Influence of Financial Literacy on Economic Sustainability Among Small-Scale Tea Farmers in Kenya, A Case of Ndima Tea Factory, Nyeri County

Dr Stephen Macharia Muriu[1], Dr Paul Kiumbe[2]

Abstract: Financial literacy plays a critical role in empowering individuals to make informed decisions regarding their income, savings, credit, and investments. For small-scale tea farmers in Kenya, financial literacy is particularly relevant due to the seasonal nature of agricultural income and the need for long-term planning. This study was an assessment of financial literacy levels among small-scale tea farmers in Kenya and particularly those served by Ndima Tea Factory in Nyeri County. The specific objective was to evaluate farmers' understanding and application of essential financial concepts such as savings, budgeting, credit usage, and investment to determine their ability to manage tea-related income effectively. The study was guided by Human Capital Theory and Financial Capability Framework and applied descriptive research design since it enables collection of qualitative and quantitative data. The population composed of 19,000 tea growers served by the factory. A sample of 381 was used and purposeful random sampling approach was employed to ensure that participants reflect diverse socio-economic backgrounds while targeting farmers actively engaged with the factory. Data collection involved surveys and structured interviews, capturing both quantitative and qualitative insights. Findings on savings indicated that 60% of farmers save with banks, 30% with SACCOs and Chamas. On budgeting, 41% indicated they budgeted for household and farm inputs while 40% budgeted for loan repayments. On financial literacy, 75% of respondents indicated having serious challenges. The outcomes provide actionable recommendations for the farmers and other stakeholders, including the Kenya Tea Development Agency (KTDA), financial institutions, and NGOs, to develop targeted training programs geared towards improving farmer's financial literacy. This research contributes to the broader conversation on financial inclusion in agriculture, emphasizing the need for sustainable financial education to empower rural communities and promote long-term economic well-being for tea farmers in Kenya.

KeyWords: *financial literacy, savings, budgeting, credit usage, investment*

I. Introduction of the Study

Managing personal finances is a key skill in today's world because daily choices impact future financial security and living standards (Rohayati, Wahyono and Wulandari,2020).. Many individuals make investment decisions based on their own limited financial knowledge and often make mistakes along the way. Financial literacy involves understanding how to manage, invest, and spend money wisely. It is essential for making smart decisions about which investment options to choose and analyze. Good financial knowledge can improve chances of success and give a person an edge, considering risks, potential returns, sources of money, and the costs involved. It also helps in understanding financial access and market trends. Improving financial literacy boosts awareness and ability to make better personal money choices(King'ondu, 2020).

As new financial products emerge globally, people encounter issues related to saving, borrowing, investing, and planning for retirement. Those without enough financial understanding find it hard to compare risks and returns when choosing products. That makes financial literacy a must for everyone(Walakumbura, 2021). People save differently depending on how much risk they are willing to take. Their savings also depend on their health, goals, views, and the options available in the market. Many households struggle with basic calculations and rely on trial and error for savings. Improving financial literacy is crucial because these skills directly impact living standards. Wise investment choices include saving for education, retirement, personal goals, or buying a house or car(Walakumbura, 2021).

Germny, Canada, Denmark, Norway, Australia, Finland, Israel, the Netherlands, Sweden, and the United Kingdom have at least 65 percent of their adult residents knowledgeable about finances. These countries show a high level of financial literacy. In contrast, South Asian nations have some of the lowest rates. Here, fewer than 25 percent of adults are financially literate. (Klapper and Lusardi 2020).

Financial literacy levels vary greatly between the world's rich and poorer countries. In countries like the US, Canada, France, Germany, Italy, Japan, and the UK, the average adult understands basic financial concepts at about 55%(Klapper et al 2020),. However, within these nations, knowledge varies widely. Italy has the lowest rate at 37%, while Canada is higher at 68%. In Indonesia, a study shows the average level of financial literacy is only 21.84%. The use of financial services among Indonesians is 59.74%. This indicates many Indonesians still lack understanding of financial products and services.(Khotiawan andLuthfiansyah 2020).

