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Financial Socialization and Growth of Table Banking Groups in Kisii County, Kenya

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ABSTRACT

Table banking has emerged as a critical community-based financial model in Kenya, particularly in rural areas, where access to formal financial services remains limited. These groups enable members to pool resources, access credit, and fund income-generating activities, thereby contributing to household welfare and local economic growth. Despite its increasing adoption, many table banking groups face challenges that has led to continuous decline in the growth of table banking groups in Kisii County. The general objective of the review is to examine the role of financial socialization on the growth of table banking groups in Kisii County. The review is based on guided by Financial Socialization Theory and Signaling Theory. The findings of this study are expected to provide empirical evidence on the mechanisms through which financial socialization via credit access, resource mobilization, and savings behavior drives growth in table banking groups. The study will inform policy, group strategies, and community interventions aimed at enhancing the sustainability and effectiveness of informal savings systems in rural areas in Kenya.

1. Introduction

1.1 Growth of Table Banking Groups

Table banking is a community-based financial practice that evolved from traditional African communal saving and lending systems such as rotating and accumulating savings and credit associations, which were founded on trust, reciprocity, and collective responsibility (Gugerty, 2007). In Kenya, the modern form of table banking gained prominence in the early 2000s, particularly among women's self-help groups, where members save during meetings and immediately lend the pooled funds to members at agreed interest rates. The model was popularized by initiatives such as the Joyful Women Organization, which introduced structured governance, record-keeping, and financial literacy training, thereby strengthening sustainability and accountability (Joyful Women Organization, 2018). Over time, table banking expanded across rural and urban areas as an important mechanism for financial inclusion, enterprise development, and poverty reduction, especially for populations with limited access to formal financial institutions (Central Bank of Kenya, 2019).

Growth of table banking groups therefore refers to the progressive expansion and strengthening of the table banking model over time, reflected in increased number of groups, rising membership, higher volumes of pooled savings and loans, expanded geographical reach, and improved group systems for financial management. The concept of growth therefore encompasses both scale through more members and groups and capacity via enhanced savings mobilization, lending activity, and collective financial sustainability (Central Bank of Kenya, 2019).

Across Asia, Latin America, and parts of Europe, collective saving and internal lending models operate through structured community groups where members pool funds, self-govern lending decisions, and enforce repayment through social accountability rather than asset-based collateral (Ledgerwood, 2020). The enduring global appeal of table banking-type models lies in their ability to promote financial inclusion, foster savings discipline, and build economic resilience through community solidarity and self-managed financial cooperation (Rutherford & Arora, 2021).

In East Africa, community lending models such as Village Savings and Loan Associations (VSLAs) and rotating savings groups operate on principles comparable to table banking, where members contribute savings during regular meetings and borrow from the pooled funds for income-generating activities. These systems have emerged as a response to persistent barriers to accessing formal credit, including lack of collateral, low financial literacy, and limited outreach of traditional financial institutions in rural and peri-urban areas (Allen & Staehle, 2019).

In Kenya, table banking has emerged as one of the most popular community-based financing models, driven by a strong culture of cooperative saving and group economic support. Table banking operates widely across rural and urban settings as an accessible alternative to conventional financial institutions, which are often constrained by strict lending requirements, high transaction costs, and limited outreach in grassroots communities (Kimani & Kombo, 2022). Many groups have progressed from basic savings pools to more organized financial units with written constitutions, elected leadership, record-keeping systems, and linkages to formal banking channels. Despite its growth, the model continues to face challenges related to governance gaps, loan defaults, inconsistent saving behavior, and limited financial literacy, factors that influence group growth and sustainability (Muthoni & Were, 2023).

1.1.1 Financial Socialization

Financial socialization refers to the lifelong process through which individuals acquire financial knowledge, attitudes, values, and behaviors that shape how they manage money. It occurs through interactions, observations, and experiences within social environments such as family, peers, community groups, school, and media. The concept emphasizes that financial habits such as saving, borrowing, budgeting, investing and decision making are not only individually developed but are socially learned through guidance, modelling, communication and shared practices. In the context of group-based financial systems like table banking, financial socialization influences how members perceive money, adopt financial discipline, learn collective financial norms, and participate in shared economic activities (Gudmunson & Danes, 2011).

Beyond the family, peers, social media, and technology-driven tools, such as mobile financial apps and online financial education platforms, contribute to shaping attitudes toward money management and financial decision-making. This highlights that financial socialization is a continuous, socially mediated process that extends beyond formal education and is influenced by cultural and technological contexts (Lusardi & Mitchell, 2014).

