Effect of Usage of Finance on Performance of Small and Medium Enterprises of Fish Trading along Lake Victoria Region Kenya

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ARTICLE DETAILS	ABSTRACT
	Purpose: The purpose of the study was to examine the effect of usage of finance on performance of small and medium enterprise of fish trading along Lake Victoria region Kenya. The study was anchored on positivism philosophy while credit rationing theory was used as a guide to the study. **Methodology/Approach:** Mixed research design was adopted in the study. Target population of 4,500 respondents with a sample size 173 of traders was selected using the Yamane formula. Questionnaire and interview schedules were used as data collection instrument. The study data were analyzed using descriptive and inferential statistics which include mean and mode. Descriptive statistics was computed to summarize and describe the demographic characteristics of the respondents. Data was presented using tables. **Findings:** Simple linear regression results showed that usage of finance had a positive significant effect on performance of Small and Medium Enterprises of fish trading along Lake Victoria region (coefficient of correlation 0.698, $p=0.000<.005$, t=12.166). **Implications:** The study findings have shown that usage of finance is significant hence available funds should be utilized to enable performance maximization.

Introduction

Finance usage refers to the consistency, frequency, and length of financial service and product use over time (Samundengu, 2013). On the other hand, the number of loans and deposits per 1,000 individuals are indicators of numbers, and these can be used to measure the use of financial services. The average size of loans to GDP per capita and the average size of deposits to GDP per capita serve as size indicators.

The greater the quantity of loans and deposits, the lower the ratios to GDP per capita, indicating that banking services are used by a larger proportion of the population and a smaller client base. In comparison, higher ratios indicate the use of banking services being relatively limited and likely to be afforded primarily by wealthier individuals or larger enterprises (Beck, *et. Al,* 2016). In the study, usage was measured using frequency of account use and number of accounts operated.

According to Pierre (2014), organization performance has three specific components of the firm outcome, these are: Shareholders return (Economic value added and total shareholder return), Financial Performance (returns on investment, profit and return on assets) and Market performance (market share and sales). Even though it is said that financial measure has no predictive ability to determine the future performance, incorrect behavior or reward short-term, which provides inadequate information on root causes or result in inadequate consideration. It is difficult to quantify intangible assets like intellectual capital. Organizations have therefore supplemented financial metric with adverse set of non-financial performances measure that can provide more and better information on strategic progress and success Ittner et.al (2013). Furthermore, financial success continues to be a subjective indicator of how the company generates money using the resources from its main line of business. In contrast, it can also be used to compare enterprises that are similar in their area of business or to compare the aggregate sectors of businesses. It is also used as a gauge of a company's overall financial position over a specified period of time.

Financial statements usually show the state and condition of a company's finances. The financial statements contain the income, cash flow, and financial condition statements. Together, these paint a picture of the financial status of the business (Atril & Mclaney, 2018). A cash flow statement, on the other hand, shows the inflow and outflow of money during a given time period. On the other hand, the revenue statements display the total amount of money received during a given time period less the total amount of money expended on generating revenue during that same period. The total of all sales and expenses is the profit or loss for that specific period of time. The statement of financial status shows a company's assets and liabilities as of a particular date. It shows the assets of a business and the allegations filed against it in parallel (Ormiston, 2017).

A business's assets are its physical resources, and they need to meet certain requirements. They must be able to be measured in monetary terms, have some predicted future value that may derive from a sale or hire, and belong exclusively to the organization. Additionally, the benefit must result from a previous event or transaction. Additionally, assets can be categorized as fixed or current. Assets held over a long period of time are known as fixed assets, whereas current assets are those held for a shorter period of time (Pendrill, 2014). This research will examine the relationship between usage of finances and performance of small and medium enterprise of fish trading along Lake Victoria region Kenya.

Statement of The Problem
From the World Bank Global Index Database report (2016), there were about 40 percent of SMEs penetrations in the Kenyan economy in 2022 yet usage of funds was minimal. This therefore means SMEs rarely utilized credit opportunities. According to additional figures from the Fin Access (2021) survey, 26.4% of Kenya's SMEs was receiving services from the formal financial sector giving a gap of 73.6% who never used the funding opportunities. Comparable fish traders along Lake Victoria reported a corresponding usage of 13% and 12% (Lake Region Report, 2023). Various researches have joined space to examine financial usage and performance of SMEs though with a number of gaps either contextual, construct or methodological. Mwangi (2021) examined the banking sector financial usage, Sarma and Pias (2021) equally on bank account usage. Furthermore Vekya (2017) and Musyoka (2021) examined performance of business persons in Kenya. This studies fail to link usage of finances to performance of sectors and fails to examine fish traders. This is the context in which the research will look at how usage of financial products as a financial inclusion attribute affects performance of SMEs in

fish trading along Kenya's Lake Victoria region.

