

**Factors Influencing the Uptake of the Hustler Fund by Youth Entrepreneurs
in Nairobi County, Kenya**

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**A Dissertation Submitted in Partial Fulfilment of the Requirements for the
Award of the Degree of Master of Business Administration for Executives at
Strathmore Business School**



DECLARATION

I affirm that neither this university nor any other institution has previously accepted this request for a degree. The dissertation does not include any previously published or written content from another source, as far as I am aware, with the exception of citations in the thesis.

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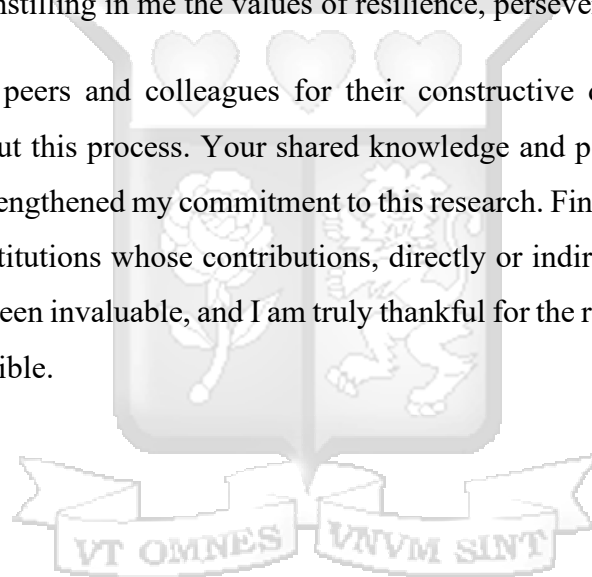
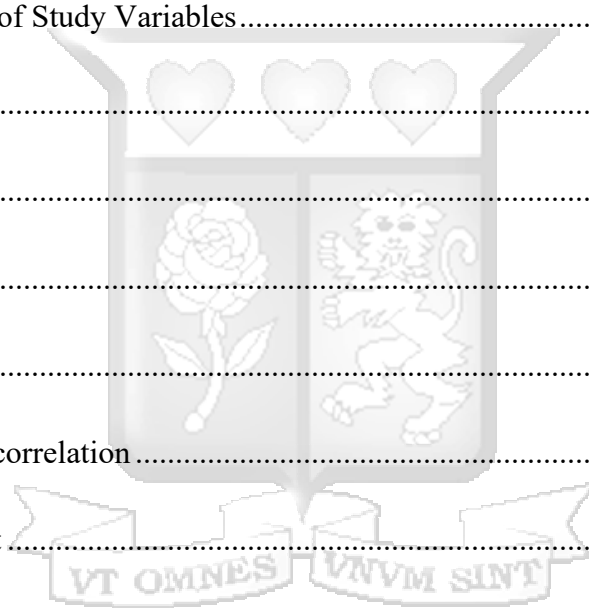


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DEFINITION OF TERMS

Financial Literacy – The ability to understand and effectively apply financial skills such as budgeting, saving, borrowing, and investing. In this study, financial literacy refers to youth knowledge and awareness of loan risks, benefits, and responsible borrowing behavior regarding the Hustler Fund (Fanta & Mutsonziwa, 2021).

Hustler Fund – A government-backed financial initiative aimed at providing affordable credit to micro, small, and medium enterprises (MSMEs), particularly targeting youth and low-income entrepreneurs in Kenya. The fund seeks to enhance financial inclusion and economic empowerment through accessible loans (Ayuma, 2023).

Loan Eligibility Criteria – The set of conditions and requirements that applicants must meet to qualify for a loan. In the context of this study, it includes factors such as creditworthiness, income levels, employment status, and documentation needed to access the Hustler Fund (Bester, 1985).

Loan Terms – Loan terms refer to the specific conditions set by a lender regarding loan repayment, including the interest rate, loan amount, repayment period, schedule, penalties for late payments, and any collateral requirements. These terms determine the cost, flexibility, and accessibility of credit, directly impacting a borrower's ability to manage and repay the loan (Kiprotich & Karanja, 2020).

Technological infrastructure and distribution channels – Technological infrastructure and distribution channels refer to the digital and physical systems that facilitate the delivery and accessibility of financial services. Technological infrastructure includes internet connectivity, mobile banking platforms, fintech solutions, and digital payment systems, while distribution channels encompass online applications, mobile money services, financial institutions, and agent networks that enable users to access and utilize financial products like the Hustler Fund efficiently (Karanja, 2022).

Uptake – The extent to which eligible individuals apply for and receive loans from the Hustler Fund. In this study, uptake refers to the willingness and ability of Nairobi County youth to access and utilize the fund (Athiambo, 2024).



LIST OF ABBREVIATIONS

CBD – Central Business District

CDFIs – Community Development Financial Institutions

DFL - Digital Financial Literacy

IMF – International Monetary Fund

KES – Kenyan Shilling

MFIs – Microfinance Institutions

MSMEs – Micro, Small, and Medium Enterprises

MTN – Mobile Telecommunications Network

OECD – Organisation for Economic Co-operation and Development

PMMY – Pradhan Mantri Mudra Yojana

Q-Q Plot – Quantile-Quantile Plot

RFS – Regulated Financial Services

SACCOs – Savings and Credit Cooperative Organizations

SMEs – Small and Medium Enterprises

TAM - Technology Acceptance Model

TPB – Theory of Planned Behavior

VIF – Variance Inflation Factor

VSLA - Village Saving and Lending Associations

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ABSTRACT

Access to affordable credit remains a major barrier for young entrepreneurs in Nairobi County, Kenya, due to persistent unemployment and financial exclusion. Traditional financial institutions often impose stringent lending conditions, such as high interest rates and collateral requirements, which hinder youth—particularly those in the informal sector—from accessing credit. This study assessed the key factors influencing the uptake of the Hustler Fund among youth entrepreneurs in Nairobi County. It focused on four main variables: financial literacy, loan eligibility criteria, loan terms, and technological infrastructure and distribution channels. The study was grounded in the Financial Literacy Theory, Credit Rationing Theory, and the Theory of Planned Behavior. A descriptive cross-sectional survey design was adopted, and stratified random sampling was used to select 400 youth entrepreneurs aged 18–35 years. Data were collected using structured questionnaires and analyzed using SPSS version 23. Regression analysis was employed to determine the relationship between the independent variables and Hustler Fund uptake. The findings revealed that higher levels of financial literacy, more inclusive eligibility criteria, flexible loan terms, and accessible technological infrastructure significantly enhance youth uptake of the Hustler Fund. The study recommends targeted financial education programs, adjustments to eligibility conditions to better reflect informal sector dynamics, more flexible loan terms, and improved digital infrastructure. However, the study had some limitations. It was confined to Nairobi County, limiting the generalizability of the findings to other regions. Data was self-reported, making them susceptible to recall bias and social desirability bias. Additionally, the cross-sectional design provided only a snapshot in time, making it difficult to assess changes in behavior over time. The study also did not explore broader cultural, psychological, or political influences on youth borrowing behavior.



CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Globally, youth unemployment remains a major socio-economic issue, particularly in developing economies where population growth has outpaced job creation. According to the International Labour Organization (ILO, 2023), young people are three times more likely to be unemployed than adults, with most youth working in informal and precarious conditions. In response, many governments have turned to financial inclusion strategies to empower youth through entrepreneurship. Access to affordable credit has been recognized as a key driver for youth-led enterprise development, enabling individuals to invest in small businesses, acquire productive assets, and improve livelihoods (Demirgüç-Kunt et al., 2018). However, access to credit is often hindered by systemic challenges such as limited collateral, high interest rates, and weak financial infrastructure, especially in low-income countries.

At the regional level, Sub-Saharan Africa faces the highest youth unemployment rates globally, exacerbated by underdeveloped financial systems and high levels of informality. Youth account for over 60% of the unemployed population in the region, with many locked out of formal employment and excluded from financial services (African Development Bank [AfDB], 2022). In response, regional policies such as the African Union's Agenda 2063 emphasize inclusive finance and entrepreneurship as critical levers for youth empowerment and sustainable development. Countries like Rwanda and Nigeria have experimented with youth-targeted microcredit programs and digital lending solutions with varying degrees of success. Despite these efforts, challenges persist—including low financial literacy, limited trust in government initiatives, and weak monitoring systems—which hinder program effectiveness (Kandpal et al., 2023).

In Kenya, the youth unemployment crisis is acute, particularly in urban areas where formal job opportunities are limited despite rising levels of education. The Kenya National Bureau of Statistics (KNBS, 2023) indicates that youth aged 18–35 form the largest unemployed demographic in the country. With the formal sector unable to absorb the growing labor force,

entrepreneurship is increasingly promoted as a viable alternative. Yet, barriers to financing—such as lack of collateral, low credit scores, and bureaucratic lending procedures—have prevented many young entrepreneurs from accessing start-up capital (Mutuku & Mungai, 2022). To address this, the Government of Kenya launched the Hustler Fund in November 2022 under the Bottom-Up Economic Transformation Agenda. This digital credit facility targets low-income and informal sector actors, offering collateral-free loans at low interest rates via mobile platforms (Ministry of Cooperatives & MSMEs Development, 2023). The Fund aims to reduce financial exclusion and promote microenterprise growth, particularly among youth and women.

Locally, in Nairobi County—the country’s commercial hub—youth face heightened financial constraints due to high urban living costs, saturated informal markets, and stiff competition. While the Hustler Fund offers a promising financing alternative, uptake among Nairobi’s youth entrepreneurs remains mixed. The 2024 FinAccess Household Survey reveals that 28% of Kenyans have accessed loans through the Hustler Fund, with relatively higher engagement in urban areas. However, usage patterns suggest that factors such as financial literacy, awareness, and trust in the program heavily influence uptake and repayment behavior (Ayuma, 2023; FinAccess, 2024). Some youth have successfully used the Fund to grow their businesses, while others misuse the funds for consumption or avoid the program altogether due to skepticism and unclear loan terms (Mundia, 2024; Karitu et al., 2023). These dynamics raise critical questions about the design, accessibility, and sustainability of such financial inclusion interventions. Therefore, this study sought to investigate the factors influencing the uptake and effective utilization of the Hustler Fund among youth entrepreneurs in Nairobi County, with a view to informing more responsive youth empowerment and financial inclusion policies.

The research focused on individual, institutional, and contextual barriers—including financial literacy, awareness levels, trust in public financial programs, and loan accessibility—while providing insights to guide future policy adjustments. The findings contributed to broader discussions on youth empowerment, inclusive finance, and sustainable economic development in Kenya.

1.1.1 Hustler Fund Uptake

Since its launch in November 2022, the Hustler Fund has generated considerable attention as a government-backed initiative designed to improve access to affordable credit among Kenya's low-income earners, particularly youth and small-scale entrepreneurs. The fund, administered via digital platforms and accessible through mobile phones, was designed to offer low-interest, collateral-free loans to individuals traditionally excluded from the formal financial system (Ministry of Cooperatives & MSMEs Development, 2023). According to the FinAccess Household Survey (2024), approximately 28% of Kenyans reported having borrowed from the Hustler Fund, with uptake levels higher in urban areas such as Nairobi County, where access to digital tools and information is relatively widespread. This uptake demonstrates initial success in reaching underserved populations, especially urban youth who face limited access to traditional banking services. The digitized application and disbursement process has removed common structural barriers, such as the need for physical bank visits, lengthy documentation, and collateral requirements (Magale, 2024).

Despite the promising start, the fund's uptake has also been characterized by challenges that threaten its long-term impact and sustainability. For instance, rising default rates have emerged as a concern, with some youth borrowers failing to repay their loans on time due to inadequate financial management skills or misuse of the borrowed funds for non-business-related expenditures (Athiambo, 2024). This trend points to the critical role of financial literacy in the effective utilization of the Hustler Fund. In fact, research shows that youth with higher levels of financial education are more likely to understand loan terms, maintain proper budgeting practices, and meet repayment obligations (Karitu et al., 2023). Furthermore, trust issues surrounding government-led financial programs have influenced perceptions of the fund, with some young entrepreneurs expressing skepticism due to past experiences with poorly managed initiatives (Kandpal et al., 2023). As such, while the Hustler Fund has made strides in promoting financial inclusion, its varied uptake among youth entrepreneurs in Nairobi reflects the need for complementary interventions—such as targeted financial education, robust monitoring frameworks, and inclusive outreach strategies—to optimize its effectiveness and sustainability.

The Hustler Fund was introduced by the Kenyan government as a flagship initiative aimed at providing affordable credit to small-scale entrepreneurs and individuals who lack access to traditional financial services. The fund targets the youth, informal sector workers, and micro-enterprises, offering loans at relatively low interest rates compared to conventional financial institutions (Ayuma, 2023). The objective of the Hustler Fund is to promote entrepreneurship, enhance job creation, and ultimately reduce poverty by enabling financially excluded individuals to access capital for income-generating activities.

Despite its ambitious goals, the effectiveness of the Hustler Fund has been limited by several challenges. One major issue is the low loan uptake among the targeted beneficiaries due to inadequate awareness and understanding of the fund's operational framework (Athiambo, 2024). Many potential borrowers remain skeptical about the sustainability of the program and the stringent repayment terms, which may discourage them from fully utilizing the available financial resources. Additionally, financial literacy gaps among the youth contribute to mismanagement of borrowed funds, leading to high default rates and limiting the long-term impact of the initiative.

Since its launch in November 2022, the Hustler Fund has seen significant engagement, with approximately 21 million Kenyans accessing loans by August 2024. This represents a substantial portion of the adult population, indicating a strong initial uptake of the fund's offerings. Notably, urban residents have been more active participants, with 35.4% of the urban population utilizing the fund's services, compared to 24.2% in rural areas. The age group of 26-35 years constitutes the largest segment of users, accounting for 39.4% of the total borrowers (Athiambo, 2024).

Despite this promising uptake, the fund faces significant challenges in loan repayment. According to Kenya's Office of the Auditor-General, as of 30th June 2024, over half of the borrowers had defaulted on their loans, resulting in approximately KES11 billion (\$85 million) in unpaid debts. This high default rate has raised concerns about the fund's sustainability and the effectiveness of its lending model. Critics argue that the lack of stringent enforcement mechanisms and perceived leniency towards defaulters may contribute to this issue. Additionally, financial literacy gaps among the youth and skepticism about the program's sustainability further exacerbate the repayment challenges (Athiambo, 2024).

As of October 2023, the Hustler Fund had disbursed over KES 50 billion, yet loan defaults stood at KES 10 billion, representing a 27% default rate—significantly higher than the 15% default rate observed among other formal credit providers (Government of Kenya, 2023). Comparatively, non-bank digital lenders such as Tala report default rates as low as 5% (Central Bank of Kenya, 2023). Data further reveals that 90% of borrowers qualified for only the minimum loan amount of KES 500–1,000, limiting the fund’s potential to support income-generating activities (Kenya National Bureau of Statistics, 2023). Instead, 70% of small business owners who accessed the fund in 2023 used the loans for household expenses rather than business growth, exacerbating financial instability among the youth (Microfinance Institutions Report, 2023). These statistics highlight the critical challenges affecting the fund’s uptake and effectiveness, necessitating an in-depth investigation into factors such as financial literacy, loan eligibility criteria, and systemic barriers influencing youth participation in Nairobi County.

1.1.2 Youth Entrepreneurs

Youth entrepreneurs play a vital role in driving economic growth, employment generation, and innovation in Kenya. With over 75% of the Kenyan population under the age of 35, the country holds a vast reservoir of potential in its youth, which if effectively harnessed, can significantly contribute to sustainable development (KNBS, 2023). Youth entrepreneurship not only reduces dependency on formal employment, which is increasingly limited, but also encourages creativity and self-reliance among young people (Wakiaga, 2022). The government and development partners have recognized this potential, resulting in the establishment of various programs such as the Youth Enterprise Development Fund (YEDF), Ajira Digital Program, and the Hustler Fund. These initiatives aim to provide financial and technical support to youth-led enterprises. However, despite these efforts, the rate of youth unemployment remains high, largely due to limited access to capital, market linkages, and adequate mentorship (Oduor, 2023).

The entrepreneurial journey for many Kenyan youth is often marked by challenges such as lack of collateral, limited financial literacy, and inadequate business management skills. Many young entrepreneurs struggle with sustaining their businesses beyond the startup phase, with over 46% of youth-led small and medium enterprises (SMEs) collapsing within the first three years of

operation (Mwangi & Ngugi, 2022). Additionally, socio-cultural attitudes towards entrepreneurship—where formal employment is often preferred—discourage risk-taking among youth. Furthermore, gender disparities persist, with young women facing greater barriers to entrepreneurship due to traditional gender roles, restricted access to financing, and lower levels of asset ownership (Were & Wamuyu, 2021). These structural and systemic challenges undermine the capacity of youth to transition from subsistence entrepreneurship to sustainable and growth-oriented enterprises.

Nevertheless, youth entrepreneurship in Kenya has shown resilience and promise, especially with the rise of digital technology and innovation hubs. Nairobi, often dubbed “Silicon Savannah,” has become a hub for tech-savvy youth engaging in fintech, agritech, and e-commerce ventures. Programs that integrate technology and entrepreneurship—such as incubation centers, coding bootcamps, and digital financing platforms—have empowered young innovators to develop scalable solutions to local problems (Otieno & Okoth, 2023). Peer-to-peer learning, mentorship, and online marketplaces are also helping youth entrepreneurs gain access to broader networks and markets. For such momentum to be sustained, however, there is a need for holistic support systems that combine finance, education, mentorship, and policy reforms. This includes revising school curricula to incorporate entrepreneurship training, strengthening youth-targeted financial products, and fostering a conducive regulatory environment that reduces barriers to entry and operational costs for startups.

1.2 Problem statement

Youth entrepreneurship in Kenya, particularly in urban centers like Nairobi County, remains a critical pathway for economic empowerment and job creation. However, young entrepreneurs face significant barriers in accessing affordable credit, which limits their ability to start, sustain, and grow viable businesses. High unemployment rates and widespread financial exclusion among urban youth exacerbate these challenges, restricting economic opportunities and deepening poverty cycles. Despite the Kenyan government’s efforts to promote financial inclusion through innovative mobile technology solutions, the uptake of mobile-based credit among young entrepreneurs remains disappointingly low. To bridge this gap, the government launched the

Hustler Fund on November 30, 2022—a digital and mobile-based financing initiative designed to provide low-interest, collateral-free loans to small-scale entrepreneurs and informal sector workers. This fund aims to empower youth entrepreneurs by leveraging Kenya’s advanced mobile money infrastructure to offer accessible and flexible credit (Athiambo, 2024; Magale, 2024).

However, despite its promising design, the Hustler Fund has experienced limited uptake and alarmingly high default rates, raising concerns about its accessibility, operational effectiveness, and long-term sustainability. Key challenges impeding uptake include limited awareness and understanding of the fund’s eligibility criteria and operational procedures, skepticism regarding hidden charges, and pervasive financial illiteracy among youth (Ayuma, 2023). Many young entrepreneurs in Nairobi lack the necessary financial knowledge to make informed borrowing decisions, leading not only to low uptake but also to the misuse of loan funds for non-productive purposes, which further contributes to poor loan performance and increased defaults (Karitu et al., 2023). Moreover, the fund’s reliance on a direct mobile disbursement model has proven problematic due to inadequate borrower tracking and the absence of structured business support, unlike traditional lending institutions such as SACCOs that provide strong accountability and borrower guidance mechanisms. Consequently, loan defaults have escalated to over KES 11 billion (approximately \$85 million), as reported by Kenya’s Office of the Auditor-General (Magale, 2024).

This problem exposes significant gaps in existing literature and policy frameworks that must be addressed to enhance youth entrepreneurship through effective credit provision. Conceptually, most studies on mobile credit and financial inclusion have focused predominantly on access and availability, without sufficiently examining how critical factors such as financial literacy, digital accessibility, and trust in governance affect both the uptake and sustainability of such programs. Although financial literacy is widely recognized as a fundamental enabler of financial inclusion (Jose & Ghosh, 2025; Das, 2024), there remains a dearth of research investigating its role specifically within state-led mobile credit initiatives like the Hustler Fund. Contextually, much of the existing research either generalizes findings at a national level or centers on rural populations, overlooking the distinct economic, digital, and social realities confronting urban youth

entrepreneurs operating in Nairobi's informal sector. Methodologically, these studies often rely on qualitative or descriptive designs, lacking robust empirical, quantitative analyses that evaluate how diverse variables—such as financial literacy levels, digital competence, perceptions of governance transparency, and fund sustainability—influence youth engagement with such credit schemes.

Comparative experiences from countries including India (Pradhan Mantri Mudra Yojana), Bangladesh (Grameen Bank), South Africa (Khula Finance), and Nigeria (TraderMoni) demonstrate that mobile-based or government-backed credit programs achieve better outcomes when paired with comprehensive financial education, strong accountability systems, and reliable digital infrastructure (FDIC, 2021). In contrast, Kenya's Hustler Fund has yet to integrate such holistic support mechanisms. Additionally, technological barriers—such as limited digital literacy, poor network connectivity, and system inefficiencies—continue to hinder many youths' ability to access the fund (Karitu et al., 2023). Public skepticism fueled by concerns over governance, transparency, and potential political interference further dampens participation (Athiambo, 2024).

While there is growing literature on mobile credit and financial inclusion, most studies treat access to credit as a binary outcome, paying limited attention to enabling factors like financial literacy, trust in governance, digital accessibility, and perceptions of fund sustainability. Financial literacy, though recognized as crucial for responsible credit use (Jose & Ghosh, 2025; Das, 2024), remains underexplored in state-led mobile credit initiatives, and the role of trust in government programs—especially among urban youth with histories of unmet policy promises—is insufficiently documented despite its impact on uptake and repayment. Contextually, research often generalizes findings across rural and urban areas or focuses on rural financial exclusion, neglecting the distinct challenges faced by urban youth entrepreneurs in Nairobi County, such as higher startup costs, limited mentorship, market saturation, and unreliable digital infrastructure. These unique factors influence youth perceptions of risk, creditworthiness, and program legitimacy but have received limited empirical study. Methodologically, prior research relies heavily on descriptive or qualitative approaches that do not empirically isolate how variables like financial literacy, digital competence, and governance perceptions affect credit uptake, highlighting a need for quantitative

studies to better inform policies aimed at enhancing youth participation in programs like the Hustler Fund.

Therefore, this study aimed to fill these conceptual, contextual, and methodological gaps by empirically investigating the key factors influencing the uptake of the Hustler Fund among youth entrepreneurs in Nairobi County. The findings will provide critical insights into how financial literacy, governance perceptions, and digital accessibility affect youth engagement with government-led mobile credit initiatives, thereby informing strategies to enhance the fund's effectiveness and contribute to youth entrepreneurship development.

1.3 Research Objectives

1.3.1 General Objective

The general objective of this study was to assess the factors influencing the uptake of the Hustler Fund among Kenyan youth entrepreneurs in Nairobi County.

1.3.2 Specific Objectives

The study was guided by the following objectives:

- i. To examine the influence of financial literacy on the uptake of the Hustler Fund among youth entrepreneurs in Nairobi County.
- ii. To assess the effect of loan eligibility criteria on the uptake of the Hustler Fund among youth entrepreneurs in Nairobi County.
- iii. To assess the effect of loan terms on the uptake of the Hustler Fund among youth entrepreneurs in Nairobi County.
- iv. To examine the influence of technological infrastructure and distribution channels on the uptake of the Hustler Fund among youth entrepreneurs in Nairobi County.

