Determinants of Tanzanian Youth Entrepreneurs' Financial Inclusion: Empirical Evidence from a Baseline Survey in Selected Regions in Tanzania

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ABSTRACT

Financial inclusion is crucial for both developed and developing countries, sparking a worldwide debate on the key factors for success. This study investigates the determinants of financial inclusion among youth entrepreneurs in Tanzania. The study is guided by financial inclusion theory, which emphasizes access, usage and quality of financial services which focuses on enhancing economic outcomes. Understanding these determinants and the factors influencing youths' decisions to engage with the financial system will aid in developing appropriate policies. This study adopted a cross-sectional design. Due to the unavailability of a comprehensive sampling framework, the study relied on the database of entrepreneurs registered with the Small Industries Development Organization (SIDO). Convenience sampling was used to select youth entrepreneurs aged 15–35 years across five regions in Tanzania. The study aimed to collect data from 2,300 youth entrepreneurs, with 1,949 contacted and 1,906 providing reliable data for analysis. The questionnaire data includes key information such as youth demographic characteristics, firm-specific characteristics, access to financial services, barriers to financial inclusion, and levels of crowdfunding awareness. A logistic regression model was developed to analyze the determinants of financial inclusion among youth entrepreneurs. The results revealed that financial inclusion among youth entrepreneurs is influenced by gender, age, financial knowledge, education level, awareness of financial institutions, and entrepreneurial loan advancement intention. The study further found that low business revenue hinders the decision to open a bank account. Other barriers include unawareness of available services, disinterest, and fear of bank charges. This study recommends the implementation of policies aimed at enhancing financial literacy, increasing awareness of financial services, and developing tailored financial products to address the unique needs of youth entrepreneurs.

Keywords: Financial Inclusion, Financial Services, JEL Classification (C13, O16, L26), Social Economic Factors

I. INTRODUCTION

Youth unemployment remains a pressing issue globally, with significant social and economic implications for both developed and developing countries. According to the International Labour Organization (ILO), 73.4 million youths (aged 15–24 years) were unemployed in 2020 (ILO, 2020). Addressing this challenge requires multifaceted approaches that focus on empowering youth with the skills, resources and opportunities to participate in economic activities. One of the most effective strategies has been to encourage youth entrepreneurs not only to start businesses, but also simulates business growth, and providing income opportunities and purpose. Many governments have increasingly recognized the potential of entrepreneurship to address youth unemployment, leading to the implementation of numerous policies and programs aimed at fostering youth-led businesses (Ozaralli & Rivenburgh, 2016; Sharma & Madan, 2014). Many of these initiatives have often focused on providing training, mentorship and access to markets to help young entrepreneurs succeed. A critical component of these programs is the promotion of financial inclusion, which ensures that youth have access to financial products and services. Financial inclusion enables youth to secure loans and take advantage of other benefits offered by financial services providers. Recognise this, many governments polices have targeted financial inclusion as a means of addressing youth unemployment (Bekele, 2022; Ketema *et al*., 2020; Koloma, 2021; Wang *et al*., 2023). Unfortunately, despite these efforts, several challenges persist, with lack of financing cited as the leading obstacle.

In Tanzania, for instance, several reforms have been implemented to enhance financial inclusion and foster economic development. These policies and programs include the launch of the National Financial Inclusion Framework (2018-2022), which provides a roadmap for increasing access to and usage of financial services. Similarly, regulatory reforms in the banking sector and infrastructure development have been implemented to increase the number of financial services users. These reforms have significantly increased access to and usage of financial services, with 76% of the population now able to access formal financial services. However, financial exclusion

