

**EVALUATING THE INFLUENCE OF THE FINTECH ECOSYSTEM ON THE
FINANCIAL PERFORMANCE OF FINTECH FIRMS IN NAIROBI, KENYA**

PENINNAH W THAIRU

**A DISSERTATION SUBMITTED IN PARTIAL FULFILMENT OF THE
REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS
ADMINISTRATION AT STRATHMORE UNIVERSITY**

**Strathmore University Business School
Strathmore University
Nairobi, Kenya**

September 2025

DECLARATION

I declare that this research paper is my original work. I have conducted this research under the guidance of the university-appointed supervisor and have acknowledged all sources of information. I confirm that adherence to ethical considerations will be guaranteed. Academic integrity policies stipulated by Strathmore University are upheld.

©No part of this dissertation may be reproduced without the permission of the author and Strathmore University

Name: Peninnah W. Thairu

Reg. No 168834



Signature:

Date: 12.01.2026

Approval

This dissertation was reviewed and approved by;

Supervisor

Dr. Muli Maingi

Lecturer, Strathmore University Business School (SBS)



Signature:

Date: 16.01.2026

ABSTRACT

Financial technology (Fintech) firms have become central to Kenya's digital transformation agenda by expanding access to financial services and supporting financial inclusion. Despite rapid growth in Nairobi's fintech sector, firm performance outcomes have remained uneven, raising questions about the ecosystem factors that shape success. This study examined the effect of the regulatory environment, human resource capabilities, and venture capital funding on the performance of fintech firms operating in Nairobi, Kenya. The study was anchored in institutional theory and the resource-based view, which respectively explain how regulatory structures and firm-level capabilities influence organizational performance. A positive research philosophy was adopted, using a quantitative explanatory correlational research design. Data was collected using structured questionnaires administered to senior managers and decision-makers from fintech firms. The study targeted registered fintech firms operating in Nairobi, from which 120 questionnaires were distributed, and 91 valid responses were obtained. Data was analyzed using descriptive statistics, correlation analysis, and binary logistic regression to examine the relationship between ecosystem factors and firm profitability and to assess the model's predictive capability. The findings indicated that the regulatory environment played a significant role in shaping fintech firm performance, with clearer and more predictable regulatory frameworks enhancing operational stability and market confidence. Human resource capabilities were also found to be a critical determinant of performance, highlighting the importance of skilled personnel, structured recruitment, and continuous training in supporting innovation and operational efficiency. In contrast, venture capital funding did not emerge as a significant predictor of profitability, suggesting that access to external capital alone was insufficient to guarantee firm success within the Kenyan fintech context. Overall, the regression model demonstrated moderate predictive power, indicating that institutional and organizational factors explained a meaningful proportion of fintech performance outcomes, while also pointing to the influence of additional ecosystem and market-level factors beyond the scope of the study. The study concluded that fintech performance in Nairobi was primarily driven by institutional quality and internal organizational capabilities rather than capital availability. The findings underscored the need for coherent and adaptive regulatory frameworks, sustained investment in human capital development, and alternative financing models suited to emerging market conditions. The study contributed to fintech literature by providing context-specific empirical evidence from an African fintech hub and offered policy and managerial insights to support sustainable fintech growth.

DEDICATION

I dedicate this research paper to my family for their unwavering support during my academic journey. Their belief in my potential has inspired me. I also dedicate this work to my mentors and team members of my syndicate at Strathmore Business School (SBS) for their invaluable support and contributions throughout this study.

ACKNOWLEDGEMENT

I acknowledge and thank those who made this research project possible. First, I thank the Almighty God for granting me the strength, guidance, and providence, which enabled me to undertake this project. Secondly, I wish to express my gratitude to my supervisor, Dr. Muli Maingi for his tireless guidance and support. My deepest gratitude goes to my tutors at Strathmore University Business School, without whose knowledge and assistance this study would not have been successful. I also extend my gratitude to my MBA classmates at the Strathmore University Business School for their invaluable contribution in building my knowledge. Finally, I wish to express my gratitude to my beloved family for their understanding and support throughout my studies.

LIST OF ABBREVIATIONS AND ACCRONYMS

CEO	Chief Executive Officer
Fintech	Financial Technology
FSB	Financial Stability Board
GDP	Gross Domestic Product
HNWI	High-Net Worth Investors
ICT	Information Communication Technology
NACOSTI	National Commission for Science, Technology and Innovation
RDT	Resource Dependency Theory
SBS	Strathmore Business School
USD	United States Dollar
VC	Venture Capital

DEFINITION OF TERMS

Fintech	Derived from the words “financial” and “technology” and describes the use of technology by companies to deliver financial products to customers usually in the fields of finance: banking, insurance, investment among others (Central Bank of Ireland, 2025).
Venture Capital (VC)	Venture capital is a source of funds provided by private investors to start-ups. VC generally comes from High-Net Worth Investors (HNWI), investment banks and VC firms. VC provides funding to businesses in their early stages as well as support in capacity building, networking and provision of oversight (Navaretti <i>et al.</i> , 2018).
Regulatory Environment	These are the laws or guidelines introduced by the Central Bank of Kenya and the Capital Markets Authority to regulate the Fintech sector. In this context, a regulated sandbox, a supervised setting that enables businesses to test new capital markets goods and services was established (Capital Markets Authority, 2019)
Human Resource Capabilities	The capacity to draw in, nurture, and keep individuals with the technical know-how, flexibility, and inventiveness needed to succeed in the quickly changing Fintech sector is a key component of strong human resource capabilities (Bhutto <i>et al.</i> , 2023)

TABLE OF CONTENTS

DECLARATION	ii
ABSTRACT	iii
DEDICATION	iv
ACKNOWLEDGEMENT	v
LIST OF ABBREVIATIONS AND ACCRONYMS	vi
DEFINITION OF TERMS	vii
TABLE OF CONTENTS	viii
LIST OF FIGURES	xi
LIST OF TABLES	xii
CHAPTER ONE: INTRODUCTION	1
1.1 Background of the Study	1
1.1.2 Fintech Performance	2
1.1.3 Fintech Ecosystem.....	5
1.1.4 Fintech in Nairobi.....	8
1.2 Problem Statement.....	10
1.3 Research Objectives	11
1.3.1 General Objective.....	11
1.3.2 Specific Objectives.....	11
1.4 Research Questions.....	12
1.5 Scope of the Study	12
1.6 Significance of the Study.....	12
1.6.1 Entrepreneurs and Fintech Founders.....	13
1.6.2 Investors and Venture Capitalists.....	13
1.6.3 Policymakers and Regulatory Authorities.....	13

1.6.4 Academic and Research Community	13
1.6.5 Support Institutions	14
1.7 Chapter Summary	14
CHAPTER TWO: LITERATURE REVIEW	15
2.1 Introduction	15
2.2 Theoretical Review	15
2.2.1 Agency Theory	15
2.2.2 Resource Dependence Theory	17
2.3 Empirical Review	19
2.3.1 Regulatory Environment and Success of Fintech's	19
2.3.2 Human Resource Capabilities and Success of Fintech's	21
2.3.3 Venture Capital Funding	23
2.4 Summary of Research Gaps	24
2.5 Conceptual Framework	26
2.6 Operationalization of Variables	27
2.6 Chapter Summary	28
CHAPTER THREE: RESEARCH METHODOLOGY	30
3.1 Introduction	30
3.2 Research Philosophy	30
3.3 Research Design	31
3.4 Population of the Study	31
3.5 Sampling Design	32
3.5.1 Sampling Frame	32
3.5.2 Sampling Technique	32
3.5.3 Sample Size	32

3.6 Data Collection	34
3.7 Research Quality.....	34
3.7.1 Reliability Test	35
3.7.2 Validity Test.....	35
3.8 Data Analysis and Presentation	35
3.9 Ethical Considerations	36
CHAPTER FOUR: PRESENTATION OF RESULTS AND FINDINGS	37
4.1 Introduction	37
4.2 Response Rate.....	37
4.3 Reliability Analysis	38
4.3 Descriptive statistics	38
4.3.1 Demographic Characteristics	38
4.3.2 Descriptive Statistics of Responses on Organizational and Regulatory Factors Supporting Fintech Growth.....	42
4.4 Correlation Analysis	48
4.5 Logistic Regression Analysis	50
4.6 Hypothesis Testing	51
4.6.1 Regulatory Environment and Fintech Profitability (H ₁)	52
4.6.2 Human Resource Capabilities and Fintech Profitability (H ₂)	52
4.6.3 Venture Capital Funding and Fintech Profitability (H ₃)	53
CHAPTER FIVE: DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS	54
5.1 Introduction	54
5.2 Summary of Findings	54
5.3 Discussion of Findings	55
5.3.1 Effect of the Regulatory Environment on Fintech Firm Performance	55

5.3.2 Effect of Human Resource Capabilities on Fintech Firm Performance.....	57
5.3.3 Effect of Venture Capital Funding on Fintech Firm Performance.....	60
5.4 Conclusions	62
5.5 Recommendations	63
5.6 Limitations of the Study	65
5.7 Areas for Further Research.....	66
REFERENCE	67
APPENDICES	75
Appendix I: Respondents Letter	75
Appendix II: Questionnaire	76
Appendix III: Licensed Fintech's in Kenya	79
Appendix IV: Strathmore University Ethical Approval	82
Appendix V: NACOSTI Research Permit.....	83

LIST OF FIGURES

Figure 2.1 Conceptual Framework	25
Figure 4.1 Composite Descriptive Statistics of Regulatory, HR, and Venture Capital Indices	25
Figure 4.2 Distribution of Profit and Loss Among Fintech Firms	25

LIST OF TABLES

Table 2.1 Summary of Research Gaps	24
Table 2.2 Operationalization of Study Variables	27
Table 3.1 Registered Fintechs Firms Breakdown	32
Table 4.1 Survey Response Rate	35
Table 4.2 Scale Reliability Statistics	36
Table 4.3 Gender Distribution (N = 91)	37
Table 4.4 Age Group Distribution (N = 91)	37
Table 4.5 Education Level (N = 91)	38
Table 4.6 Experience with Fintech (N = 91)	39
Table 4.7 Regulatory Environment (RE) Items	40
Table 4.8 Human Resource Capabilities (HRC) items	41
Table 4.9 Venture Capital Funding (VCF)	42
Table 4.10 Descriptive Statistics for Composite Scores	43
Table 4.11 Profit Made Frequency Table	44
Table 4.12 Correlation Matrix	45
Table 4.13 Logistic Regression Model Predicting Fintech Profitability	48

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Financial performance remains a central concern in both academic inquiry and policy discourse, as it reflects the ability of firms to sustain operations, generate profits, and create long-term value in increasingly competitive and technology-driven markets. In the global financial sector, firm performance has become closely intertwined with the adoption of digital technologies, particularly through financial technology (Fintech) innovations that seek to enhance efficiency, reduce transaction costs, and expand access to financial services (Navaretti et al., 2018). As financial systems become more digitized, the financial performance of technology-enabled firms has emerged as a critical indicator of sectoral resilience and economic contribution.

Globally, the performance of Fintech firms has exhibited mixed outcomes. While Fintech innovations have attracted significant investment and rapid adoption, evidence suggests that strong growth does not always translate into sustainable financial performance. According to Chen and Chang (2021), global Fintech investment reached approximately USD 55.3 billion in 2019, signaling strong investor confidence. However, studies such as Haddad and Hornuf (2019) and Kolokas, Vanacker, and Zahra (2020) observe that many Fintech firms struggle with profitability due to high customer acquisition costs, regulatory uncertainty, and scaling challenges. These findings underscore that financial performance in the Fintech sector is not solely driven by innovation, but by the broader ecosystem within which firms operate.

One of the most influential components of this ecosystem is the regulatory environment, which shapes financial performance by determining market entry requirements, compliance costs, consumer protection standards, and operational flexibility. International evidence indicates that clear, proportionate, and innovation-friendly regulatory frameworks enhance Fintech firm performance by reducing uncertainty and fostering investor confidence (Navaretti et al., 2018; World Economic Forum, 2024). Conversely, fragmented or ambiguous regulatory regimes increase compliance burdens and constrain profitability, particularly for start-ups with limited resources (Lerner & Nanda, 2020). As such, regulatory ecosystems have become a key determinant of financial performance in Fintech firms across both developed and emerging markets.

In emerging economies, Fintech firms play an even more prominent role in driving financial inclusion, employment creation, and economic growth. Africa has witnessed rapid Fintech expansion, largely driven by mobile technology penetration and unmet demand for inclusive financial services (APEVCA, 2020). McKinsey & Company (2022) estimate that by 2030, over 230 million jobs in Sub-Saharan Africa will require digital skills, highlighting the sector's contribution to employment and productivity. However, despite strong growth potential, African Fintech firms continue to face performance constraints linked to regulatory gaps, human capital limitations, and financing structures, which affect their ability to achieve sustained profitability.

Within this continental context, Kenya has emerged as one of Africa's leading Fintech hubs, supported by early adoption of mobile money, strong demand for digital financial services, and a relatively progressive policy environment. Fintech firms in Kenya contribute significantly to financial inclusion, operational efficiency, and innovation across sectors by streamlining payments, credit access, and government services (Morawczynski, 2009; Chitavi, 2021). Nevertheless, recent evidence suggests that many Kenyan Fintech firms experience difficulties translating rapid growth and investment inflows into consistent financial performance, with several high-profile firms exiting the market despite venture capital backing (McKinsey & Company, 2022). This paradox highlights the need to examine how ecosystem factors particularly regulation, human resource capabilities, and venture capital jointly influence the financial performance of Fintech firms. In summary, while Fintech has transformed financial systems globally and in Kenya, financial performance outcomes remain uneven and highly dependent on the surrounding ecosystem. Understanding how ecosystem components shape the financial performance of Fintech firms is therefore essential for policymakers, investors, and practitioners seeking to promote sustainable Fintech growth, particularly in dynamic hubs such as Nairobi.

1.1.2 Fintech Performance

Globally, fintech performance has attracted significant scholarly and policy attention as digital financial firms continue to reshape traditional financial systems. Across developed and emerging economies, fintech performance is commonly evaluated in terms of financial sustainability, market adoption, operational efficiency, and contribution to financial inclusion (Haddad & Hornuf, 2019). While global fintech firms have demonstrated rapid customer acquisition and technological scalability, empirical studies indicate that many struggle to achieve sustained financial

performance, particularly profitability and long-term viability (Kolokas et al., 2020; Gomber et al., 2018). This global evidence underscores that fintech success is not guaranteed by innovation alone but depends on how effectively firms convert technological capabilities into measurable performance outcomes.

Fintech has become a potent force that is revolutionizing the provision of financial services in Kenya. The country's fintech industry has risen due to technological innovation, a favorable legal environment, and an increasing need for financial products. Fintech success measures how effective fintech companies are in offering financial services to the public compared to conventional financial institutions. It encompasses various dimensions: efficiency, customer satisfaction, market share, and economic viability. Fintech success measures the ability of these firms to leverage technology in service delivery and reduce costs to benefit consumers (Kolokas et al., 2020).

While effectiveness refers to the extent to which fintech firms achieve intended service outcomes such as improved access, convenience, and user experience, performance is a broader construct that incorporates effectiveness alongside financial outcomes such as profitability, revenue growth, cost efficiency, and long-term sustainability (Richard et al., 2009; Jeong et al., 2020). In this regard, fintech effectiveness contributes to performance, but the two concepts are not synonymous. A fintech firm may be effective in delivering services yet still underperform financially if operational costs, regulatory burdens, or scaling inefficiencies outweigh revenues. This distinction is critical in assessing fintech firms, particularly in emerging markets where growth in usage does not always translate into financial sustainability.

The success of Fintech in Kenya has revolutionized not only the information and technology sector but also the financial sector, previously characterized by high penetration of the unbanked population and the evolutionary process of mobile technologies as an instrument for transferring money. According to the 2024 FinAccess Household Survey, financial access has improved from 83.7 percent in 2021 to 84.8 percent in 2024 because of increased adoption of technology and innovations. Kiilu (2018) has pointed out that fintech innovations have created competitiveness by boosting the financial success of banks and other financial institutions, proving that fintech is a competitor that adds value to traditional financial services.

Several metrics and measurements are used to assess the effectiveness of fintech businesses. Customer uptake rates are a key metric; high rates show that fintech solutions are useful for consumers. For example, mobile payment solutions such as M-Pesa have seen remarkable success in Kenya; millions of people use the service on a regular basis (Gitonga et al., 2021). This sector has seen increased digitization with 52.6 percent of Kenyans now using mobile money daily, more than doubling from 23.6 percent in 2021 (FinAccess Household Survey, 2024). Beyond effectiveness indicators such as customer uptake, fintech performance is also assessed using financial and operational metrics that reflect sustainability. These include revenue growth, profitability margins, transaction scalability, and cost-to-income ratios, which indicate whether increased usage translates into viable business models (Haddad & Hornuf, 2019; Jeong et al., 2020).

Another measure of Fintech success is the transaction volume and value, which helps determine the size and acceptance of the operation in the market where higher transaction volume is a sign of higher customer confidence and satisfaction. Additionally, growth in revenue indicates success of Fintech according to Mwendwa et al. (2024) while productivity measures the effectiveness since cost-to-income ratios and transaction velocities can reveal how much FinTech's have improved the efficiency of operations and minimized costs (Jeong et al., 2020).

Successful Fintech's record high levels of customer satisfaction leading to retention while the increased market penetration of Fintech, especially in the Kenyan market point to potential success of these businesses. Data shows that Fintech has been instrumental in expanding financial access in Kenya, especially among the financially excluded groups where the latest FinAccess Household Survey indicates that 9.9 percent of Kenyan adults remain financially excluded, with the key barrier being lack of a mobile phone (FinAccess Household Survey, 2024). In summary, fintech's success in Kenya is attributed to financial inclusion, better customer experience, and economic boost. The stakeholders can use different success indicators to evaluate fintech solutions' success and the overall change in the financial sector. The dynamism of fintech in Kenya is, therefore, a clear indication that technology is a powerful tool that can revolutionize the financial market and uplift the lives of many people and companies.

1.1.3 Fintech Ecosystem

Successful Fintech's in Kenya, such as Safaricom's M-Pesa, have revolutionized the financial, economic, and social landscape by expanding financial inclusion, reducing transaction costs, and enabling digital economic participation among previously underserved populations (Morawczynski, 2009; Suri & Jack, 2016). However, there is an untold story of unsuccessful and struggling firms, which is critical to understanding the persistently high failure rates of fintech startups in Kenya and other emerging markets (Startup Genome, 2019; CB Insights, 2021). While fintech has made a significant contribution to the Kenyan economy, particularly in the context of rising unemployment and the gradual decline of legacy industries amid rapid digital transformation; there remains growing concern regarding the sustainability and financial performance of many firms operating within this sector (Lerner & Nanda, 2020; World Bank, 2022).

Research shows that the fintech ecosystem comprises key components such as venture capital availability, regulatory frameworks, and human resource capabilities, which collectively shape firm performance and survival outcomes (Haddad & Hornuf, 2019; Gomber et al., 2018). These ecosystem factors are critical determinants of fintech success, as they influence firms' ability to scale, innovate, and achieve financial sustainability (Kolokas et al., 2020). However, empirical evidence also indicates that these same factors can act as a double-edged sword; excessive venture capital pressure, regulatory uncertainty, and shortages of skilled human capital have been linked to operational inefficiencies and elevated failure rates among fintech firms, particularly in emerging markets such as Kenya (Startup Genome, 2019; Gompers et al., 2021).

