

Abstract

The purpose of this article is to empirically examine and compare the factors or determinants of financial inclusion in commercial banking institutions, microfinance banks, mobile banking platforms and table banking groups (informal banking groups) in Kenya. The data used in the study were obtained from 631 small and micro-sized (SMS) farming enterprises in Kenya. We use probit model to empirically establish the factors that determine the probability of small and micro-sized farming enterprises in accessing agricultural credit from the four major lending institutions. Also, we apply Heckman selection model to establish the determinants of agricultural credit rationing. OLS model is used to investigate the determinants of agricultural credit delinquency rates in the lending institutions. The results show that female-owned SMS farming enterprises are likely to access less agricultural credit amount from table banking groups, own small farms with no title deed and own less valued assets compared to male-owned SMS farming enterprises which access agricultural credit from commercial banks and microfinance banks. Further results revealed that household dependency ratio was a significant determinant factor in agricultural credit access from mobile banks, commercial banks and table banking groups. Additionally, agricultural credit delinquency in mobile banking is significantly reduced by distance to the banking agent. The availability of mobile banking agencies within village centres would considerably enable agri-entrepreneurs to make credit repayment within the required period.