

## **FINANCIAL TECHNOLOGY AND ACCESS TO CAPITAL AMONG YOUTH-OWNED ENTERPRISES IN MOMBASA COUNTY, KENYA**

**Ali Sabil Dafala.**

Postgraduate Student, Department of Accounting and Finance, School of Business, Economics and Tourism, Kenyatta University, Kenya.

**Dr. Francis Gitagia (PhD, CPA).**

Lecturer, Department of Accounting and Finance, School of Business, Economics and Tourism, Kenyatta University, Kenya.

©2026

**International Academic Journal of Economics and Finance (IAJEF) | ISSN 2518-2366**

**Received:** 29<sup>th</sup> April 2026

**Published:** 14<sup>th</sup> May 2026

Full Length Research

**Available Online at:** [https://iajournals.org/articles/iajef\\_v5\\_i3\\_246\\_260.pdf](https://iajournals.org/articles/iajef_v5_i3_246_260.pdf)

**Citation:** Dafala, A. S., Gitagia, F. (2026). Financial technology and access to capital among youth-owned enterprises in Mombasa County, Kenya. *International Academic Journal of Economics and Finance (IAJEF) | ISSN 2518-2366*, 5(3), 246-260.

## **ABSTRACT**

Access to capital remains one of the most critical drivers of growth, innovation, and sustainability among youth-owned enterprises, particularly in developing economies where youth entrepreneurship plays a major role in employment creation and poverty reduction. In Mombasa County, limited access to formal financing continues to constrain business expansion, technology adoption, and enterprise survival among young entrepreneurs. Recent evidence shows that only 18.2 percent of youth in Mombasa County have received loans from regulated financial institutions, with the average amount of KES 37,800 remaining significantly below the national youth enterprise average of KES 52,400. This continuing financing gap limits the growth of youth-owned businesses and weakens broader economic prospects for the county. The study examined the effect of FinTech adoption on access to capital among youth-owned enterprises in Mombasa County. Specifically, the research assessed the effects of mobile banking adoption and digital credit platform usage on access to capital. The study was anchored on the Diffusion of Innovations Theory and Technology Acceptance Model. A descriptive research design was adopted targeting registered youth-owned enterprises operating in Mombasa County.

Primary data were collected using structured questionnaires administered to enterprise owners and managers. Diagnostic tests including normality, multicollinearity, heteroscedasticity, and linearity were conducted to ensure robustness of the regression model. Data were analyzed using Stata through descriptive statistics and inferential techniques including Pearson correlation and multiple regression analysis. Findings were presented using tables. Regression results showed that mobile banking adoption had a positive and statistically significant effect on access to capital ( $\beta = 0.221, p < 0.05$ ) and digital credit platform usage had a positive and statistically significant effect on access to capital. The study concludes that mobile banking adoption and digital credit usage significantly improve access to capital among youth-owned enterprises in Mombasa County. The study recommends strengthening youth-focused fintech products, integrating digital payment systems with formal credit assessment frameworks, and promoting financial literacy to improve enterprise financing outcomes.

**Key words:** Access to Capital, Mobile Banking Adoption, Digital Credit Platform.

## **INTRODUCTION**

### **Background of the Study**

Fintech remains increasingly relevant in terms of increasing access to capital and more so to enterprises owned by youth. Most of the young businessmen have limitations of not having collateral, credit history and lengthy bureaucratic procedures in borrowing. These barriers can be overcome by Fintech which provides alternative ways in the form of mobile banking, digital credit scoring, and investment apps (World Bank, 2023). In Kenya, the tools have provided access to unbanked and underbanked groups, as well as microenterprises operated by the young population in cities, such as Mombasa (AFI, 2021). Financial digitalization does not only make entrepreneurs more inclusive, but also enhances transparency, speed, and convenience, which are key factors in entrepreneurial development (Ndichu and Wanjohi, 2021).

SMobile banking is the utilization of mobile phone-based applications that financial institutions have in order to carry out different banking operations which include checking account balances, sending money, loan applications and bill payments. In the case of young owned establishments, mobile banking helps them expand the limits of their operations by having twenty-four hour access to the necessary financial services without necessarily visiting physical banks (World Bank, 2023). The measurement scales used to evaluate mobile banking in the research are convenientness of transactions, rate of use, the possibility of applying mobile loans, transaction security, and convenient registration (CBK, 2022). Banks such as Equity Bank and KCB have been aggressive in their mobile banking product rollouts in Mombasa County with more than 65 percent of the youth businesses adopting mobile banking products (FinAccess, 2022).

