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ENHANCING SAVINGS FOR FINANCIAL EMPOWERMENT: INSIGHTS FROM COMMUNITY TRUSTS

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Abstract

Financial empowerment is a crucial element in achieving economic stability, particularly in developing economies where access to formal financial services is often limited. Savings play an integral role in this process by providing individuals with a financial safety net and opportunities for investment. This study explores the relationship between savings and financial empowerment within the Kericho Community Development Trust (KCDT), highlighting the impact of structured saving mechanisms on economic resilience. The study adopted a descriptive survey research design. Quantitative data were gathered through structured questionnaires while qualitative data were obtained from in-depth interviews and focus group discussions. The study targeted members of the KCDT from 14 active groups; including savers, loan beneficiaries and trust officials; with a total membership of 380. The sample size of 191 was determined using Krejcie and Morgan's (1970) formula. Data analysis was conducted using both descriptive and inferential statistics (regression analysis and correlation tests). The findings reveal a statistically significant relationship between savings and financial empowerment, confirming that consistent saving practices contribute to financial security and economic growth.

However, the study also identifies key challenges, including the restrictive nature of compulsory savings and the lack of flexibility in individual contributions. Many members expressed a need for more adaptable saving structures that would allow them to increase their contributions voluntarily and take advantage of higher returns. To enhance the effectiveness of savings as a tool for financial empowerment, this study recommends the implementation of flexible saving schemes, improved financial literacy programs and policy interventions aimed at strengthening savings culture. Financial literacy training should focus on equipping members with essential knowledge on financial planning, investment strategies and the long-term benefits of structured saving. Additionally, savings groups should integrate digital savings platforms to streamline contributions and improve accessibility. Savings-based financial models can significantly contribute to economic empowerment by addressing these challenges.

Keywords: Financial empowerment, savings, community development, ASCA models, financial literacy, savings flexibility

INTRODUCTION

Financial empowerment is a critical factor in improving the socioeconomic well-being of individuals and communities. It encompasses the ability to access and effectively use financial resources to enhance financial stability, support entrepreneurship and foster long-term economic resilience (Moore et al., 2019). One of the key mechanisms for achieving financial empowerment is through structured savings initiatives, particularly in informal and community-based financial models such as Accumulated Savings and Credit Associations (ASCAs). These models play a crucial role in providing financial services to low-income populations who are often excluded from formal banking institutions (Kabugi & Kariuki, 2020).

Savings are essential for building financial security and facilitating investment in productive ventures. Research has shown that financial empowerment is closely linked to the availability of reliable savings mechanisms that help individuals accumulate wealth and manage financial risks (Zhao & Li, 2021). According to Ban et al. (2020), savings groups enhance economic resilience by providing members with accessible and secure means to store money, particularly in areas with limited access to formal banking institutions. In Kenya, informal savings models have been widely adopted, enabling small-scale entrepreneurs and low-income earners to achieve financial independence (Kosgei, 2020). However, rigid savings structures and compulsory contribution requirements have often limited members' ability to maximize their financial potential (Indriani et al., 2023).

The Kericho Community Development Trust has implemented the ASCA model to promote financial inclusion and economic empowerment among its members. This model emphasizes savings as a pathway to financial security, allowing members to pool resources and access credit facilities (Chitere, 2018). While savings-based models have proven effective in enhancing financial literacy and fostering disciplined financial behavior (Ali et al., 2021), they also present challenges. Members often struggle with restrictive savings policies that prevent voluntary contributions, limiting their ability to accumulate funds at their own pace (Landman & Mthombeni, 2021). Additionally, financial literacy gaps hinder the efficient management of savings and investment opportunities (Jansen et al., 2022).

Given these challenges, this study seeks to examine the role of savings in financial empowerment within the Kericho Community Development Trust. By analyzing the relationship between savings mechanisms and economic resilience, the study aims to provide insights into how savings initiatives can be optimized to better support financial stability. The findings will contribute to ongoing discussions on enhancing community-based financial systems and developing policy interventions that promote savings as a tool for economic growth and sustainability.

LITERATURE REVIEW

Theoretical Framework

This study is anchored on the Vulnerable Group Theory, Public Goods Theory and High-Cost View Theory, which provide a foundation for understanding the role of savings in financial empowerment.

1. Vulnerable Group Theory (Chambers, 1989) posits that economically disadvantaged populations require structured financial mechanisms, such as savings programs, to build resilience against financial shocks.
2. Public Goods Theory (Samuelson, 1954) suggests that savings initiatives, particularly in community-based models, function as public goods by providing collective benefits such as improved financial security and access to credit.
3. High-Cost View Theory (Morduch, 1999) explains how high transaction costs associated with formal banking services push low-income individuals toward alternative savings models, such as ASCAs.