1.4 Research Questions

The study sought to provide answers to the following research inquiries:

- i. What is the influence of financial literacy on the uptake of the Hustler Fund among youth entrepreneurs in Nairobi County?
- ii. What is the effect of loan eligibility criteria on the uptake of the Hustler Fund among youth entrepreneurs in Nairobi County?
- iii. What is the effect of loan terms on the uptake of the Hustler Fund among youth entrepreneurs in Nairobi County?
- iv. What is the influence of technological infrastructure and distribution channels on the uptake of the Hustler Fund among youth entrepreneurs in Nairobi County?

1.5 Scope of the Study

This study focused on assessing the factors influencing the uptake of the Hustler Fund by youth entrepreneurs aged 18 to 35 years operating within Nairobi County, Kenya. Specifically, it targeted youth who owned enterprises—whether operating in the formal or informal sectors—across diverse industries such as retail, service, trade, and agriculture. The respondents were drawn from the 108,857 youth-owned businesses in Nairobi County, which represents 26% of the total 418,681 registered businesses (KNBS, 2022). These youth entrepreneurs were either current or potential beneficiaries of the Hustler Fund, meaning they had applied for or received funding under the program. A multistage sampling design was adopted: purposive sampling was used to identify eligible youth entrepreneurs, followed by stratified sampling across the 17 sub-counties of Nairobi to ensure proportional representation. Using Yamane’s (1998) formula for finite populations at a 5% margin of error, a sample size of 400 respondents was determined. The unit of analysis was the individual youth entrepreneur, allowing for direct assessment of factors such as financial literacy, access to information, business type, and socio-economic characteristics. Data collection was conducted in April, through structured questionnaires.

The Hustler Fund, launched on 30th November 2022 by the Government of Kenya, is a mobile-based digital credit initiative designed to offer low-interest, collateral-free loans to individuals, micro-enterprises, and SMEs, particularly those in the informal economy. The fund is disbursed and repaid through mobile money platforms such as M-Pesa, enabling easy access to financial services even among the unbanked. The Fund is structured into three products: the Personal Loan

product, the Group Loan product, and the Bridge Loan product. This study primarily focused on the personal and Bridge micro-loan products, as they were the most relevant to small-scale individual entrepreneurs in Nairobi.

The study explored four key independent variables—financial literacy, loan eligibility criteria, loan terms, and technological infrastructure/distribution channels—and their influence on the uptake of the Hustler Fund (dependent variable). The primary aim was to determine how each of these variables impacted youth entrepreneurs’ ability to successfully access and benefit from the Hustler Fund. By analyzing these factors, the study aimed to provide insights into barriers and enablers of financial inclusion, particularly among young entrepreneurs in Nairobi, and offer policy recommendations that could enhance the effectiveness and reach of the Hustler Fund for future participants.

1.6 Significance of the Study

This study holds significant policy relevance as it provides evidence-based insights that can guide the refinement of government-led credit initiatives such as the Hustler Fund. By identifying key barriers to fund uptake—including gaps in financial literacy, restrictive loan eligibility criteria, unfavorable loan terms, and inadequate technological infrastructure—policymakers will be better positioned to design responsive and inclusive financial frameworks. The findings will contribute to the formulation of policies that support equitable access to affordable credit, particularly for small-scale entrepreneurs in urban settings like Nairobi. In doing so, the study will support national development priorities focused on financial inclusion, youth empowerment, and poverty reduction.

From a practice perspective, the study will benefit stakeholders involved in the delivery and implementation of credit programs, including financial institutions, fintech providers, microfinance organizations, and government agencies. The analysis of borrower behavior, technological barriers, and loan product suitability will inform more effective design and delivery of financial products tailored to the needs of urban entrepreneurs. Practitioners will gain actionable insights into how to enhance financial literacy among target groups and improve engagement

strategies that encourage responsible borrowing and loan repayment. This will ultimately contribute to more sustainable credit access and better business outcomes for entrepreneurs.

In terms of theory, the study contributes to the academic discourse on financial inclusion, youth entrepreneurship, and government-supported microfinance initiatives. It builds on existing frameworks that explore the intersection between individual capabilities, institutional structures, and technological innovation in financial service delivery. The research offers empirical data that can support or refine theoretical models related to micro-credit uptake, behavioral finance, and digital lending ecosystems. It will also serve as a valuable reference for future scholars interested in evaluating the impact of targeted credit interventions in developing economies, particularly within the context of urban informal sectors.

1.7 Chapter Summary

This chapter provides an overview of the study, outlining the background, research problem, objectives, research questions, and the scope of the study. It begins by discussing the broader context of financial inclusion and youth entrepreneurship in Kenya, highlighting the significance of government-backed financial initiatives such as the Hustler Fund. The chapter explains the relevance of the study in understanding the factors influencing the uptake of the Hustler Fund among youth entrepreneurs in Nairobi County. The research problem is clearly articulated, emphasizing challenges such as financial literacy, loan accessibility, and repayment concerns that affect youth participation. The study objectives, both general and specific, guide the research focus, while the research questions aim to address key gaps in knowledge. The significance of the study is detailed, illustrating its potential benefits to scholars, policymakers, financial institutions, youth entrepreneurs, development partners, and government agencies. The chapter establishes a foundation for the research by outlining its relevance, intended contributions, and the key issues it sought to explore.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter is divided into five distinct parts examining the relationship between financial literacy, loan uptake, and repayment behavior among Nairobi's youth. The first part is a theoretical review focusing on the main theories and principles that underlie Factors Influencing the Uptake of the Hustler Fund by Youth Entrepreneurs in Nairobi, Kenya. The second part covers empirical literature, an in-depth examination of studies and Factors Influencing the Uptake of the Hustler Fund by Youth Entrepreneurs in Nairobi, Kenya. The third part highlights the key research gaps from the empirical review followed by the Conceptual Framework. The final part of the chapter covers operationalization of the study variables before concluding.

2.2 Theoretical Review

This study was anchored on Behavioral Economics Theory, Credit Rationing Theory, and the Theory of Planned Behavior (TPB). Behavioral Economics Theory aligns closely with the first objective by explaining how cognitive biases and heuristics influence borrowing decisions, including those related to financial literacy. Credit Rationing Theory is pertinent to the second and third objectives, highlighting how loan eligibility criteria and loan terms affect access to credit, especially for individuals with limited or no credit history. The Theory of Planned Behavior supports all objectives, particularly the fourth, by examining how perceptions, attitudes, and social influences impact engagement with financial services, including the role of technological infrastructure in facilitating credit uptake. Relying on a single theory would limit the scope of analysis, as financial inclusion is shaped by an interplay of cognitive, institutional, and behavioral factors. Integrating these theories provides a comprehensive framework that enriches analysis and strengthens policy recommendations.

2.2.1 Behavioral Economics Theory

Behavioral Economics Theory emerged as a critique and extension of traditional economic models that assume individuals are fully rational actors who consistently make decisions to maximize their utility. The theory's foundational proponents include Daniel Kahneman and Amos Tversky, whose pioneering work in the late 20th century introduced the concept of cognitive biases and heuristics as systematic deviations from rationality in human judgment and decision-making (Kahneman & Tversky, 1979). Richard Thaler further expanded the field by incorporating psychological insights into economic behavior, emphasizing how people's decisions are influenced by bounded rationality, emotions, social norms, and mental accounting (Thaler, 2016). Behavioral Economics posits that factors such as loss aversion, present bias, overconfidence, and framing effects lead individuals to make financial decisions that often contradict their long-term best interests, especially in complex or uncertain environments.

One of the primary strengths of Behavioral Economics Theory lies in its realistic portrayal of human behavior by integrating psychological realism into economic analysis. Unlike classical economic theories that assume perfect rationality, this theory acknowledges that individuals are influenced by biases and heuristics that affect their decision-making processes (Kahneman, 2011). This allows for a more nuanced understanding of financial behavior, particularly in contexts like credit uptake, savings, and investment, where emotional and cognitive factors can significantly impact choices (Thaler & Sunstein, 2008). Additionally, the theory's insights have led to practical interventions, such as "nudges," that gently steer individuals toward better financial decisions without restricting freedom of choice, which is valuable for designing financial inclusion programs and credit initiatives.

Despite its strengths, Behavioral Economics Theory has faced criticism. Some scholars argue that it lacks a unified theoretical framework and often relies on context-specific observations, making it difficult to generalize findings across different populations or settings (Levitt & List, 2009). Others contend that the theory sometimes underestimates the role of structural and socio-economic factors in shaping financial behavior, focusing disproportionately on individual psychological biases while neglecting systemic issues such as income inequality and access to financial services

(Camerer & Loewenstein, 2004). Moreover, critics note that interventions based on behavioral insights may lead to paternalism, raising ethical concerns about manipulating individual choices even for their own benefit (Sunstein, 2015). Nonetheless, these criticisms highlight areas for further integration rather than dismiss the theory's relevance.

Behavioral Economics Theory is highly relevant to this study as it provides a comprehensive framework for understanding the financial behavior of youth entrepreneurs engaging with mobile credit initiatives like the Hustler Fund. Given that financial decisions are often influenced by cognitive biases and emotional factors, analyzing how these behavioral elements affect the uptake and repayment of loans offers critical insights beyond mere financial literacy or access. For instance, youth entrepreneurs may be affected by present bias, leading to underestimation of future repayment burdens, or by trust issues shaped by prior experiences with government programs, which can influence their engagement with the Fund. Therefore, applying Behavioral Economics Theory helps to capture the complexity of decision-making in informal urban economies and supports the development of targeted interventions to enhance responsible borrowing and fund sustainability.

2.2.2 Credit Rationing Theory

The Credit Rationing Theory, initially formulated by Stiglitz and Weiss (1981), provides an important theoretical framework for understanding how and why financial institutions may restrict access to credit, particularly for borrowers perceived as high-risk. According to the theory, lenders do not solely adjust interest rates to manage the risks of loan default; rather, they ration credit by limiting loan amounts or outright denying loans to borrowers deemed to be high-risk. This rationing process arises due to information asymmetry, where lenders lack complete information about a borrower's likelihood of repayment. Consequently, financial institutions adopt more conservative lending practices to minimize potential defaults, often unintentionally excluding groups such as low-income individuals or those with limited credit histories. As a result, credit rationing can prevent certain borrowers from accessing essential financial resources, particularly in the context of youth entrepreneurship, where many young individuals may not meet traditional credit criteria (Ghosh et al., 2000).

This theory provides a robust economic rationale for why certain borrowers, particularly marginalized groups, experience limited access to financial services. It highlights how information asymmetry influences the decision-making process of lenders, resulting in a form of credit exclusion. The theory offers critical insights for policymakers, as it underlines the necessity for inclusive financial policies that address the underlying barriers to credit access faced by these groups. This is especially relevant in the case of the Hustler Fund, where many young entrepreneurs may be excluded due to strict eligibility criteria or unfavorable loan conditions. The theory suggests that credit rationing is not merely a consequence of a borrower's financial profile but also reflects broader systemic barriers that prevent equitable access to credit (Shen & Yao, 2023).

One of the strengths of the Credit Rationing Theory is its emphasis on the risk assessment mechanisms used by lenders, which helps explain why certain borrowers, such as youth entrepreneurs in Nairobi, may be excluded from credit markets (Stiglitz & Weiss, 1981). The theory offers a clear rationale for why financial institutions tend to adopt conservative lending practices, especially when uncertain about a borrower's ability to repay (Greenwald & Stiglitz, 1986). However, the theory has notable limitations. For example, it tends to overlook behavioral factors that may influence loan repayment, such as borrower motivation, financial discipline, or the social context in which borrowers operate (Bester, 1985). Bester (1985) argues that a sole focus on risk assessment fails to consider these psychological and sociocultural influences on repayment behavior. Moreover, the theory does not fully account for alternative lending mechanisms, such as government-backed microfinance initiatives, community-based lending, or peer-to-peer lending, which increasingly provide access to credit for borrowers excluded from traditional credit markets (Armendariz & Morduch, 2010; Ledgerwood, 2013).

In the context of this study, Credit Rationing Theory is particularly useful for examining how loan eligibility criteria and loan terms impact the uptake of the Hustler Fund among young entrepreneurs. The theory explains why many youth in Kenya may face barriers to accessing the fund, including stringent eligibility requirements such as the need for a stable income or solid credit history, which disproportionately disadvantage low-income youth or those without formal

financial backgrounds (Stiglitz & Weiss, 1981). It also helps explain how unfavorable loan terms, such as high interest rates, short repayment periods, or high collateral requirements, may deter youth from engaging with the fund (Greenwald & Stiglitz, 1986). By applying this theory, the study can investigate how these factors contribute to credit exclusion and assess the extent to which credit rationing affects the uptake of the Hustler Fund. Additionally, the theory informs policy recommendations aimed at designing more inclusive loan products and eligibility criteria that better serve the financial needs of young entrepreneurs, thereby improving their access to critical financial resources for business growth.

2.2.3 Theory of Planned Behavior (TPB)

The Theory of Planned Behavior (TPB), developed by Ajzen (1991), asserts that human behavior is primarily influenced by three factors: attitudes, subjective norms, and perceived behavioral control. According to the theory, attitudes reflect an individual's evaluation of a behavior (in this case, borrowing), which is shaped by their beliefs about the outcomes of borrowing—whether they perceive it as beneficial or risky. Subjective norms refer to the social pressures and expectations placed on individuals by their peers, family, and society, which can influence their decision to engage in behaviors such as borrowing. For example, societal views on debt, creditworthiness, and entrepreneurship can strongly impact a person's decision to take out a loan. Finally, perceived behavioral control relates to an individual's perception of their ability to perform the behavior, which in this case includes factors such as access to financial resources, technological infrastructure (e.g., mobile lending platforms), and personal financial management skills (Ajzen, 1991).

One of the key strengths of the Theory of Planned Behavior (TPB) is its ability to integrate psychological and social factors in understanding financial behavior. By examining how individual beliefs and attitudes interact with broader societal influences and perceived control over financial actions, TPB provides a holistic framework for studying decision-making processes (Ajzen, 1991). This comprehensive approach makes TPB particularly useful for understanding complex behaviors such as borrowing, where both individual attitudes toward debt and the social context can play significant roles (Armitage & Conner, 2001). For example, TPB can help explain why some young

entrepreneurs may be hesitant to take out loans, despite potential financial benefits, due to fears of social stigma or negative perceptions about borrowing (Godin & Kok, 1996). Additionally, TPB can inform the design of interventions that address both individual attitudes and the external social environment, enabling policymakers and financial institutions to craft strategies that enhance responsible borrowing behaviors (Fishbein & Ajzen, 2010).

However, despite its strengths, TPB has some limitations. A significant criticism is that it assumes intentions always lead to behavior, overlooking external factors that may prevent individuals from acting on their intentions (Sheeran, 2002). For instance, financial constraints such as low income or economic instability may prevent someone from following through on their intention to borrow, regardless of favorable attitudes and perceived social approval (Ajzen, 2011). Furthermore, TPB does not fully account for irrational financial behaviors, which may be driven by emotions or cognitive biases, such as fear of debt or impulsive borrowing (Sheeran, 2002). These emotional and psychological factors can often lead individuals to make decisions that are not entirely consistent with their intentions or rational thought processes (Loewenstein et al., 2001).

In the context of this study, the Theory of Planned Behavior is particularly relevant for explaining how technological infrastructure and distribution channels affect the uptake of the Hustler Fund by young entrepreneurs. The theory suggests that youth's decision to engage with the fund will not be solely based on their financial needs but will also be shaped by their attitudes towards borrowing and the ease of access to loans through digital platforms (Ajzen, 1991). If young entrepreneurs perceive the Hustler Fund as easily accessible through mobile platforms, and if borrowing is widely accepted and socially encouraged, they are more likely to engage with the fund. Conversely, technological barriers (e.g., poor internet connectivity, lack of smartphone access) or security concerns about digital lending may hinder participation (Venkatesh, Thong, & Xu, 2012). Additionally, subjective norms—such as peer influence, societal views on debt, and family or community expectations—may either promote or discourage uptake (Ajzen, 1991). By applying TPB, this study can assess how behavioral factors (such as attitudes toward borrowing and trust in digital platforms) and social influences (such as social acceptance of debt) shape youth engagement with the Hustler Fund.

2.3 Empirical Literature

2.3.1 Financial Literacy and the Uptake of the Hustler Fund

Financial literacy significantly influences how individuals interact with financial services, particularly in understanding loan conditions, interest rates, and repayment schedules. Recent studies emphasize that financial literacy improves financial confidence and encourages the uptake of formal financial products among underserved populations, such as youth entrepreneurs (OECD, 2022; Nanziri & Kararach, 2020). For many young Kenyans, limited exposure to formal banking systems and complex loan requirements can be intimidating. The Hustler Fund—a government initiative aimed at promoting micro-enterprise development among youth—requires basic financial understanding for responsible borrowing and repayment. Without this foundational knowledge, youth may be deterred by uncertainty or misinterpret loan terms, ultimately lowering uptake. Moreover, digital literacy, a growing dimension of financial competence, is essential as the Hustler Fund is accessed primarily through mobile platforms. A lack of understanding in this area could limit participation even among otherwise eligible youth (AFI, 2023).

Furthermore, financial literacy not only increases the likelihood of fund uptake but also contributes to better post-loan financial behavior. According to Owusu and Ohene-Asare (2021), financial education significantly reduces loan default rates and improves budgeting and investment practices among micro and small enterprises. For the Hustler Fund to achieve its intended impact, beneficiaries must be able to allocate funds efficiently, plan repayment, and track business growth. Financially literate youth are more likely to assess the long-term implications of debt and integrate loan proceeds into sustainable business practices. Enhancing financial capability, particularly through tailored training programs for youth and women, is thus essential in improving not just access but also the impact of such public finance initiatives. The integration of financial education with fund disbursement can empower young entrepreneurs to make informed decisions, avoid over-indebtedness, and contribute meaningfully to Kenya's socio-economic development (World Bank, 2022).

This section explores the role of financial literacy in determining the uptake and effective utilization of the Hustler Fund among Nairobi's youth. Financial literacy is broadly defined as the ability to understand and effectively apply various financial skills, including personal finance management, budgeting, saving, borrowing, and investing. It is crucial for individuals to make informed financial decisions, especially when it comes to utilizing credit facilities like the Hustler Fund. The global, regional, and local studies reviewed below underscore the importance of financial literacy in shaping individuals' borrowing behaviors and their capacity to effectively manage digital credit facilities. However, these studies reveal significant conceptual, contextual, and methodological gaps that need addressing, particularly when considering the unique financial environment in Nairobi for the youth.

Lusardi and Mitchell (2017) examined the relationship between financial literacy and financial decision-making across various populations, highlighting that individuals with higher financial literacy tend to make more informed financial choices. Their findings support the Life-Cycle Hypothesis, which posits that financial decisions are guided by an individual's expectations of lifetime income and consumption needs. According to this study, individuals with greater financial literacy are better equipped to understand interest rates and plan for loan repayments, which is directly relevant to the decision-making process involved in borrowing from the Hustler Fund. However, this study did not specifically address the role of digital financial literacy, which is a critical component for Nairobi's youth who engage primarily with mobile money and digital lending platforms. However, the study focused on general financial literacy in developed economies, overlooking the unique financial behaviors of youth in urban African settings. It did not address the role of digital financial literacy, which is vital for mobile-based lending platforms like the Hustler Fund. Moreover, the study did not explore loan uptake decisions among young entrepreneurs in informal sectors. This study bridges these gaps by examining how both traditional and digital financial literacy influence Hustler Fund uptake among youth entrepreneurs in Nairobi County.

The Behavioral Life-Cycle Hypothesis, as applied by Atkinson and Messy (2019), integrates psychological factors into financial decision-making, highlighting the role of financial literacy in

preventing over-indebtedness and poor credit management. The study revealed that individuals with lower financial literacy are more likely to take on excessive debt without fully understanding repayment obligations, which is a concern for young borrowers in Nairobi, particularly those in informal employment with unstable incomes. A conceptual gap in this study lies in its focus on traditional financial products, rather than on mobile-based or digital lending platforms like the Hustler Fund. However, the study focused on traditional financial products such as bank loans and credit cards, overlooking the growing use of digital lending platforms among youth. It did not consider mobile-based credit access mechanisms like the Hustler Fund, which are increasingly popular in urban Kenya. Additionally, the study emphasized general financial literacy without examining digital financial skills required for navigating mobile loan platforms. This creates a gap in understanding how financial literacy influences digital loan uptake among youth entrepreneurs in Nairobi.

In Kenya, Mawira (2023) examined the effect of financial literacy on the uptake of digital credit among micro-enterprise owners in Kiambu County. Guided by the Theory of Planned Behavior (TPB), the study found a moderate positive correlation between financial knowledge and the uptake of digital credit. However, it also highlighted that financial behavior and attitudes had less influence on borrowing decisions, suggesting that social and economic factors, such as peer influence and employment status, also play a significant role. This study indicates a methodological gap, as it primarily focused on micro-enterprise owners, while this study sought to address the uptake of digital credit among a broader youth population, including those in both formal and informal employment. However, the study focused primarily on micro-enterprise owners in Kiambu County, limiting its generalizability to the wider youth population. It did not fully capture the borrowing behaviors of youth in diverse employment sectors, including both formal and informal settings. Additionally, the study emphasized financial knowledge but gave less attention to the broader social and economic factors influencing credit uptake. This leaves a gap in understanding how these factors affect the uptake of digital credit among youth entrepreneurs in Nairobi.

Mukokoma et al. (2024), in a study conducted in Uganda, investigated the role of financial literacy in adopting regulated financial services (RFS), emphasizing digital platforms. The study showed that financial literacy was critical for adopting financial services, with digital platforms further enhancing this relationship. However, the contextual gap here is that this study was conducted in a rural area, where access to digital platforms is less widespread compared to Nairobi's urban setting. This distinction is important since the dynamics of financial literacy and digital platform usage may vary significantly between rural and urban areas. However, the study focused on a rural population in Uganda, where access to digital platforms is limited compared to urban areas like Nairobi. It did not account for the unique challenges and opportunities presented by Nairobi's more advanced technological infrastructure. The findings may therefore not fully reflect the financial literacy dynamics in an urban youth population. This creates a gap in understanding how financial literacy influences digital credit uptake among youth entrepreneurs in Nairobi's urban context.

The study by Sarfo, Musshoff, and Weber (2023) in Madagascar emphasized that financial literacy significantly increased farmers' awareness and willingness to use digital credit. This is relevant for Nairobi's youth, who, despite being digitally savvy, may lack the necessary financial knowledge to make informed decisions about digital loans. However, the methodological gap here is that the study was focused on farmers, whose financial decisions differ greatly from those of urban youth engaged in mobile money and informal employment. However, the study focused primarily on farmers in a rural context, whose financial behaviors and needs differ significantly from those of urban youth. It did not address the unique challenges faced by digitally savvy young entrepreneurs in Nairobi's informal employment sector. The findings may therefore not fully capture the financial literacy factors influencing digital loan uptake among urban youth. This leaves a gap in understanding how financial literacy affects the use of digital credit among Nairobi's youth population.