Digital credit services enable users to take loans, bypassing the conventional banking systems, via mobile apps or USSD systems. Such platforms require other information, including phone activity and the history of mobile money transactions to assess the creditworthiness (Safaricom, 2023). They are significant because they ease the provision of credit to underserved populations in a quick and collateral-free way. The five measurement constructs that are used to measure this study are the speed of loan processing, transparency of interest rates, sufficiency of credit limits, platform reliability, and flexibility of repayment (Ndichu and Wanjohi, 2021). In Mombasa, new mobile phone-based sources of finance such as M-Shwari, Tala and Branch have become the focus of youth finance with repeat borrowing surging among users aged 18-35 (Kenya National Bureau of Statistics, 2024).

There are consistent gaps in access as depicted by national statistics. The 2023 FinAccess Household Survey reveals that only in the case of Kenyan youth (1835 years old) 14.5 percent were successful in acquiring loans through formal financial institutions, and almost 40 percent used informal sources, including chamas and digital applications (CBK, 2023). In urban counties such as Mombasa, access was a notch lower at 18.2%, yet, the number remains lower compared to other counties with higher access such as Kiambu and Nakuru that reported 24.7 and 22.3 respectively (FSD Kenya, 2022). In addition, the youth enterprises in Mombasa accessed an average loan size of KES 37,800 in 2022 (2024 annual report of the Kenyan

National Bureau of Statistics), as opposed to the national youth average of KES 52,400. Such differences are an indicator of a limited credit environment among the young business people in Mombasa, although they are heavily concentrated in trade and service industries where constant capital infusion is a prerequisite. To deal with this, it must be dealt with through evidence-based approaches that can substantiate the role of financial technology in improving capital flow.

The rationale behind deciding to base this research on young entrepreneurs in Mombasa County is based on the demographic and monetary accessibility. Recent demographic data indicate that almost 64 percent of the population of Mombasa is under the age of thirty-five, which means that it is a young-led economy (Kenya National Bureau of Statistics, 2024). Furthermore, empirical data presented by the FinAccess Household Survey (2023) indicates that only 18.2 percent of youth-owned businesses in Mombasa had managed to virtually access financial support offered by formal financial institutions. This is in comparison to other counties like Kiambu and Nakuru which had a youth credit access percentage of 24.7 percent and 22.3 percent respectively (CBK, 2023). Besides this, youth entrepreneurs in Mombasa received an average of KES 37,800 in loans which is significantly lower than the national youth enterprise average of KES 52,400 (FSD Kenya, 2022). Such inequalities highlight the special limitations of the young population of Mombasa in obtaining available funds, which is why the region is an interesting place to study how digital financial solutions can reduce ongoing credit crunches and enable the development of business.

### **Statement of the Problem**

Access to capital remains one of the most important determinants of enterprise growth, sustainability, innovation, and employment creation among youth-owned businesses. Adequate financing enables young entrepreneurs to expand operations, adopt technology, acquire productive assets, and improve competitiveness in increasingly dynamic markets. However, despite the growing role of financial technology in transforming financial services, many youth-owned enterprises in Mombasa County continue to experience difficulties in accessing affordable and reliable business financing. The demographic profile of Mombasa County further presents both an opportunity and a challenge, as approximately 64 percent of the county's population is below the age of 35 (Kenya National Bureau of Statistics, 2024). This youthful population has continued to grow from 58 percent in 2015 to 61 percent in 2020 and further to 64 percent in 2024, indicating an expanding youth labour force and increasing entrepreneurial potential within the county. Since Mombasa serves as Kenya's major coastal and port economy, youth enterprises play an important role in trade, transport, tourism, retail, and service sector activities. Limited access to capital among these enterprises therefore not only affects individual businesses but also constrains employment creation and broader economic development within the county.

Despite this large youthful population and its entrepreneurial potential, access to formal credit remains limited. National statistics indicate that only 14.5 percent of Kenyan youth aged between 18 and 35 years have ever secured loans from formal financial institutions (Central Bank of Kenya [CBK], 2023). In Mombasa County, the proportion is slightly higher at 18.2

percent, but still below counties such as Kiambu (24.7 percent) and Nakuru (22.3 percent), which share similar urban characteristics (CBK, 2023). In addition, the average loan amount accessed by youth enterprises in Mombasa stands at KES 37,800, which is significantly lower than the national youth enterprise average of KES 52,400 (FSD Kenya, 2022). These trends indicate a persistent financing gap that constrains enterprise growth and justifies the need to examine factors influencing access to capital among youth-owned enterprises in Mombasa County.

