on inclusion and economic growth philosophies and programs of India. The inclusion aims to provide funding to the poorest members of society, which promotes social development and, as a result, facilitates investment and the country's economic growth (Shetty & Hans, 2018). According to studies, women account for more than 70% of those who benefit from the financial inclusion agenda. Self Help Groups (SHGs) are an essential means of involving women in the process of inclusion, and are a major driver of India's financial movement as well as many other developing countries. Many efforts and shared experiences have been seen to lead to the empowerment and resilience of women in the capital, which has led to a more promising future for women and their communities (Gwalani & Parkhi, 2014; Demirgüç-Kunt & Singer, 2017; Kapoor, 2019).

The empowerment of women is a top priority on Uganda's current development agenda. For instance, Eton, Fabian, Benard, Edaku, and Dennis (2018) note that in many nations, the empowerment of women is regarded as an essential element of sustainable development. Various strategies are employed by governments and organizations to enhance women's

empowerment. Access to microfinance services, for example, plays a significant role in promoting human rights and sustainable development. To restore public trust in Ugandan financial institutions, the government must therefore intensify monitoring, regulation, and supervision of financial service providers. The implementation of social safety nets arising from the use of digital financial services (DFS) is essential to guarantee both the financial inclusion of women's rights and the empowerment of women. Access to credit serves as a crucial facilitator of women's empowerment, enhancing their livelihoods and contributing to a more equitable and sustainable society.

2. STATEMENT OF THE PROBLEM

As stated by Demirci-Kunt, Klapper, and Singer in 2013, the critical problem of women's exclusion from the formal financial system impacts over 1.3 billion women globally. Women in Africa account for over 70% who face exclusion from the financial system, and after men, women continue having accessibility to banks and financial service. According to Muhumuza (2018), Africa has the world's fastest growth in female entrepreneurs. Nonetheless, women entrepreneurs maintain that the major significant challenge in being successful is failure to access capital. Even with the Kenyan government and private sector's efforts to make it easier to get financial services, the Central Bank of Kenya (2019) states that 22.3% of rural organizations still struggle to access financial services.

Numerous studies have been conducted to examine the economic empowerment of women and their inclusion in the financial sector. For example, a research initiative by Mjomba (2011) in Kenya analyzed the effects of microfinance on women's financial empowerment. The findings indicated that microfinance institutions significantly contribute to promoting entrepreneurship among women, as they acquire skills in investment and financial management, leading to increased employment opportunities. But, the study was a case of case of Kenya women finance trust thus presenting a contextual gap. Karuga (2014) investigated how microfinance affects rural women empowerment in Kenya's Kigumo constituency, Murang'a County, and found that financial inclusion significantly reduced the risk of starvation in urban and rural households and rural poverty. But, the research variables were different from what the present study focuses on that include; micro saving, micro credit and micro training. Koyo (2017) conducted a fundraising study, focusing on how M-Shwari affects credit access between MSEs in Murang'a district, and found a positive and important link between M-Shwari access and credit access between MSEs in Murang'a district. However, the focused on MSEs but the current study focused on women empowerment. Nonetheless, the aforementioned studies have not delved into the influence of on banking penetration on the economic empowerment of women, a gap that this research endeavors to address.

3. LITERATURE REVIEW

Theoretical Literature Review

Cognitive Development Theory

According to the cognitive development theory of Jean Piaget, a Swiss psychologist, children's intelligence changes as they grow. According to this theory, children's gender learning is primarily organized and regulated by their gender identities. Children form a stereotype in gender in relation to the environment they are exposed to and live in. Upon the achievement of gender maturity, or the perception their the gender is fixed and cannot be changed, the value accorded is positive and struggles to behave in a manner that are in line with such a belief. According to Bussey and Bandura (1999), most of children's behavior is aimed at confirming their gender identity. When children learn about their gender, they reach gender maturity.

Gender constancy, as defined by Kohlberg (2016), is the awareness that gender is a persistent quality linked to fundamental biological traits and independent of superficial characteristics such as hair length or clothing style. Slaby and Frey (2015) assert that gender constancy consists of three distinct levels of gender. The least developed types of gender knowledge include gender identity, stability, and consistency, moving up to the most developed. Gender identification is the understanding that the gender of an adult is the same as it was when they were young. and will remain the same as they get older. Gender consistency is the third and last element of gender constancy which means that the child now understands that gender remains the same despite changes in appearance, clothing, or activities.