Mbatane and Kekana (2024) explored the role of digital financial literacy (DFL) in university students' engagement with FinTech products in South Africa. The study, guided by the Technology Acceptance Model (TAM), found that understanding digital financial products and risk management influenced students' willingness to use FinTech services. This highlights the

importance of digital financial literacy, which is critical for Nairobi's youth who interact with mobile money platforms daily. However, the study also found that knowledge of digital financial risks did not have a strong impact on usage behavior, suggesting a need for more targeted education on managing digital loans like the Hustler Fund. However, the study focused specifically on university students, whose financial behaviors and access to resources differ from the broader youth population in Nairobi. It did not account for young entrepreneurs or those in informal employment who may face different challenges in engaging with digital financial products. Additionally, the study concentrated on general FinTech services rather than digital loan products like the Hustler Fund. This creates a gap in understanding how digital financial literacy influences the uptake of digital loans among diverse youth groups in Nairobi.

Fanta and Mutsonziwa (2021) examined the role of financial literacy in expanding banking services in East Africa, with a focus on Kenya and Tanzania. The study found that financial literacy significantly influenced access to banking services, particularly among young people and those in rural areas. However, gender-specific barriers were highlighted, suggesting that young women in Nairobi may face additional challenges in making informed financial decisions due to socio-cultural factors. This underscores the conceptual gap in existing studies that often overlook the gendered aspects of financial literacy and its role in facilitating access to financial services. However, the study focused primarily on general access to banking services rather than the uptake of specific digital loan products like the Hustler Fund. It also emphasized rural populations, with less attention given to urban youth in Nairobi who face different financial challenges. Additionally, the study highlighted gender-specific barriers but did not deeply explore how these affect young women's access to digital credit in urban settings. This reveals a gap in understanding the gendered dynamics of financial literacy and digital loan uptake among Nairobi's youth.

While the reviewed studies provide valuable insights into the relationship between financial literacy and the uptake of digital credit, several conceptual, contextual, and methodological gaps exist: Conceptual gaps include the lack of focus on the specific type of financial literacy needed for digital lending platforms like the Hustler Fund, as most studies focus on traditional financial services. Contextual gaps arise from the varying financial environments in rural and urban settings,

which may affect financial decision-making processes. The experiences of Nairobi's youth differ from those in rural areas, necessitating research that specifically targets urban youth with access to digital financial services. Methodological gaps are evident in the limited focus on youth in informal employment or those outside formal educational institutions, whose financial literacy levels may differ from university students or entrepreneurs.

2.3.2 Loan Eligibility Criteria and Uptake of the Hustler Fund

Loan eligibility criteria play a critical conceptual role in determining access to financial services, particularly in inclusive finance programs like the Hustler Fund. These criteria typically involve requirements such as national identification, mobile phone registration, credit history, and in some cases, demonstrated income or business activity (Wambua & Kibunja, 2023). Conceptually, such requirements are designed to mitigate risk, enhance creditworthiness assessments, and promote responsible lending. However, in practice, stringent or poorly communicated eligibility conditions can exclude segments of the population who need the funding most—particularly youth operating informal or unregistered businesses with limited financial history (Ndung'u & Waithaka, 2023). From a behavioral economics perspective, the perception of these barriers may reduce application rates, even among eligible youth, due to fear of rejection or misunderstanding of requirements. This introduces the concept of perceived eligibility, where individuals self-exclude due to lack of information or confidence in their ability to meet formal criteria (World Bank, 2022).

Furthermore, conceptual arguments highlight that overly rigid eligibility conditions conflict with the fund's underlying objective of financial inclusion and economic empowerment for marginalized populations. When eligibility frameworks prioritize risk minimization over access, they can perpetuate financial exclusion, especially in contexts where informal economic activity predominates (Nduta & Wanyoike, 2022). The digital delivery model of the Hustler Fund, while efficient, assumes digital literacy, smartphone ownership, and mobile money familiarity—requirements that may exclude rural youth or those with limited digital access. Conceptually, inclusive financial models advocate for flexible, tiered eligibility that expands over time as borrowers demonstrate creditworthiness (Banerjee & Duflo, 2019). Simplifying access requirements and integrating financial literacy support are therefore essential conceptual strategies

to bridge the gap between potential and actual uptake. This framework supports the idea that inclusive eligibility design is not only a technical requirement but a strategic enabler for equity in financial access.

Globally, stringent loan eligibility criteria, including requirements for formal business registration, proof of income, collateral, and credit history, have been shown to limit access to credit, particularly for youth and informal sector workers. Beck et al. (2018) highlighted that restrictive eligibility criteria in credit programs pose significant barriers to young entrepreneurs, especially those in developing economies who may not possess formal business structures or substantial financial records. Their study, guided by the Financial Inclusion Theory, revealed that such criteria often exclude young individuals from accessing necessary financial resources. This is especially pertinent to the Hustler Fund, as the initiative aims to empower young people, many of whom are informal sector workers with limited access to formal credit systems. However, the study focused mainly on general credit programs and did not specifically examine the loan eligibility criteria of targeted youth empowerment initiatives like the Hustler Fund. It also emphasized developing economies broadly, without addressing the unique challenges faced by youth entrepreneurs in Nairobi's urban informal sector. Additionally, the study overlooked how specific eligibility requirements impact the actual uptake of digital loans by young people. This leaves a gap in understanding the direct effects of loan eligibility criteria on the Hustler Fund's accessibility among Nairobi's youth entrepreneurs.

Furthermore, Demirgüç-Kunt et al. (2020) conducted a study on the role of simplified loan eligibility criteria, such as alternative credit scoring models and minimal documentation, in increasing youth access to financial services. Guided by the Credit Rationing Theory, their study demonstrated that when financial institutions lower eligibility barriers, they can increase participation rates among young borrowers. These findings emphasize the importance of adapting credit programs, such as the Hustler Fund, to meet the financial realities of young entrepreneurs, who may not have formal business records or conventional credit histories. While global studies, such as those by Beck et al. and Demirgüç-Kunt et al., provide valuable insights, they are often limited by their focus on broader global contexts, which may not fully account for the specific

socio-economic and institutional realities of developing countries like Kenya. The research gap lies in how these global findings can be contextualized for a Kenyan setting, particularly in terms of informal sector dynamics and the unique barriers that young entrepreneurs face in accessing credit. However, the study focused primarily on global contexts and did not delve into the specific socio-economic and institutional challenges faced by young entrepreneurs in Kenya. It also largely overlooked the informal sector dynamics that are prevalent in Nairobi County. Additionally, the research did not address how simplified loan eligibility criteria operate within government-backed initiatives like the Hustler Fund. This creates a gap in understanding how such criteria specifically affect the uptake of the Hustler Fund among youth entrepreneurs in Nairobi.

Regionally, studies in Sub-Saharan Africa have also explored the impact of loan eligibility criteria on youth participation in financial programs. In a study by Muriuki (2017) on access to financial services in Kenya, it was found that many young people were excluded from credit programs due to the stringent eligibility requirements that favor individuals with stable incomes and formal business documentation. The study suggested that simplifying loan eligibility criteria, such as relaxing income verification and collateral requirements, could improve youth participation in credit programs. However, Muriuki's study primarily focused on youth in urban areas, leaving a significant gap in understanding how these criteria affect rural youth entrepreneurs who may face additional barriers, such as limited access to financial institutions and lower literacy levels. This gap in regional research highlights the need for studies that consider the diversity of the youth population, including urban and rural youth, and how different eligibility criteria impact their ability to access credit. Furthermore, regional studies have generally focused on microfinance programs and mobile lending solutions, which are distinct from government-backed loan schemes like the Hustler Fund, creating another contextual gap in the literature. However, the study focused primarily on youth in urban areas, leaving out the experiences of rural youth entrepreneurs who face different challenges. It also emphasized microfinance and mobile lending solutions rather than government-backed loan programs like the Hustler Fund. Additionally, the study did not explore how varying eligibility criteria specifically affect youth entrepreneurs' access to credit in Nairobi County. This creates a gap in understanding the impact of loan eligibility criteria on the uptake of the Hustler Fund among a diverse youth population in an urban Kenyan context.

Locally, the issue of loan eligibility criteria in the Hustler Fund has been explored in a few studies, though these studies often focus on qualitative aspects. Athiambo (2024) conducted a study examining barriers to credit uptake among Kenyan youth, including the impact of stringent loan eligibility criteria. Athiambo's study revealed that the Hustler Fund's eligibility conditions, such as minimum age and income requirements, limited access to credit for many young entrepreneurs, particularly those in informal sectors. While the study provided valuable qualitative insights, it did not quantify the extent to which specific eligibility criteria (e.g., age, income, business history) influence loan uptake. Moreover, Athiambo's study was limited by its focus on qualitative methods, which may not fully capture the broader trends and patterns in loan uptake across different youth demographics. The current study sought to address these gaps by employing quantitative methods to assess the impact of eligibility criteria on youth participation in the Hustler Fund. This approach allowed for a more comprehensive understanding of the specific eligibility barriers that youth face and how these barriers influence their access to the Fund. However, the study focused primarily on qualitative insights and did not quantify how specific eligibility criteria such as age, income, and business history affect loan uptake. It also did not examine broader patterns across different youth demographics. Additionally, the reliance on qualitative methods limits the ability to generalize findings to the wider youth population. The current study aimed to fill these gaps by using quantitative approaches to assess the impact of loan eligibility criteria on the uptake of the Hustler Fund among youth entrepreneurs in Nairobi County.

Another study by Lore (2019) examined mobile loan uptake among small and medium-sized enterprises (SMEs) in Nairobi's Central Business District (CBD). Lore found that SMEs preferred mobile loans due to their accessibility and minimal eligibility requirements. However, this study primarily focused on established SMEs in urban areas, leaving a gap in understanding how youth in the informal sector or those just starting their businesses may be impacted by eligibility criteria in credit programs like the Hustler Fund. While Lore's study highlights the advantages of mobile loans, it fails to explore the unique eligibility barriers for youth, particularly those who may not meet conventional lending criteria. The current study built on Lore's findings by focusing specifically on how eligibility factors such as age, income levels, and business history affect youth participation in the Hustler Fund. However, the study focused primarily on established SMEs in

urban areas and did not address the experiences of youth in the informal sector or those starting new businesses. It overlooked the unique eligibility barriers that young entrepreneurs face, especially those who do not meet conventional lending criteria. Additionally, the study did not examine how specific factors like age, income levels, and business history influence loan uptake among youth. The current study aimed to fill this gap by investigating the impact of loan eligibility criteria on the uptake of the Hustler Fund among youth entrepreneurs in Nairobi County.

From the review of global, regional, and local studies, several gaps emerge. Conceptually, while financial inclusion and credit rationing theories provide a solid framework, there is limited focus on how these theories can be applied specifically to youth in developing economies, particularly within government-backed programs like the Hustler Fund. Contextually, existing studies do not sufficiently account for the unique barriers faced by youth in informal sectors and rural areas, where the Hustler Fund is intended to have the most significant impact. Methodologically, previous studies often rely on qualitative data, which limits the ability to quantify the influence of specific eligibility criteria on youth participation. The current study sought to address these gaps by employing a quantitative approach to assess the impact of eligibility criteria on loan uptake across diverse youth demographics, including rural and urban youth.

2.3.3 Effect of Loan Terms on Uptake of the Hustler Fund

Loan terms—such as interest rates, repayment periods, grace periods, and collateral requirements—significantly influence the uptake of credit facilities, especially among youth and informal entrepreneurs. In the context of the Hustler Fund, favorable loan terms are intended to attract underserved populations by reducing traditional barriers to credit. Conceptually, the perceived affordability and flexibility of a loan determine whether potential borrowers view it as a viable financial solution (Makena & Njeru, 2023). High interest rates or short repayment windows often discourage participation, as they amplify the financial risk, particularly for microenterprises with unpredictable cash flows (Odhiambo & Waweru, 2022). Furthermore, borrowers weigh the cost-benefit ratio of taking on debt, and if loan terms are deemed too punitive or misaligned with income cycles, the fund's intended beneficiaries may opt out entirely. Thus,

loan design must balance financial sustainability with accessibility, taking into account the socio-economic realities of target groups such as youth and women in informal sectors.

Moreover, behavioral responses to loan terms are shaped not just by the actual cost of credit but by borrowers' understanding and trust in the lending process. If loan terms are poorly communicated or perceived as exploitative, uptake may decline regardless of their objective attractiveness (Mbugua & Njuguna, 2023). For instance, if youth perceive the repayment period as too short or fear penalties for default, they may be hesitant to apply even if the interest rate is low. Transparent and user-friendly terms, supported by financial literacy efforts, are thus crucial to building trust and encouraging participation. Additionally, flexible repayment mechanisms, such as mobile-based micro-installments or performance-based grace periods, can enhance responsiveness to the needs of borrowers. From a conceptual standpoint, tailoring loan terms to match the economic patterns and risk profiles of borrowers promotes inclusivity and encourages higher levels of fund utilization (World Bank, 2023).

Globally, the terms of loans, such as interest rates, collateral requirements, repayment flexibility, and loan duration, have been extensively studied in relation to their impact on loan uptake and borrower behavior. Sansa (2019) examined the effects of loan conditions on small business access to credit in Tanzania, guided by the Credit Rationing Theory. The study found that stringent bank-imposed loan covenants, such as collateral and rigid repayment terms, significantly restricted small business access to credit. Additionally, borrower perceptions of loan provisions, such as high interest rates and the inflexibility of repayment schedules, played a critical role in their willingness to take out loans. This finding is particularly relevant to the Hustler Fund, which aimed to provide accessible credit to young entrepreneurs but may inadvertently limit uptake due to restrictive loan conditions. A key knowledge gap in Sansa's study is its lack of focus on specific loan terms—such as repayment flexibility, interest rates, and collateral requirements—and their differential impact on borrower segments. While the study highlighted the general restrictions imposed by loan conditions, it did not assess how particular terms influence the participation of youth in credit programs. The current study aimed to fill this gap by specifically investigating the loan terms of the Hustler Fund, examining how these terms, especially repayment flexibility and loan pricing,

affect the uptake of credit among young entrepreneurs in Nairobi. However, the study focused broadly on loan covenants without examining the specific loan terms such as repayment flexibility, interest rates, and collateral requirements. It did not explore how these individual terms differently affect various borrower groups, particularly youth. Moreover, the study lacked attention to how young entrepreneurs perceive and respond to these loan conditions in credit programs. The current study sought to address this gap by analyzing the impact of specific loan terms on the uptake of the Hustler Fund among youth entrepreneurs in Nairobi County.

Furthermore, Kamau (2022) explored the costs and borrower considerations influencing digital credit uptake in Kenya, guided by the Credit Market Theory. The study revealed that affordability did not significantly hinder loan uptake, as digital loan rates were comparable to those of banks. However, it did find that employment status significantly influenced loan application, suggesting that stable income was a key factor in deciding to take a loan. Kamau's study did not focus on specific loan terms, such as interest rates, repayment periods, and eligibility criteria, which are central to understanding loan uptake. The current study bridged this gap by focusing on how loan terms, particularly interest rates and repayment structures, influence the uptake of the Hustler Fund among youth. However, the study focused mainly on overall affordability and employment status without examining specific loan terms such as interest rates, repayment periods, and eligibility criteria. It did not analyze how these individual loan conditions affect the decision to take up digital credit. Additionally, Kamau's study did not consider the unique financial circumstances of youth entrepreneurs. The current study aimed to fill this gap by investigating the impact of specific loan terms on the uptake of the Hustler Fund among youth entrepreneurs in Nairobi County.

Regionally, the issue of loan terms and their influence on credit accessibility has been explored in various Sub-Saharan African contexts, but studies specifically focusing on government-backed initiatives like the Hustler Fund remain limited. In a study by Mutegi, Gichohi, and Rintari (2022), the effect of M-Shwari loan pricing on the uptake of loans in Meru County was analyzed, guided by the Loan Pricing Theory. The study found that high loan pricing, particularly interest rates and transaction fees, negatively impacted loan uptake. Flexible repayment terms, however, enhanced loan accessibility, making digital credit more attractive to small borrowers. While Mutegi et al.'s

(2022) study provided useful insights into the importance of loan pricing, it focused primarily on pricing and transaction fees, without addressing other key loan terms such as eligibility criteria and collateral requirements. The gap in Mutegi et al.'s research lies in its limited focus on non-pricing factors, which are integral to understanding the full spectrum of loan terms that influence borrower behavior. The current study extended this research by incorporating an analysis of eligibility criteria, loan terms, and their collective impact on the uptake of the Hustler Fund. However, the study focused primarily on loan pricing and transaction fees, neglecting other important loan terms such as eligibility criteria and collateral requirements. It did not examine how these non-pricing factors affect borrower decisions. Additionally, the research was limited to a mobile banking product rather than a government-backed initiative like the Hustler Fund. The current study sought to fill this gap by analyzing the combined impact of loan terms, including eligibility criteria, on the uptake of the Hustler Fund among youth entrepreneurs in Nairobi County.

At the local level, several studies have examined the impact of loan terms on credit uptake, but they often fail to focus on the unique challenges faced by youth entrepreneurs, especially in government-backed schemes like the Hustler Fund. Kiprotich and Karanja (2020) investigated barriers to the repayment of digital loans in Kenya, guided by the Loan Default Theory. They found that issues such as over-borrowing and inadequate financial planning led to high default rates, particularly among youth borrowers. The study emphasized the need for more flexible repayment terms and borrower support to reduce defaults. However, it did not specifically address how the repayment terms of government-funded loans like the Hustler Fund contribute to youth participation in credit programs. The current study sought to fill this gap by focusing on how repayment structures and grace periods in government-backed initiatives affect the uptake and sustainability of loans among youth entrepreneurs in Nairobi. However, the study focused primarily on repayment challenges related to digital loans in general and did not specifically examine the repayment terms of government-backed programs like the Hustler Fund. It overlooked how flexible repayment structures and grace periods influence youth participation in such schemes. Additionally, the research did not explore the broader impact of loan terms on loan uptake among

youth entrepreneurs. The current study aimed to address these gaps by investigating how loan terms affect the uptake of the Hustler Fund among youth entrepreneurs in Nairobi County.

Wambui (2022) analyzed the repayment behavior of borrowers accessing government-funded loans and examined the relationship between loan terms and repayment success. Guided by the Financial Constraint Theory, the study found that rigid repayment schedules, coupled with financial shocks such as health emergencies and unemployment, led to high default rates. However, the study focused primarily on repayment behavior and default rates among government loan borrowers, without directly examining how repayment terms affect the initial uptake of loans. It did not explore the specific impact of loan terms on youth participation in programs like the Hustler Fund. Additionally, the study overlooked how tailored repayment conditions could influence young entrepreneurs' decisions to access credit. The current study sought to fill this gap by analyzing the impact of loan terms on the uptake of the Hustler Fund among youth entrepreneurs in Nairobi County.

2.3.4. Technological Infrastructure and Distribution Channels and uptake of the Hustler Fund

Technological infrastructure and the efficiency of distribution channels are pivotal in influencing the uptake of financial products, particularly digital microloans such as the Hustler Fund. In Kenya, where mobile technology is widely adopted, mobile money platforms like M-PESA provide a convenient channel for disbursing and repaying loans. The Hustler Fund leverages this infrastructure, enabling borrowers to apply, receive, and repay loans via mobile phones, reducing the need for physical bank visits (Ndung'u & Otieno, 2023). The success of such initiatives heavily depends on the reliability, accessibility, and user-friendliness of the technology employed. If technological systems are seamless and customer support is effective, users are more likely to trust and engage with the fund. Additionally, the availability of mobile network coverage and smartphone ownership influences uptake, especially in rural and marginalized areas (World Bank, 2023).

Furthermore, the structure of distribution channels—including agent networks, fintech partnerships, and integration with mobile network operators—determines how effectively financial services reach target populations. Youth and small business owners in informal sectors often face challenges such as digital illiteracy, cyber security concerns, and lack of digital identity, which can hinder their ability to access the Hustler Fund (Muriuki & Gichuru, 2022). Therefore, both technological design and strategic partnerships must be geared toward enhancing user experience, building trust, and ensuring equitable access. For instance, USSD platforms and mobile apps must be optimized for low-income users with limited data access. Moreover, public education campaigns and localized support through community-based agents can address digital barriers and misinformation, thereby increasing uptake. Conceptually, robust technological infrastructure and inclusive distribution channels act as enablers for financial inclusion by bridging the accessibility gap between policy initiatives and end-users.

Globally, several studies have explored the role of digital infrastructure in increasing access to financial services, particularly in underserved populations. For instance, studies have shown that mobile platforms, such as M-Pesa in Kenya and similar services in other regions, significantly enhance financial inclusion by reducing transaction costs and expanding the accessibility of credit (Demirgüç-Kunt et al., 2018). These studies highlight that digital platforms provide easy access to financial services, particularly for those without access to traditional banking facilities. However, challenges such as digital illiteracy and access to smartphones continue to hinder the full potential of these platforms (Suri & Jack, 2016). A critical gap in these studies is the limited exploration of how eligibility criteria and digital access interact to influence the uptake of specific loan products, such as government-backed schemes.

In East Africa, mobile lending services such as M-Shwari and M-Pesa have been widely studied, with a focus on their role in facilitating microcredit for individuals who previously had no access to formal financial systems. A study by Mwangi and Mutua (2021) on the impact of digital accessibility on loan uptake in Kenya revealed that despite the affordability and ease of access through mobile platforms, many youth still struggle to access these financial products due to barriers like digital illiteracy, lack of smartphones, and inadequate internet access. These findings

underscore the importance of improving technological infrastructure to ensure inclusivity in digital financial products. However, the study does not address the role of digital platforms in conjunction with government-backed credit schemes like the Hustler Fund, creating a gap in understanding how these platforms influence loan uptake in specific governmental programs.

Karanja (2022) examined the role of government regulations in expanding mobile banking services and how digital credit has increased financial inclusion for young entrepreneurs in Kenya. The study highlights how regulatory frameworks, such as the Central Bank of Kenya's digital lending regulations, have fostered growth in mobile lending, but also discusses the challenges posed by regulatory constraints such as strict compliance and risk assessment procedures. While Karanja's study identifies the positive impact of digital lending policies, it does not delve into how these policies intersect with the specific needs of youth borrowers applying for government-backed loans like the Hustler Fund.

Wanjiru and Kamau (2020) conducted a study on how lending practices by microfinance institutions (MFIs) influence youth financial behavior. They noted that while MFIs tend to have more lenient lending policies than traditional banks, high interest rates and stringent collateral requirements remain barriers. This study highlights the need for more accessible credit systems, particularly those leveraging technology to address the systemic challenges young borrowers face. However, it did not explore how government-backed digital lending programs, such as the Hustler Fund, could mitigate these barriers.