In Kenya, raising financial literacy among small-scale farmers is essential for long-term agricultural growth. Farming is the main part of the country's economy, making up about 33% of the GDP and employing over 60% of people (KNBS, 2022). Many smallholder farmers face challenges in accessing banking services, handling loans, and making smart money choices because they lack financial knowledge. This gap stops them from increasing their productivity and improving their living standards. When farmers understand finance better, they can get and manage loans easily, decide wisely on investments, handle farming risks, and become more included in financial services (Mutua et al., 2019).

II. Tea Industry in Kenya

In 2022 and 2023, the global tea trade saw a rise in both price and volume compared to 2021, when exports suffered from slow economic growth and shipping problems (Food and Agriculture Organization, 2024). Average tea prices increased to USD 2.90 per kilogram in 2022 and USD 2.78 in 2023. This was higher than the USD 2.67 recorded in 2021, which was influenced by remaining stocks from 2020. Production reached 6.6 million metric tons in 2023, boosted by recovery in key producers like China, India, Kenya, and Sri Lanka, along with better market demand (International Tea Committee, 2024). World tea exports totaled 1.74 million tons in 2023, up 0.4 percent from 1.73 million tons in 2022. In 2023, Japan paid the highest average price per kilogram at USD 31.52, followed by France at USD 17.02. Argentina and Uganda had the lowest prices, at USD 1.12 and USD 1.14, respectively (FAO, 2024).

FAO (2024) reports show that tea companies in China, India, and Sri Lanka benefit greatly from added value in their tea. In contrast, Kenyan tea companies struggle with lower prices because they add less value. Most farmers in China, India, and Sri Lanka earn over USD 1 per kilogram of green tea, while Kenyan farmers make about USD 0.49 per kilogram. This highlights a growing gap in earnings from tea, as shown by ITC (2022). Kenya still produces high-quality black CTC tea, but its farmers earn less. FAO (2023) reports that China, India, and Sri Lanka have heavily invested in adding value. More than 60 percent of their tea is processed to increase value before it is sold locally or exported.

In Kenya, the tea industry is a major part of the country's growth. It provides jobs for over 750,000 tea farmers and around 6.5 million Kenyans. The sector makes up about 2 percent of the country's Gross Domestic Product (GDP) and 4 percent of agriculture's GDP. Each year, Kenya exports tea worth roughly Kshs 130 billion. This amount accounts for about 26 percent of the country's foreign exchange earnings. Kenya is a top producer and the leading exporter of crush, tear, curl (CTC) black tea. It controls 28 percent of the global tea export market.

The money earned from tea exports helps fund the development of 19 counties that grow tea. This supports Kenya's Vision 2030 and the Bottom-up Economic Agenda - BETA. (Tea Board of Kenya, 2024).

In 2023, Kenya produced 570 million kilograms of processed tea, up from 535 million kilograms in 2022. The country's tea exports brought in Kshs 197 billion, compared to Kshs 160 billion the year before. Export volumes increased to 522 million kilograms from 450 million kilograms in 2022. Earnings from tea exports reached Kshs 181 billion, up from Kshs 138 billion in 2022. Money earned from selling tea to local consumers dropped to Kshs 16 billion, down from Kshs 25 billion the previous year (TBK, 2024).

Despite its quick delivery, over 95 percent of Kenyan tea is sold in bulk. This lowers the country's earnings since most profits go to other nations like Egypt, the UK, UAE, Russia, and Pakistan. The price gap is one concern, but Fairtrade (2021) reports show that companies in China, India, and Sri Lanka pay out over 75 percent of earnings. In contrast, Kenyan tea companies consistently pay less than 75 percent. Since 2010, the government has closely watched the tea industry because small farmers' earnings have fallen. The decline has raised worries about the industry’s future (Ministry of Agriculture and Livestock Development, 2021).