Early financial education through schools, family discussions, and community-based programs improves individuals' saving behavior, budgeting skills, and responsible use of credit. These findings underscore that financial socialization in Europe is a socially embedded process that combines formal education with family and societal influences to promote long-term financial capability and economic well-being (Atkinson & Messy, 2012)

In Uganda, the social influence affects savings behavior, and that financial literacy also plays an important role in shaping how individuals save and manage money. Moreover, group-based financial models such as Village Savings and Loan Associations (VSLAs) in East Africa and ROSCAs in West Africa serve as practical avenues for financial socialization. Participation in these groups exposes members to structured financial practices, collective decision-making, and disciplined repayment mechanisms, reinforcing positive financial habits and enhancing financial literacy. Through such communal experiences, individuals are socialized not only into effective money management but also into broader economic participation and entrepreneurial activities. This demonstrates that financial socialization in African countries outside Kenya is deeply embedded in social networks and community-based financial practices (Njuguna & Omondi, 2020).

In Kenya, financial socialization is increasingly recognized as a key factor influencing individual and group financial behavior, particularly among women, youth, and participants in informal financial systems. Families, schools, peer networks, and community-based groups play a central role in transmitting financial knowledge, attitudes, and practices. From an early age, individuals are socialized into money management habits such as saving, budgeting, borrowing, and investing through observation, guidance, and participation in household financial activities. These processes lay the foundation for responsible financial behavior and prudent economic decision-making later in life (Otieno & Wambua, 2021).

Group-based financial initiatives, such as table banking, savings and credit cooperative societies (SACCOs), and community savings groups, also serve as platforms for financial socialization in Kenya. Through regular meetings, collective savings, lending, and adherence to group rules, members acquire practical skills in financial management, develop discipline in handling money, and internalize norms of accountability and cooperation. Such community-based socialization mechanisms not only enhance individual financial literacy but also foster collective economic participation, enabling members to invest in small businesses, farming, and other income-generating activities (Mutua & Njeri, 2022).

1.1.2 Credit Access

Credit access refers to the ability of individuals, households, or groups to obtain financial resources from formal or informal lending institutions under agreed terms and conditions. It is a critical component of financial inclusion, enabling borrowers to invest in income-generating activities, meet urgent financial needs, or smooth consumption over time. Access to credit depends not only on the availability of funds but also on the borrower's eligibility, which may include criteria such as repayment capacity, collateral, credit history, and membership in a financial group (Beck, Demirgüç-Kunt, & Levine, 2007).

Credit access in such systems is therefore shaped by both the availability of funds and the effectiveness of group management, financial discipline of members, and adherence to agreed borrowing procedures. Effective access to credit enhances members' ability to engage in economic activities, expand small enterprises, and improve household welfare, highlighting its importance in both individual and community development (Joyful Women Organization, 2018).

Access to credit is considered a key driver of financial inclusion, economic development, and poverty alleviation. In United states, formal financial institutions such as commercial banks, credit unions, and fintech platforms provide structured credit facilities to individuals and businesses. These loans are typically governed by formal requirements, including collateral, credit history, proof of income, and regulatory compliance. In developing countries, however, many low-income individuals and small enterprises are excluded from formal credit due to lack of documentation or assets. As a result, informal credit mechanisms, such as peer-to-peer lending, rotating credit circles, and community lending groups, have become crucial in meeting financial needs where formal systems are inaccessible or costly (Demirgüç-Kunt et al., 2022).

Formal sources include commercial banks, microfinance institutions, and SACCOs, which provide structured loans to individuals and small enterprises. These institutions typically require collateral, proof of income, and creditworthiness, which can limit participation by low-income earners and small-scale entrepreneurs. Informal group-based systems, such as table banking groups and community savings associations, offer alternative credit access by allowing members to borrow from pooled contributions under peer-enforced rules and social accountability mechanisms. This approach reduces barriers to borrowing and enables members without formal financial documentation to access timely credit (Kimani & Kombo, 2022).

Credit access directly supports entrepreneurial development and household welfare. Through table banking and similar group-based mechanisms, members can fund small businesses, agricultural activities, educational expenses, and emergency needs. The collective decision-making, record-keeping, and transparent lending practices in these groups encourage financial discipline, responsible borrowing, and long-term planning. Furthermore, the growth of mobile money platforms, such as M-Pesa, has enhanced credit delivery by providing real-time transactions, digital savings, and loan facilities, increasing the reach and efficiency of both formal and informal credit systems. As a result, access to credit in Kenya not only facilitates individual financial empowerment but also strengthens community-level economic participation and resilience (Muthoni & Were, 2023).