Objectives of The Study
To determine the effect usage of finance on performance of small and medium enterprises of fish trading along Lake Victoria region Kenya.

Research Hypothesis
H_{01}: Usage of finance has no statistically significant effect on performance of small and medium enterprises of fish trading along Lake Victoria region Kenya.

Scope of the Study
The study sought to examine the effect of usage of finances on performance of small and medium enterprises fish trading along Lake Victoria region Kenya. The study was conducted in Kisumu, Homa Bay, Migori, Siaya and Busia Counties in Kenya. Data was collected from SMEs fish trading that have been in existence for the last five years since January 2016 to January 2020.

Literature Review
Financial Liberalization Theory
The seminal work of McKinnon and Shaw (1973) helped bring this theory to light. They increased public awareness of the concept of a financial system with rules that choke off lending and skew regional financial markets. A country's economic development has been found to be hampered by such a system because financial resources are dispersed among competing uses inefficiently and the intermediaries are not well-established to mobilize deposits.

According to the original theory put forth by McKinnon and Shaw (1973), liberalization (the lack of repression) would increase real interest rates when regulations are loosened, which would encourage savings, increase investment, and ultimately lead to economic growth. Furthermore, McKinnon and Shaw (1973) opine that financial market liberalization permits financial services to become more accessible to the less fortunate and impoverished segments of society. These individuals are consistently at the bottom of the social hierarchy. Thus, giving them access to financial resources could be seen as a crucial first step in accomplishing any state's goal of economic growth. This is because inadequate infrastructure, insecurity, and extreme poverty are the main reasons why peasant groups may be excluded. When credit is made available to these individuals, their commercial endeavors can eventually reach middle class levels.

Allen & Santomero (1997), who examined financial liberalization theory and made an effort to harmonize it with the observed actions of institutions in contemporary capital markets, were among the theory's detractors. They argue that a large part of the idea of modern financial liberalization focuses on the roles of financial institutions, which are no longer necessary in advanced financial systems. Even though these factors were formerly crucial to the operation of intermediaries but are now less important, they argue that the emphasis on the role of intermediaries in reducing the frictions brought about by transaction costs and asymmetric knowledge is excessive.

Allen and Santomero (1979) present a perspective on financial intermediaries that focuses on two of their roles. They first assist in the transfer of risk and manage a more intricate web of financial markets and instruments. As a result, risk management has emerged as the primary domain of intermediary activity, with little explanation provided by classic intermediation theory for why institutions ought to carry out this task. Second, and this is crucial to comprehending the changes that have occurred, financial intermediaries lower the costs associated with both daily participation in markets and the cost of learning how to use them successfully. Since the theory determined whether SMEs are included or excluded through financial usage, it is most for the study.

Empirical Review

Having a bank account does not guarantee that a person is making use of the financial service, according to Beck *et al.* (2016). This necessitates measuring the degree of use. According to Beck *et al.* (2013), usage measurements include cash deposit ratios, GDP ratios, income ratios, demographic deposit penetration, loan-income ratios, and demographic loan penetration.

Mwangi (2021) used questionnaires given to bank branch managers to examine the impact of bank usage on the performance of Kenya's commercial banks, focusing on the four banks that provided agency banking services. According to the study, agency banking had a significant impact on commercial banks' performance in terms of infrastructure cost and security. According to the study, banks should focus more on security measures, such as risk-based approaches, and improve the way they screen their agents to make sure that handling large amounts of cash is done efficiently on their behalf. They should also implement secure operating systems that can process transactions in real time, create an audit trail, and safeguard the confidentiality and integrity of data.

Kamau (2017) investigated the connection between Kenyan banks' financial success and their usage. The study discovered through secondary data analysis that bank usage increased from 8,809 active agents in 2020 to 9,748 active agents in 2021, resulting in a total volume of 8.7 million transactions valued at KSh 43.6 billion. The study used regression analysis to find a minor negative link between the number of agents, transactions involving deposits and withdrawals made through agents, and banks' return on equity (ROE), which serves as a measure of financial success.