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remains unevenly distributed despite this success, particularly affecting rural residents, smallholder farmers, youth, and women. Tanzania has adopted a national collaborative approach to address these challenges that brings together the public and private sectors. This partnership focuses on advancing policies and innovative solutions to reach underserved communities, ensuring that financial inclusion becomes more equitable and inclusive across the country by providing financial products to underserved communities. However, merely providing financial products and services may not increase financial inclusion unless other critical factors addressed (Akileng *et al*., 2018)**.** This is significant because there are some factors that matter and should be taken on board while studying/enhancing financial inclusion (Falak Khan et al., 2022). For example, understanding the social economic conditions affecting small businesses' use of financial services is important for addressing barriers to financial inclusion (Demirgüc-Kunt *et al*., 2017; Wang *et al*., 2023). Social economic factors such income levels, education, financial literacy, gender and size of the family help individuals appreciate the value of financial services, potentially leading to more efficient use of financial products (Bekele, 2022). For instance, individuals with sufficient income levels are more likely to access and use financial services. Similary individuals with high education and financial literacy are better equipped to recognise the benefit of using financial services, as they have the knowledge and skills required to understand and navigate complex financial systems.

Furthermore, individuals with access to and utilize financial services are more likely to establish and manage businesses successfully. Financial inclusion equips businesses with essential resources to invest, innovate, and expand their operations effectively. The literature reports a significantly positive relationship between use of financial products and enterprise growth, particularly for smaller companies (Carpenter & Petersen, 2002; Demirgüç-Kunt *et al*., 2017; Abdallah *et al.,* 2024). Efficient use of financial products efficiently enables enterprises to decisions that would be challenging if relying on their retained earnings, providing assurance and certainty in decision-making. Similarly, the literature suggests that having a bank account is the first step toward being financially included. Yet, many young people in Tanzania do not have a bank account despite Tanzania having more than 10 commercial banks. Some barriers need to be eliminated for the youth to achieve financial inclusion. Some studies have shown that young people struggle to open bank accounts due to limited awareness and the stringent requirements set by many banks (Njanike, 2018).

1.1 Statement of the Problem

While ample research has focused on financial inclusion and its determinants, knowledge about factors contributing to successful financial inclusion in Tanzania, particularly among youth entrepreneurs, remains limited (Eton *et al*., 2021; Girón *et al*., 2021; Kuada, 2022). Studies conducted in Tanzania have generally examined financial inclusion among the broader population without addressing the specific challenges faced by under-researched groups, such as youth (Ndanshau & Njau, 2021). These young individuals often struggle to secure employment and access credit from formal financial institutions. Additionally, the rapid development of digital finance, mobile money services, and other innovative financial solutions has transformed Tanzania's financial landscape. These technological advancements offer a unique opportunity to improve youth entrepreneurs' access to financial services given that they often face restrictions to accessing traditional banking services (Evans, 2018). Despite these developments, many young entrepreneurs remain excluded from formal financial systems which limit their ability to grow their businesses and contribute to the broader economy. Although existing literature covers various determinants such as income, education level, gender, and age specific factors influencing financial inclusion in Tanzanian are not well-documented. Therefore, this study aims to examine the determinants of financial inclusion among Tanzanian youth entrepreneurs, considering the unique characteristics of Tanzanian environment. A better understanding of these determinants will enable policymakers to develop more effective financial inclusion policies tailored to Tanzanian youth entrepreneurs. Additionally, this study extends the theoretical framework of financial inclusion by incorporating elements related to digital finance, mobile money, and the role of technology in improving young entrepreneurs' access to financial services.

1.2 Research Questions

The research addressed two main questions:

i. What determines youth financial inclusion in Tanzania?
ii. What factors affect youth entrepreneurs' decision to engage in the formal financial system?

II. LITERATURE REVIEW

2.1 Theoretical Review

Financial inclusion is defined as a situation in which individuals and businesspeople can access a range of financial products and services that meet their needs (Gardeva & Rhyne, 2011). Financial inclusion is considered a

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global perspective since it helps individuals and businesses start and develop businesses, thereby reducing the unemployment rate. Given this recognition, using financial services should not be optional; rather, it should be strongly encouraged for every individual, as the underutilization of financial services negatively affects economic growth (Demirgüç-Kunt & Klapper, 2018; Mhlanga & Denhere, 2020).