Despite the clear need for financial literacy, government programs have not focused enough on this area. Initiatives like the Agricultural Sector Development Support Programme (ASDSP) and the Kenya Agricultural Productivity and Agribusiness Project (KAPAP) mainly aim to boost productivity. They do not place enough emphasis on teaching farmers about finances. Non-government groups, such as the Agricultural Finance Corporation (AFC), have tried to fill this gap. The AFC provides specialized farming loans and says it has helped improve farmers' financial skills through its services. However, its efforts often reach only specific regions. Other groups like One Acre Fund and Farm Africa have added financial literacy lessons into their programs. They teach farmers how to budget, save, and invest money. Still, these efforts are not enough to meet the large need for financial education among farmers.

The tea industry plays a pivotal role in Kenya's economy, contributing approximately 23% of the country’s total foreign exchange earnings and 2% to the agricultural GDP (Tea Board of Kenya 2023 2023). With annual production exceeding 450 million kilograms, tea generates over KSh 120 billion from exports and an additional KSh 22 billion from local salesKenya Economic Surveys **(**2023). Furthermore, the industry sustains the livelihoods of around 5 million people, either directly or indirectly, with 650,000 small-scale growers depending on tea as their primary source of income. This makes tea one of the country’s most critical sectors for both economic growth and social stabilityKenya Tea Development Agency (KTDA), (2022 2023)

The study by Chepngenoh and Waruguru (2025) looked at how financial knowledge affects decision-making among small tea farmers in Bomet County, Kenya. It found that understanding finance is more important as the global economy becomes more complicated. Without this knowledge, farmers struggle to make good investment choices. The research focused on farmers’ skills in borrowing, budgeting, saving, and record-keeping. A descriptive survey was used, with data gathered from farmers in Bomet Central Sub-County through random sampling. The data was analyzed with SPSS Version 22.0, using both descriptive and inferential methods. The reliability of the survey was tested and found to be good, with Cronbach alpha scores between 0.713 and 0.882. Results showed that saving knowledge had a strong positive effect on investment choices ($\beta = 0.174$; $p = 0.036$). However, borrowing ($\beta = -0.022$; $p = 0.805$), budgeting ($\beta = -0.055$; $p = 0.501$), and record-keeping ($\beta = 0.041$; $p = 0.647$) skills did not significantly impact decisions. The study concludes that learning how to save better is key to making smarter investments for small farmers. It suggests ongoing financial education programs that focus on saving methods, setting goals, and understanding how savings help with future investments.

However, the sustainability of these economic benefits relies heavily on the financial literacy of the stakeholders, especially small-scale farmers. Financial literacy equips individuals and businesses with the knowledge to budget, save, invest, and manage debt effectively, enabling them to respond to market changes and economic uncertainties. For tea farmers, this translates into the ability to optimize production costs, plan for volatile tea prices, and explore diversification opportunities such as value addition or alternative crops.

This study explored the barriers to financial inclusion for rural households and smallholder farmers and emphasized the importance of financial literacy programs in increasing access to financial services. It provided case studies from various regions, including Africa, Asia, and Latin America.

These studies underscore the global recognition of the importance of financial literacy for improving agricultural productivity and resilience among smallholder farmers. They demonstrate how financial education can empower farmers to manage their farms more effectively, respond to market changes, and reduce vulnerability to economic shocks.

Without adequate financial literacy, small-scale farmers are at greater risk of mismanaging resources, falling into debt, or failing to take advantage of financing and support services. In a sector where profits are subject to global price fluctuations and rising production costs, financial knowledge becomes essential for sustaining profitability. By fostering better financial management practices, farmers can improve their resilience, ensuring that the tea industry remains a viable economic driver for both current and future generations.