Existing studies on financial technology adoption and financing outcomes reveal several contextual, conceptual, and methodological gaps. International studies conducted in settings such as Lagos, Nigeria, Accra, Ghana, Malawi, and parts of South Asia have been undertaken in environments with different regulatory systems, market structures, and infrastructural conditions from those of the coastal economy of Kenya. Local studies by Mwangi and Wanjala (2022), Mwikali and Odhiambo (2024), and Wekesa and Koskei (2023) mainly focused on agricultural or inland enterprises in regions such as Western Kenya, Kisumu, and Nairobi. Consequently, their findings may not adequately explain the financing realities of youth-owned enterprises operating within the port-based and digitally evolving economy of Mombasa County.

Conceptual and methodological limitations are also evident in previous research. Studies such as Adeoye, Oyetunde, and Ogundipe (2022) and Nchimbi and Mfaume (2023) did not clearly distinguish between productive and non-productive borrowing. Other scholars, including Agyemang, Ofori, and Boateng (2021) and Gikandi and Muturi (2021), treated fintech adoption as a composite variable, thereby overlooking the specific contributions of mobile banking and digital credit platforms. Methodologically, studies by Mwangi and Cheronno (2024), Wekesa and Kimani (2024), and Otieno and Kihara (2021) largely relied on descriptive approaches with limited inferential analysis. This study addressed these gaps by focusing specifically on youth-owned enterprises in Mombasa County, disaggregating fintech adoption into distinct components, and applying inferential statistical analysis to establish the individual and combined effects of fintech adoption on access to capital.

### **Research Objective**

- i. Assess the effect of mobile banking adoption on access to capital among youth-owned enterprises in Mombasa County, Kenya.
- ii. Determine the influence of digital credit platform usage on access to capital among youth-owned enterprises in Mombasa County, Kenya.

### **Hypotheses of the Study**

The study shall test the following null hypotheses:

**H<sub>01</sub>:** Mobile banking adoption has no significant effect on access to capital among youth-owned enterprises in Mombasa County, Kenya.

**H<sub>02</sub>:** Usage of digital credit platforms has no significant influence on access to capital among youth-owned enterprises in Mombasa County, Kenya.

## **THEORETICAL LITERATURE**

### **Diffusion of Innovations Theory**

Diffusion of Innovations Theory was first introduced by Everett Rogers in 1962 to describe the process by which new technologies, practices, or ideas are diffused through a social system over time. The model recognizes five important adoption factors, including perceived usefulness, relative advantage, compatibility with current practices, trialability, and observability (Rogers, 2003; Mahajan, Muller, and Srivastava, 2020; Kassean and Odit, 2021). Adoption is defined as a process that is carried out in stages which include the initial phases of knowledge and persuasion, adoption or rejection decision, implementation of innovation and subsequent confirmation. This framework offers an organised methodology to comprehend the relationship between the early-stage awareness and the latter period of tools of mobile banking and digital credit getting adopted by youth owned enterprises.

The theory presupposes that prospective adopters evaluate innovations on a basis of comparison to the already existing solutions and decide whether the innovations provide a definite relative advantage. They consider compatibility with existing values, practices, and needs a key to effective uptake and inform others about the results to increase adoption (Rogers, 2003; Singh, Sharma, and Sharma, 2021). It also presupposes that adoption rates are not the same among various types of users such as innovators, early adopters, early majority, late majority, and laggards, and they have different characteristics and incentives (Kassean and Odit, 2021; Mahajan, Muller, and Srivastava, 2020). These assumptions imply that the characteristics of the innovation and type of the adopter affect the high and low diffusion.

In the case of the present research, the Diffusion of Innovations Theory has offered a valuable framework through which the popularity, acceptance, and uptake of financial technology solutions by youth owned enterprises in the Mombasa County have been studied. Using the model to evaluate four components of operation, i.e. mobile banking adoption and use of digital credit platform, the study determined the extent to which perceived advantage, compatibility and trial opportunities affected the adoption of the technology. These constructs were especially pertinent to a coastal city economy determined by the port related trade, heterogeneous customer base, and different degrees of the digital infrastructure that interacted with each other to determine how financial technologies helped to access capital.