2.1.1 Financial Inclusion Theory

This study integrated financial inclusion theory, which emphasizes access, usage and quality of financial services with human capital theory which focuses on the role of education, skills and experience in enhancing economic outcomes to provide a comprehensive understanding of the factors influencing financial inclusion among Tanzanian youth entrepreneurs. The integration is grounded on the fact that financial inclusion does not occur in isolation but significantly influenced by the human capital possessed by youth entrepreneurs.

2.2 Empirical Review

2.2.1 Determinants of Youth Entrepreneurs' Financial Inclusion

No single factor fully explains youth financial inclusion, but several known influences can be categorized into demand-side, supply-side, and infrastructural factors. Some supply-side financial inclusion determinants are accessibility, availability, outreach, and the regulatory environment financial institutions (Clamara, 2014; Sharma & Kukreja, 2013; Widyastuti *et al*., 2024). Known demand-side factors are technology (Rastogi & Ragabiruntha, 2018), income, the benefits of bank account usage (Lyons & Kass-Hanna, 2019), and demographic (Clamara et al., 2014; Zins & Weill, 2016; Girón *et al.*, 2021) and infrastructural factors. For example, Akileng *et al*. (2018) found that being an educated man and being older increases the probability of financial inclusion, with education exerting a strong influence. This result converges with many other studies' findings, including those of Clamara (2014), which broadly found that younger, female, and less educated individuals are significantly less likely to have access to financial services. Contrastingly, given that income is a widely recognized financial inclusion determinant, individuals with a higher income are more likely to access formal financial services because they have greater financial stability and meet the minimum requirements for opening an account and securing credit (Demirguc-Kunt *et al*., 2018; Ndanshau & Njau, 2021). Distance from banks is another factor that can hinder youth from achieving financial inclusion. Living far from banking facilities limits their awareness and understanding of the benefits of engaging with banks (Demirgüç-Kunt et al., 2018).

Additionally, a lack of financial knowledge, such as maintaining business records, significantly contributes to financial exclusion. Keeping proper financial records makes it easier for banks to assess an individual's income, increasing their chances of being financially included (Adela et al., 2024). A study conducted in Zimbabwe by Njanike (2018) found that the decision to open a bank account by individuals is influenced by age, location, marital status, proof of residence, level of education and employment history. Recently, digital literacy has emerged as a key determinant of financial inclusion, particularly in the context of the increasing digitization of financial services. For example, in Tanzania, digital services such as mobile banking and other fintech solutions are supplementing traditional banking, which has not always favoured youth entrepreneurs. The literature reports that individuals with higher levels of digital literacy are more likely to use digital financial services, which can significantly increase their financial inclusion (Girón *et al*., 2021). However, for digital services to be effective, possessing relevant skills and having access to technology, particularly smartphones and the internet, are essential.

2.2.2 Factors Affect Youth Entrepreneurs' Decision to Engage in the Formal Financial System

Financial inclusion has expanded significantly in the past decade. Despite these achievements, financial exclusion remains common, with the majority of those excluded being young and female. The literature discusses various factors that hinder youths' use of bank facilities. Previous studies have identified obstacles such as insufficient funds, the high cost of financial services, youths' financial literacy level, and their distrust in financial institutions (Clamara, 2014; Nayars, 2014; Prymostka *et al*., 2020; Didenko et al., 2023). Other studies have found that youth are often excluded from financial institutions due to their perceived instability, resulting from their mobility, as well as their lack of sufficient guarantees. However, other studies have argued that youth-owned enterprises have higher repayment rates than average microfinance customers (Shrader *et al*., 2006). A study conducted by Ndanshau and Njau (2021) found that most reason for not having a bank account for Tanzanian adults was lack of sufficient income.

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III. METHODOLOGY

3.1 Research Design

This study adopted a cross-sectional design, with data gathered using a survey approach. The decision to utilize a survey was guided by its suitability for research focusing on individuals as the primary unit of analysis. Additionally, surveys are effective for assessing personal attitudes and characteristics (Obisesan, 2013).