Venture capital (VC) is a specific type of funding used in the early-stage financing of fintech. VC is an important source of capital expertise and connections with other potential partners and clients that are crucial for developing fintech startups. Literature shows that the amount and type of venture capital directly affects the success of fintech companies. Kolokas et al. (2020) established that countries with sufficient VC accessibility have higher startup success rates. As noted by Lerner and Nanda (2020), VC fills the gap in funding for new companies, allowing the firms to devote resources to essential areas such as product development and marketing. Fintech's in Kenya have received much VC funding, with over \$200 million invested between 2014 and 2019 (Kiamba & Sotiriou, 2022). Despite this, many fintech companies are struggling to survive. Some of the most

popular fintech companies, such as Kune Foods and SWVL, have had operational difficulties that led to their shutdown, which underlines the importance of proper VC management (Mwangi, 2023). Therefore, venture capital is more than just a source of funds for fintech in Kenya; it also plays a role in the governance and success of the firms. This section builds on fintech's challenges and ties VC participation to tangible results to underscore the importance of venture capital in the growth and longevity of early stage fintech beyond its first few years of operation.

Government regulation is one of the external factors that affect businesses. Regulation is a double-edged sword for most startups since it serves both as a sieve and as a barrier to entry. On one side, the regulatory framework is a key success factor of fintech encompassing several important policies, such as the Licensing and Regulatory Framework, mobile money regulations, and data protection laws. However, on the other hand, regulation acts as a barrier and hindrance to development of fintech firms whereby some creative talent may not be able to open and run their businesses due to stringent rules. High licensing fees, tax compliance requirements, and other rules create hurdles that any prospective entrepreneurs looking to venture into fintech may encounter (Arkanuddin et al., 2021). Similarly, the Data Protection Act of 2019 requires FinTech's to adapt to proper data management, thus embarking on brand building and profitability. Laws that protect consumers involve the pricing structure whereby the law promotes a suitable market that is convenient for both the buyer and the seller. According to Kamal et al. (2022), balancing secondary markets in Fintech can foster innovation while improving the stability and growth of banks, subsequently increasing the overall economic welfare. According to Sheath (2025), the Fintech sector is undergoing a significant change in regulations. Global regulatory agencies are re-evaluating their approach to financial supervision, considering changing political and socioeconomic environments. This presents opportunities and challenges for both traditional institutions and Fintech's. Therefore, in Kenya, there is need for Kenya Revenue Authority, Central Bank of Kenya, Capital Markets Authority, the Insurance Regulatory Authority and other regulatory bodies to evolve their regulatory framework to match with market dynamics.

While an enabling legal environment supports innovation and attracts investment, such regulations can constrain startups, thereby acting as an adverse driver for innovation (Goo & Heo, 2020). Noreen et al. (2022) states a positive correlation between the clarity of regulations in different countries and the uptake and success of the Fintech business. Supportive policies aimed at financial

inclusion by the Kenyan government have boosted Fintech success. For example, while rules like those covering mobile money and Know Your Customer (KYC) enhance customer confidence, they may require extensive investment in tools for compliance (Ololade, 2024). However, such an enabling legal environment with relaxed rules to enable fintech startups to emerge and prosper could also mean low entry barriers that saturate the market through increased competition leading to the high failure rates. Therefore, studies into the net impact of the regulatory framework on the success of Fintech are needed to account for the varying and contradictory reports. Perhaps one of the reasons is because of the interconnectedness of the various factors that lead to the failure of these firms that focusing on one factor in isolation may not paint the full picture.

Human resource (HR) capabilities play a vital role in the success or failure of startups. The literature shows that the right talent, with the relevant skillset and technical expertise, is crucial in the innovation and efficient operations of the Fintech entities (Bhutto et al., 2023). These competencies are important for essential functions like data analysis, programming, and other innovative activities. Still, the issue of inadequate talent is one of the significant challenges that Financial Technology companies encounter, which limits their flexibility in the continuous growth of new technologies and changing market needs (Butt, 2019). Limited skills among employees may limit a firm's ability to harness data for business decisions and generate innovative products to suit the needs of the consumers. In determining employee engagement, strong organizational leadership and management are critical ingredients that must be implemented to shape a positive organizational culture that encourages active participation toward organizational goals. In addition, employee engagement has many positive effects, such as a positive correlation with productivity and creativity. Technology competence requires training and development so that the employees can harness the technology fully. Bhutto et al. (2023) also emphasizes the importance of human resource competency since it plays a crucial role in determining fintech adoption. It reaffirms the importance of increasing human resources to accelerate the fintech industry's growth.

Fintech's non-tangible resources, including personnel and skill development, are vital in developing talent that fosters creativity. It has also been established that employee competencies are the key determinants of the use and effectiveness of fintech solutions. For instance, Bhutto et al. (2023) states that good human resource management practices dictate that fintech companies need to employ the right people in their organizations. An early stage fintech that has received VC

funding is more likely to attract talent and have a proper training program, thus enhancing operational efficiency and competitiveness (Jeong et al., 2020).

Human resource capabilities are critical in shaping the overall performance and innovation of fintech firms, yet notable research gaps remain. Despite evidence suggesting that adequate talent, effective training, and strong leadership correlate with enhanced fintech performance (Bhutto et al., 2023; Jeong et al., 2020), there is limited empirical data exploring how these HR dimensions specifically affect fintech success and failure within the Kenyan context. For instance, the interplay between culturally driven leadership practices, localized workforce skill shortages, and their influence on technology adoption has not been adequately examined. Furthermore, the extent to which fintech startups' HR strategies mediate the benefits of venture capital injections remains underexplored. Future research should thus investigate these gaps, focusing on how tailored HR interventions can mitigate challenges in skill development and talent retention, ultimately fostering innovation and competitive advantage in Kenya's dynamic fintech ecosystem.

1.1.4 Fintech in Nairobi

Fintech in Nairobi, Kenya took a turning point in 2007, when M-Pesa started as a mobile money payments solution for the unbanked and underbanked people. Safaricom, one of the leading mobile network operators in Kenya, launched this mobile-based banking model to reach the underprivileged population. Following M-Pesa's successful launch and growth over the years, the country has experienced a proliferation of Fintech companies all seeking to take advantage of consumer appetite for technological innovation to support business processes and ease the means of conducting business transactions (Chitavi, 2021). Today, Fintech has become a key channel for the conduct of business in Kenya and has further been adopted by the Government both directly and through partnerships with innovators for provision of services to the citizenry such as through the e-Citizen and i-Tax platforms. As such, understanding how financial technology companies (FinTech's) work and the critical factor for their success is important for the future of the Kenyan economy.

Kenya's Fintech boom has also attracted significant investment, with over \$200 million invested in the sector between 2014 and 2019 (Kiamba & Sotiriou, 2022). The country's Fintech's are driving financial inclusion outside of traditional forms of banking or financial systems, with

Kenyans using technology to pay bills, buy goods and services and send money. The Africa Fintech Summit (2022) indicates that Fintech companies in Kenya raised US\$564 million through 52 separate deals in 2019. This represents a 62% year-on-year rise in equity funding and places Kenya as a top destination for VC, second only to Nigeria (Mutuku, 2022).

With over 300 FinTech's and 20% of all African Fintech based in the country, Nairobi has emerged as a leader in the African Fintech sector (Chitavi, 2021). However, several Nairobi-based Fintech's are struggling to stay afloat despite VC investments. Notable firms that have collapsed in Kenya over the past two years include Kune Foods, SWVL, Sky Garden, Sendy, Notify Logistics, and Copia Global. A McKinsey (2022) report identifies key challenges faced by FinTech's, including difficulties in achieving scale and profitability, navigating an uncertain regulatory environment, and managing resource scarcity. Overall, Kenya's Fintech industry is growing rapidly and is projected to expand by 17.32% between 2023 and 2027, resulting in a market volume of US\$2.69 billion by 2027 (Alda, 2023). In addition to market dynamics and investment flows, the regulatory environment plays a critical role in shaping the financial performance of Fintech firms in Nairobi. Fintech regulation in Kenya is primarily overseen by the Central Bank of Kenya (CBK), in collaboration with agencies such as the Capital Markets Authority (CMA) and the Communications Authority of Kenya. Key regulatory frameworks include the National Payment System Act, the Central Bank of Kenya (Digital Credit Providers) Regulations, 2022, and the Regulatory Sandbox Framework, which allows Fintech firms to test innovative products under controlled conditions (Central Bank of Kenya, 2022).

While Kenya is often praised for its relatively progressive regulatory stance, scholars note that regulatory compliance costs, licensing requirements, and evolving supervisory expectations continue to pose challenges for Fintech firms, particularly smaller and early-stage ventures (Navaretti et al., 2018; Lerner & Nanda, 2020). In Nairobi, where regulatory oversight is concentrated, Fintech firms must navigate multiple regulatory regimes depending on their product offerings, which can increase operational costs and affect profitability. Consequently, regulatory clarity and consistency have become central to debates on Fintech sustainability and financial performance in the city. In conclusion, Nairobi represents a dynamic Fintech hub characterized by innovation, investment, and financial inclusion gains. However, the persistence of firm exits and profitability challenges, alongside evolving regulatory demands, underscores the importance of

examining how the Fintech ecosystem, particularly regulatory frameworks, affect the financial performance of Fintech firms operating in the city.

1.2 Problem Statement

The financial performance of fintech firms has emerged as a critical concern globally, particularly given the persistent mismatch between high levels of investment and poor firm survival outcomes. Although fintech startups attract substantial venture capital due to their perceived innovation potential, empirical evidence shows that approximately 90% of startups worldwide ultimately fail, with nearly 70% collapsing within the first five years, largely due to financial underperformance such as weak revenue models, unsustainable cash burn, and inability to achieve profitability (CB Insights, 2021; Startup Genome, 2019). These statistics raise fundamental questions about the sustainability of fintech business models and the effectiveness of the ecosystems within which these firms operate, especially in emerging markets where fintech is expected to drive financial inclusion and economic growth.

Kenya exemplifies this paradox. Despite accounting for approximately 17.2% of total venture capital funding directed to African technology startups, with US\$3.33 billion raised in 2022 alone, fintech firm closures remain prevalent (Gabriella, 2022). Empirical and industry reports indicate that nearly 90% of fintech startups in Kenya fail, and only about 10% survive beyond two years, primarily due to persistent losses, poor cost management, and dependence on external financing (Mwangi, 2023; Kiamba & Sotiriou, 2022). Between 2021 and 2023, at least eight venture-backed fintech and digital platform firms exited the Kenyan market or entered receivership, highlighting systemic performance challenges rather than isolated firm-level shocks. These shutdowns are closely linked to financial performance pressures, particularly the inability to transition from growth-oriented strategies to sustainable profitability once venture funding declines (Gompers et al., 2021).

The implications of poor fintech firm performance are significant. Literature shows that startup failures generate substantial economic costs, including loss of employment, misallocation of venture capital, reduced investor confidence, and weakened innovation ecosystems (Lerner & Nanda, 2020). In Kenya, where fintech firms play a central role in financial inclusion, digital payments, and small-business financing, repeated firm exits undermine progress toward national

development objectives and destabilize the broader digital financial system (Demirgüç-Kunt et al., 2018; World Bank, 2022). Moreover, the concentration of fintech activity in Nairobi means that persistent performance failures threaten the city's status as a sustainable fintech hub and may discourage future domestic and foreign investment.

Despite the scale of investment and the severity of observed performance outcomes, clear empirical gaps remain in the literature. Existing studies largely examine fintech success factors such as regulation, venture capital, and human capital in isolation or within developed economies, yielding mixed and sometimes contradictory findings (Bhutto et al., 2023; Jeong et al., 2020). There is limited empirical evidence on how fintech ecosystem components interact to influence financial performance outcomes in emerging-market urban hubs such as Nairobi. This lack of integrated, context-specific evidence constrains effective policymaking, investment decision-making, and managerial strategy. Consequently, this study seeks to address this gap by empirically examining how elements of the fintech ecosystem influence the financial performance of fintech firms operating in Nairobi, Kenya.

1.3 Research Objectives

1.3.1 General Objective

The general objective of the research was to assess the effect of Fintech Ecosystem-on fintech firm performance in Nairobi, Kenya.

1.3.2 Specific Objectives

The study seeked to address the following specific objectives:

To examine the effect of the regulatory environment on fintech firm performance in Nairobi, Kenya.

To examine the effect of human resource capabilities on fintech firm performance in Nairobi, Kenya.

To examine the effect of venture capital funding on fintech firm performance in Nairobi, Kenya.

1.4 Research Questions

What is the effect of the regulatory environment on fintech firm performance in Nairobi, Kenya?

What is the effect of human resource capabilities on fintech firm performance in Nairobi, Kenya?

What is the effect of venture capital funding on fintech firm performance in Nairobi, Kenya?

1.5 Scope of the Study

This study was conducted in Nairobi, Kenya given that most of the FinTech's in Kenya have their head offices in Nairobi. The theoretical scope of this study was limited to agency theory and resource dependence theory. The study focused on the following variables: regulatory environment, human resource capabilities, venture capital funding, and success of Fintech's. The study was conducted in 2025.

1.6 Significance of the Study

The study holds significant relevance for multiple stakeholders within the fintech ecosystem, including entrepreneurs, investors, policymakers, scholars, and innovation support institutions. By empirically examining how fintech ecosystem drivers venture capital, regulatory frameworks, and human resource capabilities jointly influence the financial performance of fintech firms in Nairobi, the study addresses critical knowledge gaps identified in the literature. The findings provided evidence-based insights that supports informed decision-making aimed at enhancing sustainable fintech firm performance in emerging-market contexts.

1.6.1 Entrepreneurs and Fintech Founders

The study provides fintech entrepreneurs and founders with empirical insights on how specific ecosystem drivers influence firm financial performance. By addressing the gap in context-specific evidence on performance determinants, the findings help entrepreneurs better understand how venture capital structures, regulatory compliance, and human resource capabilities affect profitability and sustainability. In particular, the results inform founders on how to structure funding strategies that minimize overdependence on venture capital and reduce performance risks associated with investor exit, thereby promoting long-term financial viability.

1.6.2 Investors and Venture Capitalists

For investors and venture capitalists, the study contributes evidence on how ecosystem factors interact to shape fintech firm financial performance an area that remains underexplored in emerging markets. The findings offer a framework for evaluating investor readiness and post-investment involvement, including governance participation and strategic mentorship. By

clarifying which ecosystem drivers are most strongly associated with financial performance outcomes, the study supports more informed capital allocation decisions and risk assessment in fintech investments.

1.6.3 Policymakers and Regulatory Authorities

The study is significant for policymakers and regulatory authorities by providing empirical evidence on the role of regulatory frameworks in shaping fintech firm financial performance. By addressing the gap in localized regulatory impact studies, the findings offer insights into how regulatory clarity, compliance requirements, and supervisory approaches can either enable or constrain fintech sustainability. This evidence supports the design of balanced, innovation-friendly policies that promote firm performance while safeguarding financial system stability in Kenya.

1.6.4 Academic and Research Community

For scholars and researchers, the study contributes to the growing body of literature on fintech ecosystems by offering integrated empirical evidence from an emerging-market context. By addressing the lack of studies that jointly examine venture capital, regulation, and human capital in relation to fintech financial performance, the research extends theoretical and empirical understanding of ecosystem-driven performance outcomes. The study also identifies areas for further research and provides a replicable framework that can be applied in other fintech hubs.

1.6.5 Support Institutions

The findings are valuable to innovative support institutions such as accelerators, incubators, development agencies, and non-governmental organizations. By highlighting ecosystem gaps particularly in human resource capabilities and regulatory preparedness, the study informs the design of targeted capacity-building and support programs. These insights help support institutions tailor interventions that strengthen fintech firms' operational and financial performance, thereby enhancing survival and scalability within the ecosystem.

1.7 Chapter Summary

This chapter introduced the problem, which the research topic, which is to investigate factors that affect the success of Fintech, firms in Nairobi, Kenya. The chapter provided an overview of factors affecting success of Fintechs. Specifically, the ecosystem drivers identified are human resource

capabilities, regulatory framework and venture capital. The next chapter reviewed the literature on the ecosystem drivers and fintech firms' performance.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The proliferation of FinTech's in the past decade has triggered surmountable theoretical and empirical interest among scholars and researchers. This chapter presented relevant theories and explicated their significance in understanding the role of venture capital in the success of Fintechs in Kenya. Secondly, the section critically reviewed previously published studies to comprehend other researchers' findings relating to the fundamental questions this study sought to address. Notably, the chapter presented empirical findings on the role of the study's key independent variables (human resource competencies regulatory framework, and varying levels of venture capital), on the success of Fintechs (dependent variable). The empirical review section concluded with a summary of the literature findings.

2.2 Theoretical Review

While multiple theoretical frameworks can illuminate the role of venture capital in the success of Fintech companies in Kenya, the proposed study employed the agency theory and the resource dependency theory. The two models offered a holistic theoretical lens to comprehend the significance of venture capital on Fintechs. This section explored the two theories and illustrated how they were applied in situating the research questions in the wider scientific literature on the success of Fintechs in Kenya.

2.2.1 Agency Theory

Agency Theory was first formally articulated by Jensen and Meckling (1976) to explain contractual relationships in which one party (the principal) delegates decision-making authority to another party (the agent). The theory was developed to address problems arising from information asymmetry, goal divergence, and risk-sharing between principals and agents. In the context of this study, Agency Theory is used to explain the relationship between venture capital providers (principals) and fintech firm managers or founders (agents), and how this relationship influences the financial performance of fintech firms. Specifically, the theory provides a framework for understanding how governance structures, regulatory oversight, and monitoring mechanisms affect managerial behavior and, ultimately, firm performance outcomes.

According to the theory's proponents, conflicts of interest among shareholders, managers, and fund providers significantly define a company's governance (Panda & Leepsa, 2017). Per the theory, each of these parties has unique interests and objectives. Shareholders are interested in dividends and the long-term profitability of the company, while managers prioritize their remuneration and status. Currently, venture capitalists and fund providers require proper management of enterprises to recover their funds within the given period. This is important because stakeholder interests are not always convergent, especially in today's environment of the emerging fintech industry, where inequity might affect the potential of a startup (Panda & Leepsa, 2017). Thus, Agency Theory provides a theoretical lens for examining factors affecting the success of venture-capital-funded fintech firms. Specifically, Agency Theory is used to examine how the regulatory environment and governance mechanisms influence the financial performance of fintech firms in Nairobi, Kenya.

Agency Theory, first proposed by Jensen and Meckling (1976), posits that a company's governance is fundamentally defined by conflicts between principals and agents. In this framework, the principals, typically the shareholders or fund providers such as venture capitalists delegate decision-making responsibilities to agents, such as the startup's managers or founders, who are expected to operate on their behalf. However, due to divergent motivations, agents may pursue personal interests, such as increased remuneration or maintaining personal control, that diverge from the principals' objectives of achieving long-term profitability and financial returns. This divergence may lead to opportunistic or inefficient behaviors if effective monitoring systems or incentive schemes are not in place (Panda & Leepsa, 2017). In the context of venture-capital-funded fintech startups where rapid innovation, accelerated scaling, and high-risk strategies are common, the misalignment of interests becomes especially pronounced.