Financial literacy is crucial for economic sustainability as it equips individuals and businesses with the knowledge and skills to manage resources effectively. It promotes responsible budgeting, saving, and investment, ensuring long-term financial stability. With financial literacy, people are better prepared to make informed decisions, avoid debt traps, and handle economic uncertainties. At a broader level, it fosters sustainable development by reducing financial vulnerability, improving income management, and enhancing resilience to economic shocks, contributing to the well-being of communities and economies

Financial illiteracy poses several risks, including poor money management, excessive debt, and inability to save or invest effectively. It can lead individuals or businesses into financial traps such as high-interest loans or credit card debt. Without proper knowledge, people may struggle with budgeting, making them vulnerable to economic shocks and emergencies. Financial illiteracy also hinders long-term planning, limiting opportunities for wealth creation and sustainable growth. On a larger scale, it can contribute to increased poverty, economic instability, and dependency on external financial aid, slowing down overall economic development.

The study is an exploration of how small-scale farmers' understanding of financial conceptssuch as budgeting, saving, investment, debt management, and financial planning influence their long-term economic stability and growth. It examines the role financial literacy plays in promoting informed decision-making, improving resource management, and enhancing resilience against economic shocks. By fostering sustainable financial behavior, the study highlights how financial literacy contributes to achieving economic sustainability at both individual and community levels. The findings aim to guide policymakers, educators, and institutions in designing programs that empower people to make sound financial decisions for sustainable development.

Earnings

The *earning* component of financial literacy focuses on understanding income generation and its role in financial well-being. It involves knowledge of different income sources and the ability to assess and maximize earning potential. This component also emphasizes the importance of negotiating wages, understanding taxes, and making informed financial decisions. Mastering the earning aspect helps individuals build a stable financial foundation, ensuring sustainable growth and supporting long-term financial goals.

Budgeting

Involves the ability to plan, track, and manage income and expenses effectively. It emphasizes creating a structured financial plan to allocate resources toward essential needs, savings, investments, and discretionary spending to maintain financial discipline, avoid overspending, and prepare for unexpected expenses. It promotes financial stability, reduces reliance on debt, and ensures progress toward long-term financial goals. It is a key tool for sustainable financial management and economic well-being.As proposed by Njoki (2022) the formal budget planning and the formal budget control have two important facets of the regular budget process by SMEs. They classified three special types of firms. In first category, firms do not use any type of budget. In the second group, they represent a less comprehensive planning process with respect to a few areas of operation i.e. simple budgeting. In the third group many different areas of operation are included with regard to the detailed budget plan used by the firms. These firms engage in a more comprehensive planning process. In addition, the administrative control of the budget is focused in the third category in terms of budget control.

Savings

This component of financial literacy focuses on setting aside a portion of income for future needs, emergencies, or investment opportunities. It emphasizes the importance of developing a savings habit to build financial security and reduce reliance on credit. Understanding savings options—such as savings accounts, fixed deposits, and digital savings platforms—is essential for effective money management. Saving also plays a critical role in achieving financial goals, such as buying assets, funding education, or preparing for retirement, promoting both personal and economic sustainability.Saving can be viewed as positive financial behavior that translates into financial wellbeing for individuals and households and must acquire not only financial knowledge but also the ability and confidence to apply this expertise when making saving decisions (Cupak, Kolev and Brokesova2019).Individuals and firms need to save for the following reasons; to improve consumption patterns over their lifetime, to finance expected large expenditures, for example the purchase of assets (Agarwal, and Mannil,2023).

Investment

The *investment* component of financial literacy involves understanding how to allocate resources toward assets with the expectation of generating returns over time. It encompasses knowledge of various investment vehicles, such as stocks, bonds, mutual funds, real estate, and other opportunities. This component emphasizes the importance of risk assessment, diversification, and long-term financial planning. By making informed investment decisions, individuals can grow their wealth, achieve financial independence, and prepare for future needs. A solid understanding of investment principles is crucial for building a sustainable financial future and enhancing overall economic stability. To make well-informed investment decisions, individuals need to effectively manage their resources and assets. Understanding the risk-return trade-off and assessing one's risk tolerance are crucial when selecting investments. Evaluating different investment opportunities requires financial education to grasp the significance of these factors. Therefore, the source of financial education is essential (Shrestha, 2023). Adamu and Oladipo,2020) studied on the Role of Financial Literacy in Agricultural Investment Decisions amongst Rice Farmers in Nigeria. The Target Population was rice farmers in Nigeria. The Research Design employed was Mixed-method survey. The Analysis Tools used for data analysis was structural equation modeling (SEM).the findings shows that financial literacy increased the likelihood of farmers to invest in irrigation systems and soil improvement practices..