3.2 Target Population

The target population for this study comprises youth entrepreneurs, defined in Tanzania as individuals aged between 15 and 35 years. A key challenge in studying entrepreneurs in many African countries, including Tanzania, is the lack of a well-defined sampling framework. To overcome this limitation, the researchers relied on the database of entrepreneurs registered with the Small Industries Development Organization (SIDO).

3.3 Sample Size and Sampling Procedures

Convenience sampling was employed to select youth entrepreneurs for the study using the SIDO database. All those who met the eligibility criteria were contacted by phone and invited to participate in the survey conducted in five regions with a high concentration of entrepreneurs. The researchers expected to collect data from a total of 2300 (1000 from Dar es Salaam, 400 from Mwanza, 400 from Arusha, 300 from Mbeya, and 200 from Morogoro. The actual total number of respondents that we contacted was 1949; however, only 1906 respondents are reliable for analysis.

3.4 Data Collection Method

The data for this study were collected using a structured survey administered to youth entrepreneurs. The questionnaire was originally designed and written in English. Therefore, before conducting a baseline survey, this questionnaire was translated into Kiswahili, the language spoken by everybody in Tanzania. The researcher translated the text in collaboration with the linguist and with SME expertise. To ensure correct translation, the Kiswahili questionnaire was given to another linguist who translated it back into English. Finally, the principal Researchers compared both versions to see if the meaning is still the same. Thereafter, the questionnaire was pilot-tested on 20 people to know if the questions were easy to understand and answer and to test the reliability and validity of each question in capturing the desired information. The questionnaire was found to be easily understood by owner-managers. The survey data includes key information such as youth demographic characteristics, firm-specific characteristics, access to financial services, barriers to financial inclusion, and levels of crowdfunding awareness.

Before administering the questionnaire, the study objectives were clearly explained to each respondent to establish a mutual understanding between the interviewer and the interviewee. Respondents were asked to provide informed consent by signing a consent form confirming their willingness to participate in the study. Each respondent was interviewed once, and their responses were recorded immediately. The data collection process took place between September 2020 and March 2021, during which a total of 1,949 youth entrepreneurs across five regions in Tanzania were surveyed.

3.4 Operationalisation of Study Variables

3.4.1 Financial Inclusion Measure

Based on the nature of the data, financial inclusion was measured by whether youth entrepreneurs had a bank account. Many studies have used this measure because having a bank account is the first step toward broader financial inclusion, as it allows the account holder to store money and send and receive payments (e.g., Brune *et al*., 2016; Demirguc-Kunt et al., 2022).

3.4.2 Predictor Variables

The specific predictor variables examined in this study were gender, marital status, level of education, number of household children, bank loan advancement intention, awareness of financial institutions, financial knowledge and distance from financial institutions. These variables correspond to frequently mentioned determining factors of youth financial inclusion. The study's dependent variable was bank account possession. Its dummy variable took the value of 1 if the youth had a bank account and 0 otherwise. With reference to the existing literature, the study's independent variables were as described in Table I.

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Table 1
Description of Independent Variables

S/N	Variable	Indicator
1	Gender	Youth entrepreneur's sex Male = 0, Female = 1
2	Marital status	Whether the youth entrepreneur is married
3	Education	Youth entrepreneur's level of formal education
4	Household children	Number of children the youth entrepreneur has
5	Loan advancement intention	The youth entrepreneur's intention to take a bank loan
6	Awareness of financial institutions	Extent to which the youth entrepreneur is aware of financial institutions
7	Financial knowledge	Whether the youth entrepreneur keeps a book of accounts
8	Distance from financial institutions	Distance (km) from the nearest financial institution

