

**DIGITAL MICRO CREDIT, AGE AND GENDER ON FINANCIAL  
INCLUSION OF SMALL-SCALE TRADERS IN CHUKA TOWNSHIP,  
THARAKA NITHI COUNTY, KENYA.**

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## DECLARATION AND RECOMMENDATION

### Declaration

This research thesis is my original work and has not been presented for an award of a diploma or conferment degree in any institution.

Signature: ..... Date.....

David Otieno Odira  
CM11/57632/22

### Recommendation

This research thesis has been examined, passed and submitted for examination with my approval as university supervisor.

Signature: ..... Date.....

Dr. Henry Kimathi  
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## **DEDICATION**

This work is dedicated to my beloved family and close friends, whose unconditional love, prayers, and encouragement have been my greatest source of strength. I also dedicate this thesis to my colleagues for their support and inspiration throughout this academic journey. Above all, I dedicate it to Almighty God, for His inner strength and grace that made this achievement possible. His Grace has been mine.

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## ABSTRACT

The motivation for the research stemmed from the recognition that while digital microcredit is widely promoted as a tool for poverty reduction and economic empowerment, its actual impact on financial inclusion remains uncertain. This study examined the relationship among Digital Micro Credit, age and gender on the Financial Inclusion of small-scale traders in Chuka township, Tharaka Nithi County. Understanding this relationship is critical for designing financial systems that support marginalized groups and foster equitable economic participation. The study was guided by the Theory of Financial Innovation and the Technology Acceptance Theory. A descriptive cross-sectional research design was adopted, targeting a population of 2,374 small-scale traders in Chuka Township. Using stratified and simple random sampling procedures, a sample of 182 traders was determined through Cochran's formula. Data were collected using structured questionnaires, whose content validity was confirmed through expert review, while reliability was established using Cronbach's Alpha, yielding an overall coefficient of 0.757, which was within acceptable thresholds. A pilot test involving 18 traders was carried out in Chogoria market to refine the instrument. Both descriptive and inferential statistical techniques were employed. Descriptive results revealed that a majority (54.7%) of respondents were female, while most traders (61.3%) were aged between 26–45 years. The average duration in business was 6–10 years, indicating considerable trading experience. Most respondents (68.5%) reported frequent use of digital loan platforms such as M-Shwari and KCB-MPesa, mainly for business restocking and emergency needs. Inferential analysis using Ordinary Least Squares (OLS) regression showed that digital microcredit alone had a positive but statistically insignificant effect on financial inclusion ( $\beta = 0.112$ ,  $p > 0.05$ ), leading to the retention of the null hypothesis (H01). However, age significantly moderated this relationship ( $\beta = 0.214$ ,  $p < 0.05$ ), with middle-aged traders (36–55 years) showing higher inclusion levels than younger groups. Similarly, gender significantly moderated the relationship ( $\beta = 0.198$ ,  $p < 0.05$ ), indicating that male traders benefitted more from digital microcredit services compared to female counterparts. The combined moderating effects of age and gender were statistically significant ( $R^2 = 0.063$ ,  $F = 3.98$ ,  $p < 0.05$ ), confirming that demographic factors jointly shape financial inclusion outcomes. The study concludes that expanding digital microcredit access is necessary but insufficient as a stand-alone driver of financial inclusion. Theoretically, the study contributes to the literature by showing that digital innovations alone do not automatically close inclusion gaps, as their effectiveness depends on user characteristics and contextual factors. Practically, the findings highlight the importance of tailoring financial products to demographic realities while strengthening supporting services. Future research should investigate additional determinants of financial inclusion, adopt mixed-methods approaches, and assess long-term impacts of digital microcredit across diverse settings.