Statement of the Problem

The smallholder tea sector is vital to Kenya's economy. It supports over 10 million families both directly and indirectly, making it a key source of jobs and income (Ateka, 2023). In Bomet County, tea farming is the main activity. Most farms are near the Mau Forest in the east, where farmers sell their leaves to factories run by the Kenya Tea Development Agency (KTDA). Despite its importance, poverty remains high in Bomet. Data from 2019 shows that 46.5% of people live below the poverty line. During the 2021-2022 financial year, KTDA paid smallholder farmers 62.89 billion shillings for their green leaves, including small bonuses. Yet, over 80% of

what farmers earn goes toward family needs, 11% on housing, health, and education, and only 9% on investments (KTDA, 2023). This shows farmers are not reinvesting enough to grow their farms or reduce poverty. Many farmers do not invest in other income sources, making them vulnerable to market changes (Kenya Tea Development Agency, 2023). Surveys show about 35% of small tea farmers take part in training programs that could help them make better investments. But many farmers lack access to these programs (Wambugu, Njeru, 2021). Even with high earnings, poor investment choices are a big issue. Many farmers do not have enough financial knowledge. This limits their ability to make good investments or save for the future. Without proper training, farmers struggle to grow their farms or find new ways to earn money. This keeps poverty high in the area (Gathungu and Sabana, 2018; Safari, Njoka, and Munkwa, 2021). Several studies have looked at financial literacy, but none have focused on how farmers in Nyeri County choose investments.
In Kenya, smallholder tea farms produce about 56 percent of the country's tea. Large estates make up roughly 44 percent (TBK, 2023). Despite this, over 90 percent of smallholder tea farmers earn less than the minimum wage of Kshs. 15,120 each month from tea sales (MOALD, 2021). The income of smallholder farmers depends heavily on how well the tea factories, managed by KTDA, perform (KTDA, 2022).The tea sector in Kenya has experienced significant changes across generations, with contemporary small-scale tea farmers facing economic challenges that differ from those encountered by the first-generation growers. Though earlier generation had political challenges from the colonials, they benefited from favorable market conditions, stable returns, and lower input costs, which ensured a sustainable livelihood. However, the current generation of farmers contends with fluctuating global tea prices, increased production costs, and land fragmentation due to inheritance practices (The Farmer's Journal Africa, 2023) World Food Prize. A key factor in influencing the economic sustainability of small-scale tea farmers is **financial literacy**. While financial literacy plays a vital role in improving economic outcomes through better budgeting, investment, savings, and debt management, many small-scale farmers, especially the younger generations, lack adequate knowledge and skills in this area. Access to financial education and tools remains limited, especially in rural areas where tea is grown. As the agricultural landscape evolves with digital tools, loans, savings schemes, and government reforms available tea farmers who lack financial literacy may struggle to take advantage of these opportunities thereby remaining trapped in cycles of debt or are forced to abandon farming altogether in favor of urban migration

This situation highlights the need to explore the influence of financial literacy on economic sustainability among small-scale tea farmers in Kenya. Understanding how financial knowledge affects the profitability and resilience of tea farmers can help design targeted interventions such as farmer education programs, access to financial services, and policy reforms—to ensure the long-term sustainability of the tea industry.

General Objective

The general objective of the study was to establish the influence of financial literacy on economic sustainability among Small-Scale Tea Farmers in Kenya: A Case of Ndima Tea Factory, Nyeri County

Specific objectives

i. To evaluate the budgeting skills on economic sustainability among small-scale tea farmers at Ndima Tea Factory
ii. To investigate the saving habits on economic sustainability among small-scale tea farmers at Ndima Tea Factory
iii. To analyze the level of investment knowledge on economic sustainability among small-scale tea farmers at Ndima Tea Factory
iv. To explore the debt management practices on economic sustainability among small-scale tea farmers at Ndima Tea Factory.