1.1.3 Resource Mobilization

Resource mobilization refers to the process of gathering, organizing, and deploying financial, human, and material resources to achieve specific organizational, community, or group objectives. It is a central component of group-based financial systems, development programs, and organizational management. In financial contexts, resource mobilization involves collecting funds from various sources such as member contributions, donations, savings, loans, or grants and allocating them efficiently to meet operational or investment needs. Beyond finance, it also includes leveraging human resources, technical skills, and community networks to strengthen the effectiveness and sustainability of group activities (Worth, 2016).

Effective mobilization depends on the ability of the group to encourage regular member contributions, enforce accountability, maintain transparent records, and build trust among participants. It also entails strategic planning, prioritizing needs, and ensuring that mobilized resources are efficiently utilized to maximize benefits for members. Strong resource mobilization enhances group resilience, increases lending capacity, promotes financial discipline, and empowers members to undertake productive economic activities, thereby fostering both individual and collective financial growth (Joyful Women Organization, 2018).

Resource mobilization is recognized as a critical factor in organizational growth, community development, and economic empowerment. In the United states, formal financial institutions, non-governmental organizations (NGOs), and community-based programs rely heavily on systematic resource mobilization to achieve their objectives (Salamon, 2012). These tools allow organizations and community groups to reach wider audiences, increase transparency, track contributions in real-time, and engage members or stakeholders more effectively. Beyond financial collection, resource mobilization globally also emphasizes strategic allocation and management, ensuring that mobilized resources are utilized efficiently to promote growth, social welfare, and long-term sustainability (Fowler, 2013).

Research has shown that stokvels remain a persistent and important form of savings and lending in South African communities, especially among historically excluded populations, illustrating how informal collective resource mobilization supports financial inclusion and local economic participation outside formal financial institutions (Verhoef, 2015). These groups rely on systematic member contributions, regular savings, and internally generated interest to fund loans, community projects, and investment activities. Effective mobilization depends on clear group structures, trust among members, transparency, and accountability, which encourage regular contributions and prudent use of resources (Kimani & Kombo, 2022).

Kenyan groups increasingly access external funding from NGOs, county government programs, and microfinance institutions. This external support complements internal mobilization efforts, allowing groups to expand lending capacity, undertake larger investment projects, and build financial resilience. Strong resource mobilization enables groups to empower members economically, foster entrepreneurship, and enhance social welfare, demonstrating the critical role of both internal and external resources in sustaining community-based financial initiatives in Kenya (Muthoni & Were, 2023).

1.1.4 Savings Behavior

Saving behavior refers to the patterns, habits, and practices through which individuals, households, or groups set aside a portion of their income or resources for future use. It reflects not only the act of putting money aside but also the underlying attitudes, motivations, and discipline that guide financial decision-making. Saving behavior can be influenced by personal goals, cultural norms, social expectations, perceived financial security, and access to saving mechanisms (Lusardi & Mitchell, 2014).

In community-based financial systems, members contribute regularly to pooled funds, enabling access to loans, shared investments, and emergency financial support. This process encourages financial discipline, planning, and prudent management of resources, fostering both individual financial security and group economic sustainability. Saving behavior is therefore a key determinant of financial well-being, investment capacity, and economic resilience (Joyful Women Organization, 2018).

Furthermore, digital innovation has reshaped saving behavior globally. Mobile banking apps, automated savings tools, online investment platforms, and financial education programs provide users with accessible and convenient ways to save, track finances, and set financial goals. These technological interventions promote disciplined saving by enabling micro-savings, reminders, and real-time monitoring, which are particularly effective for younger and tech-savvy populations. Studies from Washington, DC: World Bank report, showed that saving behavior is increasingly recognized as a critical determinant of financial stability, economic security, and long-term wealth accumulation (Xu & Zia, 2012).

Moreover, the adoption of mobile money platforms such as M-Pesa has transformed saving behavior in Kenya by allowing individuals to save digitally, make small contributions, and track financial transactions conveniently. These platforms complement traditional saving methods and improve access for rural and low-income populations. Strong saving behavior enhances financial resilience, supports investment in small businesses and households, and contributes to economic empowerment at both the individual and community levels (Muthoni & Were, 2023).