Sarma and Pias (2021) emphasized that simply possessing a bank account does not guarantee that the bank's customers are making use of its services or that it is an inclusive institution. This makes the creation of a gauge for the usage of bank services necessary. The study made use of the banks' two primary services, deposits and outstanding credit. This dimension was measured for each bank in the study by expressing the amount of outstanding credit and deposits as a percentage of GDP.

Amatus and Alireza (2015) conducted an empirical analysis of the impact of financial inclusion on bank stability in Sub-Saharan Africa. The bank Z-score was proposed by the study as a stability metric. The utilization dimension of all outstanding loans and deposits was used to measure financial inclusion, with GDP per capita and inflation serving as control variables. The findings showed that bank stability was negatively impacted by bank usage. It was discovered that while inflation had a negative impact on bank stability, higher GDP per capita improved stability. Insolvency risk is the sole stability metric used in the study. To improve the stability testing, credit risk and liquidity risk were incorporated into the current study.

Ghassan and Fachin (2014) studied the financial stability of Saudi Arabia's Islamic banks using a time series model. There was involvement with six banks that were listed on the Saudi stock exchange between 2018 and 2013.

Ndirangu (2021) did a study to examine the influence of Agency Banking on the financial performance of commercial banks; however, in his study, he employed the census method to investigate the entire population of banks licensed to operate in the country. The study, which looked at ten banks, came to the conclusion that there was no positive association between a commercial bank's return on equity and the number of agents it employed or the volume of transactions it handled. The study also examined the quantity of agents, deposits, loan payback activities, and withdrawals made via the agents. It was determined that additional variables not listed above might affect the financial performance of banks that handle agency

Asia (2015) also carried out research to ascertain how E-banks affected Rwanda's banks and financial institutions' performance. The study used a combination of qualitative and quantitative methods in a

descriptive research design. According to his research, electronic banking and bank performance in Kigali were positively correlated. Using a significance threshold of 0.01. The study came to the conclusion that electronic banking practices like Pay Direct, e-transact, electronic check conversion, using ATMs, and mobile banking have a significant impact on how well banks perform in terms of lower operating costs, increased asset levels, increased efficiency, and higher profitability.

Jegede (2014) looked into how ATMs affected Nigerian banks' operations. In order to obtain data from a sample size of 125 employees of five carefully chosen banks in the state of Lagos, the researcher employed a descriptive survey methodology in his study. The study came to the conclusion that there was little advantage to using ATMs to provide financial services because their use hasn't significantly improved the performance of Nigerian banks. This went against the findings of Asia (2015), which showed a connection between increased bank financial performance and ATM use. The differences in the research circumstances that Rwanda and Nigeria offered led to these discrepancies in the results. It is prudent to do similar studies, preferably in Kenya, to determine the link between the factors.

Many researches in Kenya have looked into the relationship between bank financial performance and the use of ATMs and mobile banking. Munyoki (2013) conducted a descriptive study to explore how internet banking affects the financial performance of commercial banks. Overall, the study found a limited but positive association between Kenyan commercial banks' financial performance and online banking. The impact was ascribed to clients finding internet banking more convenient, which leads in lower staffing levels and expenses.

Vekya (2017) investigated how electronic banking influenced the profitability of Kenyan commercial banks. The study used a descriptive research approach and included all Kenyan banks. The study's multiple regression results revealed a strong positive association between ATM transactions and bank profitability. The study also found a significant positive association between bank profitability and point-of-sale transactions. The data also revealed a positive trend in ATM transactions over time, which was reflected in the banks' profitability.

Musyoka (2021) conducted research to ascertain the relationship between the expansion of Kenyan banks' branch networks and their financial success. The study used a descriptive research design to collect data that was both qualitative and quantitative. All banks licensed and functioning in Kenya under the Banking Act were included in the research population. Additionally, supplementary data for the study was gathered by going over bank financial statements from 2020 to 2020. According to the study, bank financial performance and branch network have a good correlation. The fact that the study was carried out between 2020 and 2020 implies that other dynamics may have altered between 2020 and that new research in the same field is now required, even though some of the best research models were used in its execution.

Chelangat and Muturi (2016) conducted study to determine the effect of branch networks on the financial performance of private Kenyan colleges. The study's particular goals included determining how branch distribution affects financial performance as well as the connections between branch numbers and financial performance and branch size and performance. In this study, each of the three criteria is significant. The study's research design was descriptive in nature. The number of branches and their geographic distribution were found to have an effect on costs and revenues. Additionally, it was shown that companies' expenses and revenues rose sharply as they expanded. Due to all of these factors, the current study looked at how the performance of SMEs engaged in fish trading along Kenya's Lake Victoria region was affected by the use of finance. In order to close this gap, the study also looked at the frequency with which fish traders used their accounts, as the majority of previous research has focused primarily on banks.