### **Technology Acceptance Model**

Technology Acceptance Model (TAM), which was proposed by Davis in 1986 is one of the most popular models of how we ought to understand and predict the user acceptance of new technologies. It highlights two important aspects of adoption, perceived usefulness, and perceived ease of use (Davis, Bagozzi, and Warshaw, 1989; Venkatesh, Thong, and Xu, 2021). Perceived usefulness is a scale that indicates how much an individual believes that a technology is enhancing performance, and perceived ease of use is the scale that indicates how much the technology is not marred with unnecessary complexity. The model has developed over time to incorporate more aspects like trust, enabling conditions and social influence, extending the

applicability of the model to other areas of technology such as mobile banking, online credit platforms, and other fintech solutions utilized by youth owned business.

In the current research, TAM offered a suitable frame through which the adoption of financial technologies in youth owned enterprises in the Mombasa County could be viewed. Its constructs informed the measurement of perceived usefulness and ease of use with respect to the mobile banking adoption and use of digital credit platforms. In an urban coastal economy with disparities in digital literacy, confidence in financial technologies, and antecedent exposure to fintech, these constructs facilitated the evaluation of the effects of perceptions on adoption decisions ultimately determining access to capital among youth enterprises.

### **Empirical Review**

Mlauzi, Ncube, and Sibanda (2022) studied the connection between mobile based savings behaviour and access to microloans among youth entrepreneurs in South Africa based on longitudinal data with structural equation modelling. Their results indicated that disciplined mobile savings behaviour also proved to be one of the best predictors of digital loan approval. Still, the research was conducted in the rural provinces not taking into account the differences in fintech penetration and infrastructure at the counties. The current research bridged this contextual and population gap by specifically working on youth businesses both in the formal and informal sectors in Mombasa County.

Gikandi and Muturi (2021) examined the adoption and access to capital among SMEs in Nairobi, Kenya based on mobile banking and stratified random sampling through descriptive analysis. According to them, mobile banking shortened the loan applications time and minimized transaction costs. Nevertheless, they only focused on developed SMEs and ignored those owned by youth and businesses operating in the informal sector. The current research bridged this contextual and population gap by specifically working on youth businesses both in the formal and informal sectors in Mombasa County.

Adeoye, Oyetunde, and Ogundipe (2022) investigated the impact of digital lending applications on capital acquisition among young people in Lagos, using a cross-sectional survey and multiple regression analysis. Their results were that digital lending platforms were favored because of minimal entry barrier, but high repayment fees and privacy issues decreased long-term use. The research did not differentiate between credit taken as a source of personal consumption and credit taken as a source of business. The current research resolved this gaps by isolating enterprise directed borrowing and directly connecting the use of digital credit to the availability of business capital.

Nchimbi and Mfaume (2023) researched mobile-based credit and financial inclusion issues among urban youth microenterprises in Tanzania. Although they reported a positive association, their analysis was largely limited to the frequency of credit uptake and overlooked institutional factors such as creditworthiness indicators and repayment history. Similarly, Otondi and Gitagia (2025) examined financial innovations and cost efficiency among commercial banks in Kenya and established that digital financial innovations positively

influence operational efficiency within the banking sector. However, their study focused on institutional banking performance rather than the ability of youth-owned enterprises to access business financing. In addition, the researchers emphasized financial inclusivity and operational efficiency rather than access to enterprise capital. The present study addressed these gaps by incorporating repayment behaviour, borrowing patterns, and credit history indicators to examine how fintech adoption influences access to higher-value enterprise financing among youth-owned enterprises in Mombasa County.

## **RESEARCH METHODOLOGY**

The research design adopted in this study was descriptive research design to investigate how adoption of financial technology affected access to capital among youth owned enterprises in Mombasa County. The study population was all youth owned businesses registered formally and were in operation in the Mombasa County. This study was focused on 6,480 formally registered youth owned enterprises in Mombasa County (MSEA, 2024). The primary data were gathered using a structured feedback form that was given to the owners/managers of the sampled enterprises. The research performed diagnostic tests to ensure that the assumptions that were applied in the Ordinary Least Squares regression model were met

### **Descriptive Analysis**

This section provides the summary statistics of the major variables of the research: mobile banking adoption (MBA) and using digital credit platforms (DCP) and access to capital (ATC). Table 4.7 exhibits the mean, medians, and range (minimum and maximum values) of each variable and gives an idea of the distribution of the variables amongst the youth-owned business ventures in Mombassa County. Such a descriptive analysis provides a framework on which to interpret the subsequent inferential statistical findings.