3.5 Data Analysis

The analysis aimed to identify the factors contributing to successful financial inclusion youth entrepreneurs. The analysis further analyses the factors affecting youth entrepreneurs' decision to engage in the formal financial system. Data analysis comprised four main phases: data preparation, descriptive analysis, correlation analysis, and logit regression. Due to the nature of the variables, particularly the dependent variable, a logistic regression model was used to assess how well a set of independent variables determined youth financial inclusion. A logistic regression model is similar to a linear regression model but is better suited to dealing with a dichotomous dependent variable (Obisesan, 2013). Given that this study's dependent variable was a dummy variable that equalled 1 if a youth entrepreneur had a bank account and 0 otherwise, the logistic regression model was deemed to be suitable. According to Yehuala (2008), logistic distribution (logit) has advantages over other regression techniques when analysing dichotomous outcome variables because it is extremely flexible and easy to use from a mathematical viewpoint and the results can be interpreted meaningfully. Moreover, the logistic regression coefficient can be used to estimate odds ratios for each independent variable in the model.

IV. FINDINGS & DISCUSSION

4.1 Descriptive Statistics

The descriptive statistics in Table 2 show that most of the respondents were female, which implies that female youth entrepreneurs outnumber their male counterparts. Regarding the age range, respondents were aged 18–35 years, with an average age of 27 years. Regarding marital status, many of the youth entrepreneurs were single and without children at the time of the survey; however, more females than males were married and had children. Regarding education level, the majority of the respondents had been educated beyond primary school, but only 5.2% had a master's degree, which implies that relatively highly educated youths (e.g. those with a master's degree) engage in entrepreneurship to a lesser degree than less educated youths (e.g. those with a bachelor's degree or a high school diploma). Relatively highly educated young people likely prefer to be employed rather than to seek self-employment. Regarding household children, the majority of respondents (74.7%) had 0–3, followed by 21.9% with 4–6, 2.6% with 7–9, and 0.9% with 10 or more. Finally, the share of youths with a bank account in a formal financial system was 53.9%, which was close to but slightly higher than the proportion in the general sample.

Table 2
Descriptive Statistics of Tanzanian Youth Respondents' Characteristics (2021)

Demographics	Categories	Percentage
Gender	Male	47.7%
	Female	52.3%
Age	15–24 years	40.6%
	25–35years	59.4%
Marital status	Single	64.8%
	Married	35.2%
Educational qualification	Never attended school	0.6%
	Primary school	18.0%
	Ordinary secondary	34.8%
	Advanced level	13.8%
	Bachelor's degree	23.1%
	Master's degree	5.2%
	Other	4.5%

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Number of children in household	0–3	74.7%
	4–6	21.9%
	7–9	2.6%
	10 or more	0.9%
Bank account ownership	No	46.1%
	Yes	53.9%
Distance from the nearest financial institution	0–1 km	35.6%
	1–5 km	41.9%
	Over 5 km	22.5%
Bank loan advancement	No	38.1
	Yes	61.9%
Financial knowledge	No	31.1%
	Yes	68.9%

4.2 Determinants of Youth Entrepreneurs' Financial Inclusion

The first objective of this study was to identify the determinants of youth financial inclusion in Tanzania. Before conducting the logit regression, the correlations among the variables were examined. Table 3 shows the correlation analysis results. The correlation matrix reveals that most of the correlations were significant at 0.01, which provided a strong basis for proceeding. Furthermore, collinearity diagnosis was performed to check for the presence of multicollinearity by examining the tolerance and the variance inflation factor. The results shown in Table 3 suggest that there were no high inter-correlations among the independent variables given the absence of extraordinarily high coefficients of different concepts (Hair *et al*., 2016).

Table 3

Correlations

	Bank account	Gender	Age	Marital status	Household children	Education level	Loan advancement intention	Entrepreneur's awareness of loan providers	Entrepreneur keeps business records
Bank account	1								
Gender	.108**	1							
Age	.184**	.087**	1						
Marital status	.031	.026	.464**	1					
Household children	-.062**	-.064**	.015	-.018	1				
Education level	.349**	.064**	-.028	-.127**	-.113**	1			
Loan advancement intention	.199**	.033	.113**	.020	-.034	.115**	1		
Entrepreneur's awareness of Financial institution	.271**	-.007	.131**	.034	-.054*	.245**	.160**	1	
Entrepreneur keeps business records	.295**	.012	.038	-.026	-.016	.240**	.166**	.237**	1

Note. ** = Correlation is significant at the 0.01 level (2-tailed). * = Correlation is significant at the 0.05 level (2-tailed).