This study applied Agency Theory to critically assess how governance mechanisms, regulatory frameworks, and investor oversight can mitigate agency conflicts and enhance fintech firm financial performance. Regulatory requirements, disclosure standards, and compliance obligations serve as external monitoring mechanisms that constrain opportunistic managerial behavior and align managerial decisions with investor objectives. Similarly, venture capital governance tools such as board representation, performance-based incentives, and milestone financing can reduce agency costs and promote financial discipline. By integrating Agency Theory, this study provided

a coherent explanation of how interactions between venture capital, regulation, and managerial behavior shaped the financial performance and sustainability of fintech firms operating within Nairobi's dynamic fintech ecosystem.

2.2.2 Resource Dependence Theory

Resource Dependence Theory (RDT) was developed by Jeffrey Pfeffer and Gerald R. Salancik in 1978 (Pfeffer & Salancik, 1978). The theory explains how organizations manage their relationships with external environments to secure critical resources required for survival and success. The theory emphasizes that organizations are not self-sufficient; they depend on external resources that are often controlled by other organizations or entities. This dependency creates vulnerabilities and influences organizational behavior and strategies. RDT helps us understand the organizational environment and resource management.

Drees and Heugens (2013) extend this knowledge and imply that creating inter-organizational forms, such as strategic partnerships, manages resource dependency. These strategies are central not only for the funding process of Fintechs but also for the search for visibility and a place for independence within the Fintech sector. Besides, VCs also present the possible networks, knowledge, and market data to Fintechs. Consequently, they can minimize the problems related to the limitations of resources and the uncertainty of the environment. This means that the dependencies mentioned above may enhance organizational success; hence, it is crucial to manage these linkages to ensure Fintech's effectiveness (Drees & Heugens, 2013). In addition, Harrison et al. (2010) pointed out that some of the benefits that can be gained by an organization that is able to manage its resource dependencies include the development of value through strategic alliances. This can prove to be effective in the Fintech firms because of the complicated legal framework that is associated with the sector.

In the context of Fintech firms, many of which are startups in the VC environment, RDT enhances the knowledge of the strategic relationship between these firms and their investors. RDT contends that because these resources, which include funding, skilled talent, and regulatory support, are controlled by external actors, firms must actively manage their dependencies to reduce uncertainty and secure their strategic interests. Pfeffer and Salancik (2015) argued that organizations are not isolated objects but rather are located within environments that define them. This perspective is quite suitable for Fintechs, as companies of this kind may not expand and innovate without venture

capital and the necessary funding. This means there is a need to appreciate that investor control can influence the conduct and decision-making within an organization and consequently affect the organization's success (Pfeiffer & Salancik, 2015). Additionally, Celtekliligil (2020) suggests that in such dependencies, Fintechs can position themselves in a particular position in the market and control the resources to enhance their position. Startups are particularly vulnerable to fluctuations in the availability of venture capital and human resource capacities. For example, fintech firms must secure external funding to scale operations and gain competitive advantage, while recruiting and retaining skilled personnel crucial for driving innovation (Bhutto et al., 2023). At the same time, adherence to regulatory frameworks is essential to gain legitimacy and protect operations within often-complex legal environments.

Furthermore, the RDT can also be used in international business, which is beneficial to Fintech companies to expand their activities. As previously mentioned, various authors distinguished the following types of dependence: locational and inter-organizational dependencies, which can help understand the processes occurring in the context of Fintechs in the global environment. Hence, these firms can apply venture capital to implement their strategies in the international business environment by buying other firms, merging with other firms, or building strategic partnerships with local firms. It allows them to acquire more resources, but at the same time, it prepares them to face the competition that comes with international trade. Therefore, Resource Dependence Theory provides a useful perspective for understanding how access to and control over critical external resources such as venture capital, skilled human capital, and regulatory legitimacy influence fintech firm outcomes (Jiang et al., 2022; Celtekliligil, 2020). Fintech firms often employ inter-organizational strategies, including strategic partnerships, alliances, and investor relationships, to mitigate resource constraints and strengthen their competitive position (Drees & Heugens, 2013). However, critics of RDT argue that the theory may overemphasize external dependencies while underestimating the role of internal capabilities and firm-level innovation in driving performance.

In the context of this study, Resource Dependence Theory is particularly relevant for explaining how fintech firms in Nairobi manage critical external dependencies that shape their financial performance. Venture capital funding is conceptualized as a key financial resource that influences firms' ability to scale operations, manage cash flows, and sustain profitability. Human resource

capabilities represent a strategic resource required for innovation, operational efficiency, and adaptability in a technology-driven environment. Similarly, the regulatory environment constitutes an institutional resource that confers legitimacy and operational stability but may also impose compliance costs that affect firm performance. By applying RDT, this study explains how fintech firms strategically manage these dependencies to reduce uncertainty, enhance control over resources, and improve financial performance outcomes. Consequently, the theory provides a robust analytical lens for examining how ecosystem-level resource dynamics influence the sustainability and performance of fintech firms operating within Nairobi's competitive fintech ecosystem.

2.3 Empirical Review

This section critically reviewed available empirical studies assessing the role of venture capital, regulatory environment, and human resource capabilities on the success of Fintechs by employing an analytical approach. The review compared the objectives, methods, and contexts of previous studies, and identified the research gaps.

2.3.1 Regulatory Environment and Success of Fintech's

Empirical evidence confirms that government policies and regulatory frameworks play a crucial role in creating an enabling environment for Fintech growth. For example, Noreen et al. (2022) conducted a quantitative study in Pakistan, finding that a series of financial inclusion policies such as financial literacy programs, the Banking on Equality Program, and other non-restrictive policies have significantly promoted Fintech adoption and empowered marginalized groups to engage in entrepreneurial activities. In comparing these findings, Kurniasari et al. (2021) and Yang and Zhang (2022) extend the analysis by showing that similar inclusion strategies incentivize participation among women and youth in Fintech ventures. While all these studies underscore the positive impact of government initiatives, differences in regional context and policy implementation suggest that the effectiveness of regulatory interventions may vary depending on socio-economic conditions and the maturity of the Fintech ecosystem.

Further analytical insight is provided by Chen et al. (2021), who explored the role of government in driving digital transformation in small service businesses through qualitative methods. Their study revealed that digital transformation and by extension, Fintech success is heavily contingent

upon a conducive environment that addresses funding shortages, enhances digital capabilities, and provides technical support. This research underscores the multifaceted role of government: not only do regulatory policies foster inclusion; they also stimulate innovation by building digital platforms and facilitating inter-partner collaboration. Lin et al. (2020) similarly assert that partnerships driven by supportive government policies enable businesses to flourish even when resources are limited, highlighting how collaborative ecosystems can offset typical startup constraints.

In contrast, Mishra et al. (2023) provide an analytical perspective from the Indian context, noting that while laws are intended to protect consumers and secure financial transactions, overly stringent regulations can impede innovation if not carefully balanced. Their advocacy for a balanced approach emphasizes the need for regulatory frameworks that protect consumers without stifling entrepreneurial growth, a point that resonates with the dynamic and rapidly evolving nature of the Fintech sector. Musamali et al. (2023) contribute specifically to the Kenyan context by reviewing the regulatory framework that supports Kenya's nascent Fintech ecosystem. They propose a framework of five essential building blocks and advocate for a "test and learn" approach, including regulatory sandboxes, which could foster innovation while ensuring consumer protection.

On the other hand, Otieno and Kiraka (2023) utilize mixed-methods research to examine how the number of partners in the regulatory environment influences innovation outcomes. Their findings suggest that robust engagement with regulatory authorities not only facilitates compliance but also enhances collaborative innovation processes. However, despite these encouraging insights, a clear research gap remains regarding how varying levels of regulatory rigor or the balance between supportive and restrictive policies directly affect Fintech survival rates, particularly within the localized environment of Nairobi. Collectively, while there is consensus that governments play an instrumental role in the proliferation and success of Fintech companies by fostering financial inclusion and building digital ecosystems, the reviewed studies differ in their emphasis on policy types, methodological approaches, and geographic contexts. These variations highlight a critical need for further research that specifically examines the regulatory environment in Nairobi, assessing how tailored government policies and regulatory practices influence Fintech innovation and sustainability in this rapidly evolving market.

2.3.2 Human Resource Capabilities and Success of Fintech's

Empirical research consistently highlights human resource capabilities as a critical determinant of Fintech success. Bhutto et al. (2023) conducted a quantitative investigation examining the role of human resource competency in promoting Fintech adoption. Their findings, which align with earlier research by Fabian et al. (2017), indicate that effective human resource management practices particularly the development of employee competencies such as creativity, adaptability, decision-making, and the ability to interpret innovation are essential for the successful uptake of Fintech technologies. This evidence reinforces the imperative for financial organizations to recruit individuals with the requisite skills, while also emphasizing the need for ongoing training and professional development to nurture these capabilities.

In a complementary line of inquiry, Haddad and Hornuf (2019) further established that long-term employee potential is realized through systematic training, which in turn supports sustained Fintech adoption. Bhutto et al.'s (2023) study not only underlines the importance of hiring the right talent but also demonstrates that continuous investment in human capital is vital for enhancing operational efficiency in technology-driven environments. The emphasis across these studies is on how targeted human resource strategies can drive innovative behavior and improve overall organizational performance, thereby facilitating the successful implementation of Fintech solutions.

In contrast, Ateik et al. (2020) explored the mediating role of employee technology skills with the intent of adopting Fintech solutions among microfinance businesses, revealing that inadequate technical skills significantly hinder Fintech adoption. This quantitative study shows that microfinance institutions often face considerable challenges due to a lack of relevant knowledge and skills among employees echoed by Naz et al. (2022), who identified that a deficit in essential technological competencies constitutes one of the most prevalent obstacles to Fintech adoption. By comparing these perspectives, it becomes apparent that while the cultivation of technical skills is universally recognized as beneficial, the specific challenges of imparting these skills in different financial subsectors (e.g., microfinance versus more established banks) necessitate further exploration. Further reinforcing the importance of digital competencies, Saeful and Ekhsan (2024) investigated the impact of digital skills and innovative behavior on the performance of digital companies in Jababeka Cikarang Industrial Estate in West Java, Indonesia. Their findings indicate

a direct positive relationship between digital skills and innovative output, suggesting that possession of such skills can spark new ideas and elevate company performance. However, the limited geographical scope of their study restricts the generalizability of these insights to broader contexts.

In the Kenyan context, Chomba (2021) and Mohamed (2022) offer additional, locally grounded evidence. Chomba (2021) discussed the transformative role of Fintech in reshaping Kenya's financial industry, noting that services such as mobile banking, ATMs, and internet banking exhibit significant positive correlations with financial service delivery. Likewise, Mohamed (2022) found that misalignments between IT-business strategies and human resource capabilities are responsible for up to 65.5% of changes in organizational performance among Fintech firms, thereby emphasizing the need for targeted training interventions to rectify these gaps.

While these studies consistently demonstrate the importance of human resource capabilities in facilitating Fintech adoption, several gaps remain. First, there is a need for context-specific research on how skill development processes and training programs are tailored to the unique challenges of the Kenyan Fintech ecosystem. Second, most studies treat technological competencies as a uniform construct without distinguishing between different types of skills (e.g., technical versus digital innovation skills), leaving a gap in understanding which skills are most critical for different Fintech functions. Finally, the relationship between human resource capabilities and operational success appears to vary between microfinance institutions and larger banking organizations, suggesting that future research should adopt a comparative approach to delineate these differences more clearly. Therefore, the existing empirical literature underscores that robust human resource strategies through acquisition, training, and continuous development of critical skills are indispensable for Fintech success. However, the contextual factors specific to Kenya, combined with the need to differentiate among various types of competencies, highlight areas where further investigation is required to inform more effective HR practices in Fintech startups.

2.3.3 Venture Capital Funding

Venture capital funding is widely recognized as a cornerstone for scaling Fintech startups. The World Economic Forum (2024) notes that many Fintech businesses worldwide struggle to secure

adequate venture capital, highlighting a persistent gap between available funds and areas of greatest need. Chowdhury et al. (2019) and Kolokas et al. (2020) conducted quantitative studies that reveal a significant positive association between the level of venture capital investment and the early-stage success of Fintech ventures.

Research by various authors reveal that the amount of venture capital influences the success of Fintech companies at the early stages (Chowdhury et al., 2019; Kolokas et al., 2020). In their quantitative study, Kolokas et al. (2020) evaluated the impact of varying levels of venture capital on Fintech in 53 countries. As per the results, the availability of Start-up capital determines the success of Fintech entrepreneurship in a country. It was further established that nations with sufficient venture capital have more successful fintech startups. Along the same vein, Lerner and Nanda (2020) argue that while there exists a positive association between venture capital and high-growth companies, the usefulness of venture capital could be put into question, given that it appears that only certain technologies attract institutional investors. Kolokas et al. (2020) emphasized that sufficient startup capital is crucial for Fintech entrepreneurship, while Lerner and Nanda (2020) offer a counterpoint by questioning the overall usefulness of venture capital, suggesting that only specific technologies tend to attract institutional investors. Further complicating the picture, Kotelnikova and Tsukanova (2019) highlight that venture capital not only provides financial resources but also brings managerial expertise and networking opportunities, though many startups still struggle during the initial phase of securing this funding. Jeong et al. (2020) emphasize that the timing and amount of early-stage venture capital is decisive for market entry success, while Rustichelli (2020) reinforces the role of venture capital in identifying pivotal investment areas that shape global market trends.

Comparative analysis by Olayiwola et al. (2024) in the Nigerian context demonstrated that venture capital can significantly boost operational performance, yet the study's exclusive focus on Nigeria limits its global applicability. Recent studies by Alaassar et al. (2023) and Uña et al. (2023) further illustrate that the competitive landscape and investor sentiment strongly influence venture capital dynamics, reinforcing the concept of investor confidence as a mediating factor between VC funding and Fintech success. Che Hassan et al. (2024) confirm that when venture capitalists are prepared to invest, they signal market credibility, thus attracting additional investors, which creates a virtuous cycle of growth. Nonetheless, despite these robust findings, there is still a clear research

gap in understanding how venture capital influences Fintech success specifically within the localized, rapidly evolving environment of Nairobi, where market dynamics, investor networks, and regulatory contexts may differ significantly from those in the broader global Fintech ecosystem.

2.4 Summary of Research Gaps

Despite a wealth of empirical studies on Fintech success, several significant research gaps persist, especially within the context of Nairobi. First, while governments' roles in fostering Fintech ecosystems are well documented such as through financial inclusion policies in Pakistan (Noreen et al., 2022) and digital transformation initiatives in India (Mishra et al., 2023) the specific regulatory environment in Kenya remains underexplored. Research from Musamali et al. (2023) and Otieno and Kiraka (2023) offers preliminary insights into Kenya's nascent regulatory framework, yet more detailed, localized analysis is necessary to determine how different regulatory approaches, including the use of regulatory sandboxes and balancing consumer protection with growth, directly affect startup failure and success rates in Nairobi.

Second, there was a notable deficiency in context-specific studies addressing human resource capabilities in Fintech firms. Although studies by Bhutto et al. (2023) and Ateik et al. (2020) confirm that robust human resource management practices and technical competencies significantly enhance Fintech adoption, they largely focus on other regions or industries, such as banking and microfinance. Research examining the unique challenges and strategies for talent acquisition, retention, and skill development in Kenya's competitive Fintech sector is limited, leaving a gap in understanding, which HR practices, most effectively drive innovation and operational performance locally.

Third, the literature on venture capital funding while indicating its critical role in early-stage Fintech success (Kolokas et al., 2020; Jeong et al., 2020) often applies cross-country analysis or focuses on contexts outside Africa. There is a lack of comprehensive, localized research on how different stages and amounts of VC investment, as well as the associated non-financial support mechanisms, affects Fintech growth and sustainability in Nairobi. Finally, most studies have examined these determinants in isolation. An integrated approach that concurrently evaluates the interactions among regulatory frameworks, human resource strategies, and venture capital

dynamics is largely absent. Addressing this holistic view is essential for developing an understanding ecosystem driver for fintech firms' performance in Nairobi's unique ecosystem. Table 1 provides a summary of the research gaps for the study.

Table 2.1: Summary of Research Gaps

Author(s)	Context/Key Findings	Research Gap Identified	Implications
Noreen et al. (2022)	Examined Pakistani government policies (e.g., financial literacy programs, relying on Equality) that promote Fintech adoption and financial inclusion.	While this study confirms that government policies can foster Fintech growth, there is a lack of localized research on how similar policies operate and affect Fintechs within Kenya's unique regulatory and socio-economic environment.	Future research should explore the specific influences of Kenya's regulatory framework and how financial inclusion policies can be tailored to the local context to improve Fintech sustainability.
Kurniasari et al. (2021) & Yang & Zhang (2022)	Reported that financial inclusion initiatives encourage marginalized groups to engage in entrepreneurial activities, thereby supporting Fintech proliferation.	These studies, although informative, primarily focus on their respective contexts and do not offer a detailed examination of how such policies translate to the Kenyan Fintech ecosystem, particularly in Nairobi.	Addressing this gap would help tailor governmental inclusion strategies to better support local Fintech startups and may reveal differentiated impacts based on regional socio-economic conditions.
Chen et al. (2021) & Lin et al. (2020)	Found that digital transformation in small service businesses is supported by government initiatives such as digital platforms, mobile payment promotion, and inter-partner collaboration.	There is insufficient analysis on the effectiveness of such digital infrastructure and collaborative ecosystems in influencing Fintech success specifically in Kenya.	Further study is needed to assess how these initiatives can be leveraged or modified to support the growth and sustainability of Fintech firms in Nairobi, potentially improving resource allocation and innovation outcomes.
Mishra et al. (2023)	Investigated regulatory frameworks in India, concluding that while regulations protect consumers, overly stringent measures may stifle innovation if not balanced.	The balanced regulatory approach advocated in the study has not been deeply examined within the Kenyan context, where regulatory practices may differ significantly.	There is a need for empirical work that evaluates the optimal regulatory balance for Kenya's Fintech sector, thereby informing policymakers on how to both protect consumers and encourage innovation.

Musamali et al. (2023) & Otieno & Kiraka (2023)	Reviewed Kenya's regulatory framework and highlighted a nascent environment supported by frameworks such as regulatory sandboxes and collaborative models.	Although these studies offer a preliminary view of Kenya's regulatory landscape, they do not sufficiently assess how differences in regulatory rigor affects Fintech survival and innovation outcomes, particularly in Nairobi.	Addressing this gap could provide critical insights for regulators and policymakers to refine support mechanisms, thereby potentially reducing the high failure rates of Fintech startups through more effective regulatory oversight.
Bhutto et al. (2023) & Ateik et al. (2020)	Quantitatively demonstrated that strong HR management practices and employee competencies are crucial for Fintech adoption, while skill deficits hinder progress.	The focus of these studies is largely on broader financial or microfinance sectors rather than a context-specific examination of HR practices within Kenyan Fintech startups.	Further investigation is required to understand how talent acquisition, retention, and training specifically affect the performance of Fintech firms in Kenya, leading to more targeted HR strategies that could drive innovation and operational success.
Kolokas et al. (2020) & Jeong et al. (2020)	Indicated that venture capital funding plays a critical role in early-stage Fintech success through quantitative cross-country analyses.	There is limited localized research on the dynamics of VC funding within Kenya's Fintech ecosystem, including the impact of funding stages and non-financial support in the Nairobi context.	A deeper exploration into the role of VC funding in Kenya will help clarify how tailored investment strategies and associated support services can enhance the sustainability and growth of local Fintech startups, informing both investors and entrepreneurs.