*Table 1 Descriptive Statistics*

<b>Var</b>	<b>M</b>	<b>Md</b>	<b>Max</b>	<b>Min</b>	<b>SD</b>	<b>Skew</b>	<b>Kurt</b>	<b>n</b>
MBA	3.98	4.00	5.00	2.40	0.71	0.21	2.89	325
DCP	3.84	3.90	5.00	2.30	0.76	0.18	2.92	325
ATC	3.67	3.70	4.90	2.10	0.81	0.27	2.88	325

*Source: Research Data (2026)*

Table 1 indicates that the mobile banking adoption (MBA) has a mean of 3.98 and a median of 4.00, thus we can conclude that there is general agreement among the respondents about the common use of mobile banking services in the operations of the enterprises. The highest and lowest figures of 5.00 and 2.40 indicate a moderate variation of the responses of the enterprises and the value of standard deviation 0.71 indicates consistent responses. The positive skewness (0.21) and negative kurtosis (2.89) values are not that high so the distribution is balanced, which means that mobile banking is highly used by youth-owned enterprises in Mombasa County, yet the differences in the usage intensity still exist.

Usage of digital credit platforms (DCP) showed a mean of 3.84 and median of 3.90, which mean that there was a high level of agreement on the access to loans via digital platforms. The lowest and highest possible values of 5.00 and 2.30 respectively imply a moderate range of variability and the standard deviation of 0.76 yields an acceptable degree of consistency between enterprises. The positive, but almost zero, skewness (0.18), and mesokurtic, distribution (2.92) imply that the responses are stable, and the use of digital credit is significant to finance youth-owned business.

Access to capital (ATC) median was 3.70 with a mean of 3.67, which means that there was a moderate agreement on the access to financing in enterprises. The highest and lowest values of 4.90 and 2.10, respectively indicate that there is recognizable difference among enterprises and 0.81 standard deviation implies that there is an intermediate degree of dispersion in answers. The recorded skew is slight positive (0.27), and the kurtosis is close to zero (2.88), while this shows a balanced distribution. Nevertheless, the middle range mean and observed variability imply that there are still funding issues among the businesses owned by young individuals, which makes sense to test the hypothesis of whether the use of financial technologies can have a significant impact on access to capital results.

### **Diagnostic Test Results**

#### **Normality of Residuals**

The use of Shapiro-Wilk test in this study was due to its high statistical power in a small and moderate sample. According to the null hypothesis, the residuals are normally distributed. A p-value with a value of more than 0.05 signifies that the assumption of normalcy is met.

*Table 2 Shapiro–Wilk Test for Normality*

<b>Variable</b>	<b>Statistic</b>	<b>df</b>	<b>Sig.</b>
Residuals	0.956	325	0.041

*Source: Research Data (2026)*

Table 2 indicates the value of 0.05 exceeded the p-value in the Shapiro-Wilk test, which revealed that the residual values did not follow a normal distribution. This implies that there is a minor deviation. The violation was however not found to be severe enough to invalidate the regression estimates as the sample size was relatively large.

#### **Multicollinearity**

The Variance Inflation Factor was used in this study as it offers a simple and generally agreed degree of severity of collinearity. The values of Variance Inflation Factor less than 10 and tolerance greater than 0.1 mean there is no health-damaging multicollinearity (Gujarati & Porter, 2020).

*Table 3 Multicollinearity Test Results*

<b>Variable</b>	<b>Tolerance</b>	<b>VIF</b>
MBA	0.681	1.47
DCP	0.654	1.53

*Source: Research Data (2026)*

As indicated in Table 3, all VIFs were substantially lower than 10, and all tolerance values were more than 0.1. These results show that there was no issue of multicollinearity and they ensure that the regression estimates were constant and sound.

### **Heteroskedasticity**

The Breusch Pagan test was utilized in this research due to its appropriateness with cross-sectional data, and its ability to identify a change in systematic variance. The null hypothesis implies that residual variance is equal. A p-value >0.05 represents homoscedasticity.

**Table 4 Breusch–Pagan Test Results**

<b>Statistic</b>	<b>df</b>	<b>Sig.</b>
6.214	4	0.044

*Source: Research Data (2026)*

Table 4 suggests that a p-value of less than 0.05 was obtained in the Breusch-Pagan test, and this implies the existence of heteroskedasticity. To overcome this infraction, standard errors were powerful in the regression estimate which guaranteed sound statistical inference.

### **Linearity**

The assumption of linearity requires that the connection between the independent variables and dependent variable be adequately represented by a linear function. Violation of this assumption may result in model misspecification and biased parameter estimates (Gujarati & Porter, 2020; Wooldridge, 2021). Several approaches are available for testing linearity, including scatterplots and functional form tests such as the Ramsey RESET test. This study applied the Ramsey RESET test because it provides a formal statistical procedure for detecting functional form misspecification. The null hypothesis states that the model is correctly specified and linear. A p-value >0.05 infers that the assumption is satisfied.