The theory is pertinent to the research since it shows that empowering women is one potential strategy for providing the nutrition and early learning that children require to reach their full development and growth potential. Given the positive associations with key parenting outcomes such as early learning and nutrition, Women's empowerment and children's cognitive development may be related. The connection between empowering women and the literacy of children and early learning was moderated by family wealth and women's education.

Empirical Literature Review

Ahmad (2019) employed structural equation modeling for an empirical investigation into financial inclusion. The study's goal was to identify financial inclusion indicators and assessing how the financial inclusion impacts economic development. Through structured questionnaires, primary data was collected directly from financial inclusion beneficiaries from three districts in the economically backward state of Chhattisgarh. The findings indicate that financial access, financial inclusion is strongly influenced, among other things, through the accessibility and use of banking services, the economic circumstances and quality of life for the disadvantaged population of the country can be significantly impacted and poor citizens can be significantly improved by these financial inclusion parameters.

George (2015) conducted a research into factors that contribute to investment: the situation involving mobile money transfer services in Nairobi. A sample for the study was collected from the Nairobi Central Business District. The mobile transfer, mobile payment and mobile banking were modeled using a multinational model to compare descriptive factors including age, gender, education, service tax, and the amount of transaction. The study discovered that using high-quality financial services and mobile banking has an impact on individual gender, academics and prosperity, as well as service prices and the amount of transaction.

Okonkwo and Nwanna (2019) conducted research on how financial inclusion affects economic growth in Nigeria. It was found that the money spent had relatively little dependence and the impact it had on the expansion of Nigeria's economy. The results also suggest that the provision of high-quality financial services and mobile banking exerts a considerable influence on gender, education, well-being, service costs, and transaction volume. The study suggests that managers of finance and the government promote banking services and the creation of banking institutions in rural regions, along with support for these banks to adequately address the requirements of these communities.

The study carried out by Ebong and George (2019) examined the concept of financial inclusion in Uganda, with a particular emphasis on Digital Financial Services (DFS). The researchers utilized the ROC (Rate of Change) method to scrutinize the growth trajectory of both banking and mobile money services in Uganda. It is imperative to comprehend and interpret the escalating adoption of banking channels and mobile money platforms, as this understanding is fundamental for the advancement of digital financial services and the facilitation of financial inclusivity. It indicated that banks need to be innovative to enhance their role in promoting financial inclusion. Additional channel that can be incorporated into banking and mobile channels are necessary in order for banks to take advantage of the expansion of mobile payments and contribute to bettering financial investments.

Allen, Carletti, Kuhl, Tian, Senbet, and Valenzuela (2021) conducted a study on improving access to banking services in Kenya. The research primarily concentrated on the operations of Equity Bank., which is a leader in private commercial banks with a specialization in micro-finance, bank service accessibility within the country by applying surveys for households and penetration of bank's data at district level between 2006 – 2009. According to the study, equity bank's presence significantly impacted utilization of bank account and access to loans to the households, particularly to the lower income population, without employment and less educated and also those who did not have a homestead.

Iqbal, Roy, and Shamsul (2018) examined how banking services and poverty reduction in Bangladesh vary across regions by analyzing sub-district administrative data. The study had a linkage using descriptive statistics and regression models to the banks mapping regionally to poverty occurrence. Even in the rural sample, the results from the regressions indicated that bank service accessibility was strongly linked with reduction of poverty. However, when it comes to services of the bank, the deposits made had significantly affected reduction of poverty and loans accessed did not have any effect.

In 2020, Teka conducted a research study utilizing structural equation modeling (SEM) to investigate the factors influencing the adoption of online banking services by bank customers in Ethiopia. Specifically, a sample of 420 genuine customers utilizing online banking services was selected for this research. Relevant information was collected by implementing a carefully designed questionnaire. Analysis of data was done by using structural equation modeling, whereby it was discovered that perception in use, ease of use, attitude on electronic banking, control behavior, subjective norms, intentions, knowledge and internet connectivity availability were all discovered to have a favorable impact. On the other side, perceived danger has a very negative effect.