2.5 Conceptual Framework

Sekaran and Bougie (2016) describe a conceptual framework as representation of interconnections between the study variables. The conceptual framework proceeded to illustrate logical relationships on the cause-effect among the identified variables under study (Dawson, 2013). Success of Fintech made the dependent variable for the study. The independent variables in the study explained the heterogeneity among Fintech's. Specifically, the independent variables were regulatory environment, human resource capabilities, and venture capital funding. Figure 2.1 below presents the relationships envisioned among the study variables.

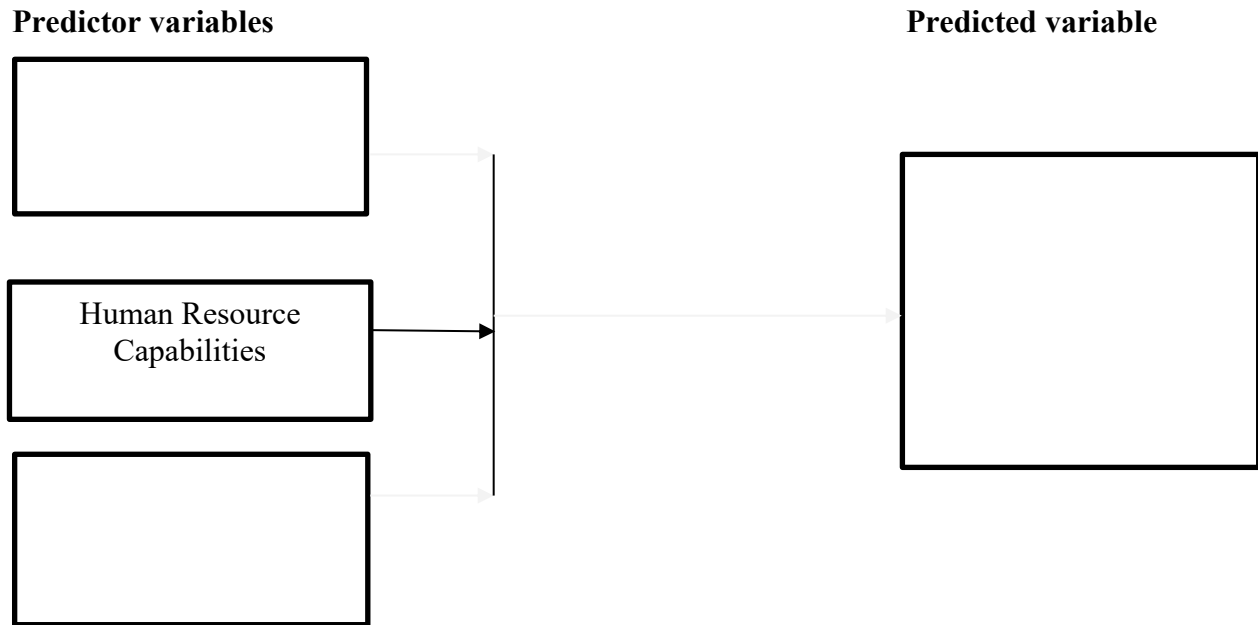


Figure 2.1: Conceptual Framework

Source: Author, 2025

2.6 Operationalization of Variables

Table 2.2 Operationalization of the study Variables

Variable	Variable Type	Indicators	Measurement	Supporting Literature
Venture Capital Funding	Independent	Stage of funding (Pre-seed, Seed, Growth/Scaling) Adequacy of funding for operations and growth Continuity of funding across stages	Categorical (Funding Stage); Likert-scale items on adequacy and continuity	Wang (2023) demonstrates that venture capital funding stages and continuity significantly influence startup growth and performance outcomes. Lerner and Nanda (2020) show that early-stage and follow-on VC funding adequacy is critical for innovation and firm survival.
Employee Competency	Independent	Use of professional firms/personnel for hiring Employing competent staff	5-Point Likert Scale (Ordinal)	Bhutto et al. (2023) find that employee skills, training, and competency significantly affect firm performance and innovation capacity. Ateik et al. (2020) empirically link

		Recruitment, retention, and remuneration policies Employee training Skill mix Adequate personnel		human capital quality to organizational effectiveness in technology-driven firms.
Venture Capital Involvement	Independent	Venture Capitalist's shareholding ratio Venture Capitalist's involvement in early stages Venture Capitalist's involvement in market and product strategy Adequacy of venture capital for setup, early development, product development, and marketing	5-Point Likert Scale (Ordinal)	Kotelnikova and Tsukanova (2021) show that VC involvement beyond financing such as strategic guidance and governance participation improves firm performance. Jeong et al. (2020) demonstrate that early VC involvement enhances market entry and scaling outcomes.
Financial Performance	Dependent	Profitability status (Profit = 1; Loss = 0) Revenue growth and operating performance	Binary (Logistic Regression); financial indicators	Andrei and Căpraru (2021) validate the use of profitability and financial performance indicators as proxies for firm success in emerging markets. Garg et al. (2022) support the use of binary and accounting-based performance measures for entrepreneurial firms.

Source: Author, 2025

2.6 Chapter Summary

The chapter presented the relevant literature review for the study. The following theoretical perspectives were discussed: agency theory and resource dependence theory. On one hand, agency theory explains the conflicts that arise when one party (the principal) delegates decision-making authority to another (the agent), whose interests may not align with the principal's goals. On the other hand, resource dependence theory posited that organizations must manage and negotiate relationships with external entities to access critical resources, thereby shaping their behavior and structure. The empirical literature highlighted varied associations regarding the correlation between regulatory environment, human resource capabilities, and venture capital funding and fintech firms' performance.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlined the research methodology used in the study covering the following areas: research philosophy, research design, population and sampling methods, data collection, data analysis, research quality and ethical considerations. According to Kothari (2009), it is important for a study to adopt an appropriate research methodology. The suitability of the proposed research methodology was discussed as per the below sections.

3.2 Research Philosophy

Research philosophy defines the assumptions about knowledge and reality that guide a study's methodological choices (Saunders et al., 2019). In management and social science research, common philosophies include positivism, interpretivism, and pragmatism (Saunders et al., 2019; Bryman, 2016). Positivism assumes that reality is objective and can be observed, measured, and analyzed through empirical data using scientific methods. This philosophy is typically associated with quantitative research designs, structured data collection instruments, and statistical analysis aimed at testing relationships among variables (Creswell & Creswell, 2018). Interpretivism, in contrast, emphasizes subjective meanings and relies heavily on qualitative inquiry to understand social phenomena (Creswell & Poth, 2018). Given that this study focused on measurable firm performance outcomes and did not involve qualitative or open-ended data, an interpretivist approach was considered unsuitable.

Accordingly, this study adopted a positive research philosophy, which was consistent with its quantitative orientation and objective measurement of variables (Saunders et al., 2019). The positive stance supported the use of structured questionnaires, ordinal Likert-scale measures, and binary logistic regression analysis to examine the relationship between fintech ecosystem factors and financial performance (Field, 2018). Financial performance was treated as a binary outcome variable, while venture capital funding, venture capital involvement, employee competency, and regulatory environment were analyzed as empirically observable predictors. By emphasizing objectivity, measurement, and hypothesis testing, the positivist philosophy provided an appropriate foundation for statistically examining the determinants of fintech firm performance in Nairobi, Kenya (Creswell & Creswell, 2018; Hair et al., 2020).

3.3 Research Design

The study adopted a quantitative explanatory correlational research design, which was consistent with the positive research philosophy underpinning the study. A research design provides a structured framework that links research objectives, data collection, and data analysis procedures to ensure methodological rigor and empirical validity (Saunders et al., 2019). The explanatory correlational design was appropriate because the study sought to examine and explain the influence of fintech ecosystem factors venture capital funding, venture capital involvement, employee competency, and regulatory environment on financial performance. In line with positivist assumptions, the design facilitated hypothesis testing and the use of inferential statistical techniques without manipulating the study environment (Creswell & Creswell, 2018). The design also supported the application of binary logistic regression to model the probability of fintech firms achieving positive financial performance based on empirically observable predictors, thereby enabling the study to draw objective and generalizable conclusions (Kothari, 2004; Hair et al., 2020).

3.4 Population of the Study

Population refers to the entire set of elements or units about which a study seeks to draw conclusions (Trochim & Donnelly, 2006). The population for this study comprised all licensed fintech firms operating in Nairobi, Kenya, as at the time of data collection. According to regulatory records published by the Central Bank of Kenya (CBK), there were 155 registered fintech firms, including digital credit providers, payment service providers, and money remittance providers. The population data were obtained from the Central Bank of Kenya's official website (<https://www.centralbank.go.ke>) and cross-validated with fintech industry reports to ensure accuracy (Appendix III). This population was considered appropriate because Nairobi is the primary hub of fintech activity in Kenya, hosting the majority of registered fintech firms.

3.5 Sampling Design

Sampling design refers to the process through which a subset of elements is selected from a population to represent the characteristics of the entire population (Lavrakas, 2008). The sampling design for this study comprised the sampling frame, sampling technique, and sample size, all of

which were guided by the study objectives and practical considerations encountered during data collection.

3.5.1 Sampling Frame

A sampling frame is a complete list of all population elements from which a sample is drawn (Creswell & Plano Clark, 2017). The sampling frame for this study consisted of licensed fintech firms registered by the Central Bank of Kenya, including digital credit providers, authorized payment service providers, and licensed money remittance providers. The list was obtained from CBK regulatory disclosures and refined through cross-referencing with industry databases to ensure that only active fintech firms were included (Appendix III). A clearly defined sampling frame enhanced the credibility and validity of the study findings (Fowler, 2014).

3.5.2 Sampling Technique

The study adopted a non-probability purposive sampling technique, which enabled the selection of fintech firms that met specific inclusion criteria relevant to the research objectives. These criteria included firm size, funding stage, market segment, and operational status. Purposive sampling was appropriate because the study targeted firms with adequate knowledge and experience regarding venture capital involvement and financial performance. The unit of analysis was the fintech firm, while the unit of observation was the Chief Executive Officer or senior management, who were deemed most knowledgeable about firm performance and governance issues (Wywiał, 2021).

3.5.3 Sample Size

Sample size refers to the number of units selected from a population for purposes of data collection and statistical analysis (Saunders et al., 2019). The population for this study consisted of 155 registered fintech firms operating in Nairobi, Kenya, as licensed by the Central Bank of Kenya. To establish a statistically acceptable benchmark for the minimum number of firms required for quantitative analysis, the study applied Slovin's formula for finite populations using a 95% confidence level and a 5% margin of error, as commonly applied in survey-based studies where population variance is unknown (Asenahabi & Ikoha, 2023). Slovin's formula is expressed as:

$$n = \frac{N}{1 + Ne^2} = \frac{155}{1 + 155(0.05^2)} = \frac{155}{1.3875} \approx 112$$

Where:

n = minimum sample size

N = population size

e = margin of error

The computation therefore yielded a minimum recommended sample size of 112 fintech firms, which served as a statistical benchmark for guiding data collection. Based on this benchmark and considering accessibility, operational feasibility, and the need to mitigate potential non-response, the study targeted 120 fintech firms for data collection, exceeding the minimum required threshold. Targeting a sample size larger than the statistically computed minimum is methodologically acceptable in quantitative research and enhances the reliability of regression estimates by reducing sampling error and non-response bias (Creswell & Creswell, 2018; Saunders et al., 2019). The final sample size was therefore adequate for explanatory quantitative analysis, particularly for binary logistic regression, which requires sufficient observations to estimate model parameters reliably and test hypothesized relationships between fintech ecosystem factors and financial performance.

Table 3.1: Registered Fintech Firms Breakdown

Category of Fintech Firms	Number of Firms
Digital Credit Providers	85
Authorized Payment Service Providers (PSPs)	42
Licensed Money Remittance Providers (MRPs)	28
<i>Total Registered Fintech Firms (Population)</i>	155
<i>Minimum recommended sample (Slovin benchmark)</i>	112

Source: Central Bank of Kenya Website

3.6 Data Collection

Data for this study was collected using structured online questionnaires administered through Google Forms. Questionnaires were considered appropriate for this study as they enabled the

collection of standardized quantitative data while ensuring anonymity and reducing respondent bias (Oakshott, 2020). A total of 120 questionnaires were distributed to 120 fintech firms, with one questionnaire administered per firm. The study therefore adopted a single-respondent approach, whereby each fintech firm was represented by one key informant, typically a senior management officer such as a Chief Executive Officer, founder, or senior manager who was knowledgeable about the firm's operations, funding structure, and performance.

Contact details for the targeted respondents were obtained through official organizational communication channels, including company email addresses and registered telephone contacts. Respondents were contacted and subsequently provided with a secure link to the online questionnaire for completion. The questionnaire captured information on firm demographics, venture capital funding, venture capital involvement, employee competency, regulatory environment, and financial performance. Demographic variables were measured using structured multiple-choice questions to minimize respondent fatigue and cognitive burden, while the independent variables were measured using a 5-point Likert scale to allow for ordinal analysis (Appendix II). The use of a single respondent per firm was appropriate given the firm-level nature of the variables under investigation and is consistent with prior quantitative studies examining organizational performance and governance characteristics (Saunders et al., 2019).

3.7 Research Quality

This study tested the validity and reliability of the primary data gathered from the questionnaire. Reliability is the extent to which a research instrument yields similar results when it is used repeatedly. On the other hand, validity is the extent to which the measuring instrument measures what it was intended to measure (Saunders et al., 2019). The Cronbach's alpha coefficient tests were used. A score of 0.70 and above was considered as being reliable (Saunders et al., 2019). Content validity criteria were achieved by making sure that the questionnaire aligned with the study objectives. Criterion-related validity was examined through factor analysis to determine the extent to which the data is in harmony with the study theoretical construct. Normality tests were performed using Shapiro-Wilk or Kolmogorov-Smirnov tests. A normality test assumes that the residuals of the reaction variables are ordinarily conveyed around the mean (Saunders et al., 2019).

3.7.1 Reliability Test

Lehner's (1979) defines reliability as the reproducibility of measurements. Blumberg, Cooper & Schindler (2005) referred to reliability as a measure that ensures that results are consistent with equivalent values. It examines consistency, replicability, exactness and accuracy of research. (Chakrabartty, 2013). Reliability test checks for errors on measurement for reliable and consistent results. Cronbach test was used to test reliability. The test checks for the degree of relatedness (Tavakol & Dennick, 2011). A measure ≥ 0.70 indicates that the items measure the construction. The Cronbach test statistic was between 0.821 and 0.848 for all the constructs.

3.7.2 Validity Test

Validity is the extent to which the measuring instrument measures what it was intended to measure (Saunders et al., 2019). According to Black and Champion (1976), validity of research. Content validity was ensured designing the questionnaire to address each study objective (Appendix II). Criterion-related validity was tested using factor analysis to determine the extent to which the data was in harmony with the theoretical construct of the study. In addition, a pilot study was used to test questionnaire validity. Pilot studies are important for obtaining first-hand experience with a research issue, which in turn can enhance the research design, conceptualization, and the interpretation of the study findings (Kezar, 2000).

3.8 Data Analysis and Presentation

To facilitate statistical analysis, the completed questionnaires were coded and analyzed using Minitab statistical software. Given that the dependent variable financial performance was measured as a binary outcome (profit or loss), binary logistic regression analysis was employed to examine the relationship between fintech ecosystem factors and firm financial performance. Binary logistic regression was appropriate because it estimates the probability of occurrence of a dichotomous outcome based on a set of predictor variables (Hosmer et al., 2013).

The binary logistic regression model applied in the study was specified as follows:

$$\ln \left(\frac{P}{1-P} \right) = \beta_0 + \beta_1 RE + \beta_2 HRC + \beta_3 VCF + \varepsilon$$

Where:

P - represents the probability that a fintech firm reported positive net income (profit = 1);

$1 - P$ represents the probability that a fintech firm reported negative net income (loss = 0);

RE :denotes the regulatory environment;

HRC : denotes human resource capabilities;

VCF :denotes venture capital funding;

β_0 :is the constant term;

$\beta_1, \beta_2, \beta_3$:are the regression coefficients; and

ε :represents the error term.

In addition to inferential analysis, descriptive statistics were computed to summarize and describe the characteristics of the study variables. These included measures of central tendency and dispersion such as mean scores, minimum and maximum values, standard deviations, and variances. The results were presented using frequency tables, percentages, and summary statistics to enhance clarity and ease of interpretation.

3.9 Ethical Considerations

Ethical considerations were observed throughout the research process to safeguard the rights, dignity, and welfare of the study participants. Ethical research is critical as it minimizes potential harm and protects participants' autonomy and integrity (Kjellström et al., 2010). In line with this requirement, ethical approval for the study was obtained from the Strathmore University Institutional Ethical Review Committee (Appendix V), which ensured compliance with established ethical standards for social science research. Further, a National Commission for Science, Technology and Innovation (NACOSTI) research license was obtained prior to data collection (Appendix IV), authorizing the researcher to collect data from the public. Participation in the study was voluntary, and respondents were informed of the purpose of the research. Anonymity and confidentiality were strictly maintained by excluding personal identifiers from the questionnaires and ensuring that all collected data were used solely for academic purposes.

CHAPTER FOUR: PRESENTATION OF RESULTS AND FINDINGS

4.1 Introduction

This chapter presented the analysis and interpretation of survey data collected from 91 respondents to examine the factors influencing fintech success in Nairobi. The analysis was organized around the study's three objectives: (1) assessing the impact of regulation, human capital, and venture capital; (2) evaluating variations across demographic groups; and (3) identifying predictors of profitability. The methods used included descriptive statistics, correlation analysis, and regression modeling. The data were cleaned and tested for normality to ensure accuracy and reliability. The results were discussed in relation to the research questions and relevant literature.

4.2 Response Rate

Questionnaires were distributed to 120 fintech firms in the sampling frame, yielding 91 complete responses, representing a 75.8% response rate. As summarized in Table 4.1, this relatively high participation rate reflected strong stakeholder engagement and indicated that the data collected was sufficiently representative of fintech firms operating in Nairobi. The achieved response rate exceeded typical rates reported for organizational surveys in emerging markets (for example, Bhutto et al., 2023), thereby enhancing the credibility and reliability of the study findings.

Table 4.1: Survey Response Rate of Fintech Firms

Total Surveys Distributed	Completed Responses	Response Rate
120	91	75.8%

Non-response bias was mitigated using follow-up reminders and engagement with industry associations such as the Fintech Association of Kenya (FINTAK). The relatively high response rate was consistent with institutional theory's emphasis on collective action, as participating firms were likely motivated by the perception that their responses could influence policy formulation within the fintech sector. When compared with global benchmarks, such as the average response rate of approximately 52 percent reported in OECD fintech surveys, the Kenyan response rate demonstrated stronger engagement by local actors, underscoring their vested interest in the

development and sustainability of the fintech ecosystem. From an analytical standpoint, the response rate reported in Table 4.1 implied a reduced risk of non-response bias and provided adequate statistical power for subsequent inferential analysis, including binary logistic regression examining the determinants of fintech firm financial performance.