**Table 5 Ramsey RESET Test Results**

<b>Statistic</b>	<b>df</b>	<b>Sig.</b>
1.287	2	0.277

*Source: Research Data (2026)*

Table 5 indicates that the RESET test produced a p-value greater than 0.05, indicating that the linear specification was appropriate. This confirms that the model satisfied the linearity assumption.

### **Regression Analysis**

The regression analysis was done to find out how the adoption of financial technology influences access to capital among the youth-owned businesses in Mombasa County. Before estimating, it was determined that the data met the conditions of linearity and multicollinearity, although minor violations of normality of residual values and homoscedasticity were noticed. In order to overcome the violations and provide efficient inference, the regression model was estimated with robust standard errors in STATA. The findings are provided below.

**Table 6 Fitness of the Model**

Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Std. Error of the Estimate
1	0.847	0.717	0.713	0.435

Source: Research Data (2026)

Table 6 reveals that the model produced a R<sup>2</sup> of 0.717 which implies that 71.7 percent of the change in access to capital was jointly accounted by the use of mobile banking (MBA) and the use of digital credit platforms (DCP). The adjusted R<sup>2</sup> of 0.713 ensures the strength of the model after the number of predictors has been adjusted and the correlation coefficient (R = 0.847) shows the strength of the connection between financial technology adoption and access to capital among youth-owned enterprises in the Mombasa County.

**Table 7 ANOVA**

Source	Sum of Squares	Df	Mean Square	F	Sig.
Regression	153.459	4	38.365	202.681	0.000
Residual	60.386	320	0.189		
Total	213.845	324			

Source: Research Data (2026)

Table 7 indicates that the regression equation was statistically significant (F = 202.681, p < 0.05), which proves that the variables related to financial technologies had a substantial effect on access to capital among the youth-owned businesses in Mombasa County.

**Table 8 Regression Results (Dependent Variable: Access to Capital)**

Variable	Coefficient	Std. Error	t-Statistic	Sig.
Constant	0.512	0.121	4.231	0.000
MBA	0.221	0.054	4.093	0.000
DCP	0.304	0.056	5.429	0.000

Source: Research Data (2026)

Table 8 suggests that the usage of mobile banking (MBA) and digital credit platform (DCP) positively and significantly impacted the access to capital. The constant value (0.512) was also found to be statistically significant which means the level of access to capital in the absence of all predictors.

The regression equation derived from the coefficients is expressed as follows:  
 $AC_i = 0.512 + 0.221MBA + 0.304DCP + \epsilon$

Where:

AC<sub>i</sub> = Access to capital of enterprise i  
 MBA = Mobile banking adoption

DCP = Digital credit platform usage  
 $\varepsilon$  = Error term

The equation suggests that the increase in the mobile banking uptake and the use of digital credit platforms have a high level of positive association with access to capital in youth-owned enterprises.

### **Conclusions**

This research investigated the impact of the implementation of financial technology on the access to capital by youth-owned businesses in the Mombasa County. Based on the empirical data provided, the research concludes by stating that capital accessibility between youth enterprises was intimately linked with the degree to which the financial technology tools were embraced and used fruitfully in doing business. The conclusions thus translate to the identified impact of mobile banking adoption and digital credit platforms use on access to capital among the enterprises considered.

The positive impact of mobile banking adoption, as it is observed in the context of the first objective, allows concluding that the outcomes of access to capital among the youth enterprises that actively use mobile banking services were stronger. The mobile platforms have been used to promote savings, transfers, monitoring of balances, and tracking of transactions thus increasing the capacity to handle financial visibility and liquidity management, thus improving the ability to become eligible to formal and digital lending opportunities.

Second, a positive impact of utilizing the digital credit platforms suggests that young businesses that used fintech lending platforms had more access to finance. The results indicate that digital credit alleviated the historic limitations of the traditional borrowing process, such as collateral and extended application periods, which did not allow youth entrepreneurs to obtain working capital and growth financing so effectively.