Scope

The scope of the study are the small-scale tea growers at Ndima Tea Factory, Nyeri County and concentrated on the above financial literacy concepts

Theoretical Background

Behavioral finance theory

Behavioral finance by Daniel Kahneman&Amos Tversky (1979**)** that explores how psychological factors influence financial decision-making. Unlike classical economic theories, which assume individuals are fully rational, behavioral finance emphasizes that emotions, biases, and limited information often shape financial behavior. Small-scale tea farmers, especially those with limited education in financial management, may exhibit behaviors such as short-term decision-making or irrational spending when faced with income fluctuations (e.g., tea bonuses or market volatility). A lack of financial literacy can lead to poor savings habits, inadequate budgeting, or taking loans without proper evaluation. In contrast, enhanced financial literacy helps farmers make more informed decisions, thus improving economic sustainability by promoting savings, responsible borrowing, and investments.

Sustainable Livelihoods Framework

The Sustainable Livelihoods Framework by Robert Chambers and Gordon Conway (1992) focuses on how individuals and communities use resources such as human, social, financial, and natural capital to sustain their livelihoods. Economic sustainability involves not only generating income but also ensuring that resources are managed to withstand risks and future uncertainties. For tea farmers in Nyeri County, financial literacy acts as a key form of human capital that enables them to manage their earnings efficiently, diversify income sources, and safeguard against economic shocks (e.g., fluctuating tea prices or rising input costs). Knowledge of financial tools, like savings programs and insurance, ensures farmers can better allocate resources, maintain their farms, and invest in education or infrastructure. In the absence of financial literacy, farmers are more vulnerable to economic instability, leading to unsustainable practices that could harm long-term profitability.

III. Methodology

The study assumed a cross-sectional and descriptive research design. The population was composed of 19,000 small scale farmers. A sample size of 376 famers was used from Slovin' s formulae. Data was collected using interview method

Findings and Discussion

Earnings

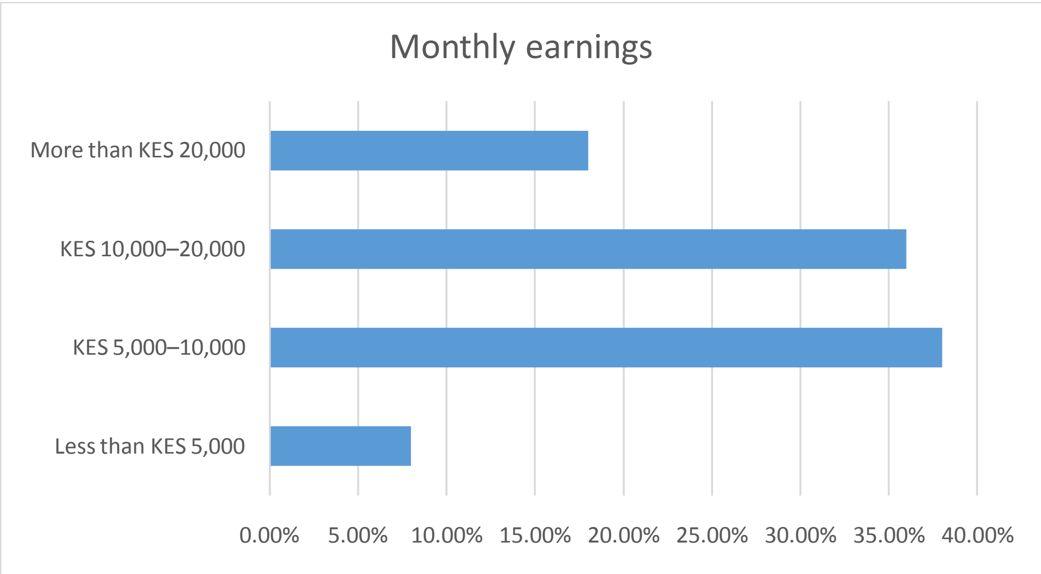
Most of the farmers are either in second or third generation since the crop was introduced in the country. Due to sub-division of the land majority of the farmers ranges between 1, 000 to 3000 plants. Based on provided data regarding the average monthly/seasonal income from tea farming**,** here's apercentage table summarizing the responses:

