

Micro and Small Enterprises (MSE's) are important for raising the economic efficiency of a country. They are breeding grounds for entrepreneurship, innovations and inventions hence a reservoir for employment. Sustainable jobs, creates income which in turn reduces the level of poverty. In Kenya, the MSE's have not grown to any notable impact often citing lack of finance. The Kenyan financial system is marked by a dualistic structure. It is characterized by the existence side by side of formal and informal financial markets. The objective of the study was to investigate the factors affecting accessibility to finance by MSE's in Kenya, with a special reference to Meru North District. The constraints faced in accessing formal credit and the providers of the financing from the formal sources to the MSE's were addressed. The study was intended to be of help to individual entrepreneurs, investors, banks, micro finance organization, and the government as well as other researchers and in creating and facilitating enabling credit policies to MSE's in Kenya. The study used stratified random sampling and then applied the simple random sampling to select respondents from the selected stratas. There were 6 categories of respondents or stratas where 40 respondents were picked randomly from each category and therefore, 240 respondents were studied. Data was gathered using questionnaires. The data was analyzed using descriptive statistics with the help of statistical package for social sciences (SPSS). It was then presented in tables, graphs, and pie chart and cross tabulations. This study also assessed the role of institutional lending policies among formal and informal credit institutions in determining the access of small-scale enterprises to credit in Kenya. The results of the study show that the limited use of credit reflects lack of supply, resulting from the rationing behaviour of both formal and informal lending institutions. The study concludes that given the established network of formal credit institutions, improving lending terms and conditions in favour of small-scale enterprises would provide an important avenue for facilitating their access to credit.