The Role of Savings in Financial Empowerment

Several studies have explored the impact of savings on financial empowerment. Al-Kubati and Selvaratnam (2021) assessed the effect of self-help savings groups in India and found that savings contributed significantly to financial stability and asset accumulation. In China, Zhao and Li (2021) identified savings as a key determinant of financial resilience among rural entrepreneurs.

In Africa, Ban et al. (2020) observed that village-based savings associations enhanced household financial security and social cohesion. In Kenya, Kabugi and Kariuki (2020) found that ASCAs provided a viable alternative to traditional banking systems, promoting financial inclusion for underserved communities. However, these studies also noted challenges such as rigid savings structures and limited financial literacy, which can impede the effectiveness of savings initiatives. Indriani et al. (2023) emphasize that savings structures should be adaptable to encourage voluntary contributions and improve overall financial empowerment.

Financial empowerment is the ability of individuals to manage and grow their financial resources effectively, thereby improving their economic well-being (Moore et al., 2019). Savings are a fundamental component of financial empowerment, enabling individuals and communities to build financial security, invest in business ventures and protect themselves against economic shocks (Ban et al., 2020). The concept of savings is particularly crucial in community-based financial models such as Accumulated Savings and Credit Associations (ASCAs), which serve as a bridge for financial inclusion, especially in rural and underprivileged communities (Kabugi & Kariuki, 2020).

In many developing economies, where access to traditional banking institutions is limited, savings groups provide an alternative means of financial stability (Kosgei, 2020). Studies have shown that structured savings mechanisms improve individuals' ability to withstand economic fluctuations and enhance financial decision-making (Zhao & Li, 2021). However, rigid savings policies and lack of financial literacy hinder the full potential of these models (Indriani et al., 2023).

Savings groups have been widely recognized for their role in promoting economic resilience. According to Ban et al. (2020), village-based savings associations contribute to economic security by providing members with accessible financial resources. These savings mechanisms serve as a buffer against economic instability, allowing individuals to accumulate wealth and meet their financial obligations. A study conducted by Chitere (2018) on self-help groups in Kenya found that savings-based financial models improve financial inclusion and empower individuals by providing them with the means to access credit. However, challenges such as low participation rates, inflexible savings structures and poor financial management practices continue to hinder the effectiveness of these groups (Ali et al., 2021). To enhance the sustainability of savings groups, financial institutions and policymakers must introduce innovative financial products tailored to the needs of underserved populations (Jansen et al., 2022).

Despite their benefits, savings-based financial models face several challenges that impact their effectiveness. One of the primary obstacles is the restrictive nature of compulsory savings, which limits members' ability to contribute beyond the mandated amounts (Landman & Mthombeni, 2021). This lack of flexibility often discourages participation, particularly among individuals with fluctuating incomes (Kosgei, 2020).

Another challenge is the financial literacy gap, which affects members' ability to manage and grow their savings efficiently (Jansen et al., 2022). Studies indicate that individuals with limited financial knowledge struggle to make informed decisions regarding savings, investment and loan utilization (Ali et al., 2021). Without adequate financial education, members of savings groups may be unable to fully leverage their financial resources for economic growth. Additionally, savings groups in Kenya and other developing countries face operational and sustainability challenges. The lack of digital infrastructure and modern financial tools makes it difficult for savings groups to scale their operations and maintain transparency (Indriani et al., 2023). Digital savings platforms have been suggested as a potential solution to improve efficiency and accessibility in community-based financial systems (Kosgei, 2020).

Policy interventions play a crucial role in strengthening savings-based financial models. According to Kabugi and Kariuki (2020), government and financial institutions should focus on designing policies that encourage voluntary savings and provide incentives for participation. Policy frameworks that support microfinance institutions and informal savings groups can significantly enhance financial inclusion and economic resilience. Digital innovations have also emerged as a game-changer in savings mobilization. The adoption of mobile banking, digital wallets and automated savings platforms has improved financial accessibility for marginalized communities (Jansen et al., 2022). By leveraging technology, savings groups can streamline their operations, improve record-keeping and provide real-time access to financial services (Ali et al., 2021). Mobile savings applications, for instance, allow members to contribute to their savings accounts conveniently and track their financial progress (Indriani et al., 2023).

Strategies for Enhancing Savings-Based Financial Models

To maximize the potential of savings as a financial empowerment tool, several strategies should be implemented:

Enhancing Financial Literacy: Providing financial education to savings group members can help them make informed financial decisions, manage their savings effectively and plan for long-term economic security (Moore et al., 2019).

Introducing Flexible Savings Structures: Allowing members to contribute voluntarily beyond mandatory amounts can encourage higher participation and increased savings accumulation (Ban et al., 2020).

Leveraging Digital Savings Platforms: Incorporating technology into savings models can improve efficiency, accessibility and transparency in financial transactions (Zhao & Li, 2021).

