

A Sustainable Financing Model amongst Banks for Agribusiness Infrastructural Projects in Kenya

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ABSTRACT

The inherent risks embedded in agribusinesses have made banks cautious in extending credit. Indeed the agricultural sector is the backbone of the economy, contributing significantly to the GDP of the county nevertheless is the least funded. The research study intended to test a model, financing through cooperatives that can be used to mitigate the construed risks of agribusiness lending. The research's null hypothesis was that, packaging credit and extending it to agribusinesses through cooperatives would not significantly mitigate default risk. This was deductive research using survey methods to collect data for hypothesis testing. From the analysis results the null hypothesis was rejected, accepting the alternative hypothesis that group financing, using the co-operative model, is preferred. Thus, transfer of surplus funds from financial institutions to agribusinesses should be done through co-operatives.

Keywords: Banks, Credit, Co-operatives, Agribusiness, Financing, risk