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Financial Services Access and Financial Performance of Small and Medium Enterprises: A Case Study of Wandegeya Parish Area.

The research is carried out on financial services access and the financial performance of Small and Medium Enterprises (SMEs) aimed at assessing the effect of lending services to the financial performance of SMEs, analysing the effect of credit insurance services to the financial performance of SMEs and to establish the effect of savings services to the financial performance of SMEs.

The study adopted the quantitative method of research. It was a case study design focused on testing the effect of financial service access and financial performance of SMEs. Questionnaires were the main data collection tools used and the analysis was done using tables and the Statistical Package for the Social Scientists (SPSS). Regression analysis was used to find the relationship between the two variables.

The researcher realised that credit insurance services affect financial performance of SMEs, that is, an increase in credit insurance service would lead to a significant increase in financial performance of SMEs. Majority of the SMEs practice savings and find it easy to deposit and withdraw from financial institutions. There is a significant relationship between lending services, insurance services and savings services and financial performance of SMEs. These financial services will increase on capital and investment levels hence improved financial performance. Financial services in the dimensions of lending services, insurance services and saving services have a positive and significant relationship with financial performance of SMEs, that is, a change in any of the dimensions leads to a significant change in financial performance of SMEs. This means that the given dimensions should be taken serious by the SMEs to ensure good financial performance. The government must come in and provide soft loans to these SMEs, regulate the interest rates through the central bank to enhance investment, provide public infrastructure like roads, electric power, etc so as to facilitate SMEs investment. SME owners should endeavour to insure their businesses to reduce on risks of trade debt default, avoid disastrous losses and grow their business profitably. The findings indicate that majority of the SMEs save with financial institutions while the others do not but save in many other different ways such as with friends and in boxes. SMEs should endeavour to save with financial institutions to be able to improve their saving potential and be able to enjoy the benefits of savings as seen in the reviewed literature.

Key Words: Financial Services Access, Financial Performance, Small &Medium Enterprises, Wandegeya Parish Area