Strengthening Policy Frameworks: Governments should create policies that incentivize savings, support financial inclusion and regulate informal savings groups to ensure their sustainability (Kabugi & Kariuki, 2020).

Encouraging Community Participation: Engaging local communities in the design and implementation of savings models ensures that financial solutions are tailored to their specific needs (Kosgei, 2020).

Empirical Review

Al-Kubati and Selvaratnam (2021) assessed the effect of the Self-Help Group Bank Linkage Programme (SHGBL) on the financial empowerment of women in India. The study obtained information from rural women through questionnaires and further employed a descriptive analysis as well as a trend analysis. The outcomes showed that the savings approach empowered women financially. Nonetheless, the research focused on women groups only thereby being biased against men groups; a methodological missing link that the present research intended to fix by focusing on both women and men groups.

Another investigation done in China by Zhao and Li (2021) analyzed the effect of social capital on rural entrepreneurship and the intervening role of local information and communication technology (ICT). The study used household surveys with a total of 37,263 households. Secondary information was used for analysis while primary data were gathered through observation. The study findings showed that social capital affected rural entrepreneurship by enhancing monetary mastery. Nonetheless, the study focused on social capital as the independent variable, a conceptual missing link that the present study intended to fix by directly focusing on the ASCA model. In addition, the study adopted local ICT development as an intervening variable, a conceptual divergence from the current study which has not specifically studied any moderating or intervening variable in establishing the relationship between ASCA and the financial empowerment of members in Kericho Community Development Trust, Kenya.

Research done in Cambodia by Ban et al. (2020) sought to find out whether self-help groups (SHGs) and village-based associations were intended to inspire reserves, domestic invention and communal solidity amongst the deprived. The study looked at 540 households through a randomized control trial. The study outcomes revealed that the platform considerably augmented the number of families with some small bits of reserves as savings. Nonetheless, the study focused on savings in SHGs but did not outline any credit association models, a conceptual missing link that the present study intended to seal by specifically focusing on the relationship between ASCA components and the financial empowerment of members in Kericho Community Development Trust, Kenya.

A study conducted by Ali et al. (2021) in Saudi Arabia highlighted the significance of enhancing women’s financial empowerment, noting that women often had limited control over economic resources compared to men. While substantial research exists on the factors influencing women's financial empowerment in developed nations, there is relatively less understanding of this issue within traditionally male-dominated societies. The study introduced a conceptual framework grounded in Social Cognitive Theory (SCT) to explore how financial literacy and financial socialization contribute to financial self-efficacy, financial coping behaviors and overall financial empowerment among Saudi women. Data for the study were gathered through a baseline survey involving 1,368 female participants from diverse backgrounds, including university students, homemakers and working professionals across various sectors in Saudi Arabia. The research employed Partial Least Squares (PLS) path modeling techniques using SmartPLS to test the proposed hypotheses. Findings indicated a strong positive relationship between financial literacy, financial coping behaviors and financial stability. Additionally, financial socialization played a crucial role in enhancing financial self-efficacy and empowerment. The study also emphasized the importance of savings as a key element in strengthening financial self-efficacy and empowerment. However, since the research exclusively focused on women, it did not account for the male perspective, presenting a methodological gap that the present study aims to address.

Research done in Zambia by Lee et al. (2021) examined the association between savings and internal lending communities (SILCs) participation, household wealth and financial preparedness for birth. The investigation targeted 20 rural communities whereby a total of 4,711 women were involved. The investigation found that SILC participation was directly related to fiscal readiness intended for handling the birth stage and as a result family prosperity. Nevertheless, the research focused on financial preparedness for birth as the dependent variable, a conceptual missing link that the present research intended to address by embracing the financial empowerment in establishing the relationship between ASCA and the financial empowerment of members in Kericho Community Development Trust, Kenya.

An investigation done in Tanzania by Jansen et al. (2022) studied the influence of capacity building on beekeeping and business incubation on communal ferocity experience, monetary and communal wealth creation and occupation outlines. A selection of 55 men for the investigation interviews was done. Questionnaires were also used in the study. The investigation adopted a Poisson regression as well as a linear regression. The investigation revealed that capacity building on beekeeping and business incubation workshops had a negative influence on contact with communal ferocity among non-elderly males in Dar es Salaam. Nonetheless, the study did not focus on accumulated savings and credit association models, a conceptual missing link that the present investigation intended to fix by analyzing the relationship between ASCA and the financial empowerment of members in Kericho Community Development Trust, Kenya.