4.3 Logistic Regression Analysis

Logistic regression analysis was conducted to estimate the logit model. Table 4 shows the final model regression results, including the logistic regression coefficient, the Wald test result, the significance level, and the odds ratios for the variables in the equation (Exp (B1). The logistic regression analysis results suggest that youth entrepreneurs' financial inclusion is determined by their gender, age, level of education, entrepreneurs' awareness of financial institutions, loan advancement intention and business records keeping. Variables such as marital status, number of children and distance from financial institution are not significant.

Gender was significant at the 5% confidence interval. Contrary to the expectation, female entrepreneurs had more access to bank facilities than their male counterparts. However, this result should be read with caution because the significant effect could be attributed to the overrepresentation of females in the sample. Alternatively, the female

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majority could have had more access to financial information than their male counterparts (Baber, 2019). A significant influence of education on youth financial inclusion was found (Clamara et al., 2014). Having a higher level of education increases the odds of possessing a bank account. This could be attributed to high financial literacy since the more educated a youth is, the more financial management skills and knowledge they likely possess. These findings are consistent with those of Lotto (2018), Njanike (2018) and Emara and Mohieldin (2020) who also identified education as a significant determinant of financial inclusion. The study further indicates that awareness of financial institution increases the likelihood of financial inclusion. Indeed, entrepreneurs who are aware of financial services are better to navigate the financial system, understanding financial products and take advantage of available opportunities (Demirguc-Kunt *et al.*, 2018; Lyons & Kass-Hanna, 2019). The study has also shown that entrepreneurs who keep accounting records are more likely to be financially included. This habit demonstrates financial discipline, which helps build trust with banks (Adela et al., 2024). Similary, a significant influence of intention to advance loan on financial inclusion was found, suggesting that entrepreneurs seeking loans are often establishing the relationships with banks.

The results showed no influence on bank account possession of factors such as marital status, proximity to financial institutions, and number of household children. These traditionally perceived determinants showed minimal significance to bank account use. This suggests that factors commonly thought to affect financial inclusion may not be as impactful in Tanzanian context. This could be attributed by the fact that youth entrepreneurs, regardless of their marital status, might prioritize accessing financial services based on their business needs rather than personal life circumstances. Similarly, the lack of significant influence of proximity to financial institutions on financial inclusion can be attributed to the widespread adoption of mobile banking and fintech solutions. Many youth entrepreneurs now conduct banking transactions online or via mobile money platforms, making the geographic location of traditional financial institutions less relevant. The findings also indicated that the number of children does not influence financial inclusion, suggesting that financial inclusion is less dependent on the family structure.

Taken together, these findings shed new light on the complex relationship between individuals and the formal financial sector and pave the way for further exploration and the potential re-evaluation of existing policies and frameworks.

Table 4
Model Summary

Step	-2 Log likelihood	Cox and Snell's R^2	Nagelkerke's R^2
1	1961.531[a]	.226	.303

a. The estimation was terminated at the fifth iteration because the change in the parameter estimates was below .001.