Conceptual Review

Independent variables   **Dependent variable**

Usage
• Frequency of account use
• Number of account

— **Ho₁** ⇒

Performance
• Profitability
• Turnover
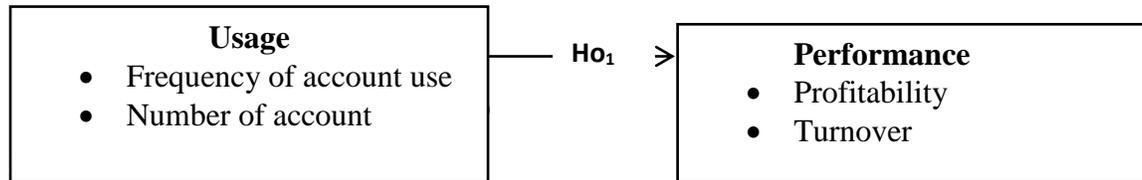
A conceptual framework refers to the association between study variables in this context usage of finances and performance of SMEs. Usage of finance is a financial inclusion attribute (Sarma & Pais, 2018).

Methodology
Study Design
The study used mixed research design involving casual and explanatory research designs. According to Kothari (2020), in causal research studies, the case and effect relationship is determined in that a change in independent variable can lead to a change in dependent variable. The design helped in looking at the effect of access to finance and performance of SMEs. According to Saunders and Thornhill (2013), explanatory studies are used when trying to explain the relationship between numbers of variables.

Target Population
According to Ngechu (2014), a population is defined as a set of events, people, element, services, household or group of things being investigated. The target population was fish traders along Lake Victoria Region.

Table 1: Target Population

County	Dry fish sellers target population	Fresh fish sellers target population
Kisumu	254	379
Siaya	454	512
Homa Bay	579	640
Migori	391	517
Busia	322	452
Total	2020	2500

**(Source: Department of Trade and Fishery Kisumu, Homa Bay, Siaya, Migori and Busia Counties 2023*)*

Sample size
A sample of 173 fish trading SMES were selected using Yamane' (2017) formulae as shown in equation 1.

$$n = \frac{N}{1 + Ne^2} \quad \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots 1$$

Where
 n = optimum sample size
N = number of SMEs
e = probability error
The Neyman (1956) formula was then be used to distribute the sample in each stratum. The purpose is to maximize survey precision, given a fixed sample size. With Neyman allocation, the best sample size for stratum is as shown in equation 2.

$$n_h = \left(\frac{N_h}{N} \right) n \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots 2$$

Where,
n_h= the sample size for stratum h,
n = total sample size,

N_h = the population size for stratum h,
N = the total population

Table 2: Sample Size Distributions

Strata	Target population	Sample Population
Dry fish sellers	2020	77
fresh fish sellers	2500	96
Total	4500	173

Source: Department of Trade and fishery Kisumu, Homa Bay, Siaya, Migori and Busia County 2022)

In the study, N = 4,500, e = 5 % (at 95% confidence level). The sample size was 173 traders.

Reliability and validity tests

A pilot study was conducted to determine the reliability of the instrument, which is defined as the consistency of the instrument in measuring the intended outcome (Mutai, 2020). A Cronbach's Alpha coefficient of more than 0.70 indicates that a questionnaire is considered reliable. During the pilot, funding was as specified.

Table 3. Reliability test

Variable	Cronbach alpha
Usage of finance	.817
Performance	.882

Source: (Researcher, 2024)

According to the findings, every variable had a Cronbach's Alpha of more than 0.7, meeting the 0.7 threshold for internal consistency of data that is advised (Mugenda & Mugenda, 2018). Data validity refers to how well a test collects the intended information (Porter, 2020).

Table 4: Test for Validity

Factors	KMO test	Barlett's test of sphericity		
		Chi-Square	Df	Sig.
Usage of finance	0.958	176.65	4	0.034
Performance	0.872	194.51	4	0.006

Extraction Method: Principal Component Analysis.
Source: (Researcher, 2024)

The Kaiser-Meyer-Olkin measure of sampling was used to evaluate the validity, as shown in Table 4. It was clear that the sample size was sufficient to treat the sampling data as normally distributed because the KMO value was more than 0.5.