Landman and Mthombeni (2021) explored the factors influencing the saving culture amongst members of casual investment groups with meagre earnings in Kenya. Semi-structured discussions were undertaken using 10 savings groups in addition to 10 distinct members of the latter. The members' viewpoints were scrutinized and equated. The investigation established that perceived financial benefits were a driver to the adoption of savings thus an intervention to explain non-rational saving behaviour. Nonetheless, the study did not focus on credit association models, a conceptual missing link that the present study intended to seal by assessing the relationship between ASCA and the financial empowerment of members in Kericho Community Development Trust, Kenya.

Mwangi and Mureithi (2019) examined the role of savings and credit groups in the financial empowerment of small-scale traders in Kenya. Through surveys and interviews, the study found out that saving groups had a positive impact on the financial empowerment of small-scale traders. However, the research focused primarily on small-scale traders, leaving a gap in knowledge regarding the applicability and effectiveness of savings and credit groups for other segments of the population, such as farmers or artisans.

Summary of Literature Review

Savings groups, particularly those based on the ASCA model, provide individuals with a reliable means to accumulate financial resources, access credit and invest in their economic well-being. However, challenges such as rigid savings structures, low financial literacy and operational inefficiencies continue to impede their effectiveness. Addressing these challenges requires a multi-faceted approach, including financial literacy programs, policy reforms, digital savings solutions and community-driven financial initiatives. By implementing these strategies, savings-based financial models can play a transformative role in enhancing financial empowerment and economic stability. Future research should explore how digital innovations and policy interventions can further optimize savings mechanisms in community-based financial systems.

METHODOLOGY

Research Design

The study adopted a descriptive survey research design to capture detailed insights into the role of savings in financial empowerment. The descriptive design was chosen because it enables the collection of data that describes existing conditions and relationships between savings practices and financial empowerment (Mugenda & Mugenda, 2003). Quantitative data were gathered through structured questionnaires, while qualitative data were obtained from in-depth interviews and focus group discussions.

Target Population and Sampling

The study targeted members of the Kericho Community Development Trust, including savers, loan beneficiaries and trust officials. KCDT is composed of 14 active groups with a total membership of 380 as outlined in Table 1. The sample size was determined using Krejcie and Morgan's (1970) formula, yielding a total of 191 respondents; as shown in Table 2. A stratified random sampling technique was used to ensure the representation of different categories of participants.

Table 1: Population Distribution

Name of group	Population
1. Kipkelion	16
2. Nazareth Cheribo	34
3. Brooke	26
4. St Peter's Em	12
5. Seretut	22
6. Kamuingi 1	16
7. Kamuingi 2	28
8. St Georges	30
9. Cathedral	48
10. Kapsoit	50
11. Kenegut	22
12. Cheribo St. John's	23
13. Chepngetuny	43
14. Arise and Shine	10
Total	380

Source: Kericho Community Development Trust (2023)

Table 2: Sample Size Distribution

Name of group	Population	Sample size	Comment
Kipkelion	16	8	Simple random
Nazareth Cheribo	34	17	Simple random
Brooke	26	13	Simple random
St Peter's Em	12	6	Simple random
Seretut	22	11	Simple random
Kamuingi 1	16	8	Simple random
Kamuingi 2	28	14	Simple random
St Georges	30	15	Simple random
Cathedral	48	24	Simple random
Kapsoit	50	25	Simple random
Kenegut	22	11	Simple random
Cheribo St. John's	23	12	Simple random
Chepngetuny	43	22	Simple random
Arise and Shine	10	5	Simple random
Total	380	191	Krecjie & Morgan (1970)

Data Collection Methods

Primary data were collected through structured questionnaires, key informant interviews and focus group discussions. The questionnaires contained both closed-ended and open-ended questions designed to capture quantitative and qualitative insights into savings behavior, financial literacy levels and economic resilience. Secondary data were sourced from financial reports, policy documents and prior research studies related to savings and financial empowerment.

Data Analysis and Interpretation

Data analysis was conducted using both descriptive and inferential statistical methods. Descriptive statistics such as frequencies, means and standard deviations were used to summarize and present quantitative findings. Inferential analysis, including regression analysis and correlation tests, was conducted to establish the relationship between savings and financial empowerment. Thematic analysis was used to analyze qualitative data, identifying patterns and key themes related to savings behavior and financial resilience.

Ethical Considerations

Ethical approval was obtained from the University of Kabianga Ethics Committee. Informed consent was obtained from all participants and confidentiality of responses was maintained. The study adhered to research ethics principles, including voluntary participation, data anonymity and the right to withdraw from the study at any time.

FINDINGS AND DISCUSSION

Validity and Reliability Findings

Table 3: Validity Results

Validity Type	Method Used	Key Findings
Content Validity	Expert judgment after pilot study	The questionnaire covered all ASCA components and financial empowerment comprehensively.
Face Validity	External expert review	The questionnaire appeared relevant and appropriate for measuring the desired constructs.
Construct Validity	Construct Validity Index (CVI)	A CVI threshold of 0.75 was used, ensuring that only relevant questions were included in the final questionnaire.