4.3 Reliability Analysis

Table 4.2: Scale Reliability Statistics

Construct	Cronbach's α	No. of Items	Interpretation
Regulatory Framework	0.821	5	Excellent internal consistency
Human Resources	0.848	5	Strong reliability
Venture Capital	0.841	5	High reliability

Source: Researcher (2025)

Reliability analysis was conducted to ensure the consistency and stability of the measurement scales used in the study, which was a critical step in validating the robustness of the survey instrument for empirical analysis. Internal consistency was assessed using Cronbach's alpha, and as presented in Table 4.2, all constructs recorded coefficients exceeding the recommended threshold of 0.70. Specifically, the regulatory framework, human resource capabilities, and venture capital constructs reported Cronbach's alpha values ranging from 0.821 to 0.848, indicating strong to excellent internal consistency. These results confirmed that the measurement items consistently captured their respective constructions and were suitable for further descriptive and inferential analyses. The reliability outcomes implied that variations observed in the independent variables were attributable to actual differences across firms rather than measurement error, thereby strengthening confidence in the validity of subsequent regression results linking fintech ecosystem factors to firm financial performance.

4.3 Descriptive statistics

4.3.1 Demographic Characteristics

Table 4.3: Gender Distribution (N = 91)

Gender	Frequency	Percent (%)	Mode
Male	63	69.2	1 (Male)
Female	28	30.8	
Total	91	100.0	

Source: Researcher (2025)

As shown in Table 4.3, out of the 91 respondents, 63 were male, representing 69.2% of the sample, while 28 respondents were female, accounting for 30.8%. The mode of the distribution was male, indicating that male respondents formed the most frequently occurring category. This gender composition revealed that managerial and decision-making roles within the sampled fintech firms were predominantly occupied by males. From a results perspective, the distribution suggested that perceptions captured in the study largely reflected male managerial experiences, which was important to consider when interpreting findings related to firm performance, venture capital engagement, and regulatory interactions. At the same time, the presence of nearly one-third female respondents ensured that women’s perspectives were not entirely absent, allowing for a more balanced assessment of organizational practices within fintech firms. Overall, the gender profile presented in Table 4.3 provided essential context for understanding how leadership composition may influence strategic decisions and performance outcomes in the fintech sector.

Table 4.4: Age Group Distribution (N = 91)

Age Group	Frequency	Percent (%)	Mode
21–30	24	26.4	
31–40	66	72.5	2 (31–40)
41–50	1	1.1	
Total	91	100.0	

Source: Researcher (2025)

The age distribution of respondents is presented in Table 4.4. Of the total respondents, 24 individuals (26.4 %) were aged between 21 and 30 years, 66 respondents (72.5 %) fell within the

31–40 years age group, while only 1 respondent (1.1 %) was aged between 41 and 50 years. The modal age category was 31–40 years, indicating that this group constituted most respondents. This pattern demonstrated that Nairobi’s fintech sector was largely managed by mid-career professionals rather than very young entrants or late-career individuals. In relation to the study objectives, the dominance of respondents aged 31–40 suggested that the individuals providing data possessed both technical competence and accumulated industry experience, which was critical for assessing regulatory frameworks, venture capital access, and human resource capabilities. Meanwhile, the smaller representation of younger and older age groups indicated limited participation from early-career entrants and senior professionals, a factor that was considered when interpreting variations in firm performance. Overall, the age profile reported in Table 4.4 provided a relevant contextual foundation for analyzing how managerial maturity and experience influenced fintech firm outcomes.

Table 4.5: Education Level (N = 91)

Education Level	Frequency	Percent (%)	Mode
Bachelor's Degree	54	59.3	3 (Bachelor’s Degree)
Master's Degree	14	15.4	
Other, specify	23	25.3	
Total	91	100.0	

Source: Researcher (2025)

Education attainment of the respondents is summarized in Table 4.5. The results showed that 54 respondents (59.3%) held a bachelor’s degree, 14 respondents (15.4%) possessed a master’s degree, while 23 respondents (25.3%) fell under the “other” category, which included professional certifications and diplomas. The mode of the distribution was a bachelor’s degree, indicating it was the most common qualification among respondents. Collectively, 79.4% of respondents had at least an undergraduate qualification, while 20.6% had postgraduate-level education. This high level of educational attainment underscored the knowledge-intensive nature of fintech operations and suggested that respondents had sufficient analytical and managerial capacity to provide

informed assessments of regulatory compliance, venture capital utilization, and organizational capabilities. The education profile reported in Table 4.5 therefore strengthened the credibility of responses used in subsequent analyses linking ecosystem factors to fintech firm financial performance.

Table 4.6: Experience with Fintech (N = 91)

Experience	Frequency	Percent (%)	Mode
Less than 3 years	30	33.0	
3–5 years	43	47.3	2 (3–5 years)
6–10 years	16	17.6	
11+ years	2	2.2	
Total	91	100.0	

Source: Researcher (2025)

As presented in Table 4.6, 30 respondents (33.0%) reported having less than three years of experience in the fintech sector, 43 respondents (47.3%) had between three and five years of experience, 16 respondents (17.6%) had six to ten years of experience, while only 2 respondents (2.2%) reported more than eleven years of fintech experience. The modal category was three to five years, indicating that this was the most common level of experience among respondents. This distribution reflected a sector characterized by rapid growth and relatively recent entry, with a substantial proportion of professionals having accumulated moderate experience over a short period. From an analytical perspective, the mix of newer entrants and moderately experienced professionals suggested that the data captured both emerging operational insights and developing strategic perspectives within fintech firms. Consequently, the experience profile shown in Table 4.6 enhanced the study’s ability to assess how venture capital availability, human resource capabilities, and regulatory conditions jointly influenced the financial performance of fintech firms in Nairobi.

4.3.2 Descriptive Statistics of Responses on Organizational and Regulatory Factors Supporting Fintech Growth

Table 4.7: Regulatory Environment (RE) Items

Item	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	M (SD)
Regulatory environment supports Fintech growth	6	5	17	47	16	3.68 (1.04)
	(6.6%)	(5.5%)	(18.7%)	(51.6%)	(17.6%)	
Financial inclusion policies contributed to Fintech growth	5	1	18	58	9	3.71 (0.87)
	(5.5%)	(1.1%)	(19.8%)	(63.7%)	(9.9%)	
Government drives digital transformation initiatives	5	5	22	42	17	3.67 (1.02)
	(5.5%)	(5.5%)	(24.2%)	(46.2%)	(18.7%)	
Government-facilitated partnerships are effective	7	8	17	41	18	3.60 (1.13)
	(7.7%)	(8.8%)	(18.7%)	(45.1%)	(19.8%)	
Regulations balance protection and innovation	4	9	18	41	19	3.68 (1.05)
	(4.4%)	(9.9%)	(19.8%)	(45.1%)	(20.9%)	

Source: Researcher (2025)

Descriptive statistics on the regulatory environmental items are presented in Table 4.7. The results showed that perceptions of Kenya's regulatory environment were generally positive, with mean scores ranging from 3.60 to 3.71 on a five-point Likert scale. Specifically, 47 respondents (51.6%)

agreed, and 16 respondents (17.6%) strongly agreed that the regulatory environment supported fintech growth, while 6 respondents (6.6%) strongly disagreed and 5 respondents (5.5%) disagreed, yielding a mean score of 3.68 (SD = 1.04). This distribution indicated that although most firms perceived the regulatory environment as supportive, a notable minority remained unconvinced, reflecting mixed experiences with regulatory enforcement. Regarding financial inclusion policies, 58 respondents (63.7%) agreed and 9 respondents (9.9%) strongly agreed that such policies had contributed to fintech growth, compared to 5 respondents (5.5%) who strongly disagreed and 1 respondent (1.1%) who disagreed. This item recorded the highest mean score of 3.71 (SD = 0.87), suggesting broad consensus that financial inclusion initiatives had positively shaped fintech expansion. Similarly, government-driven digital transformation initiatives received positive ratings, with 42 respondents (46.2%) agreeing and 17 respondents (18.7%) strongly agreeing, resulting in a mean score of 3.67 (SD = 1.02). Perceptions of government-facilitated partnerships were comparatively weaker. As shown in Table 4.7, 41 respondents (45.1%) agreed and 18 respondents (19.8%) strongly agreed that such partnerships were effective, while 7 respondents (7.7%) strongly disagreed and 8 respondents (8.8%) disagreed, producing a mean score of 3.60 (SD = 1.13). This spread indicated variability in firm experiences with public–private collaborations. Finally, the item on balancing consumer protection and innovation recorded a mean score of 3.68 (SD = 1.05), with 41 respondents (45.1%) agreeing and 19 respondents (20.9%) strongly agreeing. Overall, the regulatory results in Table 4.7 suggested cautious optimism, with supportive frameworks present but accompanied by uncertainty regarding implementation consistency and partnership effectiveness.

Table4.8: Human Resource Capabilities (HRC) items

Item	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	M (SD)
Organization employs competent staff	4	8	18	41	20	3.71 (1.05)
	(4.4%)	(8.8%)	(19.8%)	(45.1%)	(22.0%)	
Clear HR policies on recruitment, retention, remuneration (N = 90)	3	4	16	46	21	3.87 (0.94)

	(3.3%)	(4.4%)	(17.8%)	(51.1%)	(23.3%)	
Organization regularly trains its employees	5	4	20	44	18	3.73 (1.01)
	(5.5%)	(4.4%)	(22.0%)	(48.4%)	(19.8%)	
Proper skill set exists to carry out work (N = 90)	2	6	19	46	17	3.78 (0.91)
	(2.2%)	(6.7%)	(21.1%)	(51.1%)	(18.9%)	
Organization has adequate number of personnel	4	14	16	44	13	3.53 (1.06)
	(4.4%)	(15.4%)	(17.6%)	(48.4%)	(14.3%)	

Source: Researcher (2025)

The descriptive statistics for human resource capability items are summarized in Table 4.8. The findings indicated generally favorable perceptions of internal human capital practices, with mean scores ranging from 3.53 to 3.87. Specifically, 41 respondents (45.1%) agreed, and 20 respondents (22.0%) strongly agreed that their organizations employed competent staff, while 4 respondents (4.4%) strongly disagreed and 8 respondents (8.8%) disagreed, resulting in a mean score of 3.71 (SD = 1.05). Clear human resource policies on recruitment, retention, and remuneration recorded the highest mean score of 3.87 (SD = 0.94). As reported in Table 4.8, 46 respondents (51.1%) agreed and 21 respondents (23.3%) strongly agreed with this statement, compared to only 3 respondents (3.3%) who strongly disagreed and 4 respondents (4.4%) who disagreed. Regular employee training also received positive ratings, with 44 respondents (48.4%) agreeing and 18 respondents (19.8%) strongly agreeing, yielding a mean score of 3.73 (SD = 1.01). Regarding skills adequacy, 46 respondents (51.1%) agreed and 17 respondents (18.9%) strongly agreed that the proper skill set existed to carry out work, while only 2 respondents (2.2%) strongly disagreed, resulting in a mean score of 3.78 (SD = 0.91). However, perceptions of staffing adequacy were comparatively weaker. Although 44 respondents (48.4%) agreed and 13 respondents (14.3%) strongly agreed that their organizations had adequate personnel, 14 respondents (15.4%) disagreed and 4 respondents (4.4%) strongly disagreed, producing the lowest mean score of 3.53 (SD = 1.06). Collectively, the results in Table 4.8 indicated that while fintech firms possessed strong human

capital quality and structured HR systems, constraints in staffing levels remained evident, potentially affecting scalability and operational efficiency.

Table 4.9: Venture Capital Funding (VCF)

Item	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	M (SD)
Venture capital influenced market entry success	4	12	23	37	15	3.52 (1.06)
	(4.4%)	(13.2%)	(25.3%)	(40.7%)	(16.5%)	
Venture capital accessible at early stages	6	10	26	37	12	3.43 (1.07)
	(6.6%)	(11.0%)	(28.6%)	(40.7%)	(13.2%)	
Organization ranks high on investor confidence	6	10	27	36	12	3.42 (1.07)
	(6.6%)	(11.0%)	(29.7%)	(39.6%)	(13.2%)	
VC provides expertise and networking opportunities	9	9	16	46	11	3.45 (1.14)
	(9.9%)	(9.9%)	(17.6%)	(50.5%)	(12.1%)	
VCs usually exit successfully after achieving objectives	3	8	24	40	16	3.55 (1.03)
	(3.3%)	(8.8%)	(26.4%)	(44.0%)	(17.6%)	

Source: Researcher (2025)

Descriptive statistics for venture capital funding items are presented in Table 4.9. The results reflected moderate and mixed perceptions, with mean scores ranging from 3.42 to 3.55. For market entry success, 37 respondents (40.7%) agreed and 15 respondents (16.5%) strongly agreed that venture capital influenced successful market entry, while 12 respondents (13.2%) disagreed and 4 respondents (4.4%) strongly disagreed, resulting in a mean score of 3.52 (SD = 1.06). Access to venture capital at early stages showed more neutral responses. As shown in Table 4.9, 37 respondents (40.7%) agreed and 12 respondents (13.2%) strongly agreed that venture capital was

accessible at early stages, while 26 respondents (28.6%) were neutral and 16 respondents (17.6%) expressed disagreement, yielding a mean score of 3.43 (SD = 1.07). Investor confidence followed a similar pattern, with 36 respondents (39.6%) agreeing and 12 respondents (13.2%) strongly agreeing, resulting in a mean score of 3.42 (SD = 1.07). Perceptions of venture capital providing expertise and networking opportunities were relatively stronger, with 46 respondents (50.5%) agreeing and 11 respondents (12.1%) strongly agreeing, although 18 respondents (19.8%) expressed disagreement, producing a mean score of 3.45 (SD = 1.14). Lastly, successful exit outcomes recorded a mean score of 3.55 (SD = 1.03), with 40 respondents (44.0%) agreeing and 16 respondents (17.6%) strongly agreeing. Overall, the venture capital results in Table 4.9 suggested guarded optimism, indicating that while venture capital contributed positively to fintech growth, access and consistency of funding remained uneven across firms.

Table 4.10: Descriptive Statistics for Composite Scores

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
reg_index	91	5.0	25.0	18.352	3.9282
hr_index	91	5.0	25.0	18.527	3.8740
vc_index	91	5.0	25.0	17.363	4.1887
Valid N (listwise)	91				

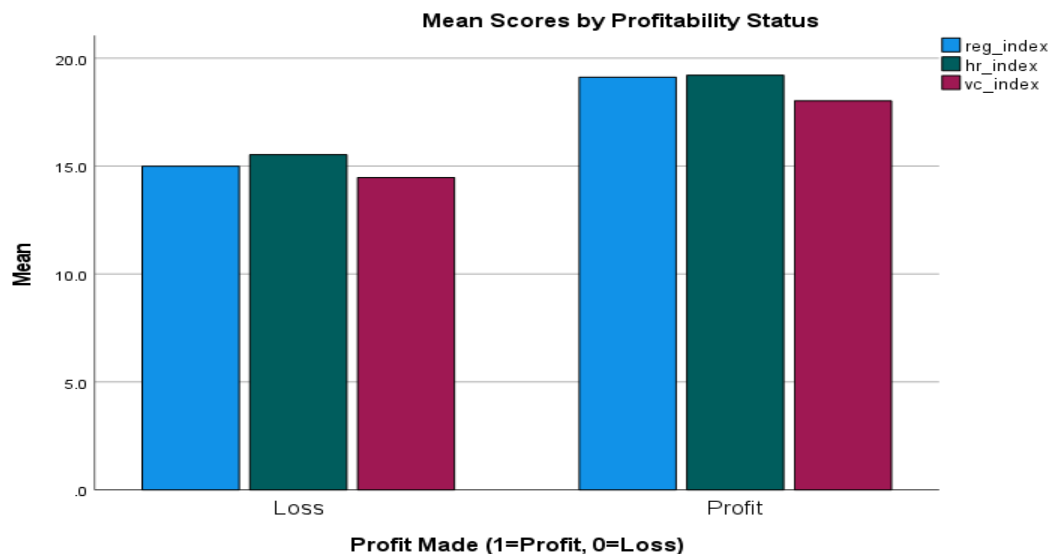


Figure 4.1: Composite Descriptive Statistics of Regulatory, HR, and Venture Capital Indices

Composite descriptive statistics for regulatory environment, human resource capabilities, and venture capital funding are presented in Table 4.10. The regulatory index had a mean score of 18.352 (SD = 3.9282), while the human resource index recorded a slightly higher mean of 18.527 (SD = 3.8740). In contrast, the venture capital index had a lower mean score of 17.363 and the highest variability (SD = 4.1887). These results, illustrated in Figure 4.1, indicated that firms perceived regulatory and human resource conditions more favorably and consistently than venture capital access, which varied substantially across firms.

Table 4.11: Profit Made Frequency Table

Profit Made (1=Profit, 0=Loss)					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Loss	17	18.7	18.7	18.7
	Profit	74	81.3	81.3	100.0
	Total	91	100.0	100.0	

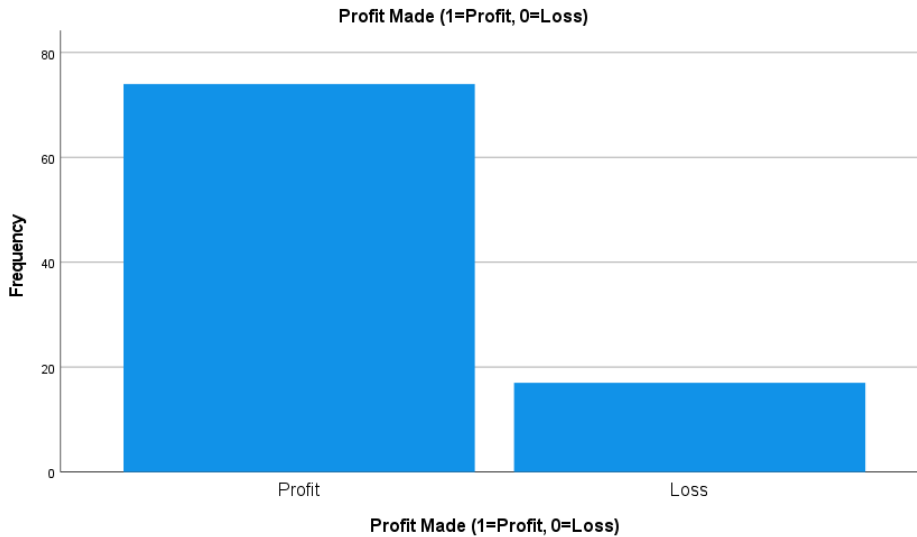


Figure 4.2: Distribution of Profit and Loss Among Fintech Firms

Profitability outcomes are summarized in Table 4.11. The results showed that 74 firms (81.3%) reported making profits, while 17 firms (18.7%) reported losses. This distribution is illustrated in Figure 4.2: Distribution of Profit and Loss Among Fintech Firms. The high proportion of profitable firms suggested that a majority of fintech firms in Nairobi were financially viable at the time of the survey. However, the presence of nearly one-fifth of firms operating at a loss indicated ongoing financial pressures within the sector, underscoring the relevance of regulatory support, human resource strength, and venture capital availability in explaining variations in firm performance.

4.4 Correlation Analysis

This section presents the correlation results examining the relationships among regulatory environment, human resource capabilities, venture capital funding, and fintech profitability. The analysis was conducted using Pearson's correlation coefficients, with the results summarized in Table 4.12.