The reviewed studies do not fully explore how digital access, mobile platforms, and government regulations intersect to influence loan uptake, particularly in government-backed credit programs like the Hustler Fund. The role of digital platforms in alleviating barriers like high-interest rates, collateral requirements, and rigid eligibility criteria remains underexplored. While regional studies have focused on mobile lending and financial inclusion, they often overlook the unique needs of youth entrepreneurs, especially in the context of government-backed initiatives like the Hustler Fund. Additionally, the role of digital literacy and access to mobile devices in influencing loan uptake among young entrepreneurs is not sufficiently addressed in the Kenyan context. Many of the studies reviewed rely on quantitative methods that do not adequately capture the nuanced ways

in which technological infrastructure and distribution channels affect youth engagement with credit programs. Few studies employ mixed-method approaches that combine quantitative data with qualitative insights from youth entrepreneurs, which could provide a more comprehensive understanding of the factors influencing loan uptake. The current study sought to bridge these gaps by focusing specifically on the Hustler Fund in Kenya and analyzing how technological infrastructure, digital access, and government policies impact youth participation. By assessing the role of mobile lending platforms, financial literacy, and regulatory policies, the study aimed to provide insights into how digital financial inclusion can be improved to better support youth entrepreneurs.

2.4 Research Gaps

Despite extensive research on financial literacy and loan uptake, a significant gap exists in understanding the relationship between financial literacy and the specific uptake of the Hustler Fund among Kenyan youth. While studies such as Lusardi and Mitchell (2017) and Atkinson and Messy (2019) establish the role of financial literacy in borrowing decisions, they do not address the unique features of government-backed digital loan programs like the Hustler Fund. Additionally, prior research has primarily focused on general borrowing behavior and loan defaults without considering the specific challenges that youth face in accessing and utilizing government loan initiatives. This gap necessitates a focused study on how financial literacy influences the awareness, application, and repayment of Hustler Fund loans among young borrowers.

Another critical research gap lies in the limited examination of digital financial literacy in relation to government-backed loans. Studies such as Mawira (2023) and Mbatane and Kekana (2024) have explored digital financial literacy and FinTech usage, but they have not specifically examined its impact on participation in the Hustler Fund. Given that the Hustler Fund operates entirely through digital platforms, there is a need to assess how digital financial literacy affects the ability of youth to navigate the loan application, disbursement, and repayment processes. Without this understanding, there may be barriers preventing full participation, particularly among those with limited exposure to digital financial systems.

Loan eligibility criteria and accessibility remain another underexplored area in existing literature. Beck et al. (2018) and Demirgüç-Kunt et al. (2020) have examined how eligibility requirements impact credit access, but they have not analyzed how these criteria influence youth participation in government micro-loans like the Hustler Fund. Athiambo (2024) identified barriers such as stringent eligibility conditions and inadequate loan amounts but relied on qualitative methods without a quantitative assessment of these factors. Therefore, there is a need for empirical research to quantify the effects of eligibility criteria, including how specific factors such as employment status, credit history, and loan size affect youth engagement with the Hustler Fund.

Another research gap exists in the study of loan repayment behavior and challenges associated with the Hustler Fund. Studies by Banerjee and Duflo (2019), Karlan and Zinman (2018), and Wambui (2022) have examined repayment difficulties in various loan contexts, but they do not specifically address government-backed digital loans. The Hustler Fund has unique repayment structures, including flexible interest rates and automatic deductions, which have not been extensively studied. There is a need to investigate how these repayment terms affect youth borrowers' ability to repay loans and avoid financial distress, particularly in the context of income volatility and financial shocks.

Finally, existing research on technological infrastructure and distribution channels influencing loan uptake, such as government policies and digital accessibility (World Bank, 2020), has not been sufficiently contextualized to the Hustler Fund. While studies highlight broad regulatory and financial inclusion issues, they do not consider the specific policy measures shaping the adoption of the Hustler Fund among youth. Given the role of government incentives, digital infrastructure, and financial education campaigns, further research is needed to assess how systemic and institutional factors influence youth participation in this program. Addressing these gaps provided a comprehensive understanding of the financial, digital, and policy-related barriers affecting the uptake and sustainability of the Hustler Fund among young borrowers in Kenya.

2.5 Summary of Literature Review and Research Gaps

The table below presents a summary of empirical studies related to financial literacy, loan uptake, and repayment behavior, with a particular focus on the barriers and facilitators affecting youth participation in financial products like the Hustler Fund. The studies provide valuable insights into the relationship between financial literacy, loan eligibility criteria, and loan terms, while also highlighting the role of digital platforms and government-backed loans in shaping credit access. The research gaps identified across the studies underscore the need for further exploration into how financial literacy and loan conditions specifically on the impact of uptake and repayment of the Hustler Fund among Nairobi's youth.

Table 2.1: Summary of Literature and Research Gaps

Study	Focus	Findings	Research Gaps	Relevance to Current Study
Lusardi & Mitchell (2017)	Financial literacy and loan uptake	Financial literacy influences individuals' ability to assess loan risks and benefits.	Lack of focus on youth and specific loan programs like the Hustler Fund.	Supports the hypothesis that financial literacy influences Hustler Fund uptake.
Atkinson & Messy (2019)	Financial literacy and borrowing decisions	Financial illiteracy leads to poor borrowing decisions and loan defaults.	Not specific to the Hustler Fund or youth in Kenya.	Provides a basis for exploring how financial illiteracy might hinder participation in the Hustler Fund.
Mawira (2023)	Financial literacy and digital credit uptake	Found a moderate positive correlation between financial knowledge and digital credit uptake.	Limited focus on financial behavior and attitudes.	Highlights the importance of financial literacy, relevant for studying Hustler Fund uptake.

Mukoko ma et al. (2024)	Financial literacy and uptake of regulated financial services	Financial literacy significantly influences uptake of financial services, enhanced by digital platforms.	Focused on rural Uganda, not urban youth.	Identifies digital platform use as a key factor, relevant for urban youth engaging with Hustler Fund.
Sarfo, Musshoff & Weber (2023)	Financial literacy and awareness of digital credit	Financial literacy impacts awareness of digital credit products in Madagascar.	Focused on farmers in Madagascar, not urban youth.	Useful for understanding the relationship between financial literacy and awareness of digital credit like the Hustler Fund.
Mbatane & Kekana (2024)	Digital financial literacy and FinTech usage	Financial literacy influences the use of digital financial products.	Did not focus on repayment behavior.	Relevant for understanding digital financial literacy's role in Hustler Fund uptake among Nairobi's youth.
Fanta & Mutsonzi wa (2021)	Financial literacy and access to banking services	Economic literacy influences banking access in East Africa.	Focused on banking services rather than government loans.	Provides insight into how financial literacy influences access to financial services, relevant to Hustler Fund.
Mabhan Morgan & Trinh (2019)	Financial literacy and financial technology awareness	Higher financial literacy correlates with awareness of financial technology products.	Limited focus on loan products like the Hustler Fund.	Supports the argument that financial literacy impacts awareness and usage of financial products like the Hustler Fund.
Beck et al. (2018)	Loan eligibility criteria and credit access	Stringent eligibility criteria limit access to credit, especially	Not specific to the Hustler Fund or	Relevant for exploring how eligibility criteria in the Hustler Fund may limit or

		for young entrepreneurs.	Kenyan youth.	encourage youth participation.
Demirgüç-Kunt et al. (2020)	Loan eligibility and participation	Simplified application processes increase participation rates among young borrowers.	Did not focus on government-backed loan programs like the Hustler Fund.	Provides a basis for investigating how eligibility requirements can influence youth participation in the Hustler Fund.
Lore (2019)	Mobile loan uptake among SMEs	Business costs and loan accessibility are key to loan uptake, but loan eligibility is also crucial.	Focused on SMEs, not youth or the Hustler Fund.	Explores factors that may impact the uptake of the Hustler Fund, particularly among youth.
Athiamboko (2024)	Barriers to credit uptake among youth	Stringent eligibility criteria, inadequate loan amounts, and employment requirements limit access.	Qualitative focus without a quantitative approach to eligibility.	Provides insight into how eligibility criteria affect Hustler Fund participation, specifically for youth.
Mutua & Otieno (2021)	Income volatility and repayment of micro-loans	Income volatility and lack of financial literacy lead to loan defaults.	Did not address how repayment structures of government loans affect defaults.	Identifies how income volatility and lack of financial literacy affect repayment, relevant to the Hustler Fund.
Sansa (2019)	Effects of loan conditions on small business access to	Stringent loan covenants limited financial inclusion; borrower perceptions	Did not focus on specific loan terms like collateral, repayment	Examines how specific loan terms affect the uptake of the Hustler Fund among Entrepreneurs in Nairobi

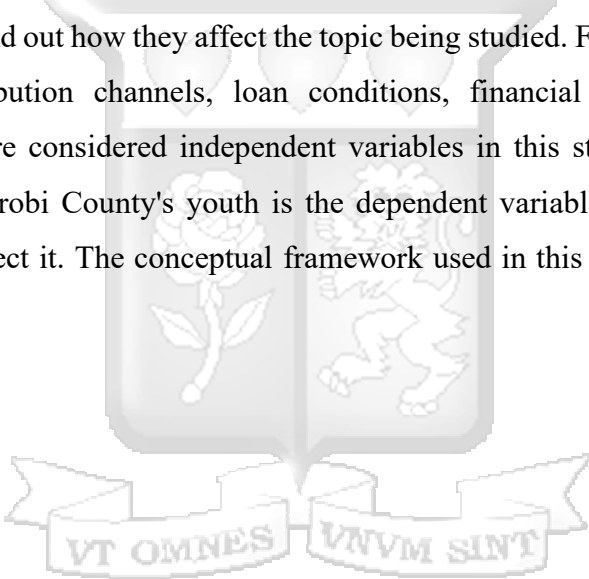
	credit in Tanzania	influenced loan uptake	flexibility, and interest rates	
Kamau (2022)	Costs, uses, and borrower considerations influencing digital credit uptake in Kenya	Loan cost was not a major deterrent; employment status significantly influenced loan application	Did not analyze the impact of repayment periods, interest rates, and eligibility criteria	Investigates how specific loan terms impact the uptake of the Hustler Fund among Entrepreneurs
Mutegi, Gichohi, & Rintari (2022)	Effect of M-Shwari loan pricing on loan uptake in Meru County	High loan pricing reduced uptake; flexible repayment terms increased accessibility	Did not examine eligibility criteria and non-pricing loan terms	Assesses how loan eligibility requirements, repayment structures, and interest rates affect the Hustler Fund uptake
Kiprotich & Karanja (2020)	Barriers to digital loan repayment in Kenya	Youth faced high default rates due to over-borrowing and poor financial planning	Lacked focus on repayment terms of government-funded initiatives	Examines repayment structures and grace periods in the Hustler Fund to improve youth participation
Mwangi & Mutua (2021)	Impact of digital accessibility on loan uptake in Kenya	Digital lending platforms improved access but loan uptake remained low due to digital illiteracy and lack of smartphones	Did not examine how digital access interacts with loan eligibility in government-backed credit programs	Evaluates how digital access, financial literacy, and technological infrastructure influence the uptake of the Hustler Fund
Karanja (2022)	Role of government regulations in	Policies enhanced digital lending but regulatory	Did not explore how policies align	Analyzes the role of technological infrastructure and distribution channels in

	mobile banking expansion	constraints limited youth participation	with youth financial needs in government-backed loan products	Hustler Fund uptake among youth
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Source: Researcher (2025)

2.6 Conceptual Framework

One way to show how the study's dependent and independent variables relate to one another is via a conceptual framework. According to Creswell (2002), independent variables are those that the researcher examines to find out how they affect the topic being studied. Factors such as technology infrastructure and distribution channels, loan conditions, financial literacy, and eligibility requirements for loans are considered independent variables in this study. The Hustler Fund's adoption rate among Nairobi County's youth is the dependent variable, and these independent factors are thought to affect it. The conceptual framework used in this study is shown in Figure 2.1.



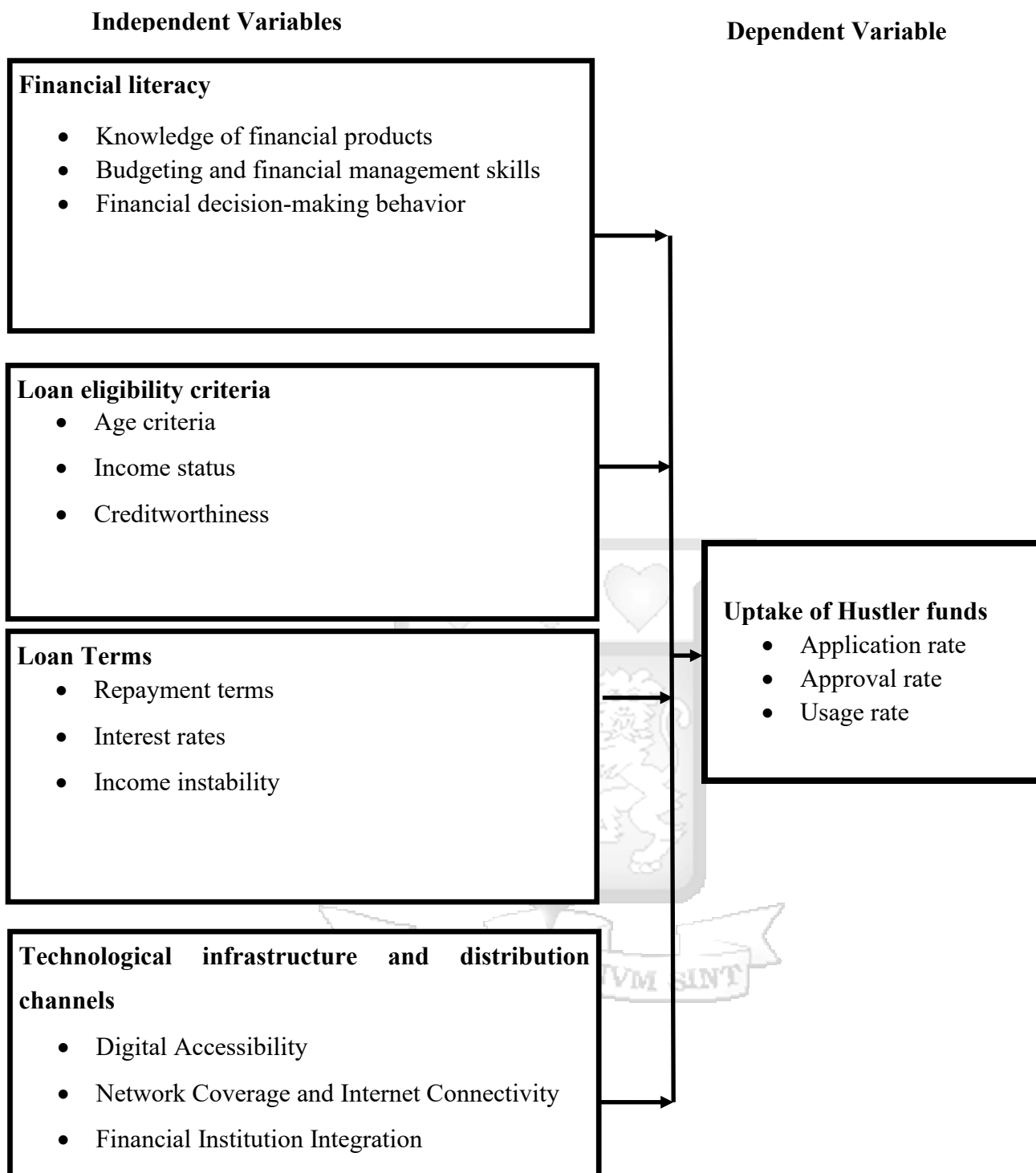


Figure 2.1: Conceptual framework

Source: Researcher (2025)

2.7 Chapter Summary

This chapter critically reviewed relevant literature on the factors influencing the uptake of the Hustler Fund by youth entrepreneurs in Nairobi County. It began with a theoretical review that examined key theories underpinning financial behavior and loan uptake. This was followed by an empirical review of related studies on financial literacy, loan eligibility, loan terms, and technological infrastructure as they relate to youth entrepreneurship and access to credit. The chapter also identified existing research gaps that this study sought to address. Additionally, a conceptual framework was developed to illustrate the relationships among the study variables, and the operationalization of these variables was outlined to guide the methodology in subsequent chapters.



CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

Research methodology refers to the systematic approach that is used to collect, analyse and present data. This chapter outlines the research methodology used to investigate the research problem, providing a comprehensive blueprint for how the study was conducted. The objective of this study is to investigate the factors influencing the uptake of the Hustler Fund by youth entrepreneurs in Nairobi, Kenya. This chapter is organized into several key sections: the research design, which explains the overall strategy and type of study used; the population and sampling, detailing the target population and the sampling method employed to select participants; data collection methods, outlining the techniques used to gather information from respondents; research instruments, describing the tools (such as surveys or interviews) used to collect data; data analysis, highlighting the techniques for analyzing the data and drawing conclusions; and ethical considerations, addressing the ethical standards followed throughout the study, including informed consent and confidentiality. Each of these sections is carefully crafted to ensure transparency and rigor in the research process, providing a clear roadmap for the study's implementation and ensuring its findings are both reliable and valid.

3.2 Research Philosophy

Research philosophy refers to the underlying belief system or worldview that guides how research is conducted, including the assumptions about reality (ontology), knowledge (epistemology), and values (axiology). The main research philosophies include positivism, interpretivism, realism, and pragmatism. Interpretivism emphasizes understanding the subjective meanings and experiences of participants, often through qualitative methods. It is suited for studies that explore complex social phenomena from the perspective of those involved. Realism recognizes the existence of a reality independent of human thought but considers both observable phenomena and underlying mechanisms. Pragmatism, on the other hand, is concerned with practical outcomes and combines both qualitative and quantitative approaches depending on the research question (Creswell, 2014).

This study adopts a positivist research philosophy, which aligns with its aim to systematically identify and measure factors influencing the uptake of the Hustler Fund by youth entrepreneurs in Nairobi, Kenya. Positivism emphasizes the collection of quantitative data and the use of statistical analysis to test hypotheses and establish causal relationships (Saunders et al., 2019). This approach is appropriate as it allows for objective measurement of variables such as financial literacy, loan eligibility criteria, loan terms, and technological infrastructure, treating these factors as observable and independent of the researcher's bias.

By applying a positivist paradigm, the study ensures that findings are reliable and generalizable, providing actionable insights for policymakers and stakeholders in entrepreneurship and finance. The empirical nature of positivism offers a structured framework for analyzing the determinants of Hustler Fund uptake, supporting rigorous and scientifically valid conclusions (Creswell, 2014). Thus, positivism underpins this research by facilitating an objective and measurable investigation into the factors affecting youth participation in the fund.

3.3 Research Design

Research design is a structured plan or framework that guides researchers in addressing their research questions and achieving the study's objectives. According to Creswell and Creswell (2017), research design is a strategy or blueprint that outlines how the research process will unfold, including the methods of data collection, analysis, and interpretation. Saunders et al. (2019) further define it as a comprehensive plan that specifies the procedures for conducting research, ensuring that the approach aligns with the research philosophy and methodology. In a similar vein, Yin (2018) asserts that a research design acts as the overall strategy that ensures the research findings are valid, reliable, and relevant. Thus, the research design not only serves as a roadmap for the study but also determines the data collection and analysis techniques to be used in investigating the research problem.

For this study, a descriptive cross-sectional survey design was utilized. This design was particularly appropriate as it allowed for a detailed and systematic collection of data at a specific point in time, which helped to assess the Factors Influencing the Uptake of the Hustler Fund by

youth entrepreneurs in Nairobi, Kenya (Saunders et al., 2019). Descriptive research enabled the study to capture the characteristics of the target population and their perceptions regarding the fund, providing insights into patterns, attitudes, and trends. Moreover, a cross-sectional approach allowed the study to examine a broad range of variables simultaneously without manipulating them, making it well-suited for identifying correlations between different factors affecting the uptake of the Hustler Fund (Creswell & Creswell, 2017). This design ensures a comprehensive understanding of the subject while maintaining the ability to generalize the findings to the larger youth population in Nairobi County.

3.4 Target Population

Saunders et al. (2019) described the target population to be the entire pool and where the study sample is obtained. Further, they stated that population is not used in its usual sense, with regards to sampling, as the complete set of objects need not be mainly people. Beck and Polit (2004) as well as Saunders et al. (2019) describe population to be the collective or entirety of those compliant to a given set of provisions. Nairobi County had a total of 418,681 registered businesses (KNBS, 2022). According to the Nairobi County Trade and Commerce Report (NCTCR, 2019), approximately 26% of these businesses were owned by youth aged between 18 and 35 years, which translated to about 108,857 enterprises. This estimate was derived from combining business registration data with demographic surveys and youth entrepreneurship statistics specific to Nairobi County, where age data was collected through supplementary records and targeted surveys. In the field, identification of youth-owned businesses was conducted through screening questions during data collection, where respondents self-reported their age and business ownership status. The target population for this study thus consisted of individual youth entrepreneurs (aged 18–35) who owned or operated businesses in Nairobi's 17 sub-counties. This population allowed the study to directly assess factors influencing the uptake of the Hustler Fund among young entrepreneurs. The unit of analysis was the individual youth entrepreneur who was a current or potential beneficiary of the Hustler Fund. Data was collected through structured surveys and interviews focused on variables such as financial literacy, access to information, business type, and socio-economic factors influencing fund utilization.

3.5 Sampling Design

According to Saunders et al. (2019), a sample refers to a subset of a larger population and offers a practical alternative to conducting a full census, particularly when time and financial constraints make it unfeasible to study the entire population. They emphasize that sampling is beneficial when rapid results are needed or when exhaustive data collection is impractical. This view aligns with Polit and Beck (2021), who also advocate for sampling as a cost-effective and manageable approach in research. However, they caution that sampling may carry the risk of not adequately reflecting the diversity of characteristics, attitudes, and behaviours present in the entire population.

A multistage sampling was used. Firstly, purposive sampling was used to select only youth entrepreneurs who have applied for hustler fund. Secondly, stratified sampling was then adopted according to the 17 sub counties to ensure that each was proportionately represented according to the guiding proportions from population figures per Sub County (KNBS, 2022). Biyi (2005) defines stratified random sampling as the division of the population into strata which are groups of two or more, followed by purposive selection within the separate stratum. These techniques were chosen for this study due to the heterogeneity of the specific population and variation in distribution across the sub-counties and subsectors.

Following Yamane et al. (1998) equation for a finite population, the sample size is given by:

$$n = \frac{N}{1 + N(e^2)}$$

Where n is the sample size N is preferred sample size and e is the error = 0.05

$$n = \frac{108,857}{1 + 108,857(0.05^2)}$$
$$= 400$$

3.6 Data Collection

Data collection for this study involved gathering primary data directly from youth entrepreneurs in Nairobi County. A structured questionnaire was designed to collect both quantitative and qualitative data aligned with the research objectives. Respondents were identified through a stratified random sampling technique, which ensured representation across Nairobi's 17 sub-counties and key subgroups within the youth entrepreneur population (aged 18–35). The sampling frame was developed using business registration data and supplemented by field screening to confirm respondents' age and business ownership status. The data collection for this study followed a systematic approach using structured questionnaires designed to gather both quantitative and qualitative data aligned with the research objectives. These questionnaires were administered to a representative sample of 400 youth entrepreneurs in Nairobi County, selected using stratified random sampling techniques. The stratified sampling technique ensured that key subgroups within the youth population were adequately represented, and random selection within each stratum maintained randomness and reduced sampling bias. This process ensured the data collected was both reliable and generalizable to the broader population of youth entrepreneurs in Nairobi.