The validity of the research instruments was rigorously assessed through content, face and construct validity checks. Content validity was enhanced through expert evaluation following a pilot study. Specialists in the relevant field reviewed the questionnaire to ensure it comprehensively addressed the key components of the ASCA model, including savings, loans, share-outs, security and financial empowerment. For face validity, the same group of external experts reviewed whether the questionnaire appeared suitable and relevant for assessing the intended constructs, ensuring alignment with the study's objectives. Construct validity was established by designing questionnaire items based on existing literature and recognized indicators of the ASCA model and its components. The researcher ensured only relevant questions were included, capturing the theoretical concepts accurately. To reinforce this, a Construct Validity Index (CVI) threshold of 0.75 was used, items scoring below this were deemed invalid and excluded. This rigorous process ensured that the final questionnaire maintained a high standard of validity and effectively measured the constructs under investigation.

Table 4: Reliability Results

Reliability Measure	Method Used	Acceptable Threshold	Key Findings
Internal Consistency	Cronbach's Alpha	≥ 0.7	The research instruments were found to be reliable, with values above 0.7.
Test-Retest Reliability	Repeated testing of the questionnaire	Consistent results across testing rounds	The test-retest technique confirmed the reliability of the questionnaire.

Reliability is the ability of the test to give consistent results after several rounds of testing (Chetwynd, 2022). Subsequently, the reliability of a homogeneous test is typically articulated as co-efficient where the reliability co-efficient replicates the degree to which a test is free of error variance (Duckett, 2021). The research used the test-retest technique to establish reliability because it ensures the attainment of a maximum value of reliability. Cronbach's Alpha was used to test the internal consistency of the research tools while pretesting. Cronbach's alpha was used to find out the level of relationship between sets of items in a group. According to Beaty *et al*., (2020), a high value of alpha is frequently utilized as a proposition that the items enumerate a fundamental (or latent) construct. A reliability of 0.7 was deemed satisfactory indicating the existence of reliability.

Actual Study Findings

Out of the 191 questionnaires distributed, 135 were returned and deemed valid for analysis, representing a response rate of approximately 70.7%. This is considered adequate for the study, ensuring that the findings are representative of the population. The demographic findings reveal that the majority of the groups (43.0%) within the Kericho Community Development Trust focus on both loans and savings, aligning with the ASCA model, while 42.2% focus solely on loans, highlighting a reliance on credit for financial empowerment. Most groups (20.7%) have been operational for three years, with a significant portion (17.8%) at five years, indicating a mix of emerging and mature groups that may impact stability and effectiveness. Gender distribution shows a slight male majority at 56.3%, with females representing 43.7%, suggesting both genders are actively engaged. The dominant age group is 51-61 years (34.8%), followed by 40-50 years and those over 61 years (each at 23.7%), indicating that middle-aged and older adults are the most involved, while younger adults (10.4%) and youths (7.4%) are less represented, reflecting varying levels of financial engagement across generations.

The study examined the descriptive statistics related to the savings component of the ASCA components within the Kericho Community Development Trust. The analysis focused on the flexibility and adherence to rules concerning saving duration and amounts, both of which were crucial factors in determining the effectiveness and attractiveness of the saving mechanism to the members.

Table 5: Descriptive Statistics for Savings Component

	N	Mean	Std. Deviation
The group is flexible when it comes to the saving duration	135	4.3852	.77252
The saving duration in the group is outlined in the rules	135	4.3704	.87878
The group is flexible when it comes to saving amounts	135	4.3704	.86163
The group follows the rules when it comes to the saving amounts	135	4.2889	.90493
Valid N (listwise)	135		

The mean score of 4.3852 (Std. Deviation = 0.77252) indicates that members generally agree that the group is flexible when it comes to saving duration. The relatively low standard deviation suggests that there is a consistent opinion among members regarding the group's flexibility. With a mean of 4.3704 (Std. Deviation = 0.87878), the respondents agree that the saving duration is clearly outlined in the group's rules. This consistency highlights the group's commitment to ensuring that saving practices are well-structured. A mean score of 4.3704 (Std. Deviation = 0.86163) indicates that members perceive the group to be flexible regarding saving amounts, which is important for accommodating members with varying financial capacities. The mean score of 4.2889 (Std. Deviation = 0.90493) suggests that members generally believe that the group follows its rules when it comes to saving amounts. The slightly higher standard deviation indicates some variability in this perception. The high mean scores across all the savings-related variables suggest that the members of the Kericho Community Development Trust view the ASCA savings component positively. The group is seen as flexible while also adhering to established rules, which likely contributes to the members' financial empowerment by accommodating their needs while maintaining order and consistency.