4. RESEARCH METHODOLOGY

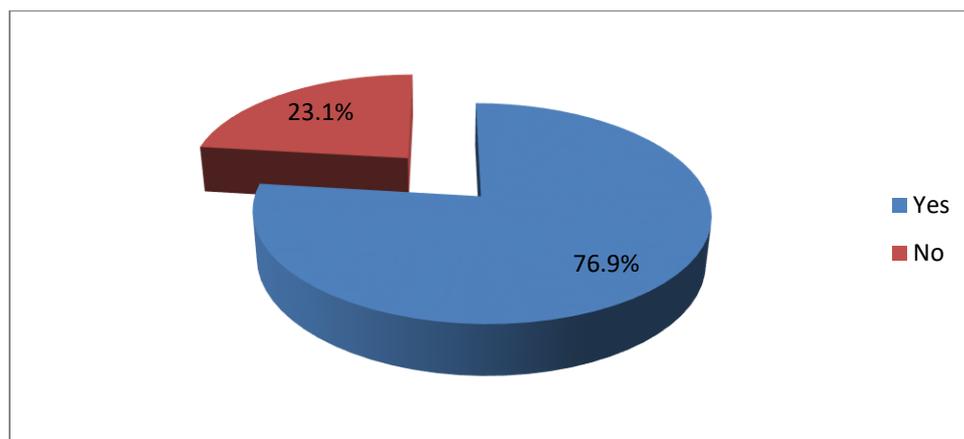
A descriptive research design was utilized, focusing on ten women's groups in Murang'a County, which together comprised a total of 474 members. Thus, the target population for the study was 474 individuals. To ensure that all respondents were adequately represented, a quota sampling method was employed, allowing for effective representation from the ten selected groups. Participants were chosen using a simple random sampling technique, resulting in a sample size of 217 individuals. Data collection was primarily conducted through questionnaires. To validate the research methodology, a pilot study was carried out with 22 participants from a women's group in Kiambu County. The quantitative data were analyzed descriptively, employing measures such as mean and standard deviation, while inferential analysis was used to examine the relationships among the variables. The findings were presented in tables and figures.

FINDINGS

The purpose of the study was to establish the influence of banking penetration on women economic empowerment in Kenya. The respondents were asked whether they had a bank account. Every participant confirmed having a bank account. The participants were requested to specify the cause for possessing a bank account. They indicated the reasons as follows;

'The bank account allowed the women to save money, access credit, and make transactions more easily and securely. This could support women in starting or growing their businesses, investing in their own education and healthcare and their families, and build financial resilience for the future. By having their own bank account, women could save and spend money independently, without having to rely on male family members for financial support.'

Participants were asked to indicate whether the extent of banking access influenced the empowerment of women in Kenya.



Source: Survey Data (2025)

Figure 1: Influence of Banking Penetration

The results presented in Figure 1 indicate that a substantial majority (76.9%) of the participants agreed that the level of banking access plays a crucial role in enhancing women's economic empowerment in Kenya. Those respondents who agreed indicated ways in which banking penetration influenced the women economic empowerment in Kenya in the following ways as state as follows;

'Enhanced access to banking services empowers women to gain greater control over their financial resources, facilitating improved financial management, strategic planning for the future, and informed decision-making regarding their finances. With the availability of formal financial services, women entrepreneurs are now able to secure loans and credit options to initiate or grow their businesses, thereby boosting their economic productivity and generating job opportunities for other women within the community. Banking access has been important in increasing financial knowledge among women in Kenya, leading to greater independence and self-reliance by enabling informed financial choices.'

The participants were provided with a series of statements about how banking penetration impacts the economic empowerment of women in Kenya.

Table 1: Banking Penetration

Statement	M	SD
All the group members have a bank account	4.02	0.976
The banks penetration has improved the financial status of the women groups	3.67	1.330
Banking penetration has enhanced the public confidence in the banking sector	4.41	0.586
Given that a significant number of women earn lower incomes than their male counterparts, they often find it challenging to establish accounts with reputable financial institutions.	4.60	0.395
A considerable proportion of women often do not possess the necessary collateral to qualify for loans within the formal financial sector.	3.57	1.328
Due primarily to discriminatory practices in the financial industry, women are significantly less likely than men to own checking or savings accounts.	4.56	0.440
Aggregate mean and standard deviation	4.16	0.843

Source: Survey Data (2024)

The data presented in Table 4.4 reveals a shared agreement among participants concerning the impact of banking penetration on the economic empowerment of women in Kenya. This agreement is reflected in an average mean score of 4.16, with a standard deviation of 0.843, as assessed using a Likert scale. This finding corroborates the findings of Allen, Carletti, Kuhl, Tian, Senbet, and Valenzuela (2021), who conducted research on the enhancement of banking service availability in Kenya. The equity bank's presence significantly impacted utilization of bank account and access to loans to the households, particularly to the lower income population, without employment and less educated and also those who did not have a homestead.