2. Literature Review

2.1 Theoretical Framework

2.1.1 The Financial Socialization Theory

Financial Socialization Theory was propounded to explain how individuals acquire financial knowledge, skills, attitudes, and behaviors through interactions with family, peers, schools, and other social institutions. The theory traces its origins to Gudmunson and Danes (2011), who built on earlier socialization and family financial behavior frameworks to specifically address financial learning processes across the life course. It posits that financial behavior is largely learned through social experiences rather than innate traits, with family members, particularly parents, serving as primary agents of financial education during childhood and

adolescence. Other agents such as peers, educators, media, and community institutions further reinforce financial knowledge and shape money management habits. The theory emphasizes that these socialization processes influence individuals' financial decisions, including budgeting, saving, investing, and borrowing, which in turn affect broader financial outcomes. In the context of group-based financial systems like table banking, Financial Socialization Theory provides a lens to understand how shared financial learning and socially transmitted norms drive collective financial behaviors, including resource mobilization, credit utilization, and consistent savings, ultimately impacting the growth and sustainability of the groups (Gudmunson & Danes, 2011; Shim et al., 2010).
The theory assumes that financial behaviors are primarily learned through social interactions, rather than being innate, with family members, especially parents or guardians, serving as the principal agents of early financial education (Gudmunson & Danes, 2011). In addition to family, peers, educators, media, and community institutions further influence the development of financial knowledge, attitudes, and practices, shaping how individuals manage budgeting, saving, borrowing, and investing (Shim et al., 2010). The theory also assumes that socially learned behaviors directly impact financial outcomes and that these behaviors are context-specific, meaning that cultural, social, and economic settings influence how financial knowledge is transmitted and applied. Moreover, financial socialization is considered an ongoing process, with individuals continually learning and adjusting their financial practices throughout life based on new experiences and social feedback. In community-based systems such as table banking, these assumptions suggest that the shared learning environment, peer influence, and social norms within groups significantly affect collective financial behavior and ultimately drive group growth and sustainability (Gudmunson & Danes, 2011; Shim et al., 2010).
While Financial Socialization Theory provides a useful framework for understanding how financial behaviors are acquired through social interactions, it has several limitations. First, the theory focuses primarily on individual-level behavior, often overlooking the complexities of group dynamics, which limits its direct applicability to collective financial systems such as table banking groups (Gudmunson & Danes, 2011). Second, it assumes that financial socialization occurs in relatively stable social and cultural contexts, which may not account for rapidly changing economic environments or crises that influence financial decision-making. Third, the theory emphasizes early-life socialization, giving less attention to the ongoing learning and adaptive behaviors in adulthood, which are critical for informal financial groups where members learn continuously through group interactions. Finally, the theory does not adequately address informal or peer-based signaling mechanisms of trust and accountability that drive participation and growth in community-based financial models, leaving a gap in explaining collective financial outcomes in contexts like rural table banking (Shim et al., 2010).
The theory has been subjected to several criticisms. Critics argue that the theory overemphasizes the role of family and formal social agents in shaping financial behavior, often underestimating the influence of broader social, economic, and cultural factors, such as peer networks, community norms, and media, particularly in informal financial systems (Shim et al., 2010). Additionally, the theory is predominantly individual-focused, which limits its applicability in explaining collective or group-level financial behaviors, such as those observed in table banking groups, where decisions are influenced by group dynamics and shared social norms (Gudmunson & Danes, 2011). Some scholars also point out that the theory is largely descriptive rather than predictive, offering limited guidance on how specific socialization processes translate into measurable financial outcomes across different contexts. Furthermore, the theory tends to focus on early-life socialization, giving insufficient attention to adult learning and adaptive financial behaviors, which are critical in environments where informal financial learning and peer interactions continuously shape financial decision-making (Shim et al., 2010).

2.1.2 Signaling Theory

Signaling Theory was propounded by Michael Spence in 1973. It originated in the field of economics, specifically labor markets, where Spence sought to explain how individuals communicate their unobservable qualities, such as ability or productivity, to employers through observable signals, like education or certifications. The central idea is that in situations of information asymmetry, where one party has more information than the other, signals help reduce uncertainty and guide decision-making. Over time, the theory has been applied in various fields, including finance and management, to explain how parties convey credible information to influence behavior and outcomes (Banerjee et al. 2015).
Signaling Theory assumes that information asymmetry exists between parties, where one party possesses more or better information than the other, creating uncertainty in decision-making. To reduce this uncertainty, individuals or organizations use observable signals, such as consistent savings, timely loan repayments, or demonstrated skills, to convey credible information about their reliability or competence. For a signal to be trustworthy, it must carry a cost or require effort, making it difficult to imitate. Receivers of these signals are expected to interpret them rationally and use them to guide decisions, while the behavior of the signaler may adapt to create positive impressions, reinforcing trust and facilitating cooperation. These assumptions underpin the application of signaling in financial contexts, including group-based initiatives like table banking (Connelly et al., 2011).
Signaling Theory, while useful for explaining communication under information asymmetry, has several limitations. It assumes that signals are always interpreted correctly and rationally by the receivers, which may not hold true in practice due to misperceptions or biases. The theory also emphasizes observable signals and often overlooks informal interactions, motivations, or contextual factors that influence behavior. Additionally, signals can be costly yet misleading if misrepresented, reducing their reliability. Finally, in dynamic environments where information changes rapidly, signals may become outdated or irrelevant, limiting the theory's explanatory power in real-world settings such as table banking groups (Brannen, 2010).
The theory has faced several criticisms despite its widespread application. One major criticism is that it overemphasizes observable signals while neglecting informal or contextual factors that influence behavior, which can limit its explanatory power (Connelly et al., 2011). Critics also argue that the theory assumes rational interpretation of signals, whereas in reality, receivers may misinterpret or ignore signals due to biases, limited knowledge, or social influences. Additionally, some suggest that signaling may encourage strategic behavior—where actors focus more on projecting favorable signals rather than improving actual performance—leading to inefficiency or misrepresentation. Finally, the theory is often seen as static, not fully capturing dynamic interactions where information and behaviors evolve over time (Ghatak, 2010)