Statement	SA (Strongly Agree)

Statement	SA (Strongly Agree)
Less than KES 5,000	8.0%
KES 5,000–10,000	38.0%
KES 10,000–20,000	36.0%
More than KES 20,000	18.0%

A significant minority or 8% of farmers has their income fallingbelow Ksh 5,000.00, with38% earningwithin the range of KES 5,000–10,000. 32% earn within a range of 10,000-20,000 while 18% indicated that they earn over Ksh 20,000. This is mostly the second generation where land subdivision is yet to take place. Bearing in mind tea farming is in the rural areas where most of life necessities are available the income is reasonable.

The information



Budgeting

On budgeting, though not formally done, the following table indicate the commonly items considered for budgeting in percentage showing how participants prioritize various expenses.

Statement	SD (Strongly Disagree)	D (Disagree)	ND (Neutral/Don't Know)	A (Agree)	SA (Strongly Agree)
Farm inputs (e.g., fertilizers, pesticides)	0.0%	20.0%	0.0%	20.0%	60.0%
Household needs (e.g., food, education, healthcare)	0.0%	0.0%	20.0%	39.0%	41.0%
Loan repayments	10.0%	20.0%	0.0%	30.0%	40.0%
Savings	30.0%	40.0%	20.0%	10.0%	0.0%

Statement	SD (Strongly Disagree)	D (Disagree)	ND (Neutral/Don't Know)	A (Agree)	SA (Strongly Agree)
Investments	60.0%	20.0%	20.0%	0.0%	0.0%

This table demonstrate insights into how small-scale tea farmers allocate their resources. It reveals the priority given to farm inputs, household needs, loan repayments, savings, and investments.

Managing deficit Budget

Here is the **percentage table** showing how small-scale tea farmers manage their budget during months with low or no tea income:

Statement	SD (Strongly Disagree)	D (Disagree)	ND (Neutral/Don't Know)	A (Agree)	SA (Strongly Agree)
Use savings	0.0%	0.0%	0.0%	20.0%	80.0%
Borrow from friends/family	10.0%	20.0%	10.0%	20.0%	40.0%
Take loans	0.0%	20.0%	0.0%	20.0%	60.0%
Sell assets	0.0%	20.0%	20.0%	20.0%	40.0%
Squeeze the budget	0.0%	20.0%	20.0%	0.0%	60.0%