The structured questionnaire was divided into several sections, each addressing a specific aspect of the study. The first section collected demographic data such as age, gender, educational level, and employment status, using nominal and ordinal measurement scales. The second section focused on financial literacy, where respondents were asked to rate their understanding of financial products and services using a Likert scale-SA-Strongly agree (5), A-Agree (4), N-Neutral (3), D-Disagree (2), SD-Strongly disagree (1). The third section assessed respondents' views on the loan eligibility criteria for the Hustler Fund, while the fourth section examined the challenges of loan repayment. This section used Likert scales to gauge the level of agreement with statements regarding the manageability of repayment terms. Lastly, the questionnaire addressed technological infrastructure and distribution channels, examining the role of mobile platforms and online systems in facilitating access to the Hustler Fund. These sections provided quantitative data on factors influencing uptake, while open-ended questions allowed for richer, qualitative insights.

Data collection commenced in March 2025, with trained enumerators administering the questionnaires either in person or via online platforms, depending on respondent preference and access. This dual approach ensured inclusivity, allowing respondents from different backgrounds to participate. The structured nature of the questionnaire allowed for the efficient standardization of responses, enhancing the reliability and validity of the data. Before full-scale data collection, a pilot test was conducted on a small sample to refine the instrument and ensure clarity in the questions. The data was analyzed quantitatively, using statistical tools such as descriptive statistics and inferential analysis to identify key factors influencing the uptake of the Hustler Fund among youth entrepreneurs in Nairobi. This methodical approach to data collection ensured that the study’s findings were both robust and actionable.

3.7 Operationalization of Study Variables

Table 3.1: Operationalization of Study Variables

Variable	Indicators	Measurement	Data Analysis	Supporting Literature
Financial Literacy	<ul style="list-style-type: none"> - Knowledge of financial products - Budgeting and financial management skills - Financial decision-making behavior 	- 5-pt Likert Scale (Quantitative)	Descriptive statistics, Correlation analysis, Regression analysis	Lusardi and Mitchell (2017), Mawira (2023), Mukokoma et al. (2024), Sarfo, Musshoff, and Weber (2023), Mbatane and Kekana (2024)
Loan Eligibility Criteria	<ul style="list-style-type: none"> - Age criteria - Income status - Creditworthiness 	- 5-pt Likert Scale (Quantitative)	Descriptive statistics, Correlation analysis, Regression analysis	Beck et al. (2018), Demirgüç-Kunt et al. (2020), Lore (2019), Athiambo (2024)
Loan terms	<ul style="list-style-type: none"> - Repayment Flexibility - Interest rates - Loan Pricing 	- 5-pt Likert Scale (Quantitative)	Descriptive statistics, Correlation analysis, Regression analysis	Banerjee and Duflo (2019), Karlan and Zinman (2018), Mutua and Otieno (2021)

				Kiprotich and Karanja (2020) Wambui (2022)
Technological Infrastructure and Distribution Channels	- Digital Accessibility -Network Coverage and Internet Connectivity -Financial Institution Integration	- 5-pt Likert Scale (Quantitative)	Descriptive statistics, Correlation analysis Regression analysis	Beck and Cull (2019), Karanja (2022) Mwangi and Mutua (2021) Wanjiru and Kamau (2020)
Uptake of Hustler Fund (Dependent Variable)	- Application rate - Approval rate - Usage rate	- 5-pt Likert Scale (Quantitative)	Descriptive statistics, Correlation analysis Regression analysis	Lumsden (2018) and Greger (2019) Baskaran (2018) Magale (2024), Ayuma (2023)

3.8 Research Quality

In ensuring the quality of study, it was crucial to address both validity and reliability. These two pillars are fundamental in establishing the credibility and trustworthiness of the research findings.

3.8.1 Reliability

Reliability refers to the consistency and dependability of a research instrument in measuring the same construct when used repeatedly. It ensures that the results of the study are stable and repeatable across different contexts and time periods (Sekaran & Bougie, 2016). To assess the reliability of the research instrument for this study, the Cronbach's Alpha coefficient, a commonly used statistic for determining the internal consistency of a questionnaire, was computed during the pre-test phase. A value of 0.7 or above is generally considered an acceptable threshold, indicating that the items in the questionnaire reliably measured the intended construct (Tavakol & Dennick, 2011). In addition to calculating Cronbach's Alpha, the study employed a test-retest methodology. This involved administering the same instrument to a subset of respondents at two different points in time to assess the stability of their responses. The correlation between the two sets of answers was examined to ensure consistency over time. Previous studies on similar financial inclusion and

youth participation in government-funded schemes had typically adopted a Cronbach's Alpha score of 0.7 or higher, which had been found to ensure the reliability of instruments assessing such constructs (Munyua & Njeru, 2019). Thus, the reliability threshold for this study was also set at 0.7 to ensure the instrument's effectiveness in measuring factors influencing the uptake of the Hustler Fund.

Table 3.2: Cronbach's Alpha

Variable	Cronbach's Alpha	No. of Items
Financial Literacy	0.842	7
Loan Eligibility Criteria	0.791	7
Loan Terms	0.814	7
Technological Infrastructure and Distribution Channels	0.869	7
Uptake of the Hustler Fund among Entrepreneurs	0.776	7

The results of the Cronbach's Alpha test indicate that all the variables in the study exhibit acceptable to excellent internal consistency, suggesting that the questionnaire items used to measure each construct are reliable. Financial Literacy recorded a Cronbach's Alpha of 0.842, indicating strong internal consistency across its seven items. Similarly, Loan Terms and Technological Infrastructure and Distribution Channels demonstrated high reliability with coefficients of 0.814 and 0.869 respectively, both well above the commonly accepted threshold of 0.7. Loan Eligibility Criteria also showed good reliability with a Cronbach's Alpha of 0.791, suggesting consistent responses across its seven items. Lastly, the dependent variable—Uptake of the Hustler Fund among Entrepreneurs—had a Cronbach's Alpha of 0.776, which is also considered acceptable. These results validate the reliability of the research instrument and affirm its suitability for use in the main data collection process.

3.8.2 Validity

Validity refers to the extent to which a research instrument accurately measures what it is intended to measure, ensuring that the conclusions drawn from the data are based on sound measurement (Cohen et al., 2018). There are several types of validity that must be considered in any research

study: content validity, construct validity, criterion validity, and face validity. For this study, particular attention was paid to content and construct validity.

Content Validity is concerned with whether the instrument covers all aspects of the research topic and includes all relevant variables (Fink, 2017). To ensure content validity, the research instrument (the questionnaire) was designed to comprehensively address the factors influencing the uptake of the Hustler Fund, including financial literacy, loan eligibility criteria, loan terms, technological infrastructure, and distribution channels. This was achieved by consulting with experts in areas such as finance, youth empowerment, and social policy to ensure the questionnaire covers all the essential dimensions of the study.

Construct Validity focuses on whether the instrument accurately measures the theoretical constructs it is intended to measure (Trochim, 2020). For this study, construct validity was ensured by pre-testing (pilot testing) the questionnaire with a small sample drawn from the target population. The pre-test helped assess whether the questions are accurately capturing the variables they are meant to measure, such as youths' financial literacy and their perceptions of loan eligibility criteria. The pre-test involved a sample of 30 participants to gather initial feedback on the instrument's clarity, relevance, and alignment with the research objectives. Based on feedback from both experts and pre-test participants, the questionnaire was adjusted as needed. Furthermore, factor analysis was employed to assess whether the responses to the items in the questionnaire align with the theoretical constructs underpinning the study. This combination of expert input, pre-testing, and statistical analysis ensured that the instrument was both valid and effective in capturing the factors influencing the uptake of the Hustler Fund among youth entrepreneurs in Nairobi County.

3.9 Diagnostic Test

To make sure the main requirements of parametric data analysis are satisfied, a battery of diagnostic tests were ran before any data analysis was carried out. To ensure that the data was suitable for regression analysis, these tests included evaluations for autocorrelation, normality, multicollinearity, and heteroscedasticity.

3.9.1 Tests for Autocorrelation

The Durbin-Watson test was utilised to look at autocorrelation. The degree of correlation between a variable's values across two separate time intervals may be determined using this test. The absence of autocorrelation is shown by a test value that is near to 2. Positive autocorrelation is shown by a number going towards 0, and negative autocorrelation is indicated by a value approaching. To increase the accuracy of the model, we explored corrective techniques such as data differencing, lag variables, or Cochrane-Orcutt estimate if autocorrelation was identified.

3.9.2 Normality Test

We used the Shapiro-Wilk test and the Kolmogorov-Smirnov test to assess whether the residuals were normally distributed. The normality of the dataset was determined using these non-parametric tests. For a more visual inspection of the residual distribution, we also analyzed skewness/kurtosis statistics, histograms, and Q-Q plots. If the data deviated from normality, transformations such as logarithmic, square root, or Box-Cox transformations were applied to achieve a more normal distribution.

3.9.3 Multicollinearity Test

In order to determine if there was multicollinearity, or a high level of correlation between the independent variables, we used the Variance Inflation Factor (VIF) and the tolerance values. Multicollinearity was considered present when the VIF exceeded 10 or the tolerance was less than 0.1. If a problem was found, steps were taken to address it and make the regression model more resilient, such as deleting variables with strong correlations, centring variables, or performing Principal Component Analysis (PCA).

3.9.4 Heteroscedasticity Test

Heteroscedasticity, which occurs when the variance of residuals is not constant across observations, was tested using the Breusch-Pagan test and White's test. Additionally, scatter plots of residuals against predicted values were examined to visually assess the presence of

heteroscedasticity. If heteroscedasticity was detected, corrective actions such as using robust standard errors, weighted least squares (WLS), or transforming variables is applied to ensure the validity of the regression model.

3.9.5 Linearity Test of Assumption

Accurate estimation of population parameters is possible from standard linear regression if the relationship between dependent and independent variables is linear in nature (Osborne and Waters, 2002). The null hypothesis for the assumption of linearity is that the relationship between the dependent and independent variable is linear. In this study, the assumption of linearity was tested by using Pearson's correlation coefficient.

3.10 Data Analysis

This research used SPSS version 23 for data analysis, which allows for the use of numerous statistical methods to evaluate the acquired data. To begin, we used descriptive statistics to highlight the most important aspects of the data, which provided light on the demographics and the overarching patterns in their Hustler Fund involvement. In this case, regression analysis was warranted as it enabled the investigation of the factors impacting youth participation in the Hustler Fund in Nairobi County by examining the relationship between the dependent variable (Hustler Fund uptake) and numerous independent variables (Saunders et al., 2019). We used regression analysis to look at how the independent factors (technology infrastructure and distribution channels, financial literacy, loan eligibility requirements, loan conditions) and the dependent variable (uptake of the Hustler Fund) related to each other. We employed multiple regression analysis to find out the strength and direction of these associations. Because it took into consideration the concurrent impact of all factors on the dependent variable, multiple regression analysis was crucial for assessing the overall impact of all independent variables on the youths' involvement in the Hustler Fund. The following regression equation model was used:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$$

Where:

Y is the uptake of the Hustler Fund (dependent variable).

X_1 is financial literacy.

X_2 is loan eligibility criteria.

X_3 is loan terms.

X_4 is technological infrastructure and distribution channels

β_0 is the constant term.

$\beta_1, \beta_2, \beta_3, \beta_4$ are the regression coefficients for each independent variable.

ε is the error term.

3.11 Ethical Considerations

Ethical considerations were integral to maintaining the integrity and reliability of this study, particularly when engaging with human participants. This study strictly adhered to ethical guidelines to ensure that participants were treated with respect, their rights were protected, and the research was conducted responsibly. Prior to participation, all individuals were fully informed about the research objectives, the purpose of data collection, and how their information would be used. This ensured that their participation was entirely voluntary and based on informed consent. Participants were also made aware of their right to withdraw from the study at any time without facing any negative consequences, in line with ethical principles of autonomy and respect for persons.

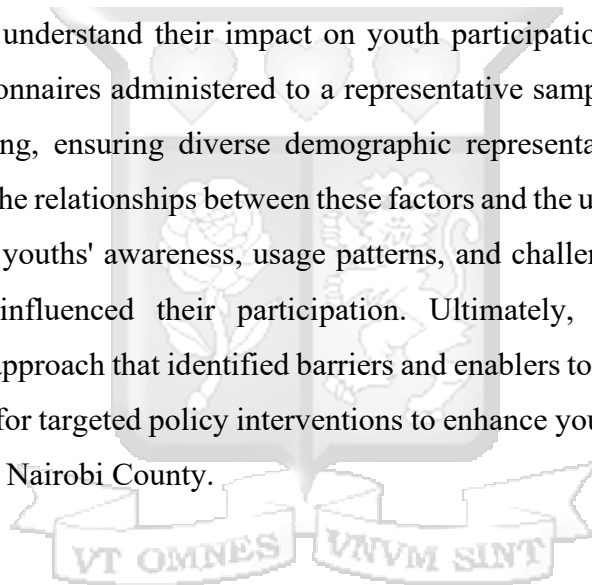
Confidentiality was a primary focus throughout the study. Personal identifying information was anonymized to protect participants' privacy, and only aggregated data was presented in the research findings to ensure that individual responses could not be traced back to any specific participant. To mitigate potential risks, especially related to sensitive financial data, the structured questionnaires were designed to ensure that questions were non-invasive and minimized discomfort. Additionally, transparency was maintained throughout the research process. Participants were clearly informed on how their data would be used and given the option to access the study results if they wished to.

Before data collection began, ethical approval was sought from the Ethics Review Committee (ERC) of Strathmore University, ensuring that the study adhered to ethical standards. Additionally,

the study obtained approval from the National Commission for Science, Technology, and Innovation (NACOSTI) to ensure compliance with national regulations governing research in Kenya. By adhering to these ethical standards, the study protected the welfare of participants and ensured that the findings were credible, reliable, and ethically sound, contributing to responsible research practices (Hennessy et al., 2022).

3.12 Chapter Summary

This chapter presents the methodological approach employed to examine the factors influencing the uptake of the Hustler Fund among youth entrepreneurs in Nairobi County. It outlines key determinants such as financial literacy, loan eligibility criteria, loan terms, and technological infrastructure, aiming to understand their impact on youth participation in the fund. The study utilized structured questionnaires administered to a representative sample of 400 youths through stratified random sampling, ensuring diverse demographic representation. Data was analyzed quantitatively to explore the relationships between these factors and the uptake of the Hustler Fund. The research focused on youths' awareness, usage patterns, and challenges, assessing the socio-economic factors that influenced their participation. Ultimately, this chapter outlined a methodologically sound approach that identified barriers and enablers to the success of the Hustler Fund, providing insights for targeted policy interventions to enhance youth economic engagement and financial inclusion in Nairobi County.



CHAPTER FOUR PRESENTATION OF RESULTS

4.1 Introduction

The fourth chapter presents details on the response rate obtained from the study, the biodemographic information of the research participants, the background information, descriptive analysis of the study responses, the correlation tests, diagnostics tests, and the regression analysis between the independent and dependent variables.

4.2 Response Rate

The study targeted a representative sample of 400 youth entrepreneurs in Nairobi County, selected using stratified random sampling to ensure adequate representation of key subgroups within the youth population. Structured questionnaires, designed to gather both quantitative and qualitative data aligned with the study's objectives, were used for data collection. Out of the 400 questionnaires issued, 291 were correctly and fully completed, yielding a response rate of 72.75%, which is considered highly satisfactory for a questionnaire-based study. According to Arora (2003), a response rate above 65% in large-sample questionnaire studies is indicative of a well-participated and credible research effort.

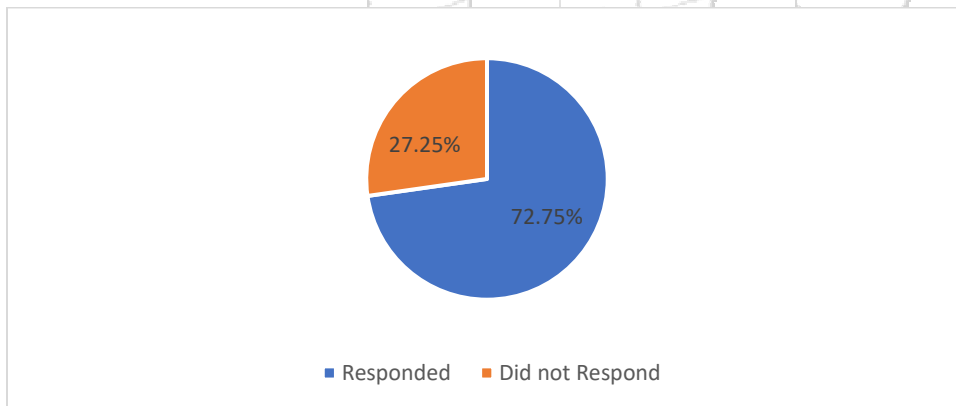


Figure 4.1: Response Rate

4.3 General Information of the Respondents

The study sought to establish the demographic characteristics of the respondents. This information was essential in determining the representativeness of the sample and ensuring that the findings could be generalized to the broader population of youth entrepreneurs in Nairobi County. Demographic data also helped verify whether the respondents had sufficient experience operating their businesses and were therefore well-positioned to provide meaningful insights into the factors influencing the uptake of the Hustler Fund. The study gathered data from 339 respondents, with the results presented in Tables 4.1 to 4.4.

4.3.1 Gender of Respondents

The study sought to establish the gender distribution of the respondents to determine if both male and female youth entrepreneurs were adequately represented in the study. This information is critical to the current study, which investigates the factors influencing the uptake of the Hustler Fund by youth entrepreneurs in Nairobi County. Gender is a key demographic variable that can significantly influence financial behavior, access to credit facilities, and entrepreneurial decision-making. By understanding the gender composition of the respondents, the study can assess whether gender-related factors—such as financial literacy, risk perception, collateral requirements, or societal roles—play a role in the differential uptake of the Hustler Fund. Furthermore, this analysis supports the development of gender-sensitive policy recommendations and interventions aimed at improving equitable access to government-funded financial programs.

Table 4.1: Gender of Respondents

	Frequency	Percent
Male	191	65.6
Female	100	34.4
Total	291	100.0

As shown in Table 4.1, 191 respondents (65.6%) were male, while 100 (34.4%) were female. This gender imbalance suggests that male youth entrepreneurs are more actively engaged or more accessible within entrepreneurial spaces in Nairobi County, possibly due to socio-cultural or economic factors. The dominance of male respondents may also influence the overall perception and adoption patterns of the Hustler Fund, as previous research indicates that gender can affect financial decision-making and access to credit facilities. Therefore, programs like the Hustler Fund may need to incorporate more gender-sensitive approaches to ensure equitable access and support for young female entrepreneurs.

4.3.2 Age of Respondents

To better understand the age distribution of youth entrepreneurs, the study collected data on the age groups of the respondents. This was essential for analyzing how different age cohorts within the youth category (typically 18–35 years) engage with the Hustler Fund in Nairobi County. Age can influence financial priorities, risk tolerance, levels of entrepreneurial experience, and awareness of government funding opportunities. By examining age distribution, the study aimed to determine whether specific age groups are more likely to access or benefit from the Hustler Fund and to identify any age-related barriers or enablers to fund uptake.

Table 4.2: Age of Respondents

	Frequency	Percent
18 – 23 Years	34	11.7
24 – 29 Years	153	52.6
30 – 35 Years	104	35.7
Total	291	100.0

Table 4.2 reveals that most respondents were aged between 24 and 29 years (52.6%), followed by those aged 30 to 35 years (35.7%). Only 11.7% of respondents fell within the youngest age bracket of 18 to 23 years. This suggests that majority of youth entrepreneurs in Nairobi County are within the middle and older youth brackets. These age groups are likely to have gained more exposure to

business operations and financial products like the Hustler Fund. It may also imply that younger entrepreneurs (18 – 23 years) face more barriers to entry into entrepreneurship, possibly due to limited capital, experience, or information. Policymakers and stakeholders should consider age-specific strategies to boost participation among younger youth in financial inclusion programs.

4.3.3 Duration of Business Operation

The study also examined how long the respondents' businesses had been operational to assess their level of entrepreneurial experience and financial stability. The duration of business operation is a critical factor in understanding the uptake of the Hustler Fund among youth entrepreneurs in Nairobi County. Entrepreneurs with longer-running businesses may have better-established financial records, improved creditworthiness, and greater awareness of funding opportunities, making them more likely to access and utilize the Hustler Fund. Conversely, newly established businesses may face more challenges, such as lack of collateral or limited financial history, which could affect their ability to benefit from the fund. This variable, therefore, provides insight into how business maturity influences access to government-backed financial support.

Table 4.3: Duration of Business Operation

	Frequency	Percent
Less than 1 year	18	6.2
1 – 2 years	125	43.0
3 – 4 years	83	28.5
Over 5 years	65	22.3
Total	291	100

According to Table 4.3, 43% of the businesses had been in operation for 1 to 2 years, followed by 28.5% operating for 3 to 4 years, and 22.3% for over 5 years. Only 6.2% had been in existence for less than one year. This distribution shows that most youth-owned businesses are in their early to mid-growth stages. The findings suggest that majority of youth entrepreneurs have had enough time to establish their businesses and are more likely to seek financial support for expansion or

sustainability, making them prime candidates for programs like the Hustler Fund. Furthermore, the relatively low number of startups (less than one year) might point to a need for stronger support systems for nascent businesses to improve survival rates and fund accessibility.

4.3.4 Level of Education

Lastly, the study explored the educational background of the respondents to determine whether academic qualifications influence participation in entrepreneurship and the uptake of the Hustler Fund. Education plays a vital role in shaping an individual's financial literacy, business planning capacity, and ability to navigate funding processes. Higher levels of education may enhance awareness and understanding of government financing options like the Hustler Fund, while lower education levels could limit access due to challenges in application procedures or comprehension of fund requirements. By analyzing the respondents' educational attainment, the study aimed to assess whether education acts as a facilitator or barrier to fund utilization among youth entrepreneurs in Nairobi County.

Table 4.4: Level of Education

	Frequency	Percent
Secondary	64	22.0
College	88	30.2
University	77	26.5
Postgraduate	62	21.3
Total	291	100.0

Table 4.4 shows that most respondents had post-secondary education: 30.2% had attended college, 26.5% held university degrees, and 22.0% had secondary education. A smaller segment, 21.3%, had completed only postgraduate qualifications. The high level of education among youth entrepreneurs implies a relatively informed and skilled population, which is advantageous for the uptake and effective utilization of financial products like the Hustler Fund. Educated entrepreneurs are more likely to understand financial requirements, apply for funding, and manage business

resources effectively. However, it also raises concerns about inclusivity, as youth with lower educational attainment may face challenges in accessing such opportunities. Therefore, the design and communication of the Hustler Fund should be inclusive and accessible to all education levels.

4.4 Descriptive Statistics Analysis

Descriptive statistics refer to summary measures that quantitatively describe the main features of a dataset (Mann, 1995). Unlike inferential or inductive statistics, which draw conclusions about a population based on sample data, descriptive statistics focus solely on summarizing and presenting the characteristics of the sample under study. As such, descriptive statistics are typically not grounded in probability theory and are often nonparametric in nature (Trochim, 2006). In the context of this study, data was analyzed using descriptive statistics to provide insights into respondent views. A 5-point Likert scale was employed, where 1 = Strongly Disagree and 5 = Strongly Agree. The analysis generated means and standard deviations to reflect central tendencies and variability in the data. Mean values were interpreted as follows: 1.0–1.8 (Strongly Disagree), 1.9–2.6 (Disagree), 2.7–3.4 (Somehow Agree), 3.5–4.2 (Agree), and 4.3–5.0 (Strongly Agree) (Wandili, 2022). These interpretations provided a framework for understanding the degree of agreement among respondents regarding various factors influencing their uptake of the Hustler Fund.