Table 4.12: Correlation Matrix

Variable	Regulatory	HR	VC	Profitability
1. Regulatory	1			

2. HR	0.705**	1		
3. VC	0.716**	0.739**	1	
4. Profitability	0.412**	0.344**	0.333**	1

**p<0.01

As shown in Table 4.12, statistically significant positive relationships were observed between all three explanatory variables and profitability. Specifically, the regulatory environment exhibited a moderate positive correlation with profitability ($r = 0.412$, $p < 0.01$), indicating that fintech firms operating in more supportive regulatory contexts were more likely to report profitability. Human resource capabilities were also positively correlated with profitability ($r = 0.344$, $p < 0.01$), suggesting that stronger internal human capital was associated with improved financial outcomes. Venture capital funding recorded a positive but comparatively weaker correlation with profitability ($r = 0.333$, $p < 0.01$), implying that access to external funding was related to firm success, though strongly than regulatory and human resource factors. In addition to the relationships with profitability, high and statistically significant intercorrelations were observed among the independent variables. Regulatory environment was strongly correlated with human resource capabilities ($r = 0.705$, $p < 0.01$) and venture capital funding ($r = 0.716$, $p < 0.01$), while human resource capabilities were also strongly correlated with venture capital funding ($r = 0.739$, $p < 0.01$). These results indicated that fintech firms benefiting from supportive regulatory conditions also tended to possess stronger human resource systems and greater access to venture capital. From a results perspective, the strength of these interrelationships suggested that the determinants of fintech success did not operate independently but rather coexisted within an interconnected ecosystem. The correlation findings therefore provided preliminary empirical support for Hypotheses H₁, H₂, and H₃ and justified the inclusion of all three variables in the subsequent multivariate regression analysis. Importantly, although the intercorrelations were high, they remained below the commonly cited multicollinearity threshold of 0.80, indicating that the variables were sufficiently distinct for inclusion in the logistic regression model.

4.5 Logistic Regression Analysis

Binary logistic regression analysis was conducted to examine the combined effect of regulatory environment, human resource capabilities, and venture capital funding on fintech firm profitability. Profitability was treated as a binary outcome variable, where 1 represented firm that reported profits and 0 represented firms that reported losses. The estimated model is presented in Table 4.13.

Table 4.13: Logistic Regression Model Predicting Fintech Profitability

Predictor	<i>B</i>	<i>SE</i>	Wald	*p*	Odds-Ratio [95% CI]
Regulatory Index	0.191	0.108	4.154	.046*	1.21 [1.00, 1.46]
HR Index	0.123	0.123	6.005	.032*	1.13 [1.01, 1.28]
VC Index	-0.017	0.125	9.019	.061	0.98 [0.77, 1.25]
Constant	-3.741	1.544	5.867	.015*	-
Model Fit Statistics					
Statistic					Value
-2 Log Likelihood					—
Nagelkerke R ²					0.251
Overall Classification Accuracy					82.4%
Correctly Classified Profitable Firms					97.3%
Correctly Classified Loss-Making Firms					17.6%
Number of Observations (N)					91

Significance level: $p < 0.05$

Source: Researcher (2025)

As shown in Table 4.13, the binary logistic regression model demonstrated moderate explanatory power, with a Nagelkerke R² value of 0.251, indicating that approximately 25.1% of the variation in fintech firm profitability was explained by the three predictor variables regulatory environment, human resource capabilities, and venture capital funding. The model achieved an overall classification accuracy of 82.4%, reflecting a strong ability to distinguish between profitable and

non-profitable firms within the sample. The classification results further showed that the model correctly predicted 97.3% of profitable firms, while its accuracy in identifying loss-making firms was considerably lower at 17.6%. This imbalance reflected the underlying distribution of the dependent variable, where 81.3% of the sampled firms reported profitability, potentially biasing the model toward the majority outcome. Nonetheless, the model's performance remained acceptable for explanatory analysis and highlighted the influence of institutional and organizational factors on fintech financial outcomes.

With respect to individual predictors, the regulatory environmental index recorded a positive and statistically significant coefficient ($B = 0.191$, $p = .046$). The corresponding odds ratio of 1.21 indicated that a one-unit improvement in regulatory support increased the likelihood of a fintech firm being profitable by approximately 21%, holding other factors constant. This result suggested that clearer and more supportive regulatory conditions were associated with higher profitability among fintech firms. Similarly, human resource capabilities exhibited a positive and statistically significant relationship with profitability ($B = 0.123$, $p = .032$). The odds ratio of 1.13 implied that improvements in human resource capacity such as recruitment quality, training, and skill adequacy increased the odds of profitability by approximately 13%. This finding indicated that internal organizational capabilities played a meaningful role in shaping fintech financial performance. In contrast, venture capital funding did not demonstrate a statistically significant relationship with profitability ($B = -0.017$, $p = .061$). The odds ratio of 0.98 suggested a marginal negative association, indicating that higher levels of venture capital funding were not associated with increased profitability once regulatory and human resource factors were controlled for in the model. Overall, the regression results confirmed

that regulatory environment and human resource capabilities were significant predictors of fintech profitability, while venture capital funding was not a statistically significant determinant within the study context.

4.6 Hypothesis Testing

This section presents the results of hypothesis testing based on the binary logistic regression analysis reported in Table 4.13. Each hypothesis was evaluated by examining the direction, magnitude, and statistical significance of the estimated regression coefficients. The dependent variable was fintech firm profitability, measured as a binary outcome, while the independent variables included regulatory environment, human resource capabilities, and venture capital funding. Decisions regarding the acceptance or rejection of hypotheses were made at the 5 percent level of significance.

4.6.1 Regulatory Environment and Fintech Profitability (H_1)

The first hypothesis examined whether the regulatory environment significantly influenced fintech firm profitability in Nairobi, Kenya. The null hypothesis (H_{01}) stated that the regulatory environment had no significant effect on fintech profitability, while the alternative hypothesis (H_{11}) proposed that a supportive regulatory environment significantly increased the likelihood of fintech firm profitability. The regression results presented in Table 4.13 showed that the regulatory environment index had a positive and statistically significant coefficient ($B = 0.191$, $p = .046$). This finding indicated that improvements in regulatory support were associated with higher odds of fintech firms reporting profits. Specifically, the odds ratio of 1.21 implied that a one-unit increase in perceived regulatory support increased the likelihood of profitability by approximately 21 percent, holding other factors constant. Based on this empirical evidence, the null hypothesis was rejected, and H_{11} was supported. The result suggested that regulatory clarity, supportive policies, and effective government facilitation played an important role in enhancing fintech firm performance. The finding also demonstrated that regulatory frameworks were not merely compliance mechanisms but functioned as enabling structures that influenced financial outcomes within the fintech ecosystem.

4.6.2 Human Resource Capabilities and Fintech Profitability (H₂)

The second hypothesis assessed the effect of human resource capabilities on fintech firm profitability. The null hypothesis (H₀₂) posited that human resource capabilities had no significant effect on profitability, whereas the alternative hypothesis (H₁₂) asserted that stronger human resource capabilities increased the likelihood of fintech success. As reported in Table 4.13, human resource capabilities exhibited a positive and statistically significant coefficient ($B = 0.123$, $p = .032$). This result indicated that firms with stronger recruitment practices, training programs, skill adequacy, and employee management systems were more likely to achieve profitability. The associated odds ratio of 1.13 suggested that a one-unit improvement in human resource capabilities increased the odds of profitability by approximately 13 percent. Consequently, the null hypothesis was rejected, and H₁₂ was supported. This finding implied that even in technology-driven fintech firms, human capital remained a critical determinant of financial performance. The result underscored the importance of organizational capacity and workforce quality in translating technological innovation into sustainable financial outcomes.

4.6.3 Venture Capital Funding and Fintech Profitability (H₃)

The third hypothesis tested whether venture capital funding significantly influenced fintech firm profitability. The null hypothesis (H₀₃) stated that venture capital funding had no significant effect on fintech profitability, while the alternative hypothesis (H₁₃) suggested that venture capital funding significantly increased the likelihood of profitability. The regression results in Table 4.13 showed that venture capital funding had a negative but statistically insignificant coefficient ($B = -0.017$, $p = .061$). Although the coefficient suggested a slight inverse relationship, the p-value exceeded the conventional 5 percent threshold, indicating that the effect was not statistically significant. The odds ratio of 0.98 further suggested that changes in venture capital funding had a negligible influence on profitability when regulatory and human resource factors were controlled for. Based on these results, the null hypothesis was not rejected, and H₀₃ was retained. This finding indicated that venture capital funding alone did not significantly predict fintech profitability within the study sample. The result suggested

that access to capital, while important for market entry and scaling, did not automatically translate into positive financial performance without complementary regulatory support and strong internal organizational capabilities.

CHAPTER FIVE: DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter synthesized the key findings of the study and discussed them in relation to the study objectives, relevant theoretical frameworks, and existing empirical literature. Building on the empirical results presented in Chapter Four, the discussion focused on how regulatory frameworks, human resource capabilities, and venture capital funding shaped the profitability of Fintech firms operating in Nairobi, Kenya. The chapter interpreted the findings through the lens of institutional theory, the resource-based view, and contemporary critiques of venture capital in emerging markets, with the aim of explaining how structural, organizational, and financing factors jointly influenced Fintech performance. In addition, the chapter drew conclusions from the findings, presented policy and managerial recommendations, and identified areas for further research.

5.2 Summary of Findings

The study examined the determinants of Fintech profitability in Nairobi by assessing the role of the regulatory environment, human resource capabilities, and venture capital funding. The findings indicated that the regulatory environment played a central role in shaping Fintech firm's success. Supportive and predictable regulatory frameworks were found to enhance firm profitability by reducing uncertainty, improving compliance clarity, and fostering investor and market confidence. This finding was consistent with institutional theory, which emphasizes the role of formal rules and regulatory structures in facilitating economic activity, and aligned with prior studies that highlight the importance of regulatory coherence in Fintech ecosystem development. However, the results also suggested that while regulatory structures existed, gaps in implementation and consistency limited their full effectiveness.

Human resource capabilities were also identified as a key determinant of Fintech profitability. Firms with stronger recruitment practices, targeted training, and adequate skill levels demonstrated superior operational performance. This finding supported the resource-based view, which posits that internal organizational capabilities constitute a critical source of competitive advantage. Nonetheless, the study revealed persistent challenges related to skills availability and workforce adequacy, indicating that the contribution of human capital to firm performance was constrained by broader ecosystem-level limitations in education and talent development. This suggests that

firm-level investments in human resources must be complemented by sector-wide and national capacity-building initiatives.

In contrast, venture capital funding did not emerge as a significant driver of Fintech profitability within the Nairobi context. The findings indicated that access to external capital alone was insufficient to guarantee improved financial performance, particularly in environments characterized by regulatory complexity and evolving market structures. This result challenged dominant perspectives derived from developed economies, where venture capital is often portrayed as a primary catalyst for firm growth. Instead, the findings aligned with emerging critiques that question the suitability of aggressive venture capital models in developing markets, suggesting that alternative financing arrangements may be more compatible with local business conditions.

The study further established that demographic characteristics of firm representatives did not materially influence profitability outcomes, implying that Fintech performance in Nairobi was driven more by institutional and organizational factors than by individual-level attributes. Overall, the findings validated the relevance of institutional and resource-based theories in explaining Fintech success while highlighting the limitations of applying Western-centric financing models without contextual adaptation. Collectively, the results underscored the need for context-sensitive regulatory policies, sustained human capital development, and diversified financing strategies to support the long-term growth and profitability of Fintech firms in emerging economies.

5.3 Discussion of Findings

This section discussed the findings of the study in relation to each specific research objective and situated them within relevant theoretical perspectives and existing empirical literature.

5.3.1 Effect of the Regulatory Environment on Fintech Firm Performance

The study established that the regulatory environment played a significant role in shaping the performance of fintech firms operating in Nairobi. The findings suggested that clearer, more predictable, and supportive regulatory frameworks enhanced firm performance by reducing uncertainty, facilitating compliance, and strengthening market confidence. This indicated that fintech firms operated more effectively in environments where regulatory expectations were

transparent and enforcement mechanisms were consistent, enabling firms to allocate resources toward innovation and growth rather than regulatory navigation. These findings confirmed the propositions of institutional theory, which argued that formal rules, laws, and regulatory structures reduced transaction costs and created stable conditions for economic activity (North, 1990). The results demonstrated that regulatory institutions in Kenya functioned as enabling structures rather than merely control mechanisms, thereby supporting fintech firm performance. This outcome reinforced the argument advanced in Chapter Two that institutional quality was a critical determinant of firm-level outcomes in technology-intensive sectors.

The findings were strongly supported by empirical studies which consistently linked regulatory quality to fintech performance and sustainability. Arner, Barberis, and Buckley (2020) found that jurisdictions with proactive fintech regulations such as regulatory sandboxes and principle-based supervision experienced higher firm survival rates and innovation scalability. Similarly, World Bank (2020) reported that predictable regulatory environments reduced market entry risks and improved operational performance for fintech firms in emerging economies. In the African context, Bongomin, Ntayi, Munene, and Malinga (2020) observed that regulatory trust and consumer protection frameworks significantly enhanced fintech firm credibility and performance outcomes. Ozili and Arun (2021) further demonstrated that fintech firms operating under coherent regulatory oversight were better able to manage risk, attract partnerships, and achieve operational stability. More recently, Frost et al. (2023) concluded that regulatory harmonization and supervisory engagement were positively associated with fintech firm growth across both developed and emerging markets. Collectively, these studies aligned with the current study by affirming that regulatory clarity, adaptability, and institutional support were foundational to fintech firm performance. The study's findings also aligned with ecosystem-based perspectives on innovation, particularly Adner's (2006) innovation ecosystem framework, which emphasized the interdependence between firms and institutional actors. The results suggested that regulatory frameworks interacted with other ecosystem components, such as human capital development, infrastructure, and financial markets, to influence fintech performance. This confirmed the argument advanced in Chapter Two that regulation alone was insufficient unless embedded within a supportive and coordinated ecosystem.

In contrast, several recent studies reported weaker or even negative relationships between regulation and fintech performance, particularly in contexts characterized by regulatory fragmentation or excessive control. Ozili (2021) argued that overly restrictive or reactive regulatory approaches in parts of Sub-Saharan Africa constrained fintech innovation by increasing compliance costs and regulatory uncertainty. Aysan, Demir, and Yildiz (2022) found that stringent licensing requirements and overlapping supervisory mandates discouraged fintech firm scaling in some emerging markets. Similarly, Bhutto et al. (2023) observed that even well-designed regulatory frameworks failed to improve firm performance when institutional coordination and enforcement capacity were weak. In Asian contexts, Zetzsche et al. (2021) noted that heavy-handed regulatory interventions sometimes delayed product development and market responsiveness among fintech firms. These contrasting findings suggested that regulation did not automatically enhance performance; rather, its effectiveness depended on implementation quality, institutional coherence, and alignment with market realities. The present study diverged from these findings by indicating that Kenya's regulatory environment, while imperfect, had reached a level of maturity that generally supported fintech firm performance.

Overall, the findings confirmed the theoretical assumptions advanced in Chapter Two regarding the role of institutions in fintech firm performance. The regulatory environment was shown to be a foundational condition that enabled fintech firms to operate efficiently and pursue sustainable growth. However, the results also indicated that continued regulatory refinement, stronger inter-agency coordination, and adaptive policymaking were necessary to fully unlock the sector's performance potential. These findings underscored the importance of context-sensitive regulatory design in emerging fintech markets, where institutional capacity and market maturity continued to evolve.

5.3.2 Effect of Human Resource Capabilities on Fintech Firm Performance

The study found that human resource capabilities played an important role in influencing the performance of fintech firms in Nairobi. The findings indicated that firms with stronger human resource systems characterized by effective recruitment practices, continuous employee training, and adequate skills alignment were better positioned to achieve positive performance outcomes. This suggested that fintech success was not driven solely by technology or capital availability but also depended heavily on the quality and management of human capital within firms. These

findings supported the resource-based view (RBV) of the firm, which posited that sustainable competitive advantage arose from valuable, rare, inimitable, and non-substitutable internal resources (Barney, 1991). Human capital, particularly specialized technical and managerial skills, emerged as a strategic asset in Nairobi's fintech sector. The study therefore confirmed the theoretical assumption presented in Chapter Two that human resource capabilities functioned as an internal mechanism through which fintech firms translated external opportunities into performance gains.

Within the Kenyan fintech context, the findings reflected the sector's reliance on skilled professionals capable of managing complex digital platforms, regulatory compliance requirements, and rapidly evolving consumer expectations. The study suggested that fintech firms that invested in structured training programs, formalized recruitment processes, and clear human resource policies were better able to sustain innovation and operational efficiency. This interpretation was consistent with Mugambi and Theuri (2021), who found that human capital development significantly influenced firm performance within Kenya's ICT sector, particularly in knowledge-intensive and regulation-sensitive environments. The findings further refined the resource-based view by demonstrating that human resource capabilities did not operate in isolation but interacted with institutional and ecosystem-level factors. Supportive regulatory environments enhanced firms' ability to attract and retain skilled workers, while policy uncertainty discouraged long-term human capital investment. This reinforced complementarity arguments advanced in innovation ecosystem literature (Adner, 2006), which emphasized the co-evolution of skills, institutions, and organizational capabilities.

The findings were strongly supported by empirical studies conducted which consistently emphasized the role of human resource capabilities in fintech and digital firm performance. Ayyagari, Beck, and Demirgüç-Kunt (2020) demonstrated that skilled labor and managerial capacity were critical determinants of productivity and performance in technology-driven firms in emerging markets. Kiamba and Sotiriou (2022) reported that fintech firms in Asian and African markets that prioritized continuous employee upskilling and talent retention achieved greater adaptability and operational resilience. Similarly, Fosso Wamba et al. (2021) found that digital innovation performance was significantly enhanced when firms combined advanced technologies with strong human capital capabilities. More recently, Nguyen and Harrison (2023) showed that

fintech firms with multidisciplinary and digitally skilled teams were more likely to sustain innovation under regulatory and market uncertainty. These studies collectively supported the present study's conclusion that human resource capabilities were central to fintech firm performance in Nairobi.

In contrast, several recent studies suggested that the impact of human resource capabilities on firm performance could be constrained by structural and contextual factors. World Bank (2020) highlighted persistent digital skills shortages across Sub-Saharan Africa, arguing that firm-level HR investments were often undermined by weak education systems and limited access to advanced technical training. Brixiová, Ncube, and Bicaba (2021) found that African technology firms frequently struggled to translate human capital investments into performance gains due to high employee turnover and talent poaching. Similarly, Adu-Gyamfi and Kornelius (2022) observed that in some emerging fintech ecosystems, capital access and market dominance outweighed human capital in determining firm survival. These contrasting findings suggested that while human resource capabilities were important, their effectiveness depended heavily on broader labor market conditions and ecosystem maturity. The present study diverged from these conclusions by demonstrating that, within Nairobi's relatively developed fintech ecosystem, human resource capabilities remained a significant driver of firm performance.

Overall, the study confirmed the theoretical expectations outlined in Chapter Two regarding the importance of human resource capabilities in fintech firm performance. The findings demonstrated that human capital functioned as a key internal driver of performance, enabling firms to adapt, innovate, and comply within a dynamic regulatory and technological landscape. However, the results also highlighted the need for coordinated efforts between firms, educational institutions, and policymakers to strengthen the digital skills pipeline. Enhancing human resource capabilities at both firm and ecosystem levels was therefore critical for sustaining fintech performance and competitiveness in Nairobi.