Financial Empowerment

Financial empowerment refers to the enhancement of members' financial capabilities, including income generation, business turnover and capital accumulation, as a result of participating in the ASCA model. This section examines how members perceive their financial growth since joining the group, providing insight into the impact of the ASCA components on their economic well-being.

Table 6: Descriptive Statistics for Financial Empowerment

	N	Mean	Std. Dev.
I have seen an increase in my income level since I joined the group	135	4.4963	.78106
My turnover from the business has been impressive since I joined the group	135	4.4741	.70000
I have had a general increase in my capital base since I joined the group	135	4.4148	.74699
Valid N (listwise)	135		

The mean score of 4.4963 (Std. Deviation = 0.78106) indicates strong agreement among members that their income levels have increased since joining the group. This high mean score reflects the effectiveness of the ASCA components in improving the financial standing of its members. With a mean of 4.4741 (Std. Deviation = 0.70000), members report that their business turnover has been impressive since joining the group. The relatively low standard deviation suggests that this perception is widely shared among the participants. A mean score of 4.4148 (Std. Deviation = 0.74699) shows that members have experienced a general increase in their capital base, indicating that their overall financial resources have grown as a result of their involvement in the ASCA.

The descriptive statistics for financial empowerment are overwhelmingly positive, with members reporting significant improvements in their income levels, business turnover and capital base since joining the ASCA. These findings highlight the effectiveness of the ASCA components in fostering financial growth and stability among its members, demonstrating its potential as a tool for economic empowerment in the Kericho Community Development Trust.

Findings from Secondary Data

The study obtained secondary data from the financial records of the Kericho Community Development Trust, a microfinance institution that provides financial services to individuals and groups within the community. The data extracted from the portfolio report offered a comprehensive snapshot of the institution’s loan performance, savings behaviour and overall portfolio health.

The financial records provided insights into the total outstanding loan amounts, interest accrued and associated fees, giving a clear picture of the trust's credit operations. Additionally, the data revealed key indicators of loan repayment trends, savings patterns and risk exposure, which are critical in assessing the financial sustainability and effectiveness of the institution's lending practices.

Table 7: Loan Performance and Portfolio Health Data

Item	Amount / Percentage
Total Outstanding Principal	KES 10,487,555.27
Total Outstanding Interest	KES 1,834,791.63
Total Fees	KES 110,933.19
Total Outstanding (PIF)	KES 12,433,280.09
Compulsory Savings	KES 15,822,927.00
Voluntary Savings	KES 0.00
Total PAR > 1 day	57.20%
Total PAR > 30 days	40.10%

Total Outstanding Principal: KES 10,487,555.27; Total Outstanding Interest: KES 1,834,791.63; Total Fees: KES 110,933.19; Total Outstanding (PIF): KES 12,433,280.09. These figures indicate the financial activity related to loan products, which is central to the ASCA model. High outstanding loans, coupled with the outstanding interest, suggest an active borrowing community, highlighting the financial needs and dependency on ASCA for capital.

The Savings Behavior came out as follows: Compulsory Savings: KES 15,822,927; Voluntary Savings: KES 0. The compulsory savings scheme ensures that members contribute a portion of their funds regularly. With no voluntary savings reported, the focus is clearly on mandatory contributions, which may limit the flexibility of members to save beyond the compulsory amount. This could impact the empowerment of members, as the opportunity for voluntary savings can promote financial discipline and increase financial independence.

The total savings of KES 15,822,927 represents a significant pool of funds, reflecting financial stability within the trust. This accumulated savings serves multiple purposes within the institution. First, it acts as a buffer against financial risks, providing a safeguard for the trust's liquidity needs and ensuring the continuous flow of funds for lending activities. Second, these savings can function as a security measure for loans, potentially lowering the risk of defaults by offering financial backing in case of borrower non-compliance. Moreover, a healthy savings reserve enhances the trust's ability to expand its lending capacity. With substantial savings, the institution can provide more loans to a broader clientele, thereby fostering economic growth and financial inclusion within the community. Additionally, such a strong financial position may attract external investors or financial partners, boosting the institution's credibility and ability to secure additional funding for future expansion. However, the absence of voluntary savings is notable. This suggests that members are either not inclined to save beyond the compulsory requirements or that the institution lacks adequate incentives to encourage voluntary deposits. Encouraging voluntary savings could be a strategic move to enhance member financial resilience, improve capital reserves and strengthen the trust's financial base for long-term sustainability.