2.2 Empirical Review

2.2.1 Credit Access and Growth

From the global perspective credit access through table banking and group lending models plays a significant role in enhancing financial inclusion and supporting microenterprise growth. Ghatak (2010) examined the dynamics of group lending and peer monitoring in South Asian microfinance institutions. The findings revealed that peer accountability within lending groups significantly improved loan repayment rates and reduced default risks. Ghatak concluded that table banking structures, which rely on mutual trust and collective responsibility, are effective in extending credit to low-income borrowers who are typically excluded from formal financial systems. He recommended that microfinance institutions and policymakers promote group lending frameworks to enhance credit access and financial discipline.

Building on this, Banerjee et al. (2015) conducted a randomized controlled trial in Hyderabad, India, to evaluate the long-term effects of microfinance on household welfare and entrepreneurial activity. The results indicated that while microfinance increased business creation and investment, it had limited effects on household consumption, income, or education. This suggested that credit access alone is insufficient to drive substantial improvements in living standards. The authors concluded that microfinance should be complemented with non-financial services such as business training and mentorship. They recommended that development programs integrate credit with capacity-building initiatives to maximize impact.

Karlan and Zinman (2009) explored the use of randomized credit scoring to expand microloan access in the Philippines. The findings showed that data-driven credit scoring expanded access to previously excluded borrowers without increasing default rates. The study concluded that flexible, evidence-based lending models can improve financial inclusion while maintaining portfolio quality. Karlan and Zinman recommended that financial institutions adopt innovative credit assessment tools that go beyond traditional metrics, especially when serving informal or low-income clients. Collectively, these global studies underscore the transformative potential of table banking and group lending when supported by inclusive policies, social accountability, and adaptive financial technologies.

In Uganda, empirical studies have highlighted the effectiveness of Village Savings and Loan Associations (VSLAs), which operate similarly to table banking. These group-based financial models allow members to pool savings and access small loans without formal banking infrastructure. Research by Anyango et al. (2007) found that VSLAs significantly improved household income and business investment among rural women. A study by Brannen (2010) evaluated the impact of microfinance and group lending on women's economic empowerment. Brannen concluded that group lending models are not only financially viable but also socially transformative. Recommendations included scaling up SACCOs, integrating financial literacy programs, and supporting regulatory frameworks that protect informal lenders and borrowers.

Aryeetey and Udry (1997) explored informal financial systems, including rotating savings and credit associations (ROSCAs), which share structural similarities with table banking.

Fatuma Omar Hussein (2022) conducted a study in Eastleigh, Nairobi County, examining how table banking influences loan utilization and SME growth. The study aimed to assess the effectiveness of table banking in enhancing access to credit and its impact on business expansion. Josephine Mwikali Ngumbau et al. (2017) indicated that banking enhanced women's access to startup capital, improved savings culture, and fostered peer support. The authors concluded that table banking not only promotes financial growth but also strengthens social networks and entrepreneurial confidence. Recommendations included expanding training programs and linking table banking groups with formal financial institutions for scalability.

Jesca Edung Lomongin et al. (2023) investigated the socio-economic impact of table banking on households. The study focused on how informal credit groups contribute to poverty reduction and livelihood improvement. Results indicated that table banking enabled households to access emergency funds, invest in small businesses, and improve food security. The study concluded that table banking is a powerful tool for grassroots empowerment and recommended government support through policy frameworks and capacity-building initiatives.

2.2.2 Resource Mobilization and Growth

Miller (2022) conducted a study in the United States titled Resource Mobilization and Financial Sustainability of Community Development Organizations, which aimed to examine how internal fundraising, grant acquisition, and volunteer engagement influence organizational sustainability. The conceptual gap identified was the lack of analysis on how organizational leadership style affects mobilization outcomes (Miller, 2022).