5.3.3 Effect of Venture Capital Funding on Fintech Firm Performance

The study found that venture capital funding did not have a statistically significant effect on the performance of fintech firms in Nairobi. The findings indicated that access to venture capital, while important for firm formation and early-stage growth, did not necessarily translate into improved

profitability among the sampled firms. This suggested that fintech firm performance in Nairobi was not primarily driven by the presence or scale of venture capital financing, but rather by how firms managed operational, institutional, and human resource factors within the local market context. These findings partially challenged traditional finance and entrepreneurship theories that positioned venture capital as a central driver of firm performance and growth. Classical venture capital theory emphasized the role of external equity financing in enabling innovation, scaling, and competitive advantage (Gompers & Lerner, 2001). However, the results of this study indicated that the theoretical assumptions advanced in Chapter Two required contextual qualification when applied to emerging fintech ecosystems. Venture capital appeared to play a more nuanced role in Nairobi's fintech sector, supporting market entry and experimentation rather than guaranteeing sustained financial performance.

Within the Kenyan fintech context, the findings reflected structural characteristics of the local venture capital landscape. While Nairobi had attracted increasing international investment and positioned itself as a regional innovation hub, venture capital funding was often concentrated in a small number of high-visibility startups, leaving many firms underfunded or reliant on alternative financing mechanisms. The study suggested that firms receiving venture capital faced pressure to prioritize rapid user growth and market expansion, sometimes at the expense of profitability and operational efficiency. This interpretation aligned with Ozerk (2025), who argued that venture capital-driven “blitzscaling” strategies were frequently misaligned with the realities of emerging markets. The study's findings also aligned with innovation ecosystem theory, particularly Adner's (2006) framework, which emphasized that firm success depended on the coordinated functioning of multiple ecosystem actors. Venture capital, in isolation, was insufficient to generate performance gains unless complemented by supportive regulation, skilled human capital, and stable market demand. The results suggested that in Nairobi, venture capital functioned as a secondary enabler rather than a primary determinant of fintech performance, reinforcing the ecosystem-based perspective advanced in Chapter Two.

The findings were supported by a growing body of recent literature questioning the universal effectiveness of venture capital in driving firm performance in developing economies. Klingler-Vidra (2020) observed that venture capital in African technology sectors often emphasized growth narratives over sustainable business models. Baker, Ederington, and Stock (2021) found that

venture-backed firms in emerging markets exhibited higher volatility and lower short-term profitability compared to non-VC-backed firms. Similarly, Mwangi (2023) reported that many Kenyan fintech startups struggled to convert venture funding into financial sustainability due to weak revenue models and high customer acquisition costs. Giraudo, Giudici, and Grilli (2022) further demonstrated that venture capital improved innovation output but did not consistently enhance profitability, particularly in contexts with immature markets and regulatory uncertainty. Collectively, these studies supported the present study's conclusion that venture capital funding alone was insufficient to drive fintech firm performance in Nairobi.

In contrast, several studies conducted in developed fintech ecosystems reported positive relationships between venture capital funding and firm performance. Kolokas et al. (2020) found that venture-backed fintech firms in the United States and Western Europe experienced faster scaling and higher survival rates due to strong investor networks and deep capital markets. Howell, Lerner, Nanda, and Townsend (2020) similarly showed that venture capital improved firm performance by providing not only funding but also strategic guidance and governance discipline. These contrasting findings suggested that the effectiveness of venture capital depended heavily on ecosystem maturity, institutional quality, and market depth conditions that were more fully developed in Global North contexts than in Nairobi's fintech ecosystem.

Overall, the study did not confirm the theoretical expectation that venture capital funding was a dominant driver of fintech firm performance in Nairobi. Instead, the findings indicated that excessive reliance on external equity financing could expose firms to strategic misalignment and performance pressures. The study therefore underscored the importance of alternative and hybrid financing models, such as revenue-based financing, strategic partnerships, and internally generated capital, which may better suit the operational realities of fintech firms in emerging markets. These findings highlighted the need for context-sensitive financing strategies that prioritize sustainability over rapid expansion within Nairobi's fintech ecosystem.

5.4 Conclusions

The study concluded that the regulatory environment played a foundational role in shaping the performance of fintech firms in Nairobi. Supportive, predictable, and innovation-oriented regulatory frameworks were found to enhance firm performance by reducing institutional

uncertainty, strengthening market legitimacy, and enabling firms to focus on innovation and operational efficiency. The findings confirmed the relevance of institutional theory within the Kenyan fintech context, demonstrating that regulatory quality functioned as an enabling condition rather than a constraint. However, the study also concluded that regulatory effectiveness depended not only on policy design but also on coordination, implementation consistency, and adaptability to rapid technological change.

The study further concluded that human resource capabilities were a critical internal driver of fintech firm performance in Nairobi. Firms that invested in effective recruitment, continuous training, and skill alignment were better positioned to innovate, comply with regulatory demands, and sustain operational efficiency. These findings confirmed the resource-based view by demonstrating that human capital constituted a strategic resource through which fintech firms translated external opportunities into performance gains. Nonetheless, the study concluded that firm-level human resource efforts were constrained by broader ecosystem challenges, including skills shortages and limited talent pipelines, indicating that human resource effectiveness was partly dependent on external institutional support.

The study also concluded that venture capital funding did not exert a significant influence on fintech firm performance in Nairobi. While venture capital supported market entry and expansion for some firms, it did not guarantee profitability or sustainable performance outcomes. This finding challenged conventional venture capital assumptions drawn from developed economies and suggested that in emerging fintech ecosystems, excessive reliance on external equity financing could introduce strategic misalignment and performance pressures. The study therefore concluded that fintech success in Nairobi was more strongly driven by institutional quality and internal capabilities than by access to venture capital alone, underscoring the importance of context-sensitive financing models.

5.5 Recommendations

Based on the study findings and conclusions, the following recommendations were proposed for key stakeholder groups within Kenya's fintech ecosystem. The recommendations were organized into managerial, policy, investment, and capacity-building dimensions to reflect the multi-actor nature of fintech performance.

5.5.1 Managerial Recommendations for Fintech Firms

The study recommended that fintech firms should have treated regulatory compliance as a strategic investment rather than a procedural obligation. Firms that proactively integrated regulatory requirements into their core business strategies were better positioned to innovate securely, build market legitimacy, and sustain performance. Engagement with regulatory instruments such as Kenya's Digital Credit Guidelines and participation in regulatory sandbox initiatives enabled firms to reduce uncertainty and enhance stakeholder trust. This approach was consistent with institutional theory, which emphasized that active regulatory alignment reduced transaction costs and strengthened organizational legitimacy. The study further recommended that fintech firms should have prioritized human resource development ahead of aggressive capital expansion strategies. The findings demonstrated that firm performance depended significantly on the quality of recruitment, training, and skill alignment rather than on capital availability alone. To address persistent staffing gaps, firms were encouraged to collaborate with universities and training institutions through internships, industry-aligned curricula, and joint research initiatives. Such partnerships were expected to strengthen Kenya's fintech talent pipeline and ensure the availability of professionals proficient in emerging technologies such as artificial intelligence, blockchain, and digital risk management.

5.5.2 Policy Recommendations for Government and Regulators

At the policy level, the study recommended that regulators should have streamlined fintech oversight to enhance regulatory coherence and efficiency. Fragmented supervision across institutions such as the Central Bank of Kenya, Capital Markets Authority, and Insurance Regulatory Authority created procedural delays and increased compliance burdens for firms. The study therefore recommended the establishment of a unified digital licensing and regulatory portal to reduce redundancies, accelerate approval timelines, and improve transparency. Such harmonization would reinforce regulatory clarity, which the study identified as a key driver of fintech performance. The study also recommended that policymakers should have expanded digital infrastructure, particularly in underserved and rural areas, to support inclusive fintech growth. Limited internet penetration and uneven access to digital services constrained fintech scalability beyond urban centers. Public-private partnerships were recommended as a mechanism for

extending broadband infrastructure and strengthening agent networks, building on the success of mobile money distribution models. These interventions would enhance market reach while supporting national financial inclusion objectives.

5.5.3 Recommendations for Investors and Financing Institutions

Given the study's finding that venture capital funding did not significantly predict fintech performance, the study recommended that investors should have adopted "smart capital" approaches rather than passive equity financing models. Investors were encouraged to complement funding with mentorship, governance support, regulatory guidance, and access to strategic networks. This approach would mitigate the risks associated with rapid scaling strategies that prioritized growth over sustainability. The study further recommended that investors should have aligned funding expectations with the realities of emerging market fintech ecosystems. Flexible financing instruments such as revenue-based financing, strategic partnerships, and staged funding tied to performance milestones were more likely to support sustainable firm outcomes than traditional venture capital models. Such approaches would reduce pressure on firms to pursue unsustainable expansion while preserving managerial autonomy.

5.5.4 Recommendations for Educational and Training Institutions

The study recommended that academic and training institutions should have realigned curricula to reflect the evolving needs of Kenya's fintech sector. Introducing specialized modules in fintech, digital finance, cybersecurity, blockchain, and data analytics would equip graduates with industry-relevant competencies. Collaboration with fintech firms through guest lectures, hackathons, certification programs, and applied research initiatives was recommended to ensure curriculum relevance and practical orientation. Additionally, the study recommended executive and continuous professional development programs targeting regulators and policymakers. Enhancing regulators' understanding of emerging financial technologies would support more adaptive and innovation-responsive policymaking, strengthening the regulatory–innovation interface within the fintech ecosystem.

5.5.5 Policy Implications

The study presented several important policy implications for Kenya's digital economy. First, the findings affirmed that structured, adaptive regulatory frameworks were more critical to fintech success than direct financial incentives, reinforcing the effectiveness of Kenya's phased and experimental regulatory approach. Policymakers were encouraged to extend this "test-and-learn" model to emerging areas such as cryptocurrency services, Buy Now Pay Later platforms, and embedded finance. Second, the study highlighted the need for stronger regulatory coordination across overlapping institutions to address inconsistencies in policy implementation. Establishing an inter-ministerial fintech coordination committee was recommended to enhance alignment across financial, ICT, and innovation policy domains. Third, the findings justified increased public investment in digital skills development, given the constraints posed by human resource shortages. Integrating fintech development into Kenya Vision 2030 and supporting regional fintech hubs beyond Nairobi were recommended to decentralize innovation and promote inclusive growth. Finally, the study recommended that development partners should have prioritized systemic regulatory and capacity-building reforms rather than isolated project-based interventions. Strengthening institutions, skills ecosystems, and regulatory coherence was essential for ensuring sustainable fintech growth and long-term economic impact.

5.6 Limitations of the Study

This study was subject to several limitations that should be considered when interpreting the findings. First, the study adopted a cross-sectional research design, which captured relationships among variables at a single point in time and therefore did not allow for causal inferences or the examination of dynamic changes in fintech firm performance over time. As a result, the directionality of the relationships between regulatory environment, human resource capabilities, venture capital funding, and profitability could not be conclusively established. Second, the study relied on self-reported data collected through structured questionnaires, which introduced the possibility of response bias, including social desirability and overstatement of firm performance. Third, fintech performance was measured using profitability as a binary outcome, which, while appropriate for logistic regression, may not have fully captured broader dimensions of fintech success such as financial inclusion impact, innovation intensity, or customer reach. Finally, the study focused on fintech firms operating in Nairobi, limiting the generalizability of the findings to

rural contexts or other African fintech ecosystems with different institutional and market conditions.

5.7 Areas for Further Research

The study identified several avenues for future research on fintech performance in emerging markets. First, future studies should have adopted longitudinal research designs to examine how regulatory support, human capital development, and access to finance interacted over time, particularly to determine whether supportive regulation attracted talent and funding or whether successful firms influenced regulatory responsiveness. Second, comparative cross-country studies within Africa were recommended to assess whether Kenya's regulatory and institutional strategies accounted for its relative fintech advantage compared to markets such as Nigeria and South Africa. Third, qualitative and mixed-methods studies were suggested to explore why demographic factors such as gender and education did not significantly predict fintech performance, despite strong theoretical expectations. Fourth, future research should have examined fintech operations in rural and peri-urban settings, particularly focusing on mobile money agent networks and inclusion-oriented fintech models serving unbanked populations. Methodologically, future studies were encouraged to use larger and more diverse samples, refine fintech-specific performance indicators beyond profitability, and explore alternative financing mechanisms such as revenue-based financing, corporate accelerators, and public-private partnerships to better understand funding dynamics within African fintech ecosystems.

REFERENCE

- Adner, R. (2006). Match your innovation strategy to your innovation ecosystem. *Harvard Business Review*, 84(4), 98–107.
- Alda, M. (2023). *Statista*. Retrieved from <https://www.statista.com/outlook/dmo/Fintech/kenya> [Accessed 14 November 2023].
- Andrei's, A. M & Capraru, B. (2013). Impact of financial liberalization on banking sectors success from central and eastern European countries. *PloS One*, 8 (3): pe59686.
- Arkanuddin, M. F., Saragih, F. D., & Nugroho, B. Y. (2021). The key role of the financial regulation in fintech ecosystem: A model validation. *Studies of Applied Economics*, 39(12).
- Asenahabi, B., & Ikoha, P. (2023). Scientific Research Sample Size Determination. *The International Journal of Science & Technology*, 11(7).
- Ateik, A. A., Bin Bardai, B & Alzubi, M. M. (2020). The mediating effect of technology competency in the intention to adopt Fintech by microfinance businesses in Yemen. *International Journal of Creative and Innovative Research in All Studies*. 2 (10): pp11-19.
- Atkinson, J. D (2017). Qualitative methods. In *Journey into Social Activism: Qualitative approaches* (pp. 65- 98). New York: Fordham University Press.
- Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), 99–120. <https://doi.org/10.1177/014920639101700108>
- Bell, B.S., S. Lee, S.K. Yeung, The impact of E-HR on professional competence in HRM: implications for the development of HR professionals. *Human Resources Management*. 45 (3) (2006) 295–308.
- Bhutto, A., Khan, Z., & Abbas, Q. (2023). Fintech ecosystems in emerging markets: A comparative study of Pakistan and Kenya. *Journal of Digital Finance*, 15(2), 45–67.
- Bhutto, S. A., Jamal, Y & Ullah, S. (2023). Fintech adoption, HR competency potential, service innovation and firm growth in the banking sector. *Heliyon*. 9 (3): pp1-13.
- Black, J. A. & Champion, D. J. (1976) *Methods and issues in social research* (New York, Wiley).

- Butt, A. (2019). Bridging Africa's digital skills gap: Challenges and opportunities. *African Development Review*, 31(3), 321–335. <https://doi.org/10.1111/1467-8268.12412>
- Calder, B. J., Phillips, L.W., & Tybout, A.M. (1982). The concept of External Validity. *Journal of consumer research*, 9(3), 240-244.
- Capital Markets Authority. (2019). *Regulatory Sandbox*. Retrieved March 31, 2025, from <https://shorturl.at/Z3Zpq>
- CB Insights. (2021). *The Top 12 Reasons Startups Fail*.
- Celtekligil, K. (2020). Resource dependence Theory. In *Contributions to management science* (pp. 131–148).
- Central Bank of Ireland. (2025). *Explainer - What is "fintech" and how is it changing financial products?*
- Chen, C. L., Lin, Y. C., Chen, W.H., Chao, C.F & Pandia, H. (2021). Role of government to enhance digital transformation in small service business. *Sustainability*. 13 (3): pp1-12.
- Chen, T., & Chang, R. (2021). Using machine learning to evaluate the influence of Fintech patents: The case of Taiwan's financial industry. *Journal of Computational and Applied Mathematics*, 390, 113215.
- Chowdhury, F., Audretsch, D. B & Belitski, M. (2019). Institutions and entrepreneurship quality. *Entrepreneurship Theory and Practice*, 43 (1): pp51-81.
- Creswell, J. W., & Plano Clark, V. L. (2017). *Designing and conducting mixed methods research* (third Ed.). SAGE Publications.
- Creswell, J. W., & Clark, V. L. (2017). *Designing and Conducting mixed Methods Research* (third Ed.). SAGE Publications.
- Drees, J. M., & Heugens, P. P. M. a. R. (2013). Synthesizing and Extending resource dependence Theory. *Journal of Management*, 39(6), 1666–1698.
- FinAccess. (2024). Kenya's financial inclusion report 2024. Central Bank of Kenya. <https://www.centralbank.go.ke>
- Flototto, M., Gold, E., Jeenah, U., Kuyoro, M., & Olanrewaju, T. (2022, August 30). *Www.mckinsey.com*. Retrieved from <https://www.mckinsey.com/industries/financial-services/our-insights/Fintech-in-africa-the-end-of-the-beginning>:
- Fowler, F. J. (2009). *Survey research methods* (4th Ed.). SAGE. doi.org/10.4135/9781452230184

- FSD Africa. (2022). Labor market trends in African Fintech. FSD Africa Publications.
<https://www.fsdafrica.org>
- Gabriella, T. (2022). *Disrupt Africa*.
- Garg, A. K., Joubert, R. J. O., & Pellissier, R. (2004). Measuring business success: A case study. *Southern African Business Review*, 8(1), 7-21.
- Garidis, K., Rossmann, A., & Murray, A. (2023, November). Corporate startups: a systematic literature review on governance and autonomy. In *International Conference on Software Business* (pp. 283-298). Cham: Springer Nature Switzerland.
- Giaretta, E., & Chesini, G. (2021). The determinants of debt financing: The case of fintech start-ups. *Journal of Innovation & Knowledge*, 6(4), 268–279.
- Gitonga, E. N., Kariuki, P. W. O., & Kariuki, S. N. (2021). Influence of Fintech Payment Techniques on Success of Investment Firms in Kenya. *Turkish Online Journal of Qualitative Inquiry*, 12(7).
- Gompers, P., & Lerner, J. (2001). The venture capital revolution. *Journal of Economic Perspectives*, 15(2), 145–168. <https://doi.org/10.1257/jep.15.2.145>
- Gonzales-Bustos, J. P., & Hernández-Lara, A. B. (2016). Corporate governance and innovation: A systematic literature review. *Corporate Ownership and Control*, 13(3), 33-45.
- GSMA. (2023). The mobile gender gap report 2023. GSM Association. <https://www.gsma.com>
- Haddad, C. & Hornuf, L. (2019). The emergence of the global Fintech market: economic and technological determinants. *Small Business Economics*, Springer. 53 (1): 81-105.
- Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2019). Multivariate data analysis (8th ed.). Cengage Learning.
- Harrison, J. S., Bosse, D. A., & Phillips, R. A. (2010). Managing for stakeholders, stakeholder utility functions, and competitive advantage. *Strategic management journal*, 31(1), 58-74.
- Jalalabadi, F., Grome, L., Shahrestani, N., Izaddoost, S. A., & Reece, E. M. (2018). Entrepreneurial strategies to seek venture capital funding. *Seminars in Plastic Surgery*. 32 (4): pp179–181.