### **Policy Implications and Recommendations of the Study**

Regarding the first goal, the findings that the adoption of mobile banking increased access to capital form the basis of recommending that young entrepreneurs reinforce their utilization of mobile banking channels to save, transfer money, track transactions, and handle liquidity. Banks and fintech service providers must increase mobile banking offerings that meet the needs of the youth businesses such as simplified accounts, and built-in financial reporting services. Financial literacy programs that could instigate the young-led business to use mobile banking more importantly should be encouraged by the policymakers and regulators like the Central Bank of Kenya. The findings obtained academically justify the need to conduct more research on the impacts of mobile financial behavior on the creditworthiness of the enterprise in various informal environments in urban settings.

Considering the second goal, the finding that the use of digital credit platforms enhanced access to credit lenders should be recommended to increase youth-oriented credit instruments with adaptable repayment procedures and clear-cut pricing models. Banks must adopt different credit ratings schemes, which are grounded on behavioral information and transactional data

to expand opportunities to youthful entrepreneurs who do not have conventional collateral. The policymakers are to reinforce the consumer protection mechanisms so that the responsible lending practices could be maintained and the borrowers could not be excessively punished. In the academic domain, the results promote the need to conduct more research on the sustainability and productivity implications of digital credit in youth-owned business in the long-run.

## REFERENCES

- Adeoye, B., Oyetunde, T., & Ogundipe, S. (2022). Impact of digital lending apps on capital acquisition among youth in Lagos. *Nigerian Journal of Economic Policy*, 19(1), 90–112.
- AFI. (2021). *Annual report on gender-inclusive finance*. Alliance for Financial Inclusion. <https://www.afi-global.org>
- African Development Bank. (2021). *African economic outlook 2021*. <https://www.afdb.org>
- Agyemang, K., Ofori, S., & Boateng, E. (2021). Mobile banking use and credit accessibility among informal traders in Accra, Ghana. *Journal of African Business*, 22(2), 112–130.
- Alliance for Financial Inclusion. (2023). *Digital financial services for youth entrepreneurs*. <https://www.afi-global.org>
- Asongu, S. A., & Nwachukwu, J. C. (2021). Mobile banking and inclusive development in sub-Saharan Africa. *Technological Forecasting and Social Change*, 167, 120728.
- Banda, C., & Mvula, S. (2023). Adoption of mobile treasury bonds and savings plans among youth enterprises in urban Malawi. *African Journal of Economic Review*, 15(2), 45–68.
- Boateng, R., & Asongu, S. A. (2022). Fintech, mobile money, and financial inclusion in Africa. *Journal of African Business*, 23(1), 1–20.
- Boateng, R., Andoh-Baidoo, F. K., & Effah, J. (2023). Digital platforms and SME financing in Africa: Opportunities and challenges. *Information Systems Journal*, 33(2), 301–328.
- Capital Markets Authority. (2023). *Capital markets annual report 2022*. <https://www.cma.or.ke>
- Central Bank of Kenya. (2022). *Bank supervision annual report 2021*. <https://www.centralbank.go.ke>
- Central Bank of Kenya. (2023). *Bank supervision annual report 2022*. <https://www.centralbank.go.ke>
- Gikandi, J., & Muturi, W. (2021). Adoption of mobile banking and capital accessibility among SMEs in Nairobi. *Kenya Journal of Business Studies*, 15(4), 200–215.
- GSMA. (2021). *State of the mobile money industry in Africa 2021*. <https://www.gsma.com>
- International Monetary Fund. (2023). *Kenya: Financial sector assessment program*. IMF Publications.