Singh (2020) examined Resource Mobilization Practices and Performance of Rural Self-Help Groups, intending to assess the effects of savings mobilization, rotating credit systems, and external linkages with microfinance institutions. A methodological gap noted was that financial performance was measured only quantitatively, ignoring internal group dynamics that shape mobilization practices (Singh, 2020).

Chen (2019) investigated Community Resource Mobilization and Sustainability of Cooperative Enterprises in China, with objectives to evaluate how member contributions, profit reinvestment, and cooperative networks influence enterprise viability. The study found that cooperatives with strong mobilization networks and reinvestment policies exhibited higher sustainability and resilience during economic shocks. Chen concluded that cooperative survival depends largely on local resource pooling and institutional governance. Recommendations included strengthening policy support for cooperative investment schemes.

Osei (2021) conducted a study in Ghana titled Resource Mobilization Strategies and Financial Sustainability of Women's Microfinance Groups, aiming to assess how savings contributions, internal lending practices, and group investments influence financial sustainability. A conceptual gap identified was the limited consideration of leadership dynamics and member trust in mobilization efficiency (Osei, 2021).

Abdul-Rahman (2019) examined Community Resource Mobilization and Financial Performance of Rural and Community Banks in Ghana, with the objective of determining how community savings, member participation, and local fundraising affect liquidity and profitability. The theoretical gap concerned the limited exploration of how social capital interacts with financial mobilization to influence performance (Abdul-Rahman, 2019).

Empirical studies across Kenya consistently highlight how the ability of groups to generate, organize, and deploy financial resources directly affects performance indicators such as credit availability, liquidity, investment capacity, business expansion, and member welfare. Three core studies—Nderitu (2022/2023), Omwoyo (2022), and Kosgei (2020)—offer valuable insights into the mechanisms and outcomes of resource mobilization across different organizational settings. A theoretical gap highlighted by the study was the insufficient empirical clarity on which specific table-banking practices—interest rates, compulsory savings rules, group investment policies—produce the most sustainable long-term empowerment outcomes. This gap opens room for comparative research exploring different operational models across counties.

Conceptually, the studies point to a gap in understanding which specific mechanisms of resource mobilization maximize sustainability. Additionally, the role of behavioral economics, trust dynamics, and leadership quality remains underexplored and presents an important direction for future research.

2.2.3 Savings Behavior and Growth

Ribaj (2021) provides empirical evidence from Kosovo demonstrating that domestic savings play a critical role in accelerating economic growth. The study concludes that sustainable growth requires strengthening deposit mobilization and improving the efficiency of financial systems to channel savings into investment. A conceptual gap remains because the study focuses only on macro-level aggregates and overlooks household-level behavioral determinants of saving behavior, which limits its applicability to informal or community-based savings model.

Borowski et al., (2023) examined the forced household savings in 16 EU countries during the COVID-19 pandemic and reveal that the unexpected surge in savings in 2020 was largely involuntary. Their cross-country analysis finds that lockdown restrictions, mobility limitations, and income-protection policies restricted household consumption opportunities, thereby increasing forced savings rather than voluntary or motive-driven saving behavior. The authors conclude that forced savings do not necessarily contribute to long-term investment or sustainable economic growth, since these savings are driven by constraints rather than deliberate financial choices. The study reveals a theoretical gap because it focuses on crisis-driven, short-term behavioral responses, making it less applicable to normal economic situations where voluntary saving behavior matters.

Liu and Ma (2022) analysed saving rates and economic growth across multiple Asian economies using panel cointegration and causality methods. Their findings show a significant long-run positive relationship between savings and economic growth and identify bidirectional causality in several countries, indicating that higher savings stimulate growth while rising incomes also encourage more savings. The strength of this relationship varies based on institutional quality and financial market development, which determine how effectively savings are converted into productive investments. However, the study leaves a conceptual gap by assuming rational saving behavior and not integrating behavioral or informal saving mechanisms, which are important in many developing and community-based contexts.

According to South Africa Transaction-Data Study, (2021/2022) high-frequency bank-transaction data from more than 20,000 individual savers examined how the COVID-19 shock altered savings behavior and short-term wealth accumulation. The study aimed to assess changes in aggregate saving behavior before and during COVID-19, identify distributional differences across income groups, and understand behavioral drivers of increased or decreased saving during a crisis. It was guided by precautionary saving theory and heterogeneous-agent consumption models, which explain why households respond differently to income uncertainty. Using a longitudinal panel research design, the authors relied on monthly anonymized account-level data (August 2019–October 2020), employing descriptive statistics, difference-in-differences comparisons and panel regressions. Findings showed that although total savings increased during COVID-19, this was driven by a small group of high-income earners, while low-income individuals stopped saving entirely due to liquidity constraints, widening wealth inequality. The study concluded that crisis-induced increases in national saving can hide severe micro-level disparities, and recommended targeted policies for lower-income groups, improved financial cushions and inclusive saving instruments. The study's conceptual gap lies in its short-term focus, with limited exploration of how this heterogeneous saving behavior translates into long-run investment capacity and economic growth pathways.