- Jeong, J., Kim, J., Son, H., & Nam, D. (2020). The role of venture capital investment in startups' sustainable growth and success: Focusing on absorptive capacity and venture capitalists' reputation. *Sustainability*, 12 (8): pp1-13.
- Jiang, H., Luo, Y., Xia, J., Hitt, M., & Shen, J. (2022). Resource dependence theory in international business: Progress and prospects. *Global Strategy Journal*, 13(1), 3–57.
- Kezar, A. (2000). The importance of Pilot Studies: Beginning the Hermeneutic Circle. *Research in Higher Education*, 41(3), 385- 400.
- Kiamba, C., & Sotiriou, P. (2022). HR practices in African Fintech: Lessons from Kenya. *African Journal of Business Management*, 16(4), 112–125.
- Kiamba, E. M., & Sotiriou, A. (2022). *Fintech for SMEs: Can Kenya's Fintech Boom Address the MSE Finance Gap?*
- Kiilu, N. (2018). *Effect of Fintech Firms on Financial Success of The Banking Sector in Kenya* (Doctoral dissertation, University of Nairobi).
- Kjellstrom, S., Ross, S. N., & Fridlund, B. (2010). Research ethics in dissertations: ethical issues and complexity of reasoning. *Journal of medical Ethics*, 36(7). 425-430
- Kolokas, D., Vanacker, T., & Zahra, S. (2020). Venture capital and Fintech success: A global perspective. *Journal of Business Venturing*, 35(6), 106071. <https://doi.org/10.1016/j.jbusvent.2020.106071>
- Kolokas, D., Vanacker, T., Veredas, D., & Zahra, S. A. (2022). Venture Capital, credit, and Fintech formation: A cross-country study. *Entrepreneurship Theory and Practice*. 46 (5): pp1198-1230.
- Kothari, C. R. (2004). *Research Methodology: Methods and Techniques*. New Age International.
- Kurniasari, F., Gunardi, A., Putri, F. P., & Firmansyah, A. (2021). The role of financial technology to increase financial inclusion in Indonesia. *International Journal of Data and Network Science*. 5 (3): pp391 400.
- Lee, S. U., Park, G., & Kang, J. (2018). The double-edged effects of the corporate venture capital unit's structural autonomy on corporate investors' explorative and exploitative innovation. *Journal of Business Research*, 88, 141-149.
- Lerner, J., & Nanda, R. (2020). Venture capital's role in financing innovation: What we know and how much we still need to learn. *Journal of Economic Perspectives*, 34(3), 237-261.

- Lin, Y., Chen, C., Chao, C., Chen, W & Pandia, H. (2020). The study of evaluation index of growth evaluation of science and technological innovation micro-enterprises. *Sustainability*. 12 (15): pp6233
- Magenta, A., and Magenta, O. (2013). *Research Methods: Quantitative and qualitative approaches*. Nairobi: ACTS press.
- Mike Chitavi, L. C. (2021, Feb 18). *Harvard Business Review*. Retrieved from www.hbr.org: <https://hbr.org/2021/02/kenya-is-becoming-a-global-hub-of-Fintech-innovation> [Accessed 16 October 2023].
- Mishra, A., Vangaveti, A., & Majoo, S. M. (2023). Fintechs reshaping the financial ecology: The growing trends and regulatory framework. *IMIB Journal of Innovation and Management*.
- Morawczynski, O. (2009). Exploring the usage and impact of "transformational" mobile financial services: The case of M-PESA in Kenya. *Journal of Eastern African Studies*. 3 (3): pp509-525.
- Mutuku, L. (2022). Demographic determinants of Fintech adoption in sub-Saharan Africa. *Journal of African Economies*, 31(1), 78–95. <https://doi.org/10.1093/jae/ejab023>
- Mutuku, R. (2022, November 28). *Facts & Life Hacks*.
- Mwangi, K. (2023, September 11). *Business Daily*.
- Mwangi, P. (2023). Venture capital trends in East Africa. *East African Business Review*, 18(1), 34–49.
- Mwasi, L. L., & Aluoch, M. O. (2023). Venture capital financing and financial success of technology start-up firms in Kenya. *International Academic Journal of Economics and Finance*, 3(10), 1-25.
- Mwendwa, M., Gatawa, J., & Mungai, J. (2024). Venture Capital and Financial Success of E-Commerce-Driven Firms in Kenya. *International Journal of Finance and Accounting*, 9(2), 42-61.
- Navaretti, G. B., Calzolari, G., & Pozzolo, A. F. (2018). Fintech and banking: Friends or foes? *European Economy – Banks, Regulation, and the Real Sector*, 2, 9–30.
- Navaretti, G. B., Calzolari, G., Mansilla-Fernandez, J. M., & Pozzolo, A. F. (2018, January 10). *SSRN*.

- Ndiu, K. M. (2023). *Effect of Venture Capital Support on Organizational Success of Tech Firms in Nairobi City County, Kenya* (Doctoral dissertation, KCA University).
- Noreen, M., Mia, M. S., Ghazali, Z & Ahmed, F. (2022). Role of government policies to Fintech adoption and financial inclusion: A study in Pakistan. *Universal Journal of Accounting and Finance*. 10 (1): pp37-46.
- North, D. C. (1990). Institutions, institutional change, and economic performance. Cambridge University Press.
- Nunnally, J. C. (1978). Psychometric theory (2nd ed.). McGraw-Hill.
- Oakshott, L. (2020). *Essential quantitative methods: For business, management and finance*. New York: Bloomsbury Publishing.
- Olayiwola, J., Ajide, F., & Oyeyemi, J. (2024). Relationship between venture capital, financial innovation, and operating performance in Nigerian Fintech firms. *Economics and Culture*, 21(2), 180-198.
- Ololade, A. (2024). Public-private partnerships in African Fintech: A critical review. *Journal of Development Studies*, 60(3), 401–420. <https://doi.org/10.1080/00220388.2023.2166789>
- Ozerk, K. (2025). Blitzscaling in emerging markets: Risks and realities. *Harvard Business Review*, 103(1), 88–95.
- Ozerk, O. (2025, February 7). *Despite A Decline in VC Funding, The Fintech Industry Is on The Up*.
- Panda, B. & Leepsa, N. M. (2017). Agency theory: Review of theory and evidence on problems and perspectives. *Indian Journal of Corporate Governance*. 10 (1): pp74-95.
- Park, Y. S., Konge, L & Artino, A. R., Jr (2020). The positivism paradigm of research. *Academic Medicine: Journal of the Association of American Medical Colleges*. 95 (5): pp690–693.
- Pfeffer, J., & Salancik, G. (2015). External control of organizations—Resource dependence perspective. In *Organizational behavior 2* (pp. 355-370). Routledge.
- Saeful, A., & Ekhsan, M. (2024). The effect of digital skills on employee performance mediated by innovative behavior in digital companies in Jababeka Cikarang industrial estate. *Assets: Journal Economy, Management dan Akuntansi*, 14(1), 1-17.

- Saunders, M. N. K., Lewis, P., & Thornhill, A. (2016). *Research Methods for Business Students* (ninth Ed.). Harlow, England. New York: Pearson, 2016.
- Saunders, M., Lewis, P., & Thornhill, A. (2009). *Research Methods for Business Students (fifth Ed.)*. Harlow: Pearson Education Ltd
- Saunders, M., Lewis, P., & Thornhill, A. (2019). *Research methods for business students* (8th ed.). Pearson.
- Sethi, P., & Kamna, S. (2023). Start-Up Governance through Corporate Governance: A Study of the Scope of Corporate Governance in the Management of Indian Start-Ups.
- Sheath, N. (2025, March 5). *Fintech's Next Big Challenge? Thriving In an Era of Regulatory Uncertainty*.
- Singh, Y. K. (2006). *Fundamental of Research Methodology and Statistics*. New Delhi: New Age International Publishers.
- Startup Genome. (2019). *Global Startup Ecosystem Report 2019*.
- Summit, A. F. (2022, October 01). *Africa Fintech Summit*.
- Sun, R., & Zhang, B. (2023). Can fintech make corporate investments more efficient? A study on financing constraints and agency conflicts. *Economic Research-Ekonomska Istraživanja*, 36(3).
- Tashakkori, A., & Creswell, J. W. (2007). What is next for mixed methods research? A research paradigm whose time has come. *Mixed Methods Research*, 1(1), 3–7.
- Tavakol, M., & Dennick, R. (2011). Making sense of Cronbach's alpha. *International Journal of Medical Education*, 2, 53–55.
- Tracxn. (2025, January 24). *Fintech startups in Kenya*.
- Trochim, W., & Donnelly, J. P. (2006). *The research methods knowledge base*. Atomic Dog.
- Wang, R., & Luo, H. (2019). Does financial liberalization affect bank risk-taking in China? *SAGE Open*.
- World Bank. (2023). Kenya economic update: Tertiary education and labor market outcomes. World Bank Group. <https://www.worldbank.org>
- World Economic Forum. (2024, September). *Unlocking Global Fintech Potential: Bridging the Venture Capital Funding Divide*.

- Wywiał, J. L. (2021). *Sampling designs dependent on sample parameters of auxiliary variables*. Springer Nature.
- Yang, T & Zhang, X. (2022). Fintech adoption and financial inclusion: Evidence from household consumption in China. *Journal of Banking & Finance*

APPENDICES

Appendix I: Respondents Letter

Dear Respondent,

My name is **PENINNAH W THAIRU**, a student at Strathmore **Business School, Strathmore University**. As part of the requirements for the award of a **Master of Business Administration (MBA)**, I am conducting an academic research study titled: "**Factors Affecting the Success of Fintech Firms in Nairobi, Kenya**". You are randomly selected to participate in this study, which seeks to explore the effect of the regulatory environment, human resource capabilities, and venture capital funding on the success of Fintechs in Nairobi, Kenya. If you agree to participate, we will ask you to complete a brief questionnaire that takes about 5-10 minutes. The questionnaire gathers your experiences and perceptions on the study area.

Your participation is voluntary. We assure you that your responses will remain strictly confidential, and we will not share or publish any personally identifying information. If you have any questions or need further information, please feel free to contact me:

Peninnah W. Thairu

Principal Investigator

Strathmore Business School, Strathmore University

Email: pennywthairu@gmail.com

Thank you for your valuable time and contribution to this research.

Appendix II: Questionnaire

SECTION 1: BASIC INFORMATION

Please indicate your gender.

Male ☐ Female ☐

Please indicate your age group below.

21-30 ☐ 31-40 ☐ 41-50 ☐ 50+ years ☐

Indicate your position in the company.

Lower-Level Management ☐ Middle Level Management ☐ Senior Level Management ☐

Other (Please specify) _____

Please indicate your highest completed academic degree.

Bachelor's Degree ☐ Master's Degree ☐ Doctor of Philosophy Degree ☐

Please indicate years of experience working with Fintechs.

Less than 3-years ☐ 3-5 years ☐ 6-10 years ☐ 11+ years ☐

SECTION 2: REGULATORY ENVIRONMENT- How does regulatory environment affect the success of Fintechs in Kenya. Likert scale: 1– Strongly disagree, 2– Disagree, 3– Neutral, 4– Agree, 5– Strongly agree. Please tick/mark (✓) the appropriate box.

	1	2	3	4	5
The regulatory environment supports the survival and growth of Fintech startups.					
Financial inclusion policies (e.g., financial literacy programs, non-restrictive policies) have contributed to the growth of your Fintech business.					
The Kenyan government effectively drives the digital transformation initiatives (e.g., technical support, digital platforms) in enhancing Fintech's operational capabilities.					

The Kenya government-facilitated partnerships are effective (e.g., collaborative ecosystems) on your Fintech's ability to innovate.					
Existing regulations strike the right balance between consumer protection and fostering Fintech innovation.					

SECTION 3: HUMAN RESOURCE CAPABILITIES- How does human resource capabilities affect the success of Fintechs in Kenya. Likert scale: 1– Strongly disagree, 2– Disagree, 3– Neutral, 4– Agree, 5– Strongly agree. Please tick/mark (✓) the appropriate box.

	1	2	3	4	5
The organization employs competent staff.					
The organization has clear policies outlining staff recruitment, retention and remuneration.					
The organization regularly trains its employees.					
There is a proper skill set to carry out the work in the organization.					
The organization has adequate number of personnel.					

SECTION 4: VENTURE CAPITAL FUNDING- How Does Venture Capital funding affect the success of Fintechs in Kenya? Likert scale: 1– Strongly disagree, 2– Disagree, 3– Neutral, 4– Agree, 5 – Strongly agree. Please tick/mark (✓) the appropriate box).

	1	2	3	4	5
The amount of venture capital funding received influenced the success of your Fintech in entering the market.					
The venture capital funding is accessible for Fintechs at the early stages of development.					
My organization ranks high on investor confidence on attracting subsequent venture capital funding.					
The venture capital funding effectively provides managerial expertise and networking opportunities.					

The venture capitalists exit successfully (e.g. achieved their objectives such as technical and managerial support, cleared debt and remain operational after their exit).					
--	--	--	--	--	--

SECTION 5: PROFITABILITY: The profitability position of the Fintech. Please tick/mark (✓) the appropriate box.

Description	(Loss),0	(Profit),1
Did the Fintech make profit or loss during the last financial year?		

THANK YOU FOR YOUR PARTICIPATION

Appendix III: Licensed Fintech's in Kenya

Afrinet Global & Company Limited	Interswitch East Africa (Kenya) Limited	Pesapal Limited
AfriSend Money Transfer Limited	Integrated Payment Services Limited	Pesawise Services Limited
Airtel Money Kenya Limited	Inspire Credit Limited	Pezesha Africa Limited
Airtel Money Transfer Limited	Inventure Mobile Limited (Trading as Tala)	Phoenix Capital Limited
Amal Express Money Transfer Limited	Ismuk Credit Limited	Pi Capital Limited
Amana Money Transfer Ltd	Jijenge Credit Limited	Premier Credit Limited
Ambush Capital Limited trading under FlashPesa	Juba Express Money Transfer Limited	Progressive Credit Limited
Anjoy Credit Limited	Junction Forex and Money Remittance Ltd	Puphik Credit Limited
Asante FS East Africa Limited	Junia Payment Services Kenya Limited	Radi Credit Limited
Azura Credit Limited	Jumo Kenya Limited	Real Value Money Transfer Ltd
Bakaal Express Money Transfer Ltd	Kaah Express Money Transfer Limited	Remitcore Money Transfer Ltd
Bonto Kenya Money Transfer Ltd	Kasapay Limited	Rewot Ciro Limited
Bytech Credit Limited	Kashia Services Limited	Rising Credit Limited
Cashia Money Remittance Limited	Kenya Airports Parking Services (KAPS) Limited	Safaricom Money Transfer Services Limited
Ceres Tech Limited	Kenya Commerce Exchange Service Bureau (KENEX)	Safaricom PLC
Cellulant Kenya Limited	Kenswitch Limited	Senti Capital Limited
Chapco Capital Limited	Kwell Smart Solutions Limited	Sevi Innovation Limited
Chelete Credit Limited	Laeken Money Transfer Ltd	Simplepay Capital Limited

Chime Capital Limited	Lenana Innovative Solutions Limited	Siti Mobility Technologies Limited
Colkos Enterprises Limited	Letshego Kenya Ltd	Sky World Limited
Craft Silicon Limited	Lipa Later Limited	Sokohela Limited
Creditarea Capital Limited	Little Pesa Limited	Stride Credit Limited
Dahabshell Money Transfer Limited	Lobelitec Credit Limited	Sunny Forex and Remittance Ltd
Data Integrated Limited	LockBx Limited	Sure Cred Capital Limited
Decimal Capital Limited	Loop Payco Limited	Surfin Money Remittance Limited
Dexintec Kenya Limited	Mamlaka Hub and Spoke Limited	Taaj Money Transfer Limited
Dime Credit Limited	Maralal Ledger Limited	Tanda Agent Limited
Direct Pay Limited	Marble Capital Solutions Limited	Tanir Credit & Accounting Services Limited
DLocal Payments Kenya Limited	MCF 2 Kenya Limited	Tawakal Money Transfer Limited
Dolcepay Kenya Limited	MFS Technologies Limited	Telkom Kenya Limited
Eclectics International Limited	Mint Credit Limited	Tenakata Enterprises Limited
ED Partners Africa Limited	M-Kopa Loan Kenya Limited	Tendepay Limited
EDOMX Limited	MKM Capital Limited	Terrapay Money Transfer Services (Kenya) Ltd.
Elegant Credit Limited	Mogo Auto Limited	Tip-Point Capital Limited
Extend Money Services Limited	Momentum Credit Limited	Trepay Limited
Factorhouse Limited	Mukuru Money Transfer Ltd	Treasure Store Limited
Fahari Point Capital Limited	Mwanzo Credit Limited	UbaPesa Limited
Fezotech Kenya Limited	Mycredit Limited	UmSuka Capital Limited
Fincorp Credit Limited	MyWagepay Limited	Unlimit Kenya Limited
Fingo Payments Services Limited	Natal Tech Limited	Unoja Fanisi Limited
Finserve Africa Limited	Ngao Credit Limited	Upesi Money Transfer Ltd
Fivespot Kenya Limited	ODI Credit Limited	Virtual Pay International Limited
Flex Money Transfer Limited	Okolea International Limited	Viewtech Limited

Fortune Credit Limited	Opal Quick Limited	Wakandi Kenya Limited
Fourth Generation Capital Limited	Orisend Money Transfer Limited	Wapi Money Transfer Limited
Gala Money Transfer Limited	Payablu Credit Limited	Web Tribe Limited
Getcash Capital Limited	Paykit Kenya Limited	Zamupay Limited
Gladys Technologies Limited	Paystack Payments Kenya Limited	Zanifu Limited
Glando Africa Limited (Trading as Flash Credit Africa)	PayU Kenya Limited	Zenka Digital Limited
Hela Capital Limited	Pesaflow Limited	Zillions Credit Limited
Hodan Global Money Remittance and Exchange Limited	Pesaglow Capital Limited	
IFTIN Express Money Transfer Limited	Pesakuu Credit Limited	

Source: CBK Website

Appendix IV: Strathmore University Ethical Approval



12th May 2025

Mrs Thairu Peninnah,
peninnah.thairu@strathmore.edu

Dear Mrs Thairu,

RE: Factors Affecting the Success of Fintech Firms in Nairobi, Kenya

This is to inform you that SU-ISERC has reviewed and **approved** your above **SU-Masters** proposal. Your application reference number is **SU-ISERC2928/25**. The approval period is from **12th May 2025 to 11th May 2026**.

This approval is subject to compliance with the following requirements:

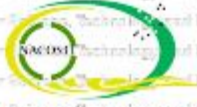
- i. Only approved documents including (informed consents, study instruments, MTA) will be used.
- ii. All changes including (amendments, deviations, and violations) are submitted for review and approval by SU-ISERC.
- iii. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to SU-ISERC within 72 hours of notification.
- iv. Any changes anticipated or otherwise that may increase the risks or affected safety or welfare of study participants and others or affect the integrity of the research must be reported to SU-ISERC within 72 hours.
- v. Clearance for the export of biological specimens must be obtained from relevant institutions.
- vi. Submission of a request for renewal of approval at least 60 days prior to the expiry of the approval period. Attach a comprehensive progress report to support the renewal.
- vii. Submission of an executive summary report within 90 days of completion of the study to SU-ISERC.

Before commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology, and Innovation (NACOSTI) <https://research-portal.nacosti.go.ke/> and obtain other clearances needed.

Yours sincerely,

Mr Ambrose Rachier,
Chairperson; SU-ISERC

Appendix V: NACOSTI Research Permit

 REPUBLIC OF KENYA Ref No: 145727	 NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION Date of Issue: 17/May/2025
RESEARCH LICENSE	
	
This is to Certify that Miss. Peninnah Wamuyu Thairu of Strathmore University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Nairobi on the topic: FACTORS AFFECTING THE SUCCESS OF FINTECH FIRMS IN NAIROBI, KENYA for the period ending : 17/May/2026.	
License No: NACOSTI/P/25/4173646	
145727 Applicant Identification Number	<i>Palenz</i> Deputy Director NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION
Verification QR Code	
	
NOTE: This is a computer generated License. To verify the authenticity of this document, Scan the QR Code using QR scanner application.	
See overleaf for conditions	