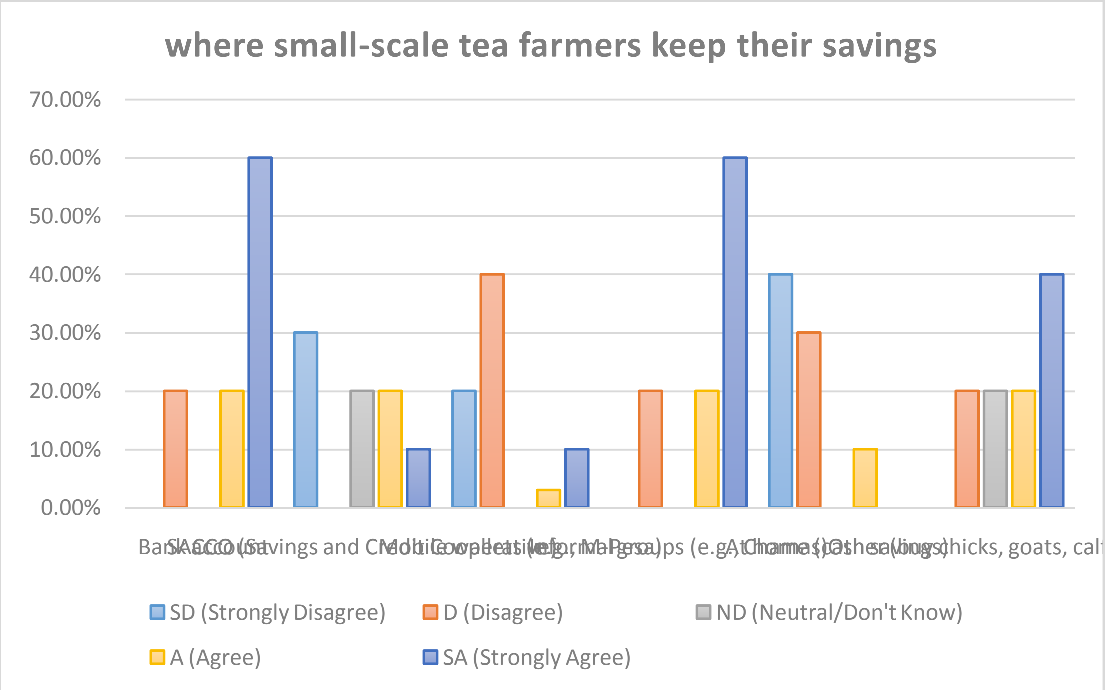
This table reveals that **using savings** is the most preferred strategy, with **80% of farmers strongly agreeing**. Borrowing from friends or family, taking loans, and squeezing the budget are also significant strategies, though less favored. **Selling assets** is a less common but is still relevant coping mechanism.

Avenues used for Savings

The table below summarizing where small-scale tea farmers keep their savings:

Statement	SD (Strongly Disagree)	D (Disagree)	ND (Neutral/Don't Know)	A (Agree)	SA (Strongly Agree)
Bank account	0.0%	20.0%	0.0%	20.0%	60.0%
SACCO (Savings and Credit Cooperative)	10.0%	0.0%	10.0%	30.0%	50.0%
Mobile wallets (e.g., M-Pesa)	20.0%	40.0%	10.0%	10.0%	20.0%
Informal groups (e.g., Chamas)	0.0%	20.0%	0.0%	30.0%	50.0%
At home (cash savings)	40.0%	30.0%	0.0%	10.0%	0.0%
Other (buy chicks, goats, calf, etc.)	0.0%	20.0%	10.0%	30.0%	40.0%

60% of respondents strongly agree they save through banks, showing high trust in formal banking systems while 40% strongly agreeing to be saving with SACCOs. Mobile wallets**ie** M-Pesa is a prominent savings tool, with 60% strongly agreeing, reflecting the importance of mobile finance solutions and Informal savings groups are equally popular, with 60% strongly agreeing.A significant number (60%) also resort to keeping cash at home, indicating reliance on non-institutional methods while 40% save through investments in livestock or other assets, though responses were mixed.



Summary of Findings & conclusions

- Findings indicate that there is high positive correlation between financial literacy skills and economic stability (r=0.76)
- Simple regression results indicated: Y=2.9+0.61x + 2.9e revealed that financial literacy skills significantly influence economic stability (r square=0.56 ie Financial Literacy explains 56% of the Economic Sustainability)
- **Conclusion:** The major cause of economic stability is low or lack of financial literacy skills that have led some to cycle of debts, no low/savings and investments

Recommendations

The study recommends ***organized and structured training*** to the farmers on money matters and financial literacy in terms of

- Budgeting skills such writing formal projected cash inflows and outflows
- Saving & investment so that farmers can sustain themselves even after retirement age. Though farmers save with Saccos, they mostly concentrate the credit/loans part
- Record keeping skills to help them plan their finances and manage debts
- Debt management, to help them consider and make decisions on the cost of various loan options available eg Banks, Saccos, Chamas, shylocks etc

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