Amoah (2024) conducted an empirical assessment of household saving behavior in Ghana with the objectives of determining socioeconomic and demographic predictors of saving, the role of financial literacy in saving decisions, and how financial-access constraints shape saving amounts. Grounded in the Life-Cycle Hypothesis, Permanent-Income Hypothesis, and precautionary saving theory, the study applied a cross-sectional micro econometric design using nationally representative household survey data. Data were analyzed using logit/probit models for the decision to save and OLS/Tobit models for saving amounts. Results indicated that income level, education, access to financial services and lower dependency ratios positively influenced saving behavior, while financial literacy significantly strengthened the likelihood of saving. The study concluded that improving financial inclusion and knowledge can substantially expand household saving capacity and recommended expanding formal saving products tailored to low-income households and strengthening financial-literacy programs. The main theoretical gap is that although it identifies determinants of saving, it does not link micro-level saving behavior to national investment and growth outcomes nor analyze informal saving systems such as ROSCAs, which dominate many African contexts.

Agu and Omolade (2021) examined the relationship between savings, investment and economic growth in Nigeria with specific objectives to test whether savings affect economic growth, determine the long-run and short-run dynamics between savings, investment and GDP, and understand structural drivers weakening the savings–growth link. Based on classical savings–investment growth theory and Solow-type models, the authors adopted a time-series research design using annual data from 1980–2019 obtained from national accounts. The study used ARDL bounds testing, ADF unit-root tests, and error-correction modelling. Results showed a negative long-run and short-run effect of savings and investment on economic growth, which the authors attributed to weak financial intermediation, a low saving culture and structural bottlenecks in Nigeria's growth model. They concluded that domestic savings do not effectively translate into productive investment in Nigeria and recommended strengthening infrastructure, improving financial-sector efficiency and creating incentives to increase national saving. Theoretical gaps remain in the study's exclusive macro-level approach, as it does not explore household-level behavioral mechanisms behind low saving rates or the role of informal saving systems common across African economies.

Mwaniki (2021) conducted a study titled Household Saving Behavior and Economic Growth in Kenya with the objective of examining how household savings contribute to national economic growth. The study specifically sought to determine the behavioral, demographic, and economic factors influencing saving patterns among Kenyan households. Anchored on the Life-Cycle Theory and Permanent Income Hypothesis, the study employed a quantitative research methodology using secondary macroeconomic data from the Kenya National Bureau of Statistics and Central Bank of Kenya. A correlational research design was adopted, and although no fixed sample size was specified due to reliance on national time-series data, the study used annual observations spanning 30 years. Data were analyzed using regression models and Granger causality tests. The findings showed a significant positive relationship between household savings and GDP growth, indicating that improved saving behavior fosters capital formation and productivity. The study concluded that policies that encourage voluntary household saving are vital for sustaining economic growth, and it recommended strengthening financial literacy programs to enhance saving behavior. A conceptual gap identified was that the study focused on national aggregates and did not account for micro-level saving mechanisms such as table banking or informal group savings systems prevalent in rural Kenya.

Mutua (2023) examined determinants of Saving Behavior among Micro and Small Enterprises in Nairobi County with the objective of assessing how income levels, financial literacy, credit access, and business characteristics influence savings among small businesses. Grounded on Behavioral Finance Theory and the Theory of Planned Behavior, the study adopted a descriptive survey research design. Data were collected using structured questionnaires administered to a sample of 210 enterprises selected through stratified random sampling. The study utilized descriptive statistics, correlation analysis, and multiple regression as the main data analysis tools. Findings revealed that income variability, poor financial planning, and limited access to affordable credit significantly affected saving patterns. The study concluded that improving managerial capacity and financial knowledge among enterprise owners is critical for promoting long-term saving and business expansion. The author recommended targeted training programs and improved financial products tailored to the needs of small enterprises. A theoretical gap emerged because the study emphasized behavioral and economic determinants but did not examine socialization pathways such as peer influence and group-based saving cultures, which are common in Kenya's informal sector.

Omondi (2024) conducted a study titled Financial Literacy, Saving Behavior and Growth of Youth-Led Enterprises in Kisumu County with the objective of establishing how financial literacy influences saving patterns and enterprise growth outcomes among youth entrepreneurs. The study concluded that financial literacy is a strong predictor of both saving discipline and enterprise sustainability. It recommended integrating financial literacy into youth training programs and enhancing access to youth-friendly financial services. However, a methodological gap exists because the study relied on cross-sectional data, which limits the ability to establish long-term causal relationships between saving behavior and growth.