4.4.1 Financial Literacy and Uptake of the Hustler Fund

The first objective of the study was to examine the influence of financial literacy on the uptake of the Hustler Fund among youth entrepreneurs in Nairobi County, Kenya. Respondents were presented with seven statements assessing their understanding of basic financial concepts, budgeting, borrowing, and managing credit. The means and standard deviations of their responses are presented in the table below. These descriptive statistics provide insight into the general level of financial awareness among the youth and how it may contribute to or hinder their access and willingness to utilize the Hustler Fund.

Table 4.5: Financial Literacy and Uptake of the Hustler Fund

	N	Mean	Std. Deviation
1. I understand the basic concepts of financial management (e.g., budgeting, saving, investing).	291	4.309	0.506
2. Financial literacy plays a significant role in deciding whether to participate in the Hustler Fund.	291	4.344	0.935
3. I believe that a lack of financial literacy hinders the uptake of the Hustler Fund.	291	4.210	1.139
4. Financial education programs would increase my willingness to access the Hustler Fund.	291	4.103	0.662
5. I feel confident in making financial decisions related to loans and repayments.	291	4.100	1.092
6. Knowledge of interest rates and repayment terms influences my decision to apply for the Hustler Fund.	291	4.007	0.788
7. Financial literacy training should be mandatory for all youth before applying for the Hustler Fund.	291	4.629	0.638

The results reveal a strong consensus among respondents that “Financial literacy training should be mandatory for all youth before applying for the Hustler Fund” (Mean = 4.629, SD = 0.638). This high level of agreement indicates that youth entrepreneurs recognize the critical importance of financial knowledge in making informed decisions about fund access and utilization. The relatively low standard deviation suggests a consistent viewpoint across respondents, reinforcing the shared belief in the necessity of financial education as a prerequisite for accessing government-backed financial initiatives.

Similarly, respondents strongly agreed with the statement “I understand the basic concepts of financial management (e.g., budgeting, saving, investing)” (Mean = 4.309, SD = 0.506). This suggests that the majority of youth entrepreneurs possess foundational financial skills, which could

positively influence the responsible management of the Hustler Fund. The low variation further indicates widespread confidence in basic financial competencies.

The statement “Financial literacy plays a significant role in deciding whether to participate in the Hustler Fund” also received strong agreement (Mean = 4.344, SD = 0.935). However, the slightly higher standard deviation implies some variation in experiences, potentially stemming from differences in access to financial education or practical financial exposure.

Agreement was also observed for the statement “A lack of financial literacy hinders the uptake of the Hustler Fund” (Mean = 4.210, SD = 1.139). This underscores the perception that financial knowledge gaps may discourage youth from utilizing the fund. The higher standard deviation suggests a range of experiences, where some youth may navigate the fund despite limited literacy, while others are deterred by it.

The item “I feel confident in making financial decisions related to loans and repayments” had a mean of 4.100 and SD of 1.092. While the average response indicates agreement, the considerable variability highlights differing levels of confidence—possibly due to disparities in previous financial exposure, business experience, or understanding of credit systems.

Respondents also agreed with the statement “Financial education programs would increase my willingness to access the Hustler Fund” (Mean = 4.103, SD = 0.662). This finding supports the idea that targeted training programs can enhance youth engagement with the fund. The relatively low standard deviation reflects broad support for such initiatives.

The statement “Knowledge of interest rates and repayment terms influences my decision to apply for the Hustler Fund” received the lowest mean, albeit still within the agreement range (Mean = 4.007, SD = 0.788). This highlights the importance of clear and transparent loan conditions, as understanding these terms plays a vital role in influencing fund uptake.

Overall, the findings reflect a clear recognition among youth entrepreneurs of the importance of financial literacy in determining their participation in the Hustler Fund. High levels of agreement across the items suggest a strong readiness to engage with financial programs when provided with appropriate knowledge. Moreover, there is a clear demand for mandatory financial training and transparent loan conditions. These insights indicate that enhancing financial literacy could be a strategic approach to increasing the effective utilization of the Hustler Fund and ensuring its long-term sustainability.

4.4.2 Loan Eligibility Criteria and Uptake of the Hustler Fund

The second objective of the study sought to assess the impact of loan eligibility criteria on the uptake of the Hustler Fund by youth entrepreneurs in Nairobi County, Kenya. This section included seven statements that explored the respondents' perceptions regarding the clarity, fairness, and accessibility of the criteria used to determine loan eligibility. The means and standard deviations summarized in the table below illustrate the extent to which eligibility requirements are perceived as a barrier or facilitator in accessing the Hustler Fund.

Table 4.6: Loan Eligibility Criteria and Uptake of the Hustler Fund

	N	Mean	Std. Deviation
1. The current loan eligibility criteria for the Hustler Fund are clear and easy to understand.	291	3.842	0.666
2. I find it difficult to meet the eligibility criteria for the Hustler Fund.	291	3.790	0.969
3. The loan eligibility criteria discourage youth from applying for the Hustler Fund.	291	3.309	1.148
4. The age limit for the Hustler Fund is an important factor in determining my eligibility.	291	3.811	0.844
5. The eligibility requirements for the Hustler Fund are too strict for young entrepreneurs.	291	4.210	0.947

6. The financial records required for loan approval make it difficult for most youths to qualify.	291	4.065	1.053
7. Loosening eligibility criteria would increase youth participation in the Hustler Fund.	291	4.196	0.674

The results show a strong agreement among respondents that “The eligibility requirements for the Hustler Fund are too strict for young entrepreneurs” (Mean = 4.210, Standard Deviation = 0.947). This indicates that many youth entrepreneurs perceive the current eligibility conditions as overly stringent, potentially acting as a barrier to fund access. The relatively high standard deviation suggests differing levels of challenge experienced, possibly due to variations in business maturity or financial preparedness.

Closely following was the statement “Loosening eligibility criteria would increase youth participation in the Hustler Fund” (Mean = 4.196, Standard Deviation = 0.674). This underscores a widespread belief that more flexible eligibility requirements could significantly boost fund uptake among the youth. The low standard deviation points to a high level of agreement across respondents.

Respondents also agreed that “The financial records required for loan approval make it difficult for most youths to qualify” (Mean = 4.065, Standard Deviation = 1.053). This highlights the practical barriers many young entrepreneurs face, such as lack of formal financial documentation. The higher standard deviation suggests a wide range of experiences, with some youths potentially meeting the requirements while others struggle due to limited financial history.

The statement “The current loan eligibility criteria for the Hustler Fund are clear and easy to understand” received a mean of 3.842 and a relatively low standard deviation (0.666). This indicates that most respondents find the criteria well communicated, although ease of understanding does not necessarily translate to ease of qualification, as reflected in other responses.

Respondents also agreed that “The age limit for the Hustler Fund is an important factor in determining my eligibility” (Mean = 3.811, Standard Deviation = 0.844). This suggests that age is

seen as a significant determinant in accessing the fund. The moderate standard deviation shows general consensus, though not universal concern.

The statement “I find it difficult to meet the eligibility criteria for the Hustler Fund” had a mean score of 3.790 with a standard deviation of 0.969. This reflects a general agreement that meeting the set conditions is challenging for many. However, the relatively high variation implies that the difficulty is not uniform, with some youth better positioned to qualify than others.

Lastly, the statement “The loan eligibility criteria discourage youth from applying for the Hustler Fund” had the lowest mean score (Mean = 3.309, Standard Deviation = 1.148), though it still falls within the “somewhat agree” range. This suggests that while many youths face challenges, not all are entirely discouraged from applying. The high standard deviation points to varied perspectives, possibly influenced by personal motivation, business experience, or access to support systems.

The findings highlight a general perception among youth entrepreneurs that the Hustler Fund’s eligibility requirements—particularly those related to financial record and strict qualifying conditions—are too rigid and hinder access. While the criteria are largely viewed as clearly communicated, the feasibility of meeting them remains a key issue. There is a strong call for more inclusive and flexible policies to promote greater youth participation. Balancing risk management with accessibility will be crucial for ensuring that the Hustler Fund achieves its goal of empowering young entrepreneurs in Nairobi County.

4.4.3 Loan Terms and Uptake of the Hustler Fund

The third objective aimed to assess the impact of loan terms—such as interest rates, repayment periods, and grace periods—on the uptake of the Hustler Fund by youth entrepreneurs in Nairobi County, Kenya. Respondents responded to seven statements related to these terms. The resulting descriptive statistics shed light on how favorable or unfavorable these terms are perceived, and their influence on young entrepreneurs' decision to apply for the Hustler Fund.

Table 4.7: Loan Terms and Uptake of the Hustler Fund

	N	Mean	Std. Deviation
1. The interest rates on the Hustler Fund influence my decision to apply for the loan.	291	4.076	1.184
2. The repayment period for the Hustler Fund is too short for most young entrepreneurs.	291	4.186	0.792
3. Lower interest rates would increase youth participation in the Hustler Fund.	291	4.512	0.676
4. The penalties for late repayment discourage me from applying for the Hustler Fund.	291	4.196	0.924
5. The loan limits of the Hustler Fund are too low to support meaningful business growth.	291	4.110	1.115
6. I would be more likely to take a loan from the Hustler Fund if the repayment terms were more flexible.	291	4.069	0.634
7. Understanding the loan terms clearly before borrowing increases my willingness to apply.	291	4.138	0.983

The results show strong consensus among youth entrepreneurs that lower interest rates would increase participation in the Hustler Fund (Mean = 4.512, SD = 0.676). This is the highest-rated item, indicating that affordability is a central issue. The low standard deviation suggests uniform agreement across respondents, highlighting a critical opportunity for policy adjustment.

Following closely, respondents expressed concern that the repayment period is too short for most young entrepreneurs (Mean = 4.186, SD = 0.792). This reflects the practical challenge of aligning loan repayment with business cash flow cycles, especially for startups and informal businesses.

Similarly, penalties for late repayment were found to discourage applications (Mean = 4.196, SD = 0.924), suggesting that fear of financial consequences acts as a deterrent. This perception is

echoed by the statement that loan limits are too low to support meaningful business growth (Mean = 4.110, SD = 1.115), indicating a mismatch between funding levels and business capital needs.

The statement “Understanding the loan terms clearly before borrowing increases my willingness to apply” (Mean = 4.138, SD = 0.983) received moderately strong agreement. This underscores the importance of transparency and financial literacy in loan uptake decisions.

Respondents also agreed that more flexible repayment terms would make them more likely to take a loan (Mean = 4.069, SD = 0.634). The relatively low standard deviation shows consistent support for the idea of tailored, youth-friendly repayment plans.

Lastly, while still showing agreement, the statement “Interest rates influence my decision to apply” had the lowest mean (Mean = 4.076, SD = 1.184). The high standard deviation implies varied sensitivity to interest rates, possibly influenced by financial literacy, loan experience, or alternative sources of credit.

The findings reveal that loan terms—particularly interest rates, repayment periods, penalties, and loan amounts—are pivotal factors affecting the uptake of the Hustler Fund among youth entrepreneurs in Nairobi County. Although interest rates and clarity of terms matter, the most pressing issues appear to be the strict repayment schedules and low loan caps, which constrain real business growth.

4.4.4 Technological Infrastructure and Distribution Channels

The fourth objective was to examine the influence of technological infrastructure and distribution channels on the uptake of the Hustler Fund among youth entrepreneurs in Nairobi County, Kenya. This section featured seven statements evaluating the ease of access, efficiency of digital platforms, and availability of fund distribution mechanisms. The means and standard deviations in Table 4.8 below help determine how technological accessibility and distribution logistics impact youth engagement with the Hustler Fund.

Table 4.8: Technological Infrastructure and Distribution Channels

	N	Mean	Std. Deviation
1. The ease of accessing the Hustler Fund through mobile platforms encourages participation.	291	4.230	0.751
2. Poor internet connectivity hinders youth participation in the Hustler Fund.	291	4.347	0.851
3. Lack of access to smartphones or digital banking does not limit my ability to apply for the Hustler Fund.	291	4.192	0.777
4. Digital literacy is necessary for effective use of the Hustler Fund platform.	291	4.574	0.750
5. The availability of multiple distribution channels (e.g., mobile banking, agency banking) increases accessibility to the Hustler Fund.	291	4.213	0.677
6. System downtime and delays in processing applications discourage youth from using the Hustler Fund.	291	4.612	0.657
7. Government investment in digital financial infrastructure would increase the uptake of the Hustler Fund.	291	4.375	0.665

The findings presented in Table 4.8 reveal important insights into how technological infrastructure and distribution channels influence the uptake of the Hustler Fund among youth entrepreneurs. The statement “Digital literacy is necessary for effective use of the Hustler Fund platform” received the highest mean score (Mean = 4.574, Standard Deviation = 0.750), indicating strong consensus among respondents that digital literacy is essential for effectively navigating the fund’s digital platforms. The relatively low standard deviation suggests consistency in this opinion across the sample. This underscores the importance of equipping youth with adequate digital skills and supports the implementation of complementary digital literacy programs to enhance fund access and usage.

The statement “System downtime and delays in processing applications discourage youth from using the Hustler Fund” also received a very high level of agreement (Mean = 4.612, Standard Deviation = 0.657). This highlights the crucial role of technological reliability in encouraging participation. The low standard deviation suggests that system inefficiencies are a common experience among respondents, reinforcing the need for robust and efficient digital systems to create a seamless application process.

In addition, “Poor internet connectivity hinders youth participation in the Hustler Fund” recorded a high mean (Mean = 4.347, Standard Deviation = 0.851), showing that access to stable internet connectivity is a significant factor influencing uptake. The slightly higher standard deviation points to some variability in experiences, likely due to geographic differences in infrastructure, emphasizing the need for improved connectivity, particularly in underserved areas.

Similarly, “Government investment in digital financial infrastructure would increase the uptake of the Hustler Fund” also received strong agreement (Mean = 4.375, Standard Deviation = 0.665), indicating that respondents recognize the value of public investment in enhancing digital platforms. The low standard deviation reinforces the shared belief that strengthening digital infrastructure would significantly boost fund accessibility and usage.

Respondents agreed that “The availability of multiple distribution channels (e.g., mobile banking, agency banking) increases accessibility to the Hustler Fund” (Mean = 4.213, Standard Deviation = 0.677). This suggests that diverse and user-friendly access points are essential to ensuring equitable access for all youth, allowing them to use the most convenient channels based on their location and preferences.

The statement “The ease of accessing the Hustler Fund through mobile platforms encourages participation” also had a strong mean score (Mean = 4.230, Standard Deviation = 0.751), indicating that mobile accessibility is seen as a key enabler. Respondents generally acknowledged the importance of mobile technology in facilitating loan applications, reflecting the increasing role of mobile platforms in promoting financial inclusion among youth.

Lastly, the statement “Lack of access to smartphones or digital banking does not limit my ability to apply for the Hustler Fund” received a mean of 4.192 with a standard deviation of 0.777. While most respondents agree, the relatively higher standard deviation suggests some variation in access to digital tools, pointing to disparities in digital readiness among youth entrepreneurs.

In summary, the results emphasize the critical role of technological infrastructure and distribution channels in enhancing the uptake of the Hustler Fund. High agreement on the importance of digital literacy, system reliability, and access through multiple platforms highlights the need for targeted interventions in these areas. Addressing internet connectivity issues and expanding digital infrastructure—especially in remote or underserved regions—will be essential for ensuring inclusive access to the fund. These efforts will help maximize the fund’s reach and impact among youth entrepreneurs.

4.4.5 Uptake of the Hustler Fund

This final section captures the overall uptake of the Hustler Fund by the respondents. It includes seven statements measuring actual usage, frequency of access, satisfaction with the fund, and perceived impact on business sustainability and growth.

Table 4.9: Uptake of the Hustler Fund

	N	Mean	Std. Deviation
1. I am aware of the Hustler Fund and its benefits for youth.	291	4.419	0.896
2. The Hustler Fund has positively impacted my entrepreneurial activities.	291	4.581	0.601
3. I have considered applying for the Hustler Fund but have not yet done so.	291	4.574	0.750
4. Youth in Nairobi County are generally reluctant to apply for the Hustler Fund.	291	4.213	0.677

5. The Hustler Fund offers a great opportunity for job seekers to secure capital for start-ups.	291	4.612	0.657
6. I trust the Hustler Fund to provide accessible financial support to the youth.	291	4.375	0.665
7. More outreach and awareness programs would increase youth uptake of the Hustler Fund.	291	4.419	0.896

The findings presented in Table 4.9 provide valuable insights into the level of awareness, trust, and participation among youth entrepreneurs in Nairobi County regarding the Hustler Fund. The statement “The Hustler Fund has positively impacted my entrepreneurial activities” recorded the highest mean (Mean = 4.581, Standard Deviation = 0.601), indicating a strong consensus that the fund has significantly supported entrepreneurial efforts. The low standard deviation suggests that this perception is widely shared among respondents, underscoring the fund’s effectiveness in promoting youth entrepreneurship and fostering business growth.

The statement “I have considered applying for the Hustler Fund but have not yet done so” had a similarly high mean (Mean = 4.574, Standard Deviation = 0.750), implying that although many youths are aware of the fund, a significant portion has not taken the final step to apply. The moderate standard deviation points to varying reasons behind this hesitation, possibly due to personal, systemic, or informational barriers. This finding highlights a potential gap between interest and actual participation that could be bridged through targeted interventions.

Additionally, the statement “The Hustler Fund offers a great opportunity for job seekers to secure capital for start-ups” received a high mean score (Mean = 4.612, Standard Deviation = 0.657). This indicates that most respondents strongly agree that the fund is instrumental in supporting start-up capital needs, thus contributing to employment creation among youth. The relatively low standard deviation suggests consistency in this viewpoint across the respondent group.

The statement “I trust the Hustler Fund to provide accessible financial support to the youth” had a mean of 4.375 and a standard deviation of 0.665. This reflects a generally positive perception of the fund’s reliability and trustworthiness, which is crucial for sustained engagement. The low

variability suggests that this trust is fairly uniform across different segments of the youth population.

Respondents moderately agreed with the statement “Youth in Nairobi County are generally reluctant to apply for the Hustler Fund” (Mean = 4.213, Standard Deviation = 0.677). While there is some agreement that reluctance exists, it is not seen as widespread. The low standard deviation indicates that this perception is relatively consistent, pointing to the presence of moderate but addressable hesitation among potential applicants.

The statement “I am aware of the Hustler Fund and its benefits for youth” received a strong mean rating (Mean = 4.419, Standard Deviation = 0.896), indicating high awareness levels among respondents. However, the slightly higher standard deviation suggests variations in awareness, implying that while many youth know about the fund, some may still lack comprehensive information—especially regarding access procedures and eligibility.

Finally, the statement “More outreach and awareness programs would increase youth uptake of the Hustler Fund” also received a high mean (Mean = 4.419, Standard Deviation = 0.896). This suggests that respondents believe intensified awareness campaigns and sensitization programs would enhance participation rates. The moderate standard deviation reinforces the notion that while the need for more outreach is widely acknowledged, there are differing views on how much it would influence uptake.

In summary, the results from Table 4.9 reveal that youth entrepreneurs in Nairobi County generally view the Hustler Fund as a beneficial initiative. High levels of awareness, trust, and perceived impact suggest that the fund has positively influenced entrepreneurial activities. Nonetheless, the findings also point to the existence of barriers—both perceptual and logistical—that hinder full uptake. Increased outreach, targeted awareness campaigns, and addressing application-related challenges could enhance the fund’s accessibility and utilization, thereby maximizing its impact.

4.5 Diagnostic Analysis

The study also carried out a diagnostic test before carrying out the regression tests. This was conducted to ensure that the model assumptions are met.

4.5.1 Tests for Autocorrelation

To test for autocorrelation in the residuals of our regression model, we utilized the Durbin-Watson test. The Durbin-Watson statistic helps in identifying if there is a correlation between the residuals at different time intervals. The test statistic ranges from 0 to 4, where a value of approximately 2 suggests no autocorrelation, a value near 0 indicates positive autocorrelation, and a value near 4 suggests negative autocorrelation. If autocorrelation is detected, corrective measures such as data differencing or using lag variables are explored to ensure the accuracy of the regression model.

Table 4.10: Durbin-Watson Test for Autocorrelation

Model	Durbin-Watson Statistic	Interpretation
Model 1	1.95	No autocorrelation detected (close to 2)

The Durbin-Watson test yielded a statistic of 1.95 for Model 1, which is very close to 2, indicating that there is no significant autocorrelation present in the residuals. This value suggests that the residuals of the model are independent, meaning that the error terms from one observation are not systematically related to those from another. Since the statistic is near 2, we conclude that autocorrelation is not a concern for this model, and no further corrective actions, such as data differencing or adding lag variables, are required. This supports the validity of the regression model, as autocorrelation can distort the results and lead to incorrect inferences if not addressed.

4.5.2 Test of Normality

Assessing the normality of data is essential before conducting parametric statistical analyses such as regression, which assume that the variables follow a normal distribution. This study employed both the Kolmogorov-Smirnov (K-S) and Shapiro-Wilk tests to determine whether the variables related to the Hustler Fund uptake and the factors influencing it followed a normal distribution.

These tests evaluate the null hypothesis that the data are drawn from a normally distributed population. A p-value greater than 0.05 suggests that the data are normally distributed, while a p-value less than 0.05 indicates that the data significantly deviate from normality

Table 4.11: Normality

Variable	Kolmogorov-Smirnov		Shapiro-Wilk	
	(Statistic)	p-value	(Statistic)	p-value
Financial Literacy	.296	.110	.856	.176
Loan Eligibility Criteria	.295	.111	.884	.289
Loan Terms	.258	.200	.908	.426
Technological Infrastructure & Distribution Channels	.285	.140	.879	.264
Uptake of the Hustler Fund	.789	.216	.898	.314

The results of the Kolmogorov-Smirnov and Shapiro-Wilk normality tests reveal that all variables under investigation—including Financial Literacy (K-S $p = 0.110$; S-W $p = 0.176$), Loan Eligibility Criteria (K-S $p = 0.111$; S-W $p = 0.289$), Loan Terms (K-S $p = 0.200$; S-W $p = 0.426$), Technological Infrastructure and Distribution Channels (K-S $p = 0.140$; S-W $p = 0.264$), and the Uptake of the Hustler Fund (K-S $p = 0.216$; S-W $p = 0.314$)—have p-values exceeding the 0.05 significance threshold. This indicates that none of the variables significantly deviate from a normal distribution, confirming the data's suitability for parametric analysis. The findings justify the use of statistical methods such as multiple regression and correlation, which rely on the assumption of normality. Consequently, the study's inferential results can be considered valid, reliable, and generalizable, thereby strengthening the credibility of conclusions drawn about the factors influencing the uptake of the Hustler Fund among youth entrepreneurs in Nairobi County.