The Loan Performance and Portfolio Health was recorded as follows: Total PAR (Portfolio at Risk) > 1 day: 57.20%; Total PAR > 30 days: 40.10%. The high PAR rates indicate that a significant portion of loans is at risk of default, which negatively impacts both the trust and its members. A 40.10% PAR over 30 days suggests that more than one-third of loans are in serious delinquency. This level of loan default is concerning and reflects financial instability within the loan portfolio, potentially due to poor repayment capacity or economic challenges faced by the members. Loan defaults can lead to reduced funds for future lending, affecting the trust's sustainability and the financial empowerment of its members. Efforts to improve loan recovery or stricter credit policies may need to be considered. If not addressed, high default rates could threaten the institution's liquidity, reduce profitability and erode confidence among stakeholders. Strategies such as strengthening borrower screening processes, enhancing credit education, restructuring loan terms or introducing risk-sharing mechanisms may help mitigate default risks and improve loan performance.

The large volume of outstanding loans and compulsory savings points to significant financial activity within the trust. However, the absence of voluntary savings and the high level of overdue loans (PAR) suggest that members may be financially constrained, relying heavily on compulsory contributions and loans, but struggling to manage repayments. While savings are mandatory, the ability to save voluntarily would have strengthened the financial security and independence of members. Without voluntary savings, members may not have the flexibility to set aside extra funds for unforeseen circumstances, thereby limiting their empowerment.

In Conclusion; the ASCA components within the Kericho Community Development Trust demonstrates an active loan and savings environment, but the high loan delinquency rates are a concern for financial sustainability. While compulsory savings ensure some level of financial security, the absence of voluntary savings and the high risk associated with loans could undermine the financial empowerment of members. The trust may need to explore strategies to improve loan performance, such as better credit assessment, stronger follow-up mechanisms and financial literacy programs, to enhance the long-term empowerment of its members.

Inferential Statistics: Correlation

The correlation analysis examines the relationships between the savings and the financial empowerment of the members. The Pearson Correlation Coefficient (r) is used to measure the strength and direction of these relationships, with significance levels indicating whether the correlations are statistically meaningful.

Table 8: Correlations for Savings and Financial Empowerment

		ASCA Savings Component	Financial Empowerment
ASCA Savings Component	Pearson Correlation	1	.219*
	Sig. (2-tailed)		.011
	N	135	135
	Sig. (2-tailed)	.000	.000
	N	135	135
Financial Empowerment	Pearson Correlation	.219*	1
	Sig. (2-tailed)	.011	
	N	135	135

The ASCA savings component has a positive but modest correlation with financial empowerment ($r = 0.219$, $p = 0.011$). This suggests that while there is a relationship between the savings practices within the ASCA components and the financial empowerment of members, it is not the strongest predictor compared to other components. Research by Lee et al. (2021) on Savings and Internal Lending Communities (SILCs) also suggests that savings play a critical role in improving financial preparedness and prosperity. However, their focus on specific outcomes, such as birth preparedness, diverges from the current study's focus on general financial empowerment, which could account for the relatively modest correlation found between savings and empowerment in the present study.

Inferential Statistics: Regression

This section examines the extent to which the ASCA savings component predicts the financial empowerment of members within the Kericho Community Development Trust.

Table 9: Model Summary for ASCA savings component and financial empowerment

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.219[a]	.048	.041	.57958	.048	6.688	1	133	.011

a. Predictors: (Constant), ASCA Savings Component

The model summary table provides key metrics that describe the relationship between the ASCA savings component and financial empowerment. The value of R (Correlation Coefficient) is 0.219, indicating a modest positive correlation between the ASCA savings component and financial empowerment. This suggests that as savings practices improve within the ASCA model, financial empowerment also tends to increase. The R Square (Coefficient of Determination) value is 0.048, meaning that approximately 4.8% of the variance in financial empowerment can be explained by the ASCA savings component. While this is a small percentage, it is statistically significant and indicates that savings play a role, albeit limited, in influencing financial empowerment. The Adjusted R Square, which adjusts the R Square value based on the number of predictors in the model, is 0.041. This close alignment with the R Square value suggests that the model is stable and the savings component is a valid predictor of financial empowerment. The standard error is 0.57958, indicating the average distance that the observed values fall from the regression line. A lower standard error would indicate a more precise prediction, but in this context, the error reflects moderate variability in the data.

Table 10: ANOVA for ASCA savings component and financial empowerment

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.247	1	2.247	6.688	.011[b]
	Residual	44.677	133	.336		
	Total	46.923	134			

a. Dependent Variable: Financial Empowerment

b. Predictors: (Constant), ASCA Savings Component

The ANOVA table tests the overall significance of the regression model. The regression sum of squares (2.247) reflects the variance explained by the model. The residual sum of squares (44.677) represents the variance that the model does not explain. The F value of 6.688, with a significance level (p-value) of 0.011, indicates that the regression model is statistically significant. This means that the ASCA savings component has a significant effect on financial empowerment and that the relationship observed is unlikely to be due to random chance.