Data Analysis

Data responses were first entered, coded, and correctness checked. To analyze the data, both quantitative and qualitative methods were employed. Although inferential and descriptive statistics, including frequencies and percentages, were used to analyze quantitative data. Simple regression analysis was used to investigate the effect of access to finances on the performance of SMEs, and t-statistics were used to determine the significance of the relationship. Regression analysis was conducted at a 5% significance level to ascertain the degree of relationship between access to finances and the performance of SMEs using the coefficient of determination, or R^2. Tables were used to display the data.

Table 5: Hypothesis Testing

Hypothesis	Test Statistic		Accept/ Reject Criteria
$H0_1$ There is no effect of usage of finance on financial performance of SMEs	Regression analysis	$y=\beta_{01}+\beta_2 X_2+\varepsilon_i$,	Accept $H0_2$ if p ≥ 0.05 or reject if p ≤ 0.05

Source: Research study (2023)

Results and Discussion

Response Rate

A total of 173 participants, or 158 respondents, completed and returned the questionnaires, making the overall response rate of 91.32% for this study. This is inside the parameters of a large sample size and indicates a questionnaire return rate of 91.32% of the sample size (Mugenda & Mugenda, 2013).

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The indicators for usage of financial services can be gauged through numbers and size. In the study, usage was measured using frequency of account use and number of accounts operated.

Table 6: Responses on usage

		Frequency	Percent
Have a bank account	Yes	110	69.6
	No	48	30.4
How many accounts do you operate	One	72	45.6
	Two	56	35.4
	Three	26	16.5
	more than three	4	2.5
How often do you use your bank accounts	Daily	14	8.9
	Weekly	85	53.8
	Monthly	57	36.1
	Annually	2	1.3
How many times do you make deposits per week	once a week	82	51.9
	twice a week	50	31.6
	thrice a week	15	9.5
	four times	6	3.8
	more than four times	5	3.2
Have you taken loans with a financial institution	Yes	100	63.3
	No	58	36.7
Do you have outstanding loans	Yes	72	45.6
	No	86	54.4
Do you have loan from informal loan providers	Yes	116	73.4
	No	42	26.6
Have you ever borrowed loans for business startups	Yes	70	44.3
	No	88	55.7

Source: (Researcher, 2024)

From the study findings, 110 (69.6%) of the respondents have a bank account and 72 (45.6%) operates at least one account. In terms of how they frequently they use their bank accounts, 85 (53.8%) responded that they weekly use their bank accounts while a small proportion 2(1.3%) used their accounts annually. In relation to deposits, 82 (51.9%) of the respondents makes deposits once per week while 5 (3.2%) makes more than four deposits per week. Most of the respondents 100 (63.3%) have taken loans with a financial institution with 72 (45.6%) having outstanding loans. On the other hand, 116 (73.4%) of the respondents have obtained loans from informal loan providers. This shows that great usage of financial institutions within the study area with 70 (44.3%) responding to have ever borrowed loans for business startups.

Table 7: Responses on usage of finance

	N	SA	A	U	D	SD	Mean	Std Dv
Use of agent has increased frequency on account usage	158	49 (31.0)	85 (53.8)	15 (9.5)	6 (3.8)	3 (1.9)	1.972	.8519
Use of agent has increased the number of accounts opening	158	38 (24.1)	95 (60.1)	17 (10.8)	6 (3.8)	2 (1.3)	1.981	.7858
Increase in number of accounts has	158	50	82	17	7	2	1.918	.8443

resulted to frequency in account use		(31.6)	(51.9)	(10.8)	(4.4)	(1.3)		
Account usage has resulted more saving and withdrawal	158	42 (26.6)	90 (57.0)	18 (11.4)	6 (3.8)	2 (1.3)	1.962	.8051
Agency banking has resulted to use of accounts regularly	158	35 (22.2)	99 (62.7)	15 (9.5)	7 (4.4)	2 (1.3)	2.001	.7819

Source: (Researcher, 2024)

A summary of responses on usage of finance as shown in Table 4.6, showed that 85 (53.8%) of the respondents agreed that use of agent has increased frequency on account usage. Likewise, 95 (60.1%) of the respondents agreed that use of agent has increased the number of accounts opening. This has thus resulted in increased frequency of account usage as agreed by 82 (51.9%) of the respondents. The increase in the number of accounts has thus resulted in more usage of the accounts which has translated to more saving and withdrawal as agreed by 90 (57.0%) of the respondents. Lastly, 99 (62.7%) of the respondents agreed that the introduction of agency banking has resulted to use of accounts regularly. This findings agrees with Kamau (2017) who studied the relationship between bank usage and financial performance of the banks in Kenya and Ndirangu (2021) who established usage had a positive significant effect on financial performance of commercial banks in Kenya. The study disagrees with Vekya (2017) who found electronic usage on banking as insignificant on performance of SMEs in Kenya.