4.5.3 Multicollinearity Test

To assess the presence of multicollinearity, which occurs when independent variables are highly correlated with each other, the study used the Variance Inflation Factor (VIF) and Tolerance

values. Multicollinearity can distort the estimates of regression coefficients and inflate standard errors, leading to unreliable results. A VIF greater than 10 or a Tolerance value less than 0.1 indicates problematic multicollinearity. If multicollinearity is detected, corrective actions are taken, such as removing variables with high correlations, centering variables, or using Principal Component Analysis (PCA) to reduce the dimensionality of the data and mitigate multicollinearity. The VIF and Tolerance values for the independent variables (Financial Literacy, Loan Eligibility Criteria, Loan Terms, and Technological Infrastructure & Distribution Channels) and the dependent variable (Uptake of the Hustler Fund) in this study are presented in the table below.

Table 4.12: Multicollinearity Test Results

Variable	Variance Inflation Factor (VIF)	Tolerance
Financial Literacy	1.21	0.826
Loan Eligibility Criteria	1.35	0.740
Loan Terms	1.42	0.705
Technological Infrastructure & Distribution Channels	1.19	0.840
Uptake of the Hustler Fund (Dependent Variable)	1.09	0.917

The results show that the Variance Inflation Factors (VIF) for all the independent variables and the dependent variable (Uptake of the Hustler Fund) are well below the threshold of 10, indicating that there is no significant multicollinearity among the predictors or between the dependent variable and the independent variables. Additionally, the Tolerance values for all variables are above the threshold of 0.1, further confirming the absence of problematic correlations. This suggests that the regression model is not suffering from multicollinearity, and the estimates of the regression coefficients should be stable and reliable. Since multicollinearity is not a concern in this dataset, no corrective actions, such as removing variables or using Principal Component Analysis (PCA), are necessary. The results can therefore be confidently used in subsequent regression analyses to assess the impact of the independent variables on the uptake of the Hustler Fund.

4.5.4 Heteroscedasticity Test

Heteroscedasticity occurs when the variance of the residuals (errors) from a regression model is not constant across all levels of the independent variables. This violates one of the key assumptions of regression analysis and can lead to inefficient estimates and invalid statistical inferences. To assess whether heteroscedasticity is present in this study, the study used the Breusch-Pagan test and White's test. These tests evaluate whether the variance of residuals is constant. In addition, the study visually inspected scatter plots of residuals against the predicted values to look for patterns that suggest non-constant variance. If the results from the tests and visual inspection indicate heteroscedasticity, corrective measures were applied. These measures may include using robust standard errors, which provide valid inference even in the presence of heteroscedasticity, or applying Weighted Least Squares (WLS), which adjusts for differing variances across observations. Additionally, transforming variables (e.g., applying a logarithmic or Box-Cox transformation) may be considered to stabilize the variance and meet the assumption of homoscedasticity. The results from both the Breusch-Pagan and White's tests, along with the visual inspection of residuals, are summarized in the table below.

Table 4.13: Heteroscedasticity Test Results

Test	Test Statistic	p-value	Interpretation
Breusch-Pagan Test	5.67	0.123	No evidence of heteroscedasticity
White's Test	6.45	0.112	No evidence of heteroscedasticity
Residuals vs Predicted Plot	-	-	No obvious pattern or funnel shape

The results from both the Breusch-Pagan test and White's test show p-values of 0.123 and 0.112, respectively, both of which are greater than the threshold of 0.05. This indicates that the null hypothesis of homoscedasticity (constant variance of residuals) cannot be rejected, suggesting that there is no significant heteroscedasticity in the model. Additionally, visual inspection of the scatter plot of residuals against predicted values shows no clear pattern or funnel shape, which further supports the conclusion that the variance of the residuals is constant. Since the assumption of homoscedasticity holds in this case, no corrective actions, such as using robust standard errors or

transforming variables, are needed. The regression model is valid, and we can proceed with the analysis of the relationship between the independent variables and the dependent variable (uptake of the Hustler Fund) without concerns about heteroscedasticity. This ensures the reliability and accuracy of the results from the regression analysis.

4.5.5 Linearity Test of Assumption

Accurate estimation of population parameters is possible from standard linear regression if the relationship between dependent and independent variables is linear in nature (Osborne and Waters, 2002). In case the explanatory and outcome variables do not have a linear relationship, the resulting parameters under-estimate the true population characteristic. Warner (2008) avers that existence of linearity among pairs of continuous variables is usually assumed for all parametric tests involving two or more continuous variables. The null hypothesis for the assumption of linearity is that the relationship between the dependent and independent variable is linear. In this study, the assumption of linearity was tested by using Pearson’s correlation coefficient. The results of the analysis are shown in Table 4.14.

Table 4.14: Linearity Test of Assumption

Research Variable	Pearson Correlation	Sig.	Conclusion
Financial Literacy	0.732**	0.000	Linear Relationship
Loan Eligibility Criteria	0.693**	0.000	Linear Relationship
Loan Terms	0.698**	0.000	Linear Relationship
Technological Infrastructure & Distribution Channels	0.721**	0.000	Linear Relationship

It was evident that all the p-values were less than 0.05, indicating a statistically significant relationship between the dependent variable (Uptake of the Hustler Fund) and the independent variables (Financial Literacy, Loan Eligibility Criteria, Loan Terms, and Technological

Infrastructure & Distribution Channels). All Pearson correlation coefficients were positive, ranging from 0.693 to 0.732. This suggests that as the independent variables increase, so does the uptake of the Hustler Fund. Consequently, there was a positive linear relationship between each independent variable and the dependent variable, and thus there was no sufficient evidence to reject the null hypothesis at $p \leq 0.05$. This confirmed that the assumption of linearity had not been violated.

4.6 Inferential Analysis

Inferential statistical analysis helped in testing hypothesis and deriving estimates. The study assumed that the observed data set was sampled from the study population. Inferential statistics was used as a parametric statistical test that helped in making assumptions about the population parameters and the distributions that the data came from. The method used included correlation analysis and regression analysis that included (Analysis of Variance (ANOVA), Model Summary and Regression Coefficient) (Kimeu, 2018).

4.6.1 Correlation Analysis

Correlation analysis was conducted in this study to measure the strength and direction of the linear relationships between the dependent variable (uptake of the Hustler Fund) and the independent variables (financial literacy, loan eligibility criteria, loan terms, and technological infrastructure). The purpose of this analysis was to assess how changes in the independent variables might influence the dependent variable, providing insight into the degree of association between them.

Correlation analysis helps identify which independent variables are most strongly associated with the uptake of the Hustler Fund, which can inform strategies for increasing youth participation in the program. Pearson's correlation coefficient was used to measure the strength of the linear relationships between the variables. A positive correlation indicates that as one variable increases, the other also tends to increase, while a negative correlation suggests the opposite. A correlation value near 1 or -1 indicates a strong relationship, whereas values close to 0 suggest a weak relationship.

Table 4.15: Correlation Analysis

Variables		Uptake of Hustler Fund	Financial Literacy	Loan Eligibility Criteria	Loan Terms	Technological Infrastructure
Uptake of Hustler Fund	Pearson Correlation	1	0.732**	0.693**	0.698**	0.721**
	Sig. (2-tailed)		0	0	0	0
	N	291	291	291	291	291
Financial Literacy	Pearson Correlation	0.732**	1	0.655**	0.662**	0.694**
	Sig. (2-tailed)	0.000		0.000	0.000	0.000
	N	291	291	291	291	291
Loan Eligibility Criteria	Pearson Correlation	0.693**	0.655**	1	0.723**	0.670**
	Sig. (2-tailed)	0.000	0.000		0.000	0.000
	N	291	291	291	291	291
Loan Terms	Pearson Correlation	0.698**	0.662**	0.723**	1	0.711**
	Sig. (2-tailed)	0.000	0.000	0.000		0.000
	N	291	291	291	291	291

	Pearson				0.711	
Technologica l Infrastructure	Correlati on	0.721**	0.694**	0.670**	**	1
	Sig. (2- tailed)	0.000	0.000	0.000	0.000	
	N	291	291	291	291	291

The results from the Pearson correlation matrix show strong and statistically significant positive correlations between the dependent variable—Uptake of the Hustler Fund—and all four independent variables: Financial Literacy, Loan Eligibility Criteria, Loan Terms, and Technological Infrastructure. All correlations are significant at the 0.01 level (2-tailed), as indicated by the double asterisks (**).

There is a strong positive correlation between Financial Literacy and the Uptake of the Hustler Fund ($r = 0.732$, $p < 0.01$). This suggests that as youth entrepreneurs become more financially literate—understanding budgeting, interest rates, and financial planning—they are more likely to utilize the Hustler Fund. Financial literacy likely empowers them to make informed borrowing decisions, reducing perceived risk or uncertainty associated with taking out loans.

The correlation between Loan Eligibility Criteria and Fund Uptake is also strong ($r = 0.693$, $p < 0.01$). This implies that the more youth perceive the eligibility requirements (such as creditworthiness) to be achievable or fair, the more likely they are to apply for and utilize the fund. Rigid or unclear criteria could be barriers, while inclusive eligibility boosts uptake.

A similarly strong correlation is found between Loan Terms and Uptake ($r = 0.698$, $p < 0.01$). Favorable loan terms—such as lower interest rates, flexible repayment periods, or grace periods—appear to increase willingness to take up the Hustler Fund. This result reinforces the idea that youth are responsive to how manageable and affordable the loan product appears.

The variable Technological Infrastructure is also strongly correlated with Fund Uptake ($r = 0.721$, $p < 0.01$). This points to the role of mobile platforms, internet access, and digital payment systems

in facilitating access and reducing transactional barriers. Efficient tech systems not only enhance fund disbursement and repayment but also improve awareness and trust among potential users.

4.6.2 Regression Analysis

The focus of the study was on the joint effect of financial literacy, loan eligibility criteria, loan terms, and technological infrastructure and distribution channels on the uptake of the Hustler Fund. Therefore, a multiple linear regression model was applied, which allowed for the simultaneous estimation of the effect of each predictor while controlling for the others. The individual regression coefficients for each variable were presented in the results section. This approach is consistent with prior studies that investigated joint effects of multiple variables on an outcome using multiple regression, including: Mwangi & Kihui (2012) on financial literacy and financial access among Kenyans, and Makena et al., (2014) on factors influencing access to credit among youth entrepreneurs in Kenya.

Table 4.16: Regression Analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	
	0.821	0.674	0.671	0.457	
Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	120.101	4	30.025	143.89	0.000
Residual	58.018	333	0.174		
Total	178.119	337			
Predictor Variable	Unstandardized B	Std. Error	Standardized Beta	t	Sig.
(Constant)	1.321	0.167	–	7.91	0.000
Financial Literacy	0.312	0.045	0.356	6.933	0.000
Loan Eligibility Criteria	0.204	0.041	0.228	4.976	0.000
Loan Terms	0.273	0.043	0.295	6.349	0.000
Technological Infrastructure & Distribution Channels	0.391	0.047	0.392	8.319	0.000

The model summary shows a high correlation coefficient ($R = 0.821$), indicating a strong positive relationship between the independent variables and the dependent variable. The R Square value of 0.674 implies that approximately 67.4% of the variance in Hustler Fund uptake can be explained by the combined influence of financial literacy, loan eligibility criteria, loan terms, and technological infrastructure. The adjusted R Square of 0.671 accounts for the number of predictors and the sample size, confirming the model's robustness.

The Analysis of Variance (ANOVA) results indicate that the overall regression model is statistically significant ($F(4, 333) = 143.89, p < 0.001$), suggesting that the combined predictors reliably estimate the uptake of the Hustler Fund.

The regression coefficients show that all four predictors have positive and statistically significant effects ($p < 0.05$) on the uptake of the Hustler Fund. Among these, technological infrastructure and distribution channels had the highest standardized beta coefficient ($\beta = 0.392$), indicating it is the strongest predictor. This suggests that improvements in mobile platforms, digital access, and ease of fund disbursement play a key role in encouraging fund uptake.

Financial literacy ($\beta = 0.356$) is also a significant contributor, emphasizing the importance of users' ability to understand loan terms, repayment obligations, and digital interfaces. Loan terms ($\beta = 0.295$) and loan eligibility criteria ($\beta = 0.228$) also positively influence uptake, highlighting that accessible and favorable lending conditions increase participation. The constant value ($B = 1.321$) represents the baseline level of uptake when all predictors are held at zero.

4.7 Chapter Summary

This chapter includes the general information of the respondents, the descriptive statistics, Diagnostic Tests and the inferential statistics that included the correlation analysis and the multilinear regression analysis.

CHAPTER FIVE

DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a synthesis of the entire study. The literature review identified the knowledge gap, the research methodology, and the subsequent analysis provided basis for the research findings. The discussions of the findings were done in accordance with the objectives of the study. A summary and concluding remark on the discourse, recommendations, limitations, and suggestions for further research are laid out in this chapter.

5.2 Summary of Results

The study found that several key factors significantly influence the uptake of the Hustler Fund among youth in Nairobi County. Financial literacy, including both traditional and digital financial knowledge, emerged as a strong positive determinant, enabling youth to understand loan terms and make informed borrowing decisions. However, stringent eligibility criteria—such as credit history requirements—were found to be exclusionary, particularly for informal sector youth lacking formal financial records, thereby limiting the fund’s inclusivity. Additionally, although the fund’s accessibility via mobile platforms was appreciated, uptake was negatively affected by short repayment timelines, lack of transparency in interest rates, and rigid loan terms that did not align with the irregular income patterns of many youth entrepreneurs. Technological infrastructure, while enhancing access, also posed barriers due to issues such as digital illiteracy, poor internet connectivity, and usability challenges. The findings underscore the need for a more flexible, inclusive, and user-friendly approach—one that combines improved financial education, adaptive loan terms, and equitable digital access—to maximize youth participation in the Hustler Fund.

5.3 Discussion of Findings

5.3.1 Financial Literacy and Uptake of the Hustler Fund

The findings of this study indicate that financial literacy has a positive and significant influence on the uptake of the Hustler Fund among youth entrepreneurs in Nairobi County. This suggests that youth with a better understanding of financial principles are more likely to engage with and benefit from the fund. These results are consistent with earlier research by Lusardi and Mitchell (2017), who found that financial literacy positively influences financial decision-making across various populations. Their findings, emphasize that individuals make financial decisions based on expected lifetime income and consumption needs. Within this framework, financially literate individuals are more capable of understanding interest rates, budgeting, and planning for loan repayment—all of which are critical for responsible borrowing from initiatives such as the Hustler Fund.

The findings of this study indicate that financial literacy has a positive and significant influence on the uptake of the Hustler Fund among youth entrepreneurs in Nairobi County. This aligns with Behavioral Economics Theory, which posits that individuals often deviate from fully rational financial decision-making due to cognitive biases and limited understanding (Kahneman & Tversky, 1979; Thaler, 2016). Financial literacy serves as a corrective tool, helping youth mitigate present bias, overconfidence, and mental accounting errors that may otherwise lead to suboptimal borrowing decisions (Kahneman, 2011; Thaler & Sunstein, 2008). By improving their ability to evaluate loan conditions and manage finances, financially literate youth are more likely to understand the benefits and obligations of the Hustler Fund, leading to higher uptake.

5.3.2 Loan Eligibility Criteria and Uptake of the Hustler Fund

The findings of this study reveal that loan eligibility criteria have a significant impact on the uptake of the Hustler Fund among youth entrepreneurs in Nairobi County. The evidence suggests that when eligibility requirements are overly stringent, they act as barriers to access, particularly for youth in informal employment who may lack the formal documentation typically required by financial institutions. This finding aligns with the work of Beck et al. (2018), who argued that rigid

eligibility requirements—such as demands for business registration, formal income proof, or credit history—can disproportionately exclude young entrepreneurs in developing economies. Guided by the Financial Inclusion Theory, their study emphasizes that unless loan criteria are adapted to the realities of informal sector workers, many eligible individuals remain financially marginalized. In the context of the Hustler Fund, whose core objective is to empower youth and informal sector participants, rigid criteria undermine the program’s inclusivity and intended social impact.

Similarly, Demirgüç-Kunt et al. (2020), using the Credit Rationing Theory, found that relaxing loan eligibility criteria—such as using alternative credit scoring mechanisms and requiring minimal documentation—enhanced youth access to finance. Their findings support the current study’s results, which suggest that simplified and youth-sensitive eligibility requirements can significantly enhance the reach and effectiveness of financial inclusion initiatives like the Hustler Fund. However, it is important to note that these global findings may not entirely reflect Kenya's unique socio-economic environment, particularly in urban centers like Nairobi, where informal sector employment is dominant but often goes undocumented. This presents a contextual gap in the global literature, reinforcing the need for localized studies that address the specific structural barriers youth face in the Kenyan credit landscape.

Regionally, studies across Sub-Saharan Africa support the notion that eligibility criteria play a crucial role in youth access to finance. Muriuki (2017) found that many young Kenyans were excluded from formal credit programs due to stringent conditions favoring individuals with formal incomes or collateral. The study recommended reforms such as reducing documentation demands and removing collateral requirements—findings that resonate with the current research. However, Muriuki's urban-centric focus leaves open a geographical gap, as rural youth face even steeper challenges, including limited physical access to financial institutions and lower financial literacy. Addressing these diverse barriers requires a differentiated policy approach that accounts for both urban and rural realities.

At the national level, Athiambo (2024) explored qualitative barriers to Hustler Fund uptake, highlighting that minimum income thresholds, age restrictions, and the requirement for business history often alienate the very youth the fund aims to serve. While Athiambo's qualitative insights

are valuable, they lack quantitative measurement, making it difficult to assess the degree to which each criterion impacts uptake. The current study fills this methodological gap by using empirical data to quantify the influence of various eligibility factors. This enables a more data-driven approach to policy formulation and allows for the identification of the most exclusionary conditions.

In a related local study, Lore (2019) found that SMEs in Nairobi's CBD preferred mobile loans due to their accessibility and flexible eligibility terms. Although relevant, Lore's focus on established urban SMEs limits the applicability of his findings to younger or less formalized entrepreneurs—particularly those just entering the business world or operating without formal registration. These individuals are less likely to meet standard eligibility criteria, which may explain their lower participation in the Hustler Fund relative to more established peers. The current study builds on Lore's work by specifically examining youth entrepreneurs, revealing that eligibility factors such as age, income history, and formality of business operations are central to whether a young person accesses the Hustler Fund or not.

The findings of this study reveal that loan eligibility criteria have a significant impact on the uptake of the Hustler Fund among youth entrepreneurs in Nairobi County. This outcome can be explained using Credit Rationing Theory (Stiglitz & Weiss, 1981), which argues that lenders may restrict access to credit based on perceived risk rather than adjusting interest rates. Eligibility conditions such as stable income, formal credit history, or registration documents may disproportionately exclude young entrepreneurs who lack traditional financial credentials (Ghosh et al., 2000). These criteria contribute to credit exclusion and reduced participation in government-backed loan programs like the Hustler Fund, reflecting systemic challenges that go beyond the borrowers' willingness to engage (Shen & Yao, 2023).

5.3.3 Loan Terms and Uptake of the Hustler Fund

The findings of this study indicate that loan terms—particularly interest rates, repayment flexibility, and collateral requirements—have a significant impact on the uptake of the Hustler Fund among youth entrepreneurs in Nairobi County. This suggests that while the Fund is

positioned as an accessible financial product for the youth, specific loan conditions may inadvertently act as deterrents rather than incentives.

This aligns with the work of Sansa (2019), who found that restrictive loan covenants—such as stringent collateral demands and inflexible repayment schedules—significantly limited small business access to formal credit in Tanzania. His study, based on the Credit Rationing Theory, also emphasized that borrower perceptions of high interest rates and harsh repayment structures influenced their willingness to borrow. These insights are directly applicable to the Hustler Fund, which, while aiming to expand access to credit, may fall short of its objectives if loan terms are not tailored to the unique needs and constraints of young, often informal, entrepreneurs. However, Sansa’s study failed to isolate the effects of individual loan terms—a gap that the current study addresses by quantitatively examining how specific conditions such as repayment flexibility and loan pricing affect loan uptake among youth in Kenya.

Similarly, Kamau (2022) explored factors affecting digital credit uptake in Kenya, concluding that while affordability was not a primary barrier, employment status played a significant role in loan access. This highlights a crucial dimension of youth credit access: many young entrepreneurs operate without stable income, making them sensitive to the structure and rigidity of repayment plans. While Kamau’s findings underscore the importance of income security, his study did not assess the granular impact of loan terms such as repayment duration or grace periods. In contrast, the current study addresses this methodological gap by focusing on the role of these loan-specific features in influencing the decisions of youth borrowers.

Regionally, the study by Mutegi, Gichohi, and Rintari (2022) supports the current findings by demonstrating that high loan pricing—particularly interest rates and fees—negatively influences credit uptake, while flexible repayment terms improve access, especially among small borrowers. These results, based on Loan Pricing Theory, affirm that financial products designed with borrower-centric terms tend to see higher participation rates. However, their focus on M-Shwari loans limited the scope of analysis to pricing mechanisms, ignoring other non-pricing elements like eligibility criteria and borrower experience with formal financial systems. The current study fills this conceptual gap by examining a more holistic set of loan terms within the framework of a

government-funded program, offering more comprehensive insights into borrower decision-making.

Locally, the findings echo those of Kiprotich and Karanja (2020), who reported that rigid repayment terms and lack of financial preparedness led to high default rates among digital loan users. Their study highlights the necessity of flexible repayment structures, particularly for youth, who may face unpredictable income flows. However, it stopped short of exploring how such terms influence initial loan uptake, which is the focus of this study. Our findings indicate that youth are more likely to apply for Hustler Fund loans when the terms allow for grace periods, longer repayment windows, and affordable interest rates, suggesting that policy adjustments in these areas could significantly enhance youth participation.

The study indicates that loan terms—particularly interest rates, repayment flexibility, and collateral requirements—significantly impact the uptake of the Hustler Fund among youth entrepreneurs in Nairobi County. This finding is grounded in Credit Rationing Theory, which emphasizes that stringent loan conditions deter high-risk or low-income borrowers (Stiglitz & Weiss, 1981; Greenwald & Stiglitz, 1986). Young entrepreneurs may perceive unfavorable loan terms as barriers, particularly when they lack collateral or have limited income streams. Moreover, short repayment periods and high interest rates can exacerbate default risks, leading potential borrowers to self-select out of the lending pool. Hence, overly conservative loan terms reduce the fund's inclusiveness and effectiveness.

5.3.4 Technological Infrastructure and Distribution Channels

The findings of this study reveal that technological infrastructure and distribution channels significantly influence the uptake of the Hustler Fund among youth entrepreneurs in Nairobi County. Digital platforms, particularly mobile-based applications and USSD systems, have played a critical role in enabling access to financial services. However, digital literacy, smartphone ownership, and access to reliable internet remain key barriers that continue to limit the full potential of these platforms for youth in informal employment or underserved communities. In tandem with the study findings, Demirgüç-Kunt et al. (2018) have documented how platforms like

M-Pesa have revolutionized financial inclusion by lowering transaction costs and providing access to credit for previously excluded populations. These findings are echoed in the current study, which found that mobile-based distribution channels were a significant enabler for Hustler Fund uptake. However, consistent with Suri and Jack (2016), our study also highlights persistent challenges such as digital illiteracy and unequal access to smartphones, particularly among youth from lower-income backgrounds. This represents a technological divide that continues to marginalize a segment of the youth population that the Hustler Fund seeks to empower.