Table 5
Financial Inclusion Logit Analysis Results

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1[a]	Gender	.449	.111	16.433	1	.000	1.566
	Age	.073	.011	40.767	1	.000	1.076
	Marital status	-.048	.132	.131	1	.717	.953
	Number of children	-.011	.023	.232	1	.630	.989
	Education level	.491	.046	114.707	1	.000	1.634
	Distance from the nearest financial institution	.112	.074	2.319	1	.128	1.119
	Entrepreneur's awareness of Financial institutions	.530	.113	21.957	1	.000	1.699
	Loan advancement intention	.483	.115	17.630	1	.000	1.621
	Entrepreneur keeps business records	.972	.122	63.236	1	.000	2.644
	Constant	-4.746	.383	153.922	1	.000	.009

4.4 Factors Affecting Youth Entrepreneurs' Decision to Engage in the Formal Financial System

The second objective of this study was to identify the factors affecting youth's decision to engage in formal financial institutions. The possession of a bank account measured formal financial inclusion. Logic suggests that micro, small, and medium enterprise (MSME) owners need a bank account. The financial inclusion in this study was measured by the possession of bank account. Findings suggest that bank account possession was not universal among the surveyed MSMEs. The explanations MSME owners who had never held a bank account provided are presented in Table 6. The most common reason, held among 59.7% of the respondents, was the belief that the amount of money their MSME generated did not justify opening a bank account. Other reasons were unawareness of the service (6.4%), disinterest in having a bank account (6.2%), fear of bank charges (5.6%), and the long process of opening an account

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(2.2%). The results of cross-tabulating the respondents' main reason for not having a bank account with their proximity to the nearest financial institution confirmed the earlier finding that distance from a financial institution is not a determinant of an MSME's bank account possession. Our results are consistent with those of Nayars (2014) and Clamara (2014) who found that the cost of financial services and the perception of generating insufficient funds to justify formal accounting negatively impact the probability of youths' financial inclusion.

Table 6
Factors Affecting Youth Entrepreneurs' Decision to Engage in the Formal Financial System

Reason	Frequency	Percentage
My business is still small.	45	7.2%
My business does not generate a lot of money.	374	59.7%
I use mobile network services (MPESA, TIGO PESA, etc.).	15	2.4%
Lack of information about/awareness of bank accounts	40	6.4%
I don't want to pay bank charges.	35	5.6%
I save money by myself.	21	3.4%
The process of opening a bank account is too long.	14	2.2%
I am not interested.	39	6.2%
The bank is far away from my business location.	1	0.2%
I use credit groups, e.g. VICOBA.	6	1.0%
I am about to open an account.	22	3.5%
I don't have a national ID.	7	1.1%
My account is dormant.	7	1.1%
Total	626	100.0%

V. CONCLUSIONS & RECOMMENDATIONS

5.1 Conclusions

This study aimed to determine the factors influencing financial inclusion among youth entrepreneurs in Tanzania. Convenience sampling was used to select youth entrepreneurs aged 15–35 years across five regions in Tanzania. The study aimed to collect data from 2,300 youth entrepreneurs, with 1,949 contacted and 1,906 providing reliable data for analysis. Determinants of youth entrepreneurs' financial inclusion were analysed using the logit regression model because the dependent variable, having a bank account with a formal financial institution, was a categorical one that had two possible outcomes. The results showed that financial inclusion is largely determined by youths' gender, age, financial knowledge, higher education, awareness of financial institutions, and entrepreneurial bank loan advancement intention. The results also suggest that low business revenue hinders youth entrepreneurs' decision to open a bank account. Other barriers to financial inclusion as identified in this study are unawareness of the service, disinterest in having a bank account, and fear of bank charges.

5.2 Recommendations

This study contributes to the existing knowledge by showing that education, gender, age, financial knowledge, and bank loan advancement intention significantly explain the probability of youth entrepreneurs' financial inclusion in the formal system. Moreover, by identifying youth characteristics that could affect financial inclusion, this study provides useful empirical evidence to inform the design of polices that promote more inclusive financial systems. For instance, policy measures that promote financial knowledge may have the most significant impact on increasing youths' financial inclusion. For instance, awareness campaigns and tailored loan product for youth can help to improve financial inclusion. Another key finding is that a higher education level among youth entrepreneurs increases the probability of accessing bank facilities. Therefore, expanding access to education and integrating financial literacy into curriculum can have an impact on financial inclusion. Policymakers and all organizations with a stake in youth entrepreneurship should support young people's education and training so that they have skill development opportunities.

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