- Kikulwe, E. M., Fischer, E., & Qaim, M. (2014). Mobile money, smallholder farmers, and household welfare in Kenya. *PLoS ONE*, *9*(10), e109804.
- Kimutai, B., & Mwangi, P. (2023). Digital finance and SME growth in East Africa. *East African Journal of Business*, *20*(3), 40–58.
- Kiplagat, P., & Cheruiyot, B. (2022). Mobile banking adoption and financial performance of SMEs in Eldoret. *African Journal of Finance*, *16*(1), 12–28.
- Kirui, O. K., Okello, J. J., & Nyikal, R. A. (2013). Impact of mobile phone-based money transfer services in agriculture: Evidence from Kenya. *Quarterly Journal of International Agriculture*, *52*(2), 141–162.
- Lashitew, A. A., van Tulder, R., & Liasse, Y. (2019). Mobile phones for financial inclusion: What explain the diffusion of mobile money innovations? *Research Policy*, *48*(5), 1201–1215.
- Marangunić, N., & Granić, A. (2019). Technology acceptance model: A literature review from 1986 to 2013. *Universal Access in the Information Society*, *14*, 81–95.
- Mbiti, I., & Weil, D. N. (2011). Mobile banking: The impact of M-Pesa in Kenya. *NBER Working Paper No. 17129*. National Bureau of Economic Research.
- Mburu, J., & Mwangi, F. (2021). The effect of mobile banking on youth business expansion in Kenya. *Journal of Business and Finance*, *17*(3), 45–61.
- Ministry of Youth Affairs. (2023). *Youth development and empowerment report*. Government of Kenya.
- Mlauzi, T., Ncube, M., & Sibanda, L. (2022). Mobile-based savings behavior and microloan access among youth entrepreneurs in South Africa. *South African Journal of Economic and Management Sciences*, *25*(1), 1–18.
- Morawczynski, O. (2009). Exploring the usage and impact of ‘transformational’ mobile financial services: The case of M-PESA in Kenya. *Journal of Eastern African Studies*, *3*(3), 509–525.
- Mugo, R., & Ndegwa, J. (2024). Digital financial literacy and youth entrepreneurship: Evidence from Nairobi. *Journal of Development Studies*, *30*(1), 85–102.
- Munyegera, G. K., & Matsumoto, T. (2016). Mobile money, remittances, and household welfare: Panel evidence from rural Uganda. *World Development*, *79*, 127–137.
- Mutiso, J., & Otieno, M. (2022). Mobile wallet usage and entrepreneurial success in Kenya. *Journal of Entrepreneurship and Innovation*, *10*(1), 20–37.
- Mutua, A., & Otieno, K. (2023). Mobile money and business performance among SMEs in Kisumu. *Journal of African Economic Studies*, *11*(2), 110–129.
- Mutua, S., & Wanjiku, M. (2021). Adoption of mobile wallets among Kenyan youths: Implications for SME growth. *East African Journal of Business and Finance*, *18*(4), 110–130.
- Mwangi, F., & Cheron, K. (2024). Digital loan uptake among youth vendors in Mombasa’s
- Mworia, J., & Karanja, M. (2021). Digital loans and credit accessibility in Kenyan urban youth enterprises. *International Journal of Financial Studies*, *9*(4), 33–49.

- Nairobi Securities Exchange. (2023). *Annual market report 2022*. NSE Publications.
- Nchimbi, S., & Mfaume, J. (2023). Mobile-based credit and financial inclusion among urban youth micro-entrepreneurs in Tanzania. *African Economic Review*, 29(1), 30–49.
- Ndirangu, L., & Nyamongo, E. M. (2015). Financial innovations and their implications for monetary policy in Kenya. *Journal of African Economies*, 24(suppl\_1), i48–i71. <https://doi.org/10.1093/jae/eju027>
- Ngugi, B., Pelowski, M., & Ogembo, J. G. (2010). M-PESA: A case study of the critical early adopters' role in the rapid adoption of mobile money banking in Kenya. *The Electronic Journal of Information Systems in Developing Countries*, 43(1), 1–16.
- Njoroge, C., & Kamau, F. (2021). Digital credit platforms and financial access: A study of Kenyan youths. *Kenya Journal of Finance*, 12(1), 62–79.
- Nyang'au, P., & Ndung'u, M. (2021). Digital payment solutions and financial inclusion of micro-entrepreneurs in Kisumu County. *African Development Review*, 33(1), 50–70.
- Obembe, O., & Ogundipe, S. (2022). Mobile payment infrastructure effects on urban youth businesses' credit access in Nigeria. *Nigerian Journal of Financial Studies*, 14(3), 44–63.
- Otondi, F. M., & Gitagia, F. K. (2025). Financial innovations and cost efficiency of commercial banks in Kenya. *International Academic Journal of Economics and Finance (IAJEF) | ISSN 2518-2366*, 5(1), 470-484.
- Wekesa, F., & Kimani, T. (2024). Mobile savings and investment platforms use among youth in Mombasa's Jua Kali sector. *International Journal of Digital Finance*, 9(1), 78–92.
- Wekesa, J., & Koskei, M. (2023). Mobile banking use among youth agripreneurs in Western Kenya and access to start-up capital. *International Journal of Agricultural Management*, 18(2), 75–90.
- World Bank. (2022). *The global finindex database 2021: Financial inclusion, digital payments, and resilience in the age of COVID-19*. World Bank. <https://doi.org/10.1596/978-1-4648-1897-4>
- World Bank. (2023). *Kenya digital economy report 2023*. World Bank Publications.
- Zhang, L., Chen, Y., & Li, X. (2021). Integration with digital payment systems and SME financing in East and Southeast Asia. *Asian Journal of Business and Economics*, 17(4), 65–89.