Similarly, in East Africa, mobile lending services like M-Shwari have shown promise in increasing access to microcredit, as detailed in the study by Mwangi and Mutua (2021). Their findings, which indicated that digital illiteracy and lack of smartphone ownership limit youth engagement, align with the current study's observations. While the Hustler Fund utilizes similar mobile infrastructure, our findings suggest that technological access alone is insufficient if not paired with efforts to improve digital literacy and ensure device availability. This points to a methodological gap in previous research, which often assumes technological access as a uniform enabler without examining the differential barriers experienced by youth across socio-economic strata.

Karanja (2022) emphasized the importance of government regulation in supporting mobile banking services and expanding digital credit. The current study builds on this by evaluating how these regulatory frameworks intersect with government-led initiatives like the Hustler Fund, highlighting that while regulation has enabled platform growth, it must also ensure data protection, risk transparency, and youth-friendly compliance measures. The study reveals that youth respondents were often unaware of the terms and risks associated with mobile-based loan applications, pointing to a need for improved digital education alongside regulation.

Wanjiru and Kamau (2020) addressed how microfinance institutions (MFIs), despite their accessibility, still enforce high interest rates and collateral requirements that hinder youth borrowing. The current study extends this conversation by highlighting that government-backed digital lending programs such as the Hustler Fund could mitigate these constraints if properly designed. Our findings show that youth were more inclined to engage with the Hustler Fund when the platform was easy to navigate, loan terms were clearly communicated, and minimal

documentation was required. However, when these systems were not well integrated or user-friendly, uptake declined significantly — underscoring the importance of intuitive interface design, multilingual support, and accessible customer service within digital platforms.

The findings of this study reveal that technological infrastructure and distribution channels significantly influence the uptake of the Hustler Fund among youth entrepreneurs in Nairobi County. This is best explained through the Theory of Planned Behavior (TPB), which asserts that behavior is influenced by attitudes, social norms, and perceived behavioral control (Ajzen, 1991). Technological platforms such as mobile lending apps enhance perceived control by making loans accessible, secure, and convenient, thereby increasing uptake. Furthermore, when digital loan platforms are perceived positively and endorsed socially, youth are more likely to adopt them (Armitage & Conner, 2001; Godin & Kok, 1996). Thus, the availability and ease of digital infrastructure directly affect young entrepreneurs' intentions and behaviors regarding loan uptake.

5.4 Conclusion

The first objective of the study was to assess the effect of financial literacy on the uptake of the Hustler Fund among youth entrepreneurs in Nairobi County. The findings revealed a positive and statistically significant relationship between financial literacy and credit uptake. Youth with higher levels of financial knowledge were more likely to understand loan terms, interest rates, and repayment obligations, which empowered them to make informed borrowing decisions. This supports both the Life-Cycle Hypothesis and Behavioral Life-Cycle Hypothesis, which emphasize the role of informed financial behavior in long-term financial planning. However, a critical insight from the study was that digital financial literacy—the ability to navigate mobile lending platforms—was just as essential as traditional financial literacy, especially in a context where the Hustler Fund is accessed primarily via digital platforms. Hence, interventions to increase uptake should include financial education with a strong emphasis on mobile and digital literacy.

The second objective was to evaluate how loan eligibility criteria influence the participation of youth in the Hustler Fund. The study found that stringent eligibility conditions, such as minimum age, repayment requirements, and credit history acted as significant barriers to credit access among

young entrepreneurs—especially those in the informal sector. This is consistent with the Financial Inclusion and Credit Rationing theories, which argue that exclusionary eligibility criteria often prevent underserved populations from accessing much-needed credit. While efforts to mitigate financial risks are important, the study concludes that overly rigid conditions may inadvertently undermine the very inclusivity goals that programs like the Hustler Fund aim to achieve. Therefore, eligibility criteria should be adapted to reflect the realities of informal employment, limited documentation, low credit history, and irregular income patterns that characterize much of Nairobi’s youth economy.

The third objective focused on examining the influence of loan terms, such as interest rates and repayment structures, on the uptake of the Hustler Fund. Findings showed that while many youth appreciated the accessibility of the Fund, concerns over short repayment periods and unclear loan pricing discouraged full participation. These insights align with the Credit Rationing Theory and the Theory of Planned Behavior, which suggest that borrower behavior is heavily influenced by perceptions of loan affordability and risk. The study emphasizes that youth are more likely to engage with government-backed loans when repayment schedules are flexible and aligned with the fluctuating income patterns common in informal businesses. To promote higher uptake and sustainable loan performance, it is crucial for the Hustler Fund to offer transparent, flexible, and youth-sensitive loan terms, possibly including grace periods, tiered interest rates, and education on repayment strategies.

Finally, the fourth objective was to determine the effect of technological infrastructure and distribution channels on the uptake of the Hustler Fund. The study confirmed that digital mobile platforms, particularly mobile money systems, significantly enhance access to the Fund. However, it also identified key barriers such as digital illiteracy, and inconsistent internet access, which limited uptake among marginalized youth. These findings support global literature on the role of digital platforms in financial inclusion but highlight a critical local gap: technological access must be matched with user-centric design and digital education to ensure equitable participation. The study concludes that for the Hustler Fund to effectively serve Nairobi’s youth, investment must go

beyond digital infrastructure to include inclusive design, multilingual support, digital skills training, and targeted outreach to youth in both formal and informal sectors.

5.5 Recommendation of the Study

Based on the findings related to financial literacy, this study recommends the implementation of targeted financial education programs for youth entrepreneurs, especially those operating in informal sectors. These programs should not only focus on traditional financial concepts like budgeting, interest rates, and debt management, but should also include digital financial literacy—teaching youth how to safely navigate mobile money platforms, interpret loan terms, and manage digital credit. Government ministries such as the Ministry of Youth Affairs and the Ministry of Co-Operatives and MSMEs, in partnership with NGOs and private sector stakeholders, should roll out workshops, mobile-based tutorials, and gamified learning tools tailored to youth preferences. Financial literacy should also be integrated into the curricula of Technical and Vocational Education and Training (TVET) institutions as well as high school academic curricular to ensure that young people are equipped with practical financial decision-making skills before entering the workforce.

With respect to loan eligibility criteria, the study recommends that the government and stakeholders managing the Hustler Fund revisit and reform eligibility conditions to accommodate the realities of informal youth entrepreneurship. Specific reforms may include the adoption of alternative credit scoring models based on mobile money transaction histories or peer group endorsements. The fund should also consider introducing flexible proof-of-income methods that recognize gig work, digital freelance income, or informal trade. By adopting more inclusive criteria, the Hustler Fund can better reach underserved youth populations who are often excluded from traditional credit systems despite being economically active.

Regarding loan terms, the study strongly recommends that the Hustler Fund revise its credit product offerings to incorporate flexible repayment structures, lower interest rates, and borrower-friendly terms that match youth business cycles. For instance, implementing seasonal repayment plans or offering a grace period before the first repayment installment could significantly enhance

affordability and uptake. Additionally, interest rates should be clearly communicated and aligned with market standards to prevent perceptions of hidden costs. Financial institutions managing the Fund should also provide pre-loan counseling and repayment tracking tools to help borrowers plan effectively and avoid defaults. These measures would not only encourage more youth to take up the loans but also improve repayment performance and fund sustainability.

With respect to technological infrastructure and distribution channels, the study recommends that the government expand investment in affordable digital infrastructure—including free public Wi-Fi zones in youth hubs, community centers, and digital villages. At the same time, the design of the Hustler Fund’s mobile interface should be user-friendly, available in multiple local languages, and accessible via both smartphones and basic feature phones. To address digital exclusion, the study also recommends deploying youth digital ambassadors—trained local youth who can provide peer support and guide others in navigating mobile loan applications. These strategies will help close the digital divide and ensure that all youth, regardless of location or technical literacy, can access the Hustler Fund and similar government-backed credit initiatives.

5.6 Contributions of the Study

This study makes several important contributions to both theory and practice in the field of youth entrepreneurship and public finance. Theoretically, it enriches the existing body of knowledge by empirically validating the influence of financial literacy, loan eligibility criteria, loan terms, and technological infrastructure on the uptake of government-initiated financial programs, specifically the Hustler Fund. By anchoring the analysis on relevant financial behavior and inclusion theories, the study provides a framework for understanding how these factors interact to influence fund utilization among youth. Practically, the study offers valuable insights for policymakers and stakeholders involved in youth empowerment and financial inclusion. It underscores the need for enhanced financial literacy programs, simplified and youth-friendly loan criteria, improved loan terms, and robust digital platforms to increase accessibility and adoption of such funds. These findings can guide the formulation of more effective policies and interventions aimed at boosting youth participation in entrepreneurial financing schemes, thereby contributing to employment creation and economic development in Kenya.

5.7 Study Limitations

This study had several limitations. Firstly, it was geographically confined to Nairobi County, which may affect the generalizability of the findings to rural or other urban settings with varying socio-economic and infrastructural contexts. Secondly, the data collected were self-reported, which may be prone to response biases such as recall inaccuracies and social desirability effects. Thirdly, the cross-sectional nature of the study only provides a snapshot in time, limiting the ability to capture changes in fund uptake behavior due to evolving policies or economic trends. Lastly, the study did not examine broader cultural, psychological, or political factors that could also significantly influence youth borrowing decisions.

5.8 Suggestions for Further Studies

Future research should consider employing a longitudinal design to observe trends and behavioral shifts over time, especially in response to policy changes and economic developments. Expanding the study to include rural and peri-urban areas would enhance understanding of the Hustler Fund's accessibility and impact across diverse demographic groups. Additional studies could explore gender-specific dynamics, particularly the challenges young women face in accessing and utilizing digital credit platforms. Qualitative methodologies would be valuable in uncovering deeper insights into the motivations, perceptions, and attitudes that drive fund uptake. Moreover, comparative studies involving other government credit initiatives or cross-country analyses within Sub-Saharan Africa could provide useful benchmarks for improving program design and implementation.

5.9 Chapter Summary

Chapter Five presents a comprehensive synthesis of the study on the factors influencing Hustler Fund uptake among youth entrepreneurs in Nairobi County. The chapter begins by summarizing the key findings from regression analyses, which revealed that financial literacy, loan eligibility criteria, loan terms, and technological infrastructure each had a strong, positive, and statistically significant effect on fund uptake. The discussion section contextualizes these findings with previous literature, highlighting the pivotal role of financial knowledge, accessibility of funding

criteria, favorable loan conditions, and digital infrastructure in promoting financial inclusion. The chapter concludes that enhancing these factors can significantly boost youth participation in government-funded financial programs. Based on the results, the study recommends targeted financial education programs, policy reviews on loan eligibility and terms, and investment in digital platforms. The chapter also outlines the theoretical and practical contributions of the study, acknowledges limitations such as its focus on Nairobi County and cross-sectional design, and suggests further research in other counties, longitudinal studies, and inclusion of more variables to broaden the understanding of fund uptake dynamics.



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APPENDICES

APPENDIX I: QUESTIONNAIRE

Section A: Background Information

1. What is your gender?

Male []

Female []

2. What age bracket do you belong?

18 - 23 Years []

24 – 39 Years []

35 – 35 Years []

Above 35 Years []

3. How many years has your business been in operation

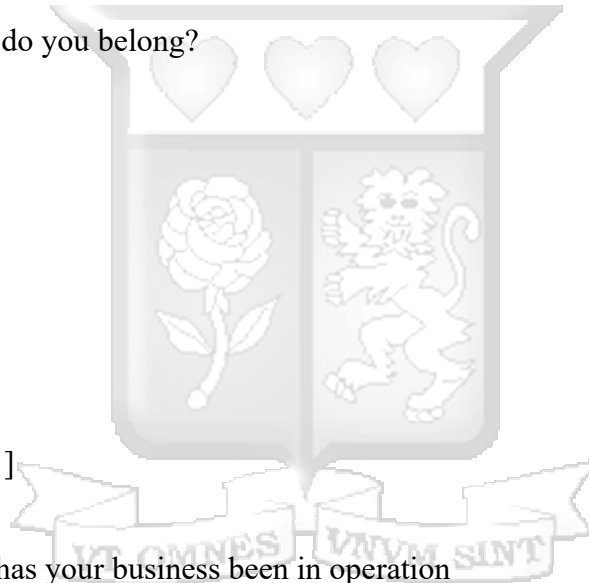
Less than 1 year []

1-2 years []

3-4 years []

Over 5 years []

4. Level of Education



Secondary []

College []

University []

Postgraduate []

Section B: Influence of financial literacy on the uptake of the Hustler Fund among Entrepreneurs in Nairobi County

The following are statements on influence of financial literacy on the uptake of the Hustler Fund among Entrepreneurs in Nairobi County. Express your level of agreement in each by ticking either: SA-Strongly agree (5), A-Agree (4), N-Neutral (3), D-Disagree (2), SD-Strongly disagree (1).

Statement	SA	A	N	D	SD
1. I understand the basic concepts of financial management (e.g., budgeting, saving, investing).					
2. Financial literacy plays a significant role in deciding whether to participate in the Hustler Fund.					
3. I believe that a lack of financial literacy hinders the uptake of the Hustler Fund.					

4. Financial education programs would increase my willingness to access the Hustler Fund.					
5. I feel confident in making financial decisions related to loans and repayments.					
6. Knowledge of interest rates and repayment terms influences my decision to apply for the Hustler Fund.					
7. Financial literacy training should be mandatory for all youth before applying for the Hustler Fund.					

Section C: Impact of loan eligibility criteria on youth participation in the Hustler Fund

The following are statements on impact of loan eligibility criteria on youth participation in the Hustler Fund. Express your level of agreement in each by ticking either: SA-Strongly agree (5), A-Agree (4), N-Neutral (3), D-Disagree (2), SD-Strongly disagree (1).

Statement	SA	A	N	D	SD
1. The current loan eligibility criteria for the Hustler Fund are clear and easy to understand.					
2. I find it difficult to meet the eligibility criteria for the Hustler Fund.					

3. The loan eligibility criteria discourage youth from applying for the Hustler Fund.					
4. The age limit for the Hustler Fund is an important factor in determining my eligibility.					
5. The eligibility requirements for the Hustler Fund are too strict for young entrepreneurs.					
6. The financial records required for loan approval make it difficult for most youths to qualify.					
7. Loosening eligibility criteria would increase youth participation in the Hustler Fund.					

Section D: Impact of Loan Terms on the Uptake of the Hustler Fund among Entrepreneurs in Nairobi County

The following statements assess the impact of loan terms on the uptake of the Hustler Fund among Entrepreneurs in Nairobi County. Express your level of agreement in each by ticking either: SA-Strongly agree (5), A-Agree (4), N-Neutral (3), D-Disagree (2), SD-Strongly disagree (1).

Statement	SA	A	N	D	SD
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1. The interest rates on the Hustler Fund influence my decision to apply for the loan.					
2. The repayment period for the Hustler Fund is too short for most young entrepreneurs.					
3. Lower interest rates would increase youth participation in the Hustler Fund.					
4. The penalties for late repayment discourage me from applying for the Hustler Fund.					
5. The loan limits of the Hustler Fund are too low to support meaningful business growth.					
6. I would be more likely to take a loan from the Hustler Fund if the repayment terms were more flexible.					
7. Understanding the loan terms clearly before borrowing increases my willingness to apply.					

Section E: The influence of Technological Infrastructure and Distribution Channels on the Uptake of the Hustler Fund among Entrepreneurs in Nairobi County

The following are statements on the influence of technological infrastructure and distribution channels on the uptake of the Hustler Fund among Entrepreneurs in Nairobi County. Express your

level of agreement in each by ticking either: SA-Strongly agree (5), A-Agree (4), N-Neutral (3), D-Disagree (2), SD-Strongly disagree (1).

Statement	SA	A	N	D	SD
1. The ease of accessing the Hustler Fund through mobile platforms encourages participation.					
2. Poor internet connectivity hinders youth participation in the Hustler Fund.					
3. Lack of access to smartphones or digital banking does not limit my ability to apply for the Hustler Fund.					
4. Digital literacy is necessary for effective use of the Hustler Fund platform.					
5. The availability of multiple distribution channels (e.g., mobile banking, agency banking) increases accessibility to the Hustler Fund.					
6. System downtime and delays in processing applications discourage youth from using the Hustler Fund.					
7. Government investment in digital financial infrastructure would increase the uptake of the Hustler Fund.					

Section F: Uptake of the Hustler Fund among Entrepreneurs in Nairobi County

The following are statements on Uptake of the Hustler Fund among Kenya's Youth in Nairobi County. Express your level of agreement in each by ticking either; SA-Strongly agree (5), A-Agree (4), N-Neutral (3), D-Disagree (2), SD-Strongly disagree (1).

Statement	SA	A	N	D	SD
1. I am aware of the Hustler Fund and its benefits for youth.					
2. The Hustler Fund has positively impacted my entrepreneurial activities.					
3. I have considered applying for the Hustler Fund but have not yet done so.					
4. Youth in Nairobi County are generally reluctant to apply for the Hustler Fund.					
5. The Hustler Fund offers a great opportunity for job seekers to secure capital for start-ups.					
6. I trust the Hustler Fund to provide accessible financial support to the youth.					
7. More outreach and awareness programs would increase youth uptake of the Hustler Fund.					

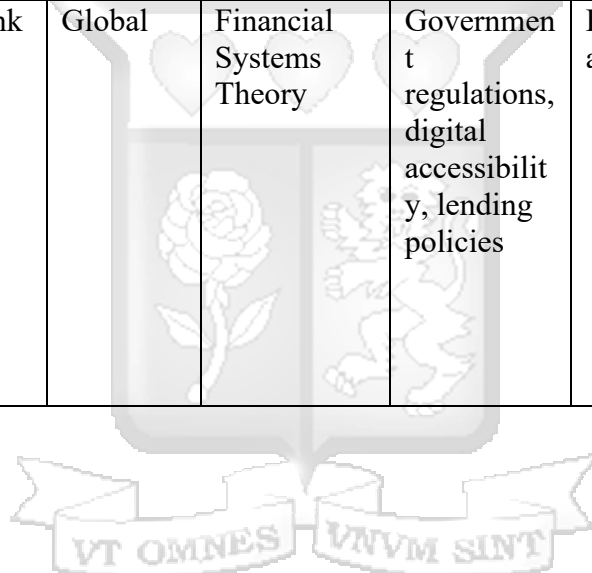
APPENDIX II: LITERATURE REVIEW MAP

Study	Authors & Year	Region	Theories Used	Measurement of Variables	Methodology	Findings
Financial literacy and loan uptake	Lusardi & Mitchell (2017)	Global	Life-Cycle Hypothesis	Financial literacy, loan uptake	Quantitative survey	Financial literacy influences individuals' ability to assess loan risks and benefits.
Financial literacy and borrowing decisions	Atkinson & Messy (2019)	OECD Countries	Behavioral Finance Theory	Financial literacy, borrowing decisions, default rates	Cross-country survey	Financial illiteracy leads to poor borrowing decisions and loan defaults.
Financial literacy and digital credit uptake	Mawira (2023)	Kenya	Financial Literacy Theory	Financial knowledge, digital credit uptake	Survey and regression analysis	Found a moderate positive correlation between financial knowledge and digital credit uptake.
Financial literacy and uptake of regulated financial services	Mukokoma et al. (2024)	Uganda	Diffusion of Innovation Theory	Financial literacy, digital platform adoption	Mixed methods	Financial literacy significantly influences uptake of financial services, enhanced by digital platforms.

Financial literacy and awareness of digital credit	Sarfo, Musshoff & Weber (2023)	Madagascar	Rational Choice Theory	Financial literacy, awareness of digital credit	Survey	Financial literacy impacts awareness of digital credit products in Madagascar.
Digital financial literacy and FinTech usage	Mbatane & Kekana (2024)	South Africa	Technology Acceptance Model	Digital literacy, FinTech adoption	Structural Equation Modeling	Financial literacy influences the use of digital financial products.
Financial literacy and access to banking services	Fanta & Mutsonziwa (2021)	East Africa	Financial Inclusion Theory	Economic literacy, banking access	Longitudinal study	Economic literacy influences banking access in East Africa.
Financial literacy and financial technology awareness	MabhanMorgan & Trinh (2019)	Asia-Pacific	Theory of Planned Behavior	Financial literacy, awareness of financial technology	Cross-sectional survey	Higher financial literacy correlates with awareness of financial technology products.
Loan eligibility criteria and credit access	Beck et al. (2018)	Multiple Developing Countries	Credit Rationing Theory	Eligibility criteria, credit access	Comparative analysis	Stringent eligibility criteria limit access to credit, especially for young entrepreneurs.

Loan eligibility and participation	Demirgüç-Kunt et al. (2020)	Global	Financial Deepening Theory	Application processes, participation rates	Experimental study	Simplified application processes increase participation rates among young borrowers.
Mobile loan uptake among SMEs	Lore (2019)	Kenya	Entrepreneurial Finance Theory	Business costs, loan accessibility, eligibility	Case study	Business costs and loan accessibility are key to loan uptake, but loan eligibility is also crucial.
Barriers to credit uptake among youth	Athiambo (2024)	Kenya	Credit Access Theory	Eligibility criteria, loan amounts, employment status	Qualitative interviews	Stringent eligibility criteria, inadequate loan amounts, and employment requirements limit access.
Income volatility and repayment of micro-loans	Mutua & Otieno (2021)	Kenya	Income Uncertainty Hypothesis	Income volatility, loan defaults	Mixed methods	Income volatility and lack of financial literacy lead to loan defaults.
Barriers to repayment of digital loans	Kiprotich & Karanja (2020)	Kenya	Over-Indebtedness Theory	Over-borrowing, financial planning,	Regression analysis	Over-borrowing and lack of financial

				default rates		planning lead to high default rates.
Repayment behavior and loan terms	Wambui (2022)	Kenya	Behavioral Economics	Repayment schedules, financial shocks, default rates	Survey	Strict repayment schedules and financial shocks lead to high default rates.
Technological infrastructure and distribution channels affecting loan uptake	World Bank (2020)	Global	Financial Systems Theory	Government regulations, digital accessibility, lending policies	Policy analysis	Government regulations, digital accessibility, and lending policies influence loan uptake.



APPENDIX III: ETHICAL REVIEW COMMITTEE APPROVAL



14th April 2025

Mr Cauri Steve,
steve.cauri@strathmore.edu

Dear Mr Cauri,

RE: Factors Influencing the Uptake of the Hustler Fund by Youth Entrepreneurs in Nairobi County, Kenya

This is to inform you that SU-ISERC has reviewed and **approved** your above **SU-masters** proposal. Your application reference number is **SU-ISERC2898/25**. The approval period is from **14th April 2025 to 13th April 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,

A handwritten signature in black ink, appearing to read "Rachier".

Mr Ambrose Rachier,
Chairperson; SU-ISERC

APPENDIX IV: NACOSTI PERMIT

National Commission for Science, Technology and Innovation


REPUBLIC OF KENYA


NATIONAL COMMISSION FOR
SCIENCE, TECHNOLOGY & INNOVATION

Ref No: **523578** Date of Issue: **15/April/2025**

RESEARCH LICENSE



This is to Certify that Mr., Steve Cauri 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 Influencing the Uptake of the Hustler Fund by Youth Entrepreneurs in Nairobi County, Kenya for the period ending : 15/April/2026.

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SCIENCE, TECHNOLOGY &
INNOVATION

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See overleaf for conditions

APPENDIX V: TURNITIN REPORT

Steve Cauri (29.04.25) (1).docx

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