2.3 Research Gaps

The existing literature demonstrates that financial socialization has been extensively examined at the individual level, focusing on how parents, peers, media, and formal education shape personal financial habits such as saving, budgeting, and financial decision-making. However, there is a conceptual gap regarding how these socialization processes influence group-based financial systems such as table banking, where financial outcomes depend on collective decision-making, shared norms, and peer enforcement mechanisms. Current models also fail to explain how financial socialization influences group-level growth indicators—such as increased savings pools, loan portfolio expansion, investment diversification, and group sustainability—within table banking structures. Furthermore, limited conceptual work has explored how financial socialization interacts with trust, social capital, and community norms, which are central components of informal financial groups. This lack of integrated conceptual models creates a significant gap in understanding the broader influence of socialization on table banking group growth.

Empirically, most studies on financial socialization have been conducted among households, youths, university students, SACCO members, or microfinance clients, leaving table banking groups largely understudied. Few existing studies directly examine how financial socialization affects specific group performance outcomes such as savings discipline, credit access behavior, loan repayment patterns, investment decisions, and financial sustainability within table banking groups. Moreover, existing research does not sufficiently assess the varying effects of different socialization agents—such as parents, peers, NGOs, government programs, and religious organizations—on the financial growth of these informal groups. Many studies also overlook gender dynamics, despite women being the dominant participants in table banking in Kenya. Furthermore, there is limited quantitative evidence measuring the strength and direction of the relationship between financial socialization and group growth using advanced empirical models. These gaps indicate a need for more comprehensive empirical studies focused directly on table banking groups.

Theoretically, the Financial Socialization Theory has primarily been applied to explain personal financial behavior, with little extension to group-based financial practices such as those observed in table banking groups. There is inadequate theoretical linkage between financial socialization processes and collective financial behavior, including how shared norms, peer learning, and group governance develop from early financial exposure and influence group financial performance. Additionally, limited attempts have been made to integrate financial socialization Theory with other relevant theories such as Signaling Theory, especially in explaining how financial knowledge and behaviors acquired through socialization might shape group credibility, transparency, and attractiveness to external funders or formal financial institutions. This lack of theoretical integration creates a knowledge gap in understanding how financial socialization influences both internal group dynamics and external financial relationships, which are key determinants of table banking growth.

Methodologically, most previous studies rely heavily on cross-sectional research designs, which capture financial behavior at a single point in time and therefore fail to observe long-term changes in socialization outcomes or group growth trajectories. Many studies also use small, non-representative samples drawn from urban areas, excluding rural populations where table banking is most prevalent. Additionally, measurement instruments for financial socialization are often inconsistent or inadequately validated, limiting the reliability of findings. Few studies employ mixed-method approaches that combine quantitative data with rich qualitative insights into socialization processes within group settings. There is also a lack of longitudinal, experimental, or quasi-experimental studies that could provide deeper insights into how financial socialization influences group behavior and growth over time. These methodological limitations highlight the need for robust, diversified research designs in future studies.

Within the Kenyan context, table banking remains an understudied area, particularly concerning the role of financial socialization in shaping group growth and financial performance. Most local studies focus on microfinance institutions, SACCOs, and women enterprise programs, leaving table banking systems—which are highly informal and community-driven—without adequate scholarly attention. There is also limited research exploring how socio-cultural norms, community values, and local financial practices in counties such as Kisii influence the effectiveness of financial socialization in these groups. Furthermore, little attention has been given to understanding how digital financial platforms, financial literacy programs, and government empowerment initiatives act as modern socialization agents affecting table banking outcomes. The unique dynamics of rural groups, including trust-building, social bonds, and cultural expectations, remain insufficiently examined. This contextual gap indicates the need for studies that are deeply grounded in the realities of Kenyan table banking communities.

3. Conclusion

The review concluded that the platform offered by table banking groups allows financial socialization through credit access, resource mobilization and savings behavior to be realized. When credit access, Resource mobilization and savings behavior are well managed they improve the growth of table banking groups.

However, statistics from Kisii county report indicates that out of 248 number of active groups registered with the organization in the year 2023 only 120 table banking groups are thriving (Kisii County Report, 2025). This is equivalent to 51% decline in the growth of table banking groups in Kisii County.

Previous studies failed to include credit access and saving behavior as independent variables hence the existence of a conceptual gap. Further, the study did not apply financial socialization theory and signaling theory reflecting that a theoretical gap exit between the two studies. Hence a call for further study on financial socialization and growth of table banking groups in Kisii county, Kenya

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