The participants showed strong agreement with the statements that women earning less than men are hindered in opening accounts with trustworthy financial institutions ($M=4.60$, $SD=0.395$) and face discrimination in the financial sector resulting in fewer checking or savings accounts in their own names compared to men ($M=4.56$, $SD=0.440$). The findings align with those of a prior research study by Gachemi (2018), who come up with a number of activities for income generation in improving their income, their operations are governed by rules and regulations and show how the groups are committed to these activities that are geared in improving their economic status.

The participants all agreed with the statements that followed; Banking penetration has enhanced the public confidence in the banking sector ($M=4.41$, $SD=0.586$), all the group members have a bank account ($M=4.02$, $SD=0.976$), the banks penetration has improved the financial status of the women groups ($M=3.67$, $SD=1.330$) and The majority of women do not typically possess the necessary collateral to apply for loans from conventional financial institutions ($M=3.67$, $SD=1.328$). The findings are consistent with George's (2015) research on investment-related factors. The study discovered that using high-quality financial services and mobile banking has an impact on individual gender, academics and prosperity, as well as service prices and the amount of transaction

Regression Analysis Results

Table 2: Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.880	.774	.756	1.009

Table 2 displays information revealing that the adjusted R-square value is 0.756 (75.6%), which clarifies the degree to which women's economic empowerment in Kenya is affected by banking penetration. As a result, the remaining 0.244 (24.4%) is linked to factors that have not been thoroughly investigated.

Table 3: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	302.004	1	302.004	529.759	0.003
	Residual	110.025	193	0.5701		
	Total	412.029	194			

Table 3 displays information showing that the calculated p-value is 0.003, which falls below the established threshold of 0.05. Moreover, the analysis demonstrates that the F statistic of 529.759 surpasses the critical value of 302.004. Meeting these criteria confirms the accuracy of the model.

Table 4: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.503	.209		2.407	.002
	Banking penetration	.785	.228	.2150	3.443	.002

The dependent variable is predicted to be 0.503 when banking penetration is kept constant. The regression coefficient indicate an improvement in banking penetration would improve women economic empowerment in Kenya by 0.785

The resultant equation, as outlined in the following description, was as follows;

$$Y = 0.503 + 0.785X_1 + \epsilon$$

Whereby Y= Women economic empowerment

X₁= Banking penetration

The research found a strong and positive correlation between banking penetration and enhancing Economic Empowerment of Women within Kenya Ltd ($\beta = 0.2150$, $p = 0.002$). The finding agree with Prina (2018), research which observe that heads of women's families living in Nepal's informal settlements were given simple savings accounts, 84 percent of women as a result opened an account and increasing education and nutrition costs. Furthermore, women reported higher health-related spending than men, allowing households to respond to health emergencies more effectively

5. CONCLUSIONS

The study concludes that banking penetration enables women in Kenya to have better opportunities to save, invest, and access credit helping them start or expand their businesses, leading to increased economic independence and stability. Banking access allows women to enhance their financial knowledge by providing essential tools and resources which enables them to make educated choices regarding their savings, investments, and finances, ultimately leading to better financial outcomes. Through increased banking penetration, women benefit from lower transaction costs, better security, and an expanded selection of financial products and services.

6. RECOMMENDATIONS

The research suggests that financial institutions should offer customized financial products and services aimed at women, tailored to address their unique needs and preferences. This could encompass the provision of small loans. with flexible payment terms, savings accounts with increased interest rates, and financial education to assist women in improving their financial management skills. Banks need to improve the accessibility of digital financial services like mobile money transfers and banking. These services can assist women in overcoming challenges in accessing conventional banking services, like the distance to a physical bank branch or the lack of necessary documentation for account opening.

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