Table 11: Coefficients for ASCA savings component and financial empowerment

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.478	.344		10.106	.000
	ASCA Savings Component	.202	.078	.219	2.586	.011

a. Dependent Variable: Financial Empowerment

The coefficients in Table 11 provide detailed information on the influence of the ASCA savings component on financial empowerment. The constant value of 3.478 represents the predicted value of financial empowerment when the ASCA savings component is zero. This baseline is significant ($p < 0.001$), indicating that other factors contribute to financial empowerment. The unstandardized coefficient for the ASCA savings component is 0.202, meaning that for every unit increase in the savings component, financial empowerment increases by 0.202 units. The standardized coefficient (Beta) is 0.219, showing the relative impact of savings on financial empowerment. The t-value of 2.586, with a significance level of 0.011, confirms that the ASCA savings component is a significant predictor of financial empowerment. The resulting regression equation from Table 11 is: $Y=3.478+ 0.202X_1$

This outcome can was supported by some of the comments from the group chairmen interviewed using guides:

> Verbatim 1: "*Saving has really made a difference for members of ACK St. Peters Calvary Trust Group. Even though they might only be putting aside small amounts, it adds up over time. We've seen people use their savings to pay school fees or handle emergencies without having to borrow from outside. Some have opened up vibrant businesses in Kipkelion. It's a small step, but it's making a big impact*."
>
> Verbatim 2: "*I've noticed that members who save regularly are much more financially stable. It's not just about the money they save—it's also about the discipline it teaches. Many of them are now able to plan better for their families and manage their finances more effectively*."

Verbatim 3: "*Our savings scheme has given members a starting point to think about their financial future. Saving alone might not completely change someone's life, but it's the first step. It opens the door to things like loans and share-outs, which really help people take control of their finances*."

The results of the regression analysis demonstrate that the ASCA savings component significantly contributes to the financial empowerment of members, though the effect size is modest. The savings practices within the ASCA components positively influence members' Financial stability, reinforcing the importance of effective savings strategies in driving financial empowerment. However, given the relatively low R Square value, it is clear that other factors, possibly related to the other ASCA components or external influences, also play a crucial role in financial empowerment.

In comparison, Al-Kubati and Selvaratnam (2021) found that savings empowered women financially in India, though the study's focus on women introduces a gender bias not present in the current study, which includes both male and female members. Similarly, Ban et al. (2020) showed that savings through self-help groups increased the number of households with reserves, aligning with the positive role of savings in enhancing financial security. However, their study did not explore credit associations, a key component in the present study, which adds a more comprehensive perspective on the role of savings and credit in financial empowerment.

The study by Mwangi and Mureithi (2019), which examined the role of savings and credit groups for small-scale traders in Kenya, found a positive relationship between saving groups and financial stability. This finding is in line with the positive correlation observed in the current study, but it also emphasizes the importance of understanding how different population segments, such as small-scale traders, benefit from savings and credit groups. The current study expands on this by including a broader population, thereby providing a more inclusive analysis of financial empowerment. In comparison to studies like that of Ali et al. (2021), which focused on financial literacy and coping behaviors among women in Saudi Arabia, the current study adds a unique contribution by focusing on the savings and credit association model, offering a clearer insight into how saving and credit mechanisms directly affect financial empowerment in the context of Kericho County, Kenya.

SUMMARY AND CONCLUSIONS

The analysis showed a statistically significant relationship between the savings component and the financial empowerment of members in the Kericho Community Development Trust. The p-value for the savings component was 0.016 ($p < 0.05$), leading to the rejection of the null hypothesis. However, further interpretation suggests that while savings contribute to financial stability, their effectiveness may be limited by the lack of voluntary savings from the members. The reliance on compulsory savings alone may restrict financial growth and independence, as members are unable to freely increase their savings beyond the mandated amount. In conclusion, while the savings component forms a large part of the ASCA model, it significantly contributes to the financial empowerment of members. However, the reliance on compulsory savings without the flexibility of voluntary contributions remains a concern.

CHALLENGES AND RECOMMENDATIONS

One major challenge observed was the restrictive nature of compulsory savings. Members could not freely adjust their savings beyond the required amount, limiting their ability to accumulate wealth at a personal pace. The study recommends the introduction of flexible saving schemes where members can contribute beyond the mandated savings. Incentives such as higher interest rates on voluntary savings could encourage more participation. Additionally, financial literacy programs should be strengthened to educate members on effective saving strategies and the long-term benefits of financial planning.

Savings play a significant role in financial empowerment, offering members stability and access to funds in times of need. However, flexibility in saving structures is necessary to maximize their impact. By enabling voluntary savings, improving financial literacy and offering incentives, community-based financial institutions can enhance financial empowerment and contribute to economic growth. Future research should focus on how digital savings platforms can further support financial inclusion and economic resilience in underserved communities.

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