Table 8: Responses on performance

	N	SA	A	U	D	SD	Mean	Std Dv
Business sales turnover has increased as a result of mobile and internet banking	158	0(0.0)	0(0.0)	0(0.0)	91(57.6)	67(42.4)	4.424	.4957
Low bank charges can improve business profitability	158	65(41.1)	93(58.9)	0(0.0)	0(0.0)	0(0.0)	1.589	.4937
Agency banking can result to increase in business profitability	158	0(0.0)	0(0.0)	0(0.0)	84(53.2)	74(46.8)	4.468	.5001
Improve sales turnover in the business has been as a result of increased in the number of accounts	158	0(0.0)	0(0.0)	16(10.1)	77(48.7)	65(41.1)	4.310	.6474
Financial awareness can improve business sales turnover	158	81(51.3)	77(48.7)	0(0.0)	0(0.0)	0(0.0)	1.487	.5014
The understanding of risk aversion can result to business profitability	158	81(51.3)	77(48.7)	0(0.0)	0(0.0)	0(0.0)	1.489	.5013

Source: (Researcher, 2024)

The respondents 91 (57.6%) disagreed that business sales turnover has increased as a result of mobile and internet banking as depicted by a mean of 4.424 and standard deviation of .4957. Respondents agreed 93 (58.9%) that low bank charges can improve business profitability; they disagreed 84 (53.2%) that agency banking can result to increase in business profitability (mean of 4.468 and standard deviation of 0.5001). The respondents disagreed 77 (48.7%) that improvement on sales turnover in the business has been as a result of increased in the number of accounts; 81 (51.3%) of the respondents agreed that financial awareness can improve business sales turnover, additionally 81 (51.3%) of the respondents agreed that the understanding of risk aversion can result to business profitability. This findings agrees with Vijayakumar et al., (2020) and Serrasqueiro et al., (2018) who found size of business moderation on financial inclusion and performance as positive and significant on MSEs performance. However it disagrees with Becker et al., (2020) and Niresh et al (2014) who found firm size moderation on inclusion and profitability in listed manufacturing companies as insignificant.

Regression Analysis

Table 9 Regression Analysis: Usage of Finance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.698[a]	.487	.484	.52944

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regressio	41.490	1	41.490	148.015	.000[b]
	Residual	43.728	156	.280		
	Total	85.218	157			

a. Dependent Variable: Financial performance
b. Predictors: (Constant), Usage

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.825	.233		3.548	.001
	Usage	.781	.064	.698	12.166	.000

Source: Researcher (2024)

Results in table 9 indicates that the change in R^2 was 0.487. This indicated that usage of finance accounted for up to 48.7% of the variance in financial performance.

Usage of finance was important in predicting performance of SMEs of fish trading along Lake Victoria region (P=0.000 < 0.05). Usage of finance significantly affected performance of SMEs of fish trading along Lake Victoria region (t-statistics =12.166, p-value = 0.000< 0.05). This shows that for every unit increase in usage of finance there was a corresponding increase in financial performance. The regression model equation:

Y= 0.825+0.781 Usage of finance

As a result, at the 5% level of significance, the null hypothesis was rejected, showing that the use of finance had a statistically significant effect on the performance of SMEs in the fish trading industry along Lake Victoria in Kenya. This finding is consistent with Kamau (2017), who investigated the relationship between bank usage and financial performance in Kenya, and Ndirangu (2021), who found that consumption had a favorable and significant effect on the financial performance of commercial banks in Kenya. The study contradicts with Vekya (2017), who showed that electronic banking was insignificant on the performance of SMEs in Kenya.

Conclusion

The objective was to examine the effect of examined the effect of usage of finance on performance of SMEs of fish trading along Lake Victoria region Kenya. Simple linear regression results showed that usage of finance had a positive significant effect on financial inclusion among small medium enterprises. Therefore, hypothesis one (H_{01}) was rejected since usage of finance had a positive significant effect on performance among small medium enterprises of fish trading along Lake Victoria region Kenya. Secondly, usage of finance had a significant effect on performance. This implied that conclusively a unit increase in usage of finance led to increase in performance of SMEs of fish trading along Lake Victoria region, Kenya.

Recommendations

The study findings have shown that usage of finance is significant hence available funds should be utilized